

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
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

Virgil Harsham Levy
LA Business Recovery Limited
1 Beasley's Yard
126 High Street, Uxbridge
UB8 1JT

Henry Anthony Shinnars
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

Joint Special Administrator(s) of the above company attach a progress report for the period

(b) Insert date

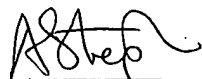
From

(b) 17 November 2020

To

(b) 16 May 2021

Signed


Joint Special Administrators

Dated

15 June 2021

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the public record

Adam Henry Stephens
Smith & Williamson LLP
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London
EC2R 6AY

DX Number 119507 Finsbury Square EC2

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Strand Capital Limited (in special administration)

Joint Special Administrators' progress report
for the period 17 November 2020 to 16 May 2021

15 June 2021



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1. Glossary

| Abbreviation | Description |
|-----------------------|--|
| Company / Strand | Strand Capital Limited (in special administration) |
| JSA's / we | The joint special administrators, being Adam Henry Stephens and Henry Anthony Shinnars of Smith & Williamson LLP ("S&W") and Virgil Harsham Levy of LA Business Recovery Limited ("LABR") |
| Bar Date | 31 October 2018, being the date by which all Clients 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 |
| Funding Agreement | An agreement whereby the FSCS will pay compensation to cover the costs of the special administration arising in relation to Client Custody Assets on behalf of clients who are eligible to receive FSCS compensation |
| HMRC | HM Revenue & Customs |
| IA86 | Insolvency Act 1986 If preceded by S this denotes a section number |
| 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's 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 2021 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 eighth six-month progress report of the special administration of the Company for the period ending 16 May 2021.

During the period of this report the JSAs have responded to a number of Client and Scheme Member telephone calls and emails. However, the number of queries being received has now reduced significantly as most Client Assets have now been transferred to new custodians. We thank our various stakeholders for their efforts.

Creditors and Clients of Strand should note that all queries should be directed to telephone number 020 7131 4452.

Client Custody Assets

Creditors and Clients of Strand will recall that 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 and the Court approved the Distribution Plan on 2 April 2019.

Since the Distribution Plan was approved the JSA's have continued to work with Clients to return Client Custody Assets to them in accordance with the provisions of the Distribution Plan, although this process remains ongoing. Further information about the return of Client Custody Assets can be found in section 3.1.1.

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. This means that the JSAs can return Client Custody Assets in full.

Client Monies

The JSAs have now paid a final distribution of all Client Monies claims of 14.91 pence in the pound and have closed the Client Money Pool. This final distribution means that the total amount paid to Clients with a Client Money claim was 89.91 pence in the pound.

The Client Money Pool was automatically created as a result of the special administration of Strand. The distributions are 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 Client Money balance excludes some of the December 2016 OWG coupon interest owed by OWG. The JSAs have written to the liquidators of OWG to inform them of the balance owing to Strand Clients and to ensure that a claim is lodged in the OWG liquidation on their behalf. Should the OWG liquidators have sufficient monies available to pay a distribution to creditors, clients with a balance owed will rank for dividend in the OWG liquidation for this amount.

Company

During the period of the report the JSAs have undertaken work to ensure the Corporation Tax and VAT affairs of the Company, and related work on Strand Capital Nominees Limited, are as complete as possible, at this stage.

The JSAs have also finalised the Company's claim against OWG and lodged a claim in its liquidation for the amount owed of £171,015.43. The position of the Company's insurance policies has also been finalised.

This will enable the administration to be brought to a close once the final Client Custody Assets have been dealt with.

The JSAs anticipate that their administration of the Company's affairs should be finalised during 2021.

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 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. All but five Clients have now provided instructions for where their Client Custody Assets should be transferred. If you are one of the five parties who has failed to provide instructions, please get in touch with the JSAs as soon as possible so we can discuss this further with you.

We have continued to return Client Custody Assets in line with Client's instructions, and the only assets that have yet to be transferred comprise the following:

- As noted above, five Clients have yet to provide details of where their assets should be transferred. These Clients all hold UCITS in Newscape Global Multi Asset funds, which are currently suspended. The JSAs are awaiting the outcome of a Newscape board resolution, expected on 18 June 2021, to determine the outcome for these funds. Once determined, the JSAs will consider their next steps as appropriate.
- Some 994,983 bonds in Euler Investments London Plc remain to be transferred to ARIA in accordance with the client's instructions. We understand that ARIA are awaiting confirmation of pricing for these assets.

The JSAs continue to try to resolve the above issues to try to find solutions to enable the remaining Client Custody Assets to be returned as soon as possible.

However, Clients holding the bonds or shares in the following companies should note that following the:

- i. compulsory liquidation of Optima Worldwide Group Plc ("OWG") in January 2021; and
- ii. the administration of Menasat Gulf Plc in June 2019

the JSAs have determined that these Custody Assets are non-returnable.

3.1.2 Client Monies

As noted in Section 2.1 above, in March 2021 the JSAs paid a final distribution to Clients with a Client Money claim of 14.91 pence in the pound. This has resulted in a final distribution to Clients with a Client Money claim of 89.91 pence in the pound (i.e. 89.91%) from the Client Money Pool. The Client Money Pool has now been closed.

The distribution is calculated on each Client's total Client Monies claim balance, which is the first balance on Clients' Statements of Claim.

As nearly all of Strand's Clients received compensation from the FSCS in respect of their Client Monies claim, most of these distributions were 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, it is understood that the FSCS have made further payments to these Clients following receipt of the final distribution.

No further distributions will be paid to Clients in relation to their Client Money claims.

3.1.3 Insurance

Prior to special administration, the Company had an Investment Managers Insurance Policy which provided a range of covers.

At the time of the renewal of the policy the JSAs were able to establish an additional 12 month discovery period to enable further claims to be filed against the policy, if required. Within the discovery period the JSAs took appropriate steps to place the insurance provider on notice of claims lodged against the Company.

The policy places certain requirements on the Company to contribute an excess payment for claims against the policy. We continued to liaise with the insurer and their lawyers in relation to queries arising from the claims acknowledged. However, the Company had insufficient funds (at the time of special administration) to address the excess requirements of the policy. As such our lawyers are of the opinion there is no further recourse for the Company under the policy if such excess demands are being requested.

3.1.4 Monies owed to the Company from Client Assets

Management fees of £121,911 were 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 relevant services to Clients at that time.

These fees have not been drawn from the Client Money Pool as there were insufficient funds available to do so. This matter has now been finalised.

3.2 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.

3.3 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 was not possible and are winding it up in the best interests of creditors.

In the period of this report, the JSAs lodged a claim in the liquidation of OWG for payments made by Strand using 'House' / Company funds to assist in the payment of OWG's December 2016 bond coupon to bondholders. A claim for £171,015.43 has been lodged with the OWG liquidators. It is not yet clear whether there will be sufficient assets realised in the liquidation of OWG to enable a dividend to be paid to unsecured creditors.

3.4 Receipts and payments account

A summary of our receipts and payments accounts for the period 17 November 2020 to 16 May 2021 are attached at Appendix II. Company assets, Client Custody Assets and Client Monies have been shown separately.

These accounts include cumulative figures from 17 May 2017 to 16 May 2021.

3.4.1 Company/house receipts

The sole receipts during the period are in relation to VAT recoveries and bank interest earned. The VAT refunds relate to the accounting entries for VAT suffered on payments in relation to Client Monies costs incurred and Client Custody Assets costs incurred. The funds in question have not been received from HMRC in the period and form part of the VAT receivable offset balance within the same receipts and payments account.

3.4.2 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 and in accordance with CASS.

The monies held in the Client Money Pool have earned final interest of £92.65, which formed part of the Client Money Pool.

As previously noted in this report, a final distribution was paid to Clients with a Client Money claim of 14.91 pence in the £ and the Client Money Pool is now closed.

During the period of this report LABR's final fees of £212.80, plus VAT, were settled, as well as final legal fees and expenses of £22,933.94, plus VAT. There remains a balance of £30,873.39 held on the Client Money bank account, which will be used to pay S&W JSA's final fees of £25,727.83, plus VAT.

Once paid, the bank account will be closed.

3.4.3 Client Custody Assets receipts

As noted in our previous progress reports, 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. No further funding has been requested from the FSCS in the period of this report.

During the period of this report, bank interest has been earned on funds held, and costs have been settled in relation to maintaining Strand's subsidiary nominee company (Strand Capital Nominees Limited), which acts as nominee holder of various of the Client Custody Assets held.

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 are concluded and no further avenues of recovery have been identified. However, should any creditor, Client or other interested party have any additional information that we should be aware of, please provide that information to us.

5. Pre-special administration costs and expenses

Details of the JSAs pre-special administration time costs, and our advisors' costs were included in our previous reports to creditors and Clients. The Committee approved a resolution to enable the JSAs to draw these costs, and all pre appointment costs have now been paid in full.

6. JSAs' remuneration

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

- Objective 1, which will be paid out of Client assets (split between Client Custody Assets and Client Monies); and
- Objectives 2&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 2021.

The JSAs' time costs are summarised on the following table, and the costs incurred in relation to Objective 1 have been apportioned between time spent in relation to:

- Client Monies; and
- Client Custody Assets.

As set out in our previous progress report for the period ended 16 May 2019, some of the time costs incurred between 17 May 2017 to 16 May 2019 which were originally categorised as in relation to objectives 2&3 have been re-apportioned to objective 1 as they are properly applicable to objective 1.

The figures below summarise the time costs incurred by the JSAs to 16 May 2021.

| | Smith & Williamson LLP | LA Business Recovery Limited | Total |
|--|---------------------------|---------------------------------|-------|
| | £ | £ | £ |

Time costs incurred from 17 May 2017 to 16 November 2020 (re-apportioned, as previously reported)

| | | | |
|--------------------------------------|--------------|------------|--------------|
| Objective 1 time costs incurred | 2,468,980.91 | 176,010.63 | 2,644,991.54 |
| Objectives 2 & 3 time costs incurred | 380,671.08 | 50,242.27 | 430,913.35 |
| | 2,849,651.99 | 226,252.90 | 3,075,904.89 |

Time costs incurred in the period of the report from 17 November 2020 to 16 May 2021

| | | | |
|--------------------------------------|-----------|----------|-----------|
| Objective 1 time costs incurred | 65,113.10 | 459.20 | 65,572.30 |
| Objectives 2 & 3 time costs incurred | 28,528.30 | 1,877.20 | 30,405.50 |
| | 93,641.40 | 2,336.40 | 95,977.80 |

Total time costs incurred from 17 May 2017 to 16 May 2021

| | | | |
|--------------------------------------|--------------|------------|--------------|
| Objective 1 time costs incurred | 2,534,094.01 | 176,469.83 | 2,710,563.84 |
| Objectives 2 & 3 time costs incurred | 409,199.38 | 52,119.47 | 461,318.85 |
| | 2,943,293.39 | 228,589.30 | 3,171,882.69 |

Objective 1 time costs apportioned between Client Monies & Client Custody Assets

| | | | |
|-------------------------------------|--------------|------------|--------------|
| Objective 1 - Client Monies | 625,431.47 | 62,813.40 | 688,244.87 |
| Objective 1 - Client Custody Assets | 1,908,662.54 | 113,656.43 | 2,022,318.97 |
| | 2,534,094.01 | 176,469.83 | 2,710,563.84 |

Note: the above figures exclude disbursements and VAT

In July 2020 the Committee provided approval for the JSAs and their advisors to draw remuneration for their time costs incurred to 16 May 2020. These time costs have been partially drawn, as detailed in Appendix V.

The JSAs have drawn £2,129,529.75 plus VAT against their objective 1 time costs to date. These are further broken down as:

- £661,359.61 in relation to the Client Monies; and
- £1,468,170.14 in relation to Client Custody Assets.

S&W will draw final fees in relation to Client Monies of £25,727.83, plus VAT. Their remaining time costs incurred in relation to Client Monies of £927.83 will be written off.

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.

The JSAs have also drawn remuneration from the company/house estate of £169,080.90. No remuneration in relation to company/house time costs incurred has been drawn in the period of this report.

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 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 tasks undertaken between the two firms appointed JSAs

The tasks undertaken by the joint administrators during the special administration 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 Monies and Company monies in bank accounts and Client Custody Assets with their existing custodian services, including those provided by Smith & William Investment Services for the OWG bonds. Also accounting for receipt and reconciliation of post pooling monies received in relation to corporate actions;
- Reviewing and arranging renewal of key Company services to be maintained post special administration, including insurance and custodians;
- 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 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;
- Instructing and chasing the return of Client Custody Assets to Clients and payment of the first, second and final distributions of Client Monies; 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:

- amendments to, the Distribution Plan;
- the impact upon Clients and the Client Monies reconciliation in relation to OWG entering a formal insolvency process; and
- legal advice and support in relation to the special administration.

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

Both firms' costs incurred and paid to date are shown below.

| Legal fees and disbursements | Foot Anstey LLP £ | Pinsent Masons LLP £ | Total £ |
|--|-------------------------|----------------------------|--------------|
| Objective 1 - Client Monies | | | |
| Legal fees incurred from 17 May 2017 to 16 May 2021 | 174,961.59 | 18,833.23 | 193,794.82 |
| Disbursements incurred from 17 May 2017 to 16 May 2021 | 20,940.64 | 14,670.01 | 35,610.65 |
| Legal fees paid to date | (174,961.59) | (18,833.23) | (193,794.82) |
| Disbursements paid to date | (20,940.64) | (14,670.01) | (35,610.65) |
| Unpaid legal fees | - | - | - |
| Unpaid disbursements | - | - | - |
| Objective 1 - Client Custody Assets | | | |
| Legal fees incurred from 17 May 2017 to 16 May 2021 | 173,368.00 | 80,760.78 | 254,128.78 |
| Disbursements incurred from 17 May 2017 to 16 May 2021 | 71,226.89 | - | 71,226.89 |
| Legal fees paid to date | (166,897.50) | (80,760.78) | (247,658.28) |
| Disbursements paid to date | (69,356.89) | - | (69,356.89) |
| Unpaid legal fees | 6,470.50 | - | 6,470.50 |
| Unpaid disbursements | 1,870.00 | - | 1,870.00 |
| Objectives 2&3 | | | |
| Legal fees incurred from 17 May 2017 to 16 May 2021 | 24,639.10 | 48,907.10 | 73,546.20 |
| Disbursements incurred from 17 May 2017 to 16 May 2021 | 72.32 | 315.84 | 388.16 |
| Legal fees paid to date | (19,441.60) | (41,898.60) | (61,340.20) |
| Disbursements paid to date | (72.32) | (315.84) | (388.16) |
| Unpaid legal fees | 5,197.50 | 7,008.50 | 12,206.00 |
| Unpaid disbursements | - | - | - |

Note: costs incurred are shown net of VAT

7.2 JSAs' disbursements

In the period of this report the JSAs have incurred total disbursements of £2,900.04. For details of disbursements incurred outside of the period of this report, please refer to our previous progress reports.

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 sought approval from the Committee prior to paying these disbursements.

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 | 0.23 | - | - | 0.23 |
| Total disbursements | | 0.23 | - | - | 0.23 |
| Objective 1 - Client Custody Assets | | | | | |
| Forensics - Data Hosting | 2 | 1,230.00 | 1,435.00 | - | 2,665.00 |
| Forensics - User Fees | 2 | 150.00 | - | - | 150.00 |
| Total disbursements | | 1,380.00 | 1,435.00 | - | 2,815.00 |
| Objectives 2 & 3 | | | | | |
| Storage | 1 | 20.80 | 30.04 | - | 50.84 |
| Bonding | 1 | 765.00 | - | - | 765.00 |
| Forensics - Data Hosting | 2 | 4,920.00 | 1,435.00 | - | 6,355.00 |
| Forensics - User Fees | 2 | 600.00 | - | - | 600.00 |
| Insurance Fee - FSCS | 1 | 16,150.00 | - | - | 16,150.00 |
| Total disbursements | | 22,455.80 | 1,465.04 | - | 23,920.84 |
| Total Disbursements | | 23,836.03 | 2,900.04 | - | 26,736.07 |
| Total Category 1 disbursements | | 16,936.03 | 30.04 | - | 16,966.07 |
| Total Category 2 disbursements | | 6,900.00 | 2,870.00 | - | 9,770.00 |

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 3.1.1, the JSAs are returning Client Custody Assets, in full, to all Clients eligible to receive FSCS compensation.

Two Clients were not eligible to receive FSCS compensation. For each of these Clients their Client Custody Assets were:

- returned to them once they had made payment for the fixed costs apportioned to their holding; or
- liquidated to settle the costs outstanding of £118.

Non Returnable Client Custody Assets, which comprises the OWG bonds and Menasat Gulf shares, are not being returned to Clients as both of the issuers of these securities are now in a formal insolvency process.

8.1.2 Return of Client Money

As outlined in section 3.1.2, the JSAs have now the final distributions from the Client Money Pool totalling 89.91 pence in the pound of Client Monies claims.

By way of a combination of compensation from the FSCS and payment of the distributions, all Clients with a Client Monies claim have received their claim balance in full.

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.

The FSCS may also rank as a secondary preferential creditor in relation to certain monies advanced by it in compensation to Strand's Clients. Based upon current information, it is unlikely there will be sufficient monies to pay a dividend to the preferential creditor.

8.4 Unsecured creditors

Unsecured creditors' claims are broadly split into the following categories:

1. A claim from the FSCS for certain compensation monies advanced to Clients;
2. 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
3. Ordinary unsecured trade and other non-Client claims, including any employees' non preferential claims.

It is 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;
- continue to try to establish contact with the remaining five Clients who have not yet provided details of where their Client Custody Assets should be transferred, to obtain their instructions; and
- bring the special administration to a conclusion.

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 for Smith & Williamson LLP; and
- www.labusinessrecovery.com/gdpr-statement for LA Business Recovery Limited.

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

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

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

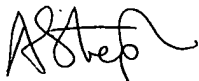
12. Next report

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. At present it is envisaged that the special administration will conclude before the next six month progress report is issued, although that is dependent on their party actions in relation to the transfer of Client Custody Assets.

As detailed above, the JSAs will continue to distribute Client Custody Assets and Client Monies. We thank the many Clients, intermediaries and other stakeholders for their work in facilitating the distributions to date.

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

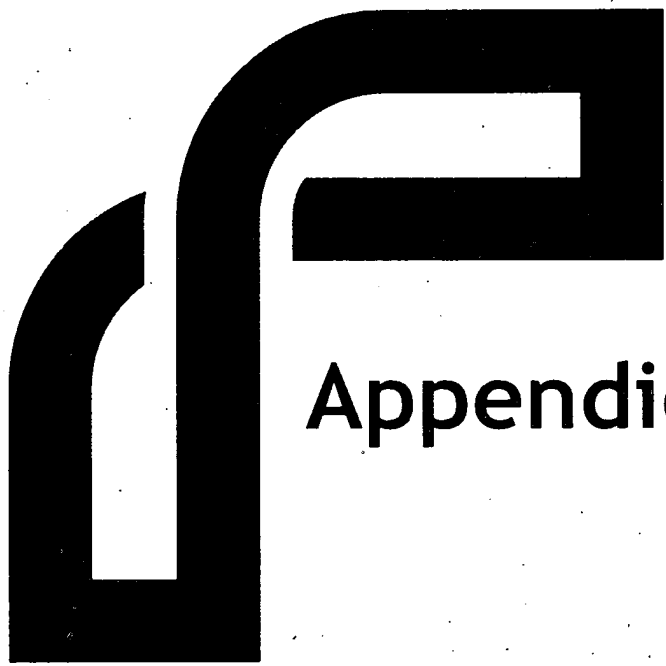
Thank you.



Adam Stephens

On behalf of the Joint Special Administrators

Date: 15 June 2021



Appendices

I Statutory information

| | |
|------------------------------|--|
| Relevant Court | High Court of Justice, Chancery Division, Companies Court |
| Court Reference | CR-2017-003691 |
| Trading Name(s) | Strand Capital or Strand |
| Trading Addresses | 1 Tudor Street, London, EC4Y 0AH |
| Former Name(s) | London Capital Trading Limited (from June 2004 to February 2011) Curvalue Trading Limited (from June 2001 to June 2004) Interactive Clearing Services Limited (from April 1999 to June 2001) |
| Registered Office | 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 2021

| Statement of Affairs £ | From 17/11/2020 To 16/05/2021. £ | From 17/05/2017 To 16/05/2021 £ |
|--|--|---------------------------------------|
| 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 | 3,412.99 | 574,362.42 |
| Bank Interest Gross | 6.40 | 499.67 |
| | <u>3,419.39</u> | <u>582,553.23</u> |
| COST OF REALISATIONS | | |
| Pre appointment costs: | | |
| S&W fees - Objectives 2&3 | - | 43,769.25 |
| LABR fees - Objectives 2&3 | - | 16,510.54 |
| Pinsent Masons fees - Objectives 2&3 | - | 13,543.50 |
| Joint Administrators post appointment fees & expenses: | | |
| S&W fees | - | 150,148.75 |
| LABR fees | - | 18,932.15 |
| S&W category 1 expenses | - | 1,457.57 |
| S&W category 2 expenses | - | 2,070.00 |
| Legal Fees - Objectives 2&3 | 5,818.00 | 61,340.20 |
| Legal Expenses | 3.92 | 388.16 |
| Specific Bond | - | 93.34 |
| Postage | - | 1,981.90 |
| Re-Direction of Mail | - | 578.00 |
| Statutory Advertising | - | 509.00 |
| Storage Costs | - | 688.03 |
| Bank Charges | 0.20 | (2.85) |
| Funds Held at Natwest Bank Plc | - | 3.85 |
| | <u>(5,822.12)</u> | <u>(312,011.39)</u> |
| PREFERENTIAL CREDITORS | | |
| (84.50) Employees Wage Arrears | - | - |
| | <u>NIL</u> | <u>NIL</u> |
| UNSECURED CREDITORS | | |
| (4,731.76) Employees | - | - |
| (220,177.78) Trade & Expense Creditors | - | - |
| | <u>NIL</u> | <u>NIL</u> |
| DISTRIBUTIONS | | |
| (387,600.00) Ordinary Shareholders | - | - |
| | <u>NIL</u> | <u>NIL</u> |
| <u>(605,152.90)</u> | <u>(2,402.73)</u> | <u>270,541.84</u> |
| REPRESENTED BY | | |
| RBS Clients Deposit (Int Bear) | | 49,526.82 |
| VAT Receivable Flt Chg | | 221,015.02 |
| | | <u>270,541.84</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. The bank account was transferred to Royal Bank of Scotland, and interest is now received on funds held.
- 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 2021

| Statement of Affairs £ | From 17/11/2020 To 16/05/2021 £ | From 17/05/2017 To 16/05/2021 £ |
|--|---------------------------------------|---------------------------------------|
| CLIENT MONEY POOL | | |
| Primary Pool - Funds Held at Gallium | - | 8,579,286.36 |
| Primary Pool - Funds Held at Gallium Interest | - | 775.66 |
| Primary Pool - Natwest Bank Plc | - | 3,944,469.66 |
| Primary Pool - Natwest Bank Plc Interest | 92.65 | 45,652.48 |
| 12,484,175.74 | 92.65 | 12,570,184.16 |
| ASSET REALISATIONS | | |
| Bank Interest Gross | - | 37.88 |
| | NIL | 37.88 |
| COST ARISING IN RELATION TO CLIENT MONIES | | |
| Pre-appointment Costs: | | |
| S&W - Objective 1 | - | 16,781.00 |
| LABR - Objective 1 | - | 9,225.80 |
| Pinsent Masons - Objective 1 | - | 89,334.00 |
| Pinsent Masons disbursements - Objective 1 | - | 53,031.65 |
| Foot Antsey - Objective 1 | - | 3,020.83 |
| Joint Administrators post appointment fees & expenses: | | |
| S&W fees | - | 598,775.81 |
| LABR fees | 212.80 | 62,583.80 |
| S&W category 1 expenses | - | 379.66 |
| S&W category 2 expenses | - | 2,890.00 |
| Foot Anstey - Objective 1 Post appt Fees | 22,493.00 | 175,012.59 |
| Foot Anstey - Objective 1 Post appt Disbs | 440.94 | 20,940.64 |
| Pinsent Masons - Objective 1 Post appt Fees | - | 18,833.23 |
| Pinsent Masons - Objective 1 Post appt Disbs | - | 14,670.01 |
| VAT Recovery - Transfer to Company | 3,412.99 | 211,823.45 |
| | (26,559.73) | (1,277,302.47) |
| RETURNS OF CLIENT MONIES | | |
| Distribution of Client Monies | 1,868,072.64 | 11,262,046.18 |
| | (1,868,072.64) | (11,262,046.18) |
| 12,484,175.74 | (1,894,539.72) | 30,873.39 |
| REPRESENTED BY | | |
| Metro Clt Trust (Int Bear) NIB 17.10.18 | | 37.88 |
| Natwest Client CASS A/c | | 29,620.75 |
| VAT Receivable | | 1,214.76 |
| | | 30,873.39 |

Notes and further information required by SIP 7

- The JSAs' pre appointment costs and post appointment remuneration and costs have been drawn from the Client Money Pool, 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.
- The residual balance shown above will be used to settle S&W's final fees incurred, plus VAT.

Client Custody Assets receipts and payments account to 16 May 2021

| | From 17/11/2020 To 16/05/2021 £ | From 17/05/2017 To 16/05/2021 £ |
|---|---------------------------------------|---------------------------------------|
| COSTS LEVIED / FUNDED BY THE FSCS | | |
| Advance from the FSCS | - | 2,425,000.00 |
| Bank Interest Gross | 22.12 | 1,035.31 |
| | <u>22.12</u> | <u>2,426,035.31</u> |
| COSTS ARISING IN RELATION TO CLIENT CUSTODY ASSETS | | |
| Joint Administrators post appointment fees & expenses: | | |
| S&W fees | - | 1,378,170.14 |
| LABR fees | - | 90,000.00 |
| S&W category 1 expenses | - | 7,433.30 |
| S&W category 2 expenses | - | 4,140.00 |
| Custodian Fees & Costs | - | 66,965.85 |
| Costs relating to SCNL | 1,500.00 | 4,211.00 |
| Tracing Agent's Fees | - | 5,422.46 |
| Legal Fees | - | 247,658.27 |
| Counsel Fees | - | 68,465.00 |
| Legal Expenses | - | 891.89 |
| Bank Charges | 0.20 | 55.20 |
| VAT Recovery Transferred to Company | - | 362,538.97 |
| | <u>(1,500.20)</u> | <u>(2,235,952.08)</u> |
| | <u>(1,478.08)</u> | <u>190,083.23</u> |
| REPRESENTED BY | | |
| RBS - Segregated Trust A/c | | 190,083.23 |
| | | <u>190,083.23</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 funds provided by the FSCS pursuant to the funding agreement and the Distribution Plan 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 |
|--|---------------|------------------------|--------------------------------------|
| 5alpha Adventurous UCITS | IE00BYX95950 | 256,642.906 | 256,642.906 |
| 5alpha 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 | GB00BWC5D02 | 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) | GB00B8NY8CJ32 | 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 A£ | IE00B9M1BB17 | 2,371.020 | 2,371.020 |
| Vernon Property PLC | GB00BWC5G33 | 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.

Clients should note that the following holdings have been categorised non-returnable:

- Bonds comprising series A, C and D held in Optima Worldwide Group PLC (In Liquidation); and
- Shares in Menasat Gulf Group PLC (In Administration).

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 | 131.55 | 65,113.10 | 494.97 |
| 1 | LA Business Recovery Limited | 0.82 | 459.20 | 560.00 |
| Total | | 132.37 | 65,572.30 | |
| 2&3 | Smith & Williamson LLP | 56.08 | 28,528.30 | 508.71 |
| 2&3 | LA Business Recovery Limited | 4.94 | 1,877.20 | 380.00 |
| Total | | 61.02 | 30,405.50 | |

Objective 1 - Smith & Williamson LLP's time costs from 17 November 2020 to 16 May 2021

| Classification of work function | Hours | | | | | Total hours | Time cost | Average hourly rate |
|--|--------------------|--------------------|---------------------------------|--------------|----------------------------|---------------|-------------------|---------------------|
| | Partner / Director | Associate director | Manager/ Assistant professional | Other staff | Assistants & support staff | | | |
| Identification of asset holdings | | | | | | | | |
| Reconciling 3rd party records to company records of client assets | 0.70 | - | 2.43 | 0.65 | - | 3.78 | £1,918.35 | £507.07 |
| Recovery and realisation of client assets | | | | | | | | |
| Recovery and safeguarding of client assets | 1.35 | - | 0.70 | 0.75 | - | 2.80 | £1,544.75 | £551.70 |
| Client Specific matters | | | | | | | | |
| Objective 2 tasks necessary to achieve objective 1 | 0.85 | - | - | - | - | 0.85 | £603.50 | £710.00 |
| Agreeing claims and liaising with clients regarding their claim | 0.25 | - | 0.35 | 5.95 | - | 6.55 | £2,225.00 | £339.69 |
| Distribution of client assets / funds - Bar Date, client monies distribution & FSCS compensation | 11.15 | 49.30 | 23.37 | 30.65 | 0.25 | 114.72 | £57,881.00 | £504.56 |
| Forensics | | | | | | | | |
| Forensics | - | 2.00 | - | 0.85 | - | 2.85 | £940.50 | £330.00 |
| Total | 14.30 | 51.30 | 26.85 | 38.85 | 0.25 | 131.55 | £65,113.10 | £494.97 |

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 of the work undertaken.

Identification of asset Holdings

- Reconciliation of bank statements and custodian holding reports to client positions.

Recovery and realisation of client assets

- Taking steps to replace the director of Strand Capital Nominees Limited, which was necessary to safeguard client assets held in Strand's nominee company.

Client specific matters

- Time spent liaising with Clients, Scheme Members and IFAs to provide information and updates by telephone and email.
- Some of the costs involved in the responding to client specific DSAR correspondence.
- Continuing to seek Clients' instructions in relation to the return of Client Custody Assets.

- Issuing instructions to designated brokers to return of Client Custody Assets, as applicable.
- Maintaining records in relation to Custody Assets returned.
- Reconciling the Client Money Pool and payment of a final distribution to Clients with a Client Monies Claim and closure of the Client Money Pool.
- Liaising with the liquidator of OWG to establish claims in the OWG liquidation for all bondholders owed part of the December 2016 coupon interest payment.

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.



Objective 1 - LA Business Recovery Limited's time costs from 17 November 2020 to 16 May 2021

| Classification of work function | HOURS | | | | Total Hours | Time cost | Average Hourly Rate |
|--|---------------|------------|---------------------------------|------------------|-------------|-----------|------------------------|
| | Office Holder | IP/Manager | Senior Professional staff | Support Staff | | | |
| Client Monies | | | | | | | |
| General | | | | | | | |
| Consider the progress report element concerning the partial return of client money (apportioned 50/50) | 0.41 | 0.00 | 0.00 | 0.00 | 0.41 | 229.60 | 560.00 |
| | | | | | | | |
| Custody Assets | | | | | | | |
| General | | | | | | | |
| Consider the progress report schedule concerning the return of custody assets (apportioned 50/50) | 0.41 | 0.00 | 0.00 | 0.00 | 0.41 | 229.60 | 560.00 |
| | | | | | | | |
| Total Client Assets and Client Monies Time Costs | 0.82 | 0.00 | 0.00 | 0.00 | 0.82 | 459.20 | 560.00 |

Explanation of major work activities undertaken

Objective 1- Client Monies and Custody Assets

Consider the estimated outcome statement in the progress report in respect of outcome to clients. Apportioned 50:50 between Custody Assets costs and Client Monies costs.



Objectives 2 & 3 – Smith & Williamson LLP's time costs from 17 November 2020 to 16 May 2021

| Classification of work function | Partner / Director | Associate director | Hours | | | Total hours | Time cost | Average hourly rate |
|--|--------------------|--------------------|----------------------------|--------------------------|----------------------------|-------------|------------|---------------------|
| | | | Manager/ Assistant Manager | Other professional staff | Assistants & support staff | | | |
| Administration and planning | | | | | | | | |
| Statutory returns, reports & meetings | 1.20 | 28.00 | 4.85 | 7.10 | - | 41.15 | £21,753.50 | £528.64 |
| Cashiering general, including bonding | 0.35 | - | 0.70 | 0.50 | - | 1.55 | £739.40 | £477.09 |
| Post-appointment taxation (VAT, PAYE/NIC, Corporation Tax) | 0.15 | - | 4.00 | 5.00 | - | 9.15 | £3,681.50 | £402.35 |
| Insurance & general asset protection | - | - | 2.20 | 0.25 | - | 2.45 | £1,178.75 | £481.12 |
| Case planning, reviews and progression (inc 6 month reviews, checklists & diary) | 1.35 | - | 0.43 | - | - | 1.78 | £1,175.15 | £658.97 |
| Total | 3.05 | 28.00 | 12.18 | 12.85 | 0.00 | 56.08 | £28,528.30 | £508.68 |

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 direct financial benefit for Clients and creditors.

- Protection of Company's and Clients assets and records (including electronic).
- Maintaining physical case files and electronic insolvency case details on IPS (case management software).
- Case reviews and reviews of the joint administrators bonding.
- Case planning and strategy; administration; and general case progression, including adjustments in JSAs' strategy.
- 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 and also overseeing and managing the JSAs' Client cash book and bank accounts.
- 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.
- Preparing and submitting VAT and Corporation Tax returns for the Company and its subsidiary, Strand Capital Nominees Limited.

Strand Capital Limited (in special administration)



Objectives 2 & 3 - LA Business Recovery Limited's time costs from 17 November 2020 to 16 May 2021

| Classification of work function | IP/Office Holder | IP/Manager | HOURS | | Total Hours | Time cost | Average Hourly Rate |
|---|------------------|------------|---------------------------|---------------|-------------|-----------|---------------------|
| | | | Senior Professional staff | Support Staff | | | |
| <u>Objectives 2&3 - General Insolvency Matters</u> | | | | | | | |
| Consider and review the draft progress report to creditors | 1.82 | 0.00 | 3.12 | 0.00 | 4.94 | 2,437.20 | 493.36 |
| | | | | | | | |
| Total Company-related work pertaining to Objectives 2 & 3 under SAR | 1.82 | 0.00 | 3.12 | 0.00 | 4.94 | 1,877.20 | 380.00 |

Explanation of major work activities undertaken

Objectives 2&3 - General Insolvency Matters

- Consider and review the draft progress report to creditors



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 2020 | 5,081.68 | 2,182,461.35 | 429.48 | 1,976,945.95 |
| 1 | S&W | Costs re-apportioned from Objectives 2&3 | 735.59 | 286,519.56 | 389.51 | - |
| 1 | S&W | 17 November 2020 - 16 May 2021 | 131.55 | 65,113.10 | 494.97 | - |
| | | | 5,948.82 | 2,534,094.01 | 425.98 | 1,976,945.95 |
| 1 | LABR | 17 May 2017 - 16 November 2020 | 285.88 | 156,071.30 | 545.93 | 152,371.00 |
| 1 | LABR | Costs re-apportioned from Objectives 2&3 | 37.25 | 19,939.33 | 535.28 | - |
| 1 | LABR | 17 November 2020 - 16 May 2021 | 0.82 | 459.20 | 560.00 | 212.80 |
| | | | 323.95 | 176,469.83 | 544.74 | 152,583.80 |
| Objective 1 total | | | 6,272.77 | 2,710,563.84 | 432.12 | 2,129,529.75 |
| 2&3 | S&W | 17 May 2017 - 16 November 2020 | 1,661.35 | 667,190.64 | 401.60 | 150,148.75 |
| 2&3 | S&W | Costs re-apportioned to Objective 1 | (735.59) | (286,519.56) | 389.51 | - |
| 2&3 | S&W | 17 November 2020 - 16 May 2021 | 56.08 | 28,528.30 | 508.71 | - |
| | | | 981.84 | 409,199.38 | 416.77 | 150,148.75 |
| 2&3 | LABR | 17 May 2017 - 16 November 2020 | 134.66 | 70,181.60 | 521.18 | 18,932.15 |
| 2&3 | LABR | Costs re-apportioned to Objective 1 | (37.25) | (19,939.33) | 535.28 | - |
| 2&3 | LABR | 17 November 2020 - 16 May 2021 | 4.94 | 1,877.20 | 380.00 | - |
| | | | 102.35 | 52,119.47 | 509.23 | 18,932.15 |
| Objectives 2&3 total | | | 1,084.19 | 461,318.85 | 425.50 | 169,080.90 |
| Total time costs incurred | | | 7,356.96 | 3,171,882.69 | 431.14 | 2,298,610.65 |

Note: costs incurred are shown net of VAT

Please note that, as detailed previous progress reports, some of the time costs incurred between 17 May 2017 to 16 May 2019 which were originally categorised as in relation to objectives 2&3 have been re-apportioned to objective 1 as they are properly applicable to objective 1. The figures above set out the position after such re-categorisation/re-apportioning. The following schedules below show the cumulative figures as originally recorded, prior to the re-categorisation/re-apportionment.

Objective 1 - Smith & Williamson LLP's time costs from 17 May 2017 to 16 May 2021

| 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 | 190.60 | 24.55 | 303.23 | 164.30 | 4.00 | 686.68 | £278,694.15 | £405.86 |
| Identification of asset holdings | | | | | | | | |
| Identification of assets, including liaising with custodians and financial institutions | 39.90 | 6.00 | 176.80 | 47.45 | - | 270.15 | £99,512.75 | £368.36 |
| Reconciling 3rd party records to company records of client assets | 2.60 | - | 34.93 | 7.70 | - | 45.23 | £16,074.60 | £355.37 |
| Ascertaining shortfalls in client assets on an investment by investment basis | 8.00 | 0.50 | 8.10 | 2.45 | - | 19.05 | £8,708.50 | £457.14 |
| Attributing shortfalls in client assets on an investment by investment basis | - | - | 10.50 | - | - | 10.50 | £4,777.50 | £455.00 |
| Recovery and realisation of client assets | | | | | | | | |
| Recovery and safeguarding of client assets | 48.48 | 15.20 | 245.25 | 37.90 | - | 346.83 | £152,623.89 | £440.05 |
| Reconciling post pooling client receipts | 0.20 | - | 99.35 | 28.95 | - | 128.50 | £44,986.00 | £350.09 |
| Reconciling and verifying asset holdings | 5.80 | - | 11.10 | 5.35 | - | 22.25 | £9,259.50 | £416.16 |
| Client Specific matters | | | | | | | | |
| Objective 2 tasks necessary to achieve objective 1 | 46.25 | 58.00 | 200.45 | 39.65 | 0.50 | 344.85 | £158,545.50 | £459.75 |
| Agreeing claims and liaising with clients regarding their claim | 51.62 | 75.45 | 165.35 | 459.80 | 1.25 | 753.47 | £272,316.06 | £361.42 |
| Distribution of client assets / funds - Bar Date, client monies distribution & FSCS compensation | 233.75 | 947.05 | 252.92 | 349.60 | 0.25 | 1,783.57 | £871,866.50 | £488.83 |
| Liasing on client claims with instructed 3rd parties | 8.30 | - | 99.50 | 188.90 | - | 296.70 | £105,527.50 | £355.67 |
| Preparing statement to each client to agree their position | 101.95 | 108.75 | 252.15 | 23.90 | 3.50 | 490.25 | £220,498.00 | £449.77 |
| AML/Compliance | | | | | | | | |
| AML - if done post appointment | - | - | 0.30 | - | - | 0.30 | £135.00 | £450.00 |
| Forensics | | | | | | | | |
| Forensics | - | 2.00 | 1.10 | 11.65 | 0.15 | 14.90 | £4,049.00 | £271.74 |
| Total | 737.45 | 1,237.50 | 1,861.03 | 1,367.60 | 9.65 | 5,213.23 | £2,247,574.45 | £431.13 |



Objective 1 - LA Business Recovery Limited's time costs from 17 May 2017 to 16 May 2021

| Classification of work function | HOURS | | | | Total Hours | Time cost | Average Hourly Rate |
|---|---------------|-------------|---------------------------|---------------|-------------|------------|---------------------|
| | Office Holder | IP/ Manager | Senior Professional staff | Support Staff | | | |
| 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 (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 |
| 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 |
| JSA email re: exchanges had between authorities since distribution plan approved & specific review (apportioned 50/50) | 0.64 | - | - | - | 0.64 | 358.40 | 560.00 |
| Consider the progress report element concerning the partial return of client money (apportioned 50/50) | 0.75 | - | - | - | 0.75 | 420.00 | 560.00 |
| Consider the shortfall due on management fees owed from client assets position in the progress report (apportioned 50/50) | 0.40 | - | - | - | 0.40 | 224.00 | 560.00 |
| Consider the estimated outcome statement in the progress report to clients (apportioned equally between class of client assets) | 0.38 | - | - | - | 0.38 | 212.80 | 560.00 |
| Custody 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 | 551.75 |
| 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 |
| Consider correspondence received from FSCS re: OWG Investment | 0.23 | - | - | - | 0.23 | 128.80 | 560.00 |
| JSA email re: exchanges had between authorities since distribution plan approved & specific review (apportioned 50/50) | 0.64 | - | - | - | 0.64 | 358.40 | 560.00 |
| Consider the progress report schedule concerning the return of custody assets (apportioned 50/50) | 0.75 | - | - | - | 0.75 | 420.00 | 560.00 |
| Consider the shortfall due on management fees owed from client assets position in the progress report (apportioned 50/50) | 0.40 | - | - | - | 0.40 | 224.00 | 560.00 |
| Consider the estimated outcome statement in the progress report to clients (apportioned equally between class of client assets) | 0.38 | - | - | - | 0.38 | 212.80 | 560.00 |
| Total Client Assets and Client Monies Time Costs | 223.30 | 59.35 | 2.75 | 2.80 | 288.20 | 156,530.50 | 543.14 |

Objectives 2 & 3 - Smith & Williamson LLP's time costs from 17 May 2017 to 16 May 2021

| 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 | 42.75 | 185.00 | 87.05 | 68.10 | 2.50 | 385.40 | £186,234.75 | £483.22 |
| 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 | 1.35 | 1.30 | 8.15 | 8.15 | 0.45 | 19.40 | £7,763.15 | £400.17 |
| Post-appointment taxation (VAT, PAYE/NIC, Corporation Tax) | 9.75 | - | 33.62 | 34.55 | - | 77.92 | £31,175.55 | £400.11 |
| Protection of company records (incl electronic) | - | 2.00 | 12.90 | 16.00 | - | 30.90 | £11,620.00 | £376.05 |
| Insurance & general asset protection | 2.05 | 6.00 | 46.95 | 15.55 | - | 70.55 | £30,445.50 | £431.55 |
| Company searches | - | 0.50 | - | - | - | 0.50 | £262.50 | £525.00 |
| Correspondence with joint special administrator | 6.80 | 5.50 | 34.05 | 4.15 | - | 50.50 | £23,305.25 | £461.49 |
| Filing, file and information management | - | 2.00 | 0.95 | 48.05 | - | 51.00 | £11,818.50 | £231.74 |
| Case planning, reviews and progression (inc 6 month reviews, checklists & diary) | 15.65 | 7.50 | 44.82 | 34.50 | - | 102.47 | £43,900.09 | £428.43 |
| Travelling | 1.00 | - | 3.10 | 1.05 | - | 5.15 | £2,241.00 | £435.15 |
| Agents and advisers, general | 0.50 | 1.25 | 15.65 | 1.00 | - | 18.40 | £8,007.50 | £435.19 |
| Investigations | | | | | | | | |
| Directors' correspondence & conduct questionnaires | 4.15 | 1.50 | 8.75 | 5.85 | - | 20.25 | £8,744.75 | £431.84 |
| Creditor & shareholder complaints | 1.70 | 3.50 | - | - | - | 5.20 | £2,942.50 | £565.87 |
| Statutory books and accounting records review | - | - | 18.05 | 11.95 | - | 30.00 | £11,781.75 | £392.73 |
| SIP2 and SIP4 obligations (inc CDDA86 forms) | 0.20 | - | 16.85 | 6.15 | - | 23.20 | £9,295.00 | £400.65 |
| Asset tracing (e.g. Land Registry and Company Searches) | - | - | - | 0.30 | - | 0.30 | £87.00 | £290.00 |
| Enquiries / Interviews of directors & advisers | 8.55 | 6.00 | 46.40 | 0.65 | - | 61.60 | £28,269.75 | £458.92 |
| Realisation of assets | | | | | | | | |
| Other chattel assets | 0.70 | - | 0.70 | 3.35 | - | 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 | - | 4.95 | £2,374.25 | £479.65 |
| Cash at Bank | - | - | - | 1.75 | - | 1.75 | £542.50 | £310.00 |
| Other | - | - | 2.55 | - | - | 2.55 | £1,160.25 | £455.00 |
| Creditors | | | | | | | | |
| Employee claims, including liaison with RPO and ERA | - | - | 1.45 | 7.00 | - | 8.45 | £2,732.25 | £323.34 |
| Unsecured creditors | 9.80 | 0.50 | 35.10 | 16.10 | - | 61.50 | £27,185.75 | £442.04 |
| Creditors' committee | 12.00 | 4.00 | 33.45 | 15.00 | - | 64.45 | £29,154.75 | £452.36 |
| Distributions for prefs and unsecured | 0.40 | - | - | - | - | 0.40 | £260.00 | £650.00 |
| Client Correspondence / Communications | 4.00 | 0.50 | 83.45 | 293.55 | - | 381.50 | £124,004.15 | £325.04 |
| Objective 2 activities | | | | | | | | |
| Liaison with and reporting to regulatory bodies (FCA, FSCS, HMRC etc) | 2.10 | 5.50 | 78.25 | 45.65 | 0.25 | 131.75 | £50,664.75 | £384.55 |
| Pursuing insurance claims for the benefit of clients | 0.80 | - | 29.70 | 15.70 | - | 46.20 | £18,933.50 | £409.82 |
| Other | - | - | 5.45 | - | - | 5.45 | £2,507.00 | £460.00 |
| Shareholders | | | | | | | | |
| Shareholder general communications | 0.30 | 0.50 | - | - | - | 0.80 | £457.50 | £571.88 |
| Forensics | | | | | | | | |
| Forensics | - | - | 4.40 | 22.35 | - | 26.75 | £5,676.50 | £212.21 |
| Total | 131.20 | 240.55 | 661.58 | 680.40 | 3.70 | 1,717.43 | £695,718.94 | £405.09 |

Objectives 2 & 3 - LA Business Recovery Limited's time costs from 17 May 2017 to 16 May 2021

| Classification of work function | HOURS | | | | Total Hours | Time cost | Average Hourly Rate |
|--|------------------|-------------|---------------------------|---------------|-------------|-----------|---------------------|
| | IP/Office Holder | IP/ Manager | Senior Professional staff | Support Staff | | | |
| Objectives 2&3 - General Insolvency Matters | | | | | | | |
| Administrative Setup | 3.20 | - | - | - | 3.20 | 1,792.00 | 560.00 |
| Case Planning | 8.80 | 1.70 | - | - | 10.50 | 5,778.00 | 550.29 |
| Maintenance of Records, files and correspondence | 7.80 | 2.20 | 0.10 | - | 10.10 | 5,432.50 | 530.00 |
| Appointment Notification | 0.50 | - | - | - | 0.50 | 280.00 | 560.00 |
| Case reviews | 2.41 | - | 0.62 | - | 3.03 | 1,519.30 | 501.42 |
| VAT queries & legal advice considered | 3.00 | - | - | - | 3.00 | 1,680.00 | 560.00 |
| Reviewing company records | 14.05 | - | - | - | 14.05 | 7,868.00 | 560.00 |
| Director interviews, conduct reporting and reviewing responses from directors | 7.44 | - | - | - | 7.44 | 4,166.40 | 560.00 |
| Considering and reviewing company data & records | 4.10 | - | - | - | 4.10 | 2,296.00 | 560.00 |
| Consideration of pre-appointment transactions; investigations into related parties | 1.90 | - | - | - | 1.90 | 1,064.00 | 560.00 |
| Identifying, Securing & Insuring assets | - | - | - | - | - | - | - |
| Recovery of assets from 3rd parties - Fund Investments | - | - | - | - | - | - | - |
| Recovery of assets from 3rd parties - Bond Investments | - | - | - | - | - | - | - |
| Communications with company creditors | 1.00 | - | 0.30 | - | 1.30 | 642.50 | 494.23 |
| Internal conference call updates - general steps and bar date | 2.40 | 0.60 | - | - | 3.00 | 1,644.00 | 548.00 |
| Consider draft progress reports to creditors (apportioned to company) | 20.68 | - | 12.46 | - | 33.14 | 15,007.30 | 452.85 |
| Statutory progress reports to creditors & initial meeting of creditors | 13.05 | - | 1.50 | - | 14.55 | 7,720.50 | 530.62 |
| Committee Meeting | 0.35 | - | - | - | 0.35 | 196.00 | 560.00 |
| JSAs' internal updates | 1.12 | - | 0.35 | - | 1.47 | 723.45 | 492.14 |
| | | | | | | | |
| Objective 2 - FCA - in support of Objective 1 | | | | | | | |
| Communications/discussions with FCA | 0.60 | 1.15 | - | - | 1.75 | 911.00 | 520.00 |
| Consideration re: potential complaint to FCA | 0.18 | - | - | - | 0.18 | 100.80 | 560.00 |
| Consider the email request for information from Holden Chambers and Elite Chambers | 0.13 | - | - | - | 0.13 | 72.80 | 560.00 |
| Objective 2 - FSCS - in support of Objective 1 | | | | | | | |
| Communications, discussions and meetings with FSCS | 1.00 | 2.00 | - | - | 3.00 | 1,560.00 | 520.00 |
| Compensation Deed organisation | - | - | - | 0.30 | 0.30 | 82.50 | 275.00 |
| Company work re: Client Assets - in support of Objective 1 | | | | | | | |
| On-going consideration of corresp. with OWG (coupon); obj 2 & 3, reviews | 12.20 | 2.80 | - | - | 15.00 | 8,232.00 | 548.80 |
| General file administration | - | - | - | 4.48 | 4.48 | 1,232.00 | 275.00 |
| Consider internal JSA progress update | 0.13 | - | - | - | 0.13 | 72.80 | 560.00 |
| Company Work re: Client Monies | | | | | | | |
| Recovery of Gallium Funds | - | - | - | - | - | - | - |
| General | - | - | - | - | - | - | - |
| Review of the amended distribution plan (apportioned 50/50) | 0.46 | - | - | - | 0.46 | 257.60 | 560.00 |
| Company Work re: Client Assets | | | | | | | |
| OWG Bonds | - | - | - | - | - | - | - |
| Beaufort Assets | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Review of the amended distribution plan (apportioned 50/50) | 0.46 | - | - | - | 0.46 | 257.60 | 560.00 |
| | | | | | | | |
| Total time costs | 106.96 | 10.45 | 15.33 | 4.78 | 137.52 | 70,589.05 | 513.30 |

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.

Charge out rates

The rates applicable to this appointment are set out below. There have been no changes to the charge out rates during the period of this report

| Smith & Williamson LLP | | Restructuring & Recovery Services | | | |
|-----------------------------|-------------|-----------------------------------|-------------|-------------|--|
| Charge out rates | From 1 July | From 1 July | From 1 July | From 1 July | |
| | 2017 | 2018 | 2019 | 2020 | |
| | £/hr | £/hr | £/hr | £/hr | |
| Partner / Director | 545-565 | 650 | 590-675 | 620-710 | |
| Associate Director | 490-525 | 525 | 525-550 | 580 | |
| Managers | 395-500 | 315-460 | 340-475 | 360-500 | |
| Other professional staff | 200-395 | 215-310 | 225-475 | 235-315 | |
| Support & secretarial staff | 100-250 | 115-400 | 125 | 130 | |

| Smith & Williamson LLP | | Assurance & Business Services | | | |
|-----------------------------|-------------|-------------------------------|-------------|-------------|--|
| Charge out rates | From 1 July | From 1 July | From 1 July | From 1 July | |
| | 2017 | 2018 | 2019 | 2020 | |
| | £/hr | £/hr | £/hr | £/hr | |
| Partner / Director | 550-625 | 650 | 675 | 620-710 | |
| Associate Director | 480 | 480 | 390-480 | 580 | |
| Managers | 300 | 220-450 | 220-475 | 360-500 | |
| Other professional staff | 295-310 | 130-250 | 100-265 | 235-315 | |
| Support & secretarial staff | 130-240 | 130-240 | n/a | 130 | |

| Smith & Williamson LLP | | Forensic Accounting | | | |
|-----------------------------|-------------|---------------------|-------------|-------------|--|
| Charge out rates | From 1 July | From 1 July | From 1 July | From 1 July | |
| | 2017 | 2018 | 2019 | 2020 | |
| | £/hr | £/hr | £/hr | £/hr | |
| Partner / Director | 700 | 610 | 480-675 | 620-710 | |
| Associate Director | n/a | n/a | n/a | 580 | |
| Managers | 400-470 | 470-515 | 410-475 | 360-500 | |
| Other professional staff | 180-340 | 220-340 | 240-475 | 235-315 | |
| Support & secretarial staff | 80-100 | 80-100 | 125 | 130 | |

| Smith & Williamson LLP | | Corporate Tax | | | |
|-----------------------------|-------------|---------------|-------------|-------------|--|
| Charge out rates | From 1 July | From 1 July | From 1 July | From 1 July | |
| | 2017 | 2018 | 2019 | 2020 | |
| | £/hr | £/hr | £/hr | £/hr | |
| Partner / Director | 500-600 | 525-660 | 575-690 | 625-740 | |
| Associate Director | 400 | 420-440 | 460 | 500 | |
| Managers | 215-350 | 225-365 | 245-400 | 270-430 | |
| Other professional staff | 180 | 190 | 115-200 | 95-230 | |
| Support & secretarial staff | 100-120 | 100-120 | 60 | 65 | |

| 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.

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