

The Insolvency Act 1986

Administrator's progress report

Name of Company
Caterham Sports Limited

Company number
07042086

In the High Court of Justice <small>(full name of court)</small>

Court case number
7424 of 2014

We (a)

Finbarr Thomas O'Connell
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

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

Anthony Cliff Spicer
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 17 October 2014

To
(b) 16 April 2015

Signed

Joint / Administrator(s)

Dated

15 5 2015

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

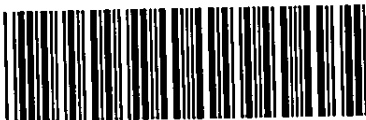
The contact information that you give will be visible to searchers of the

Finbarr Thomas O'Connell
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

DX Number 119507 Finsbury Square EC2

020 7131 4000
DX Exchange

SATURDAY



A18

16/05/2015

#300

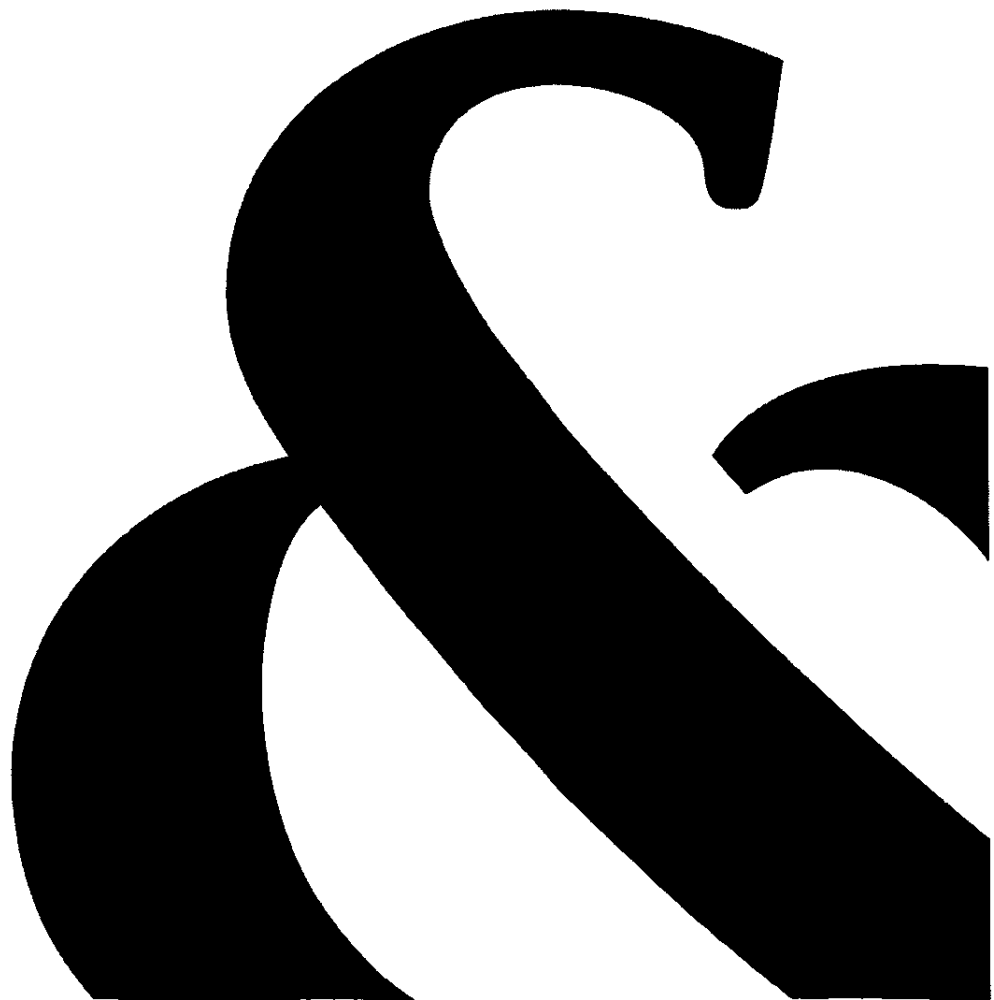
COMPANIES HOUSE

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

Caterham Sports Limited (in administration)

Joint administrators' progress report
for the period from 17 October 2014
to 16 April 2015

14 May 2015



Contents

1. Glossary	1
2. Introduction	2
3. Executive summary	2
4. Progress of the administration	3
5. Administration strategy	6
6. Investigations	7
7. Creditors' Committee	7
8. Pre-administration costs	9
9. Administrators' remuneration	9
10. Administration expenses	10
11. Estimated outcome for creditors	13
12. Outstanding matters	14
13. Ending the administration	14
14. Creditors' rights	14
15. Next report	15

Appendices

I Statutory information	16
II Receipts and payments account	17
III Time analysis for the period	20
IV Staffing, charging, subcontractor and adviser policies and charge out rates	25

1. Glossary

Abbreviation	Description
the Company	Caterham Sports Limited (formerly 1Malaysia Racing Team (UK) Limited – changed Dec 2013)
the administrators/joint administrators	Finbarr Thomas O’Connell, Henry Anthony Shinnars and Anthony Cliff Spicer
the Bank	Export-Import Bank of Malaysia Berhad (“EXIM”)
the Property	Leaffield Technical Centre, Langley, Oxfordshire, OX29 9EF
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
SOA	Statement of Affairs
ETR	Estimated to realise
CVL	Creditors’ Voluntary Liquidation
HMRC	HM Revenue & Customs
QFCH	Qualifying Floating Charge Holder – a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
S&WEBC	Smith & Williamson Employee Benefits Consultancy, a division of Smith & Williamson Financial Services Limited
S&WFS	Smith & Williamson Financial Services Limited
S&WCF	Smith & Williamson Corporate Finance Limited
FCA	Financial Conduct Authority
1MRT	1Malaysia Racing Team Sdn Bhd
Caterham F1/The Team	The Caterham Formula One Team as consisting of the Company and 1MRT
CDDA	Company Directors Disqualification Act 1986
DBIS	Department for Business Innovation & Skills

Note The IA86 and IR86 have been subject to a number of significant amendments since their original issue, including a number of substantial and important changes in April 2010. References to IA86 and IR86 in this report are to the legislation as it applies to this case.

2. Introduction

This report provides an update on the progress in the administration of the Company for the six month period ended 16 April 2015. It should be read in conjunction with any previous reports. By way of reminder, we, Finbarr Thomas O'Connell, Henry Anthony Shinnars and Anthony Cliff Spicer of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed administrators of the Company on 17 October 2014.

Statutory information in respect of the Company and the administration is set out at Appendix I.

3. Executive summary

- We were appointed administrators of the Company on 17 October 2014 under P 14 Sch B1 of the IA86 by the QFCH.
- The objective of the administration is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
- Caterham F1 participated in the Abu Dhabi grand prix, funded by a crowdfunding appeal, driver income and the assistance of key race partners, in order to increase awareness and interest in a possible sale of Caterham F1.
- Although this did significantly increase the level of interest, a sale of Caterham F1 as a going concern was not possible. Following discussions with EXIM and certain other key creditors, the administrators decided to showcase the Team at the Abu Dhabi grand prix. The administrators' agents had advised them that if the Team could be sold as a going concern, including the Property, the asset valuations would increase by a multiple of, at least, two which would have resulted in many million pounds more of realisations for the benefit of the creditors. The administrators decided to continue with this strategy as long as there were seriously interested, financially sound, parties pursuing a purchase of the Caterham F1 Team.
- Participating at the Abu Dhabi grand prix did secure up to \$1,608,000 of Formula One participation money which would otherwise have been lost as a "no show" penalty. The administrators of 1MRT are currently considering a number of competing interests in the total Formula One participation funds now being held by 1MRT of \$3,600,000. As well as 1MRT, a number of its creditors, under differing agreements or documentation, have claimed all or some of these funds. If these funds remain with 1MRT then a proportion of them will be paid to the Company as a main creditor of 1MRT.
- The principal assets of the Company are its freehold trading site, the Property, the plant and equipment, the Formula One racing cars and intellectual property. The Company's physical assets are being sold via a series of online auctions and private treaty sales and agents have been instructed to sell the Property. The intellectual

property remains available to purchase. Realisations from the online auctions and private treaty sales are in excess of initial estimates and should exceed £2,000,000, gross, in aggregate

- There were competing claims to the ownership of the racing cars and intellectual property between the Company and 1MRT. The administrators have considered the position and, having obtained legal and Counsel's opinion, determined that, in summary, assets manufactured by the Company and delivered to 1MRT before the 2014 season shall be deemed to belong to 1MRT. Items purchased but not manufactured by the Company or manufactured in 2014 are deemed to belong to the Company.
- The administrators have a number of competing claims to assets initially considered to belong to the Company. These include the Formula One income mentioned above, former racing cars and equipment, intellectual property, hospitality trailers and various components. The administrators and their lawyers are working through these competing claims.
- The Company has one secured creditor, EXIM. However, EXIM's claim has not yet been fully particularised or adjudicated by the administrators.
- It is too early in the administration proceedings to comment in any detail on anticipated returns to creditors. Clearly, the investigations that the administrators are currently undertaking may produce funds which might allow a distribution to the creditors.
- A creditors' committee has been appointed and has met twice with the joint administrators in the six months from 17 October 2014 to 16 April 2015.

4. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period from 17 October 2014 to 16 April 2015

The receipts and payments account would usually include a comparison with the director's SOA values. However, as previously reported, a SOA has not been received from the sole remaining director, Constantin Cojocar, although we have asked for one. In the absence of a statement of affairs we have compared the receipts and payments against an estimate of the Company's financial position as at 30 September 2014 based on the books and records available to us.

We comment on the most significant receipts and payments below.

4.1. Trading receipts and payments

As detailed in our previous report, we raised monies via crowdfunding to allow the Caterham F1 Team to race in the Abu Dhabi grand prix

We received cash pledges of more than £396,000 through this process. This represents amounts donated by Caterham F1 or Formula One supporters who wanted to see Caterham F1 race in Abu Dhabi. We have accounted for these pledges by splitting the proceeds between the value of any items awarded to the pledgers (these funds are available to all creditors, subject to EXIM's security) with the remaining funds, the

donation amount, contributing towards the costs of Caterham F1 racing in Abu Dhabi. The administrators have adopted this accounting treatment in order to both comply with HMRC VAT regulations and to ensure that the costs associated with the Caterham F1 Team racing in Abu Dhabi were not initially met from the sale of the Company's assets.

The administrators of 1MRT negotiated €750,000 of driver related income for Abu Dhabi. 1MRT paid the Company a proportion of this driver income, £515,298 (€650,000) in order for it to provide the necessary supplies and services for Caterham F1 to participate in the Abu Dhabi grand prix.

Substantial non-cash benefits have been received by the Company through the crowdfunding initiative. These mostly relate to support received from key race partners, Renault, Red Bull and Pirelli. For obvious reasons these non-cash benefits do not appear in the Company's receipts and payments account but we mention them here so that it is clear to the reader how the crowdfunding target was reached and Caterham F1 was able to compete in the Abu Dhabi grand prix and to, again, thank these race partners for their support.

In order to assist the administrators and for the Caterham F1 Team to race at the Abu Dhabi grand prix, a number of former employees, each essential to the operation of the Team, volunteered their services. The administrators agreed to pay each volunteer a consultancy fee of £100 and £1,900 with regard to expenses due to them.

The direct costs associated with the crowdfunding appeal are Crowdcube Capital Limited's fees (calculated at 7.5% plus VAT on cash amounts received) and the associated online payment processing fees (Stripe fees) of 5% of amounts received.

The Company paid £25,000 to its existing insurers in order to prevent its insurance from lapsing prior to 31 January 2015. This allowed Caterham F1 to race at Abu Dhabi as well as preserving certain highly important insurance policies.

The other trading payments represent the costs associated with Caterham F1's participation at the Abu Dhabi grand prix. This included £80,000 for fuel over the Abu Dhabi weekend.

Although the administrators received widespread support from the Formula One industry, a small number of key suppliers demanded some or all of the historical debts to be paid in order to release essential goods or services. These payments are recorded as ransom purchases (for goods) or payments (for services).

4.2. Administration funding

At the time of the administration appointment the Company had no cash available to meet the immediate and essential costs of securing and maintaining the Company's assets. The joint administrators arranged a short term funding facility of £250,000 with a finance house.

When the decision was taken to showcase the Team by participating in the Abu Dhabi grand prix an additional £150,000 funding facility was agreed, pending the crowdfunding and other cash coming through. The joint administrators expect to repay this facility, in full, shortly.

The administrators may then draw new funding to meet the historical and ongoing costs in securing, insuring and maintaining the Property in the period prior to its sale.

4.3. Asset realisations

Wyles Hardy & Co has assisted the administrators with the valuation and sale of the Company's plant & machinery, computer equipment, memorabilia, stock and other assets.

Having considered the various options available, and having studied the outcomes achieved in the recent Marussia asset sales, Wyles Hardy & Co recommended a disposal strategy of a mixture of online auctions and private treaty sales

The auctions are progressing well and realisations are currently in excess of initial estimates. The final auction is scheduled to be held in early June and the administrators expect to receive all auction proceeds by the end of June

4.4. Assets still to be realised

Freehold premises

The Company owns the Property although it is subject to a fixed charge granted to EXIM. The administrators have jointly instructed BNP Paribas and Carter Jonas to market and sell the Property.

There has been a strong level of initial interest in the Property and we will provide an update on the sale process in our next report.

Sales details with regard to the Property can be viewed by visiting the BNP Paribas website.

Debtors

We have identified a number of debtors and have written to these companies asking for the repayment of the debts. These claims are not straightforward and are likely to be resisted.

Legal claims

We have written to a number of parties to assert the administrators' and the Company's legal rights to demand remedies in regard to certain legal claims. We have also notified the pre-administration insurers, pursuant to the Company's insurance coverage, of these claims.

The administrators' solicitors are continuing to liaise with the insurers in relation to these claims.

Disputed assets

As at the date of this report there are still a number of online auctions to be completed. Once finished, the majority of the Company's physical assets will have been realised.

However, there are a number of assets, for example show cars, held by other parties around the world. We are still investigating the competing claims on these vehicles and other assets and have, in a number of instances, instructed solicitors to recover the vehicles. Court action is foreseeable in relation to some such claims. Our solicitors are currently drafting an application to court for directions in relation to the net proceeds of £407,000 from the sale of certain disputed assets. The administrators had explored the possibility of a commercial settlement to this dispute but, being unable to reach an acceptable agreement, ultimately felt that creditors' interests were best served by a court application.

4.5. Costs of realisations

The Company's haulier and storage company exercised a lien over a significant quantity of plant & machinery and racing equipment prior to the administration. It was necessary to pay this company in full in order to secure the release of the Company's assets. The assets were worth considerably more than the lien claim and were necessary for Caterham F1 to race at Abu Dhabi. The administrators negotiated a staggered payment plan, with the final balance paid after the assets were sold.

A significant quantity of the Company's racing equipment was being returned to the Property from around the world, following a number of grand prix earlier in the season. Having taken advice from our agents as to the benefits of their sale against the costs of their recovery, these assets were returned to the Property at a cost of £70,000. The assets recovered were then sold for in excess of this figure.

5. Administration strategy

As outlined in the proposals, the objective was to fulfil the second purpose of the administration, whereby the outcome for creditors as a whole is considered to be better than if the Company had been placed into liquidation.

The initial strategy was to sell Caterham F1 as a going concern, if possible, together with the assets of the Company. Although the proposed sale of Caterham F1 generated a high level of interest, this did not translate into a viable offer for its sale. The joint administrators, having concluded that they would be unable to secure a going concern sale, then proceeded to a sale of the plant, machinery, equipment, memorabilia and chattel assets.

The auction process is ongoing, the interest in purchasing items has maintained its momentum and it is currently the agents' opinion that the outcome so far has exceeded their initial expectations.

6. Investigations

Under the CDDA we have a duty to make a submission to the Secretary of State for Business, Innovation and Skills on the conduct of all those persons who were directors at the date the Company entered administration or who held office at any time during the three years immediately preceding the administration

We have complied with our duty in this regard and submitted an interim return as our investigations are ongoing. As all submissions are strictly confidential we are unable to disclose their content.

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 either at the initial meeting, the creditors' committee at both of its meetings and as a response to our request to complete an investigation questionnaire.

Our investigations are ongoing and we will provide further information on the administrators' intentions to commence legal action on behalf of the Company in our next progress report

7. Creditors' Committee

A creditors' committee has been formed in the administration and the members are as follows

- Ian Barry Dearing of Steele & Son representing Pankl Drivetrain Systems
- Anthony Indaimo of Withers LLP representing Renault
- Christopher Harding of Pricewaterhousecoopers representing Excel Technical Consulting
- Alistair Rew of Redbull Racing representing Redbull Racing
- Ruban Ghandinesen of Caterham Cars Limited representing Caterham Cars Limited

The purpose of the creditors' committee is to represent the interests of the creditors as a whole, not just the interests of the individual members. It may also serve to assist the administrators generally and act as a sounding board to obtain views for matters pertaining to the administration

The creditors' committee is responsible for fixing the administrators' remuneration and to review the adequacy of the administrators' security for the proper performance of their functions.

Members are also permitted to be paid as an expense of the administration any reasonable travelling expenses directly incurred either by attending meetings or otherwise on committee business.

Full details on creditors' committees can be found in the Statement of Insolvency Practice 15 <http://www.icaew.com/~media/Files/Technical/Insolvency/regulations-and-standards/sips/england/sip-15-e-w-reporting-and-providing-information-on-their-functions-to-committees-in-formal-insolvencies.ashx>

The creditors' committee has approved the following resolutions

- Under R2 67A of the Insolvency (Amendment) Rules 2010, the unpaid pre-administration costs as detailed in the joint administrators' proposals be approved
- Under R2 106 of the IR86, the remuneration of the joint administrators' be fixed by reference by time properly given by them and their staff in attending to matters arising in the administration
- In accordance with Statement of Insolvency Practice No 9, issued by the Association of Business Recovery Professionals, the joint administrators be authorised to draw Category 2 disbursements in accordance with their firm's published tariff
- The joint administrators will fulfil their statutory duty to carry out such investigations and take such legal actions as they consider necessary in order to maximise funds available for the creditors of the Company, in accordance with their statutory duties
- The joint administrators will be discharged from liability under Paragraph 98(2) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as joint administrators ceasing to have effect

Although the creditors' committee had already approved that the administrators' time costs be calculated by reference to their time costs, they also asked the administrators to consider a discount on these rates. At the third creditors' committee meeting on 6 May 2015 the administrators proposed a discount and the committee approved the following resolutions

- The administrators, S&WFS' and S&WCF's remuneration be fixed by reference to time properly given by them and their staff in attending to matters arising in the administration, less a discount of 2.5% from 17 October 2014 to 10 May 2015 and 5% from 11 May 2015
- The joint administrators will be discharged from liability under Paragraph 98(2) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as joint administrators ceasing to have effect

The committee has asked that the administrators use staff from its regional offices, on cost considerations and that the administrators consult with the committee before starting a significant new investigation, legal action or special project. The administrators have agreed to these requests

8. Pre-administration costs

On 2 March 2015 the following amounts in respect of pre-administration costs were approved by the creditors' committee

Recipient	Brief description of services provided	Amount paid £	Amount unpaid £
Smith & Williamson LLP	Advice to the Company	Nil	22,818 75
Mishcon de Reya Solicitors	Legal advice	Nil	10,286 00
Wyles Hardy & Co	Agent and valuation advice	Nil	40,000 00
Total		Nil	73,104.75

9. Administrators' remuneration

The creditors' committee approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration

The administrators' time costs are

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
17 October 2014 to 16 April 2015	3,434 90	1,723,777 50	501 84	Nil
Total	3,434 90	1,723,777.50	501.84	Nil

Attached as Appendix III, is a time analysis which provides details of the activity costs incurred by staff grade during the period of this report in respect of the costs fixed by reference to time properly spent by the administrators and their staff in attending to matters arising in the administration. Details of work carried out in the period are also included in the appendix.

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from the R3 website at the following address

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf

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

9.1. S&WFS and S&WCF

S&WFS and S&WCF, companies associated with Smith & Williamson LLP, have assisted with the Company's pension affairs and the marketing and negotiations to sell the Caterham F1 Team

Payments to parties in which administrators or their firm have an interest must be disclosed to, and approved by, creditors, or in this case, the creditors' committee

S&WFS and S&WCF's time cost rates were included in the administrators' proposals and the creditors' committee has approved these and that they are paid by reference to these time costs

S&WFS' time costs for the reporting period to 16 April 2015 are £8,801.50. This represents 42.6 hours at an average rate of £206.61 per hour. In the period covered by this report no fees have been drawn in relation to these costs.

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

S&WCF's time costs for the reporting period to 16 April 2015 are £334,715.00. This represents 589.75 hours at an average rate of £567.55 per hour. In the period covered by this report no fees have been drawn in relation to these costs.

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

These time costs are to be recovered as administrators' fees and are included in the time analysis at Appendix III. Further narrative detail of the work done by our colleagues in S&WFS and S&WCF are included in Appendix III.

10. Administration expenses

10.1. Subcontractors

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

Provider/Service(s)	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
Bookcheck Limited (P45s, employee admin)	Rate per employee claim or hourly rate agreed	524.15	524.15	Nil
Andrea McEnnis (Payroll/consultancy services)	Fixed hourly rate	3,680.96	3,680.96	Nil
Phil Thompson (Professional and accountancy services)	Fixed hourly rate	8,757.76	8,757.76	Nil
Merrill Corporation Limited (provider of DataSite services)	Fixed price per page of data	453.59	453.59	Nil
Joseph Gilman (IT services)	Fixed cost	2,000.00	2,000.00	Nil

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

10.2. Administrators' disbursements

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

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Statutory advertising	892 40	892 40	Nil
Administrators' bonds	140 00	Nil	140 00
Company searches	159 00	Nil	159 00
Postage	1,808 35	Nil	1,808 35
Land Registry Search	24 00	Nil	24 00
Travel & Subsistence (including Abu Dhabi flights and accommodation)	15,922 94	Nil	15,922 94
Conferencing facilities	985 22	Nil	985 22
Miscellaneous	568 45	Nil	568 45
Mobile phone costs	31 00	Nil	31 00
Courier costs	134 20	Nil	134 20
Laundry costs	8 89	Nil	8 89
Category 2 disbursements (see next section)	686 59	Nil	686 59
Total	21,361 04	892 40	20,468 64

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

10.3. Category 2 disbursements

The following Category 2 disbursements have been incurred and/or paid in the current period

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Photocopying	510 00	Nil	510 00
Business mileage @ HMRC rates	176 59	Nil	176 59
Total	686 59	Nil	686 59

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

Approval to recover the Category 2 disbursements shown above was given by the creditors' committee

10.4. Professional advisers

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

Name of professional adviser/Service(s)	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £
Mischon de Reya Solicitors (legal advice re sale of business, investigations, appointment, ROT claims etc)	Hourly rate and disbursements	392,327.32	203,928.92	188,398.40
Wyles Hardy & Co Ltd (valuation and disposal advice)	Hourly rate and disbursements	255,482.61	89,921.22	165,561.39

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

10.5. Other expenses

Other expenses (i.e. those not detailed in the preceding sections) paid during the period covered by this report are shown in the receipts and payments summary at Appendix II. Detailed below are those expenses which we consider to be significant in the context of this case. Also detailed below are expenses incurred but not paid in the current period.

Supplier/Service provider	Nature of expense incurred	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Willis Limited	Insurance premiums	25,357.00	Nil	25,357.00
Total				25,357.00

10.6. Policies regarding use of third parties and disbursement recovery

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

11. Estimated outcome for creditors

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

11.1. Secured creditors

EXIM holds a fixed and floating charge over the Company's assets. At the date of the administration the indebtedness was estimated at £5,504,302 to which interest and charges may be added.

The administrators have not adjudicated this claim and at present there are no funds available to pay EXIM

A payment is expected to be made to EXIM, subject to the sale of the Property and adjudication of EXIM's claim.

11.2. Prescribed Part

The Company granted a floating charge to EXIM on 12 July 2013. Accordingly, we are required to create a Prescribed Part fund out of the Company's net floating charge property for unsecured creditors.

Based on present information, we are unable to estimate the value of the Company's net property. An update will be provided in our next report to creditors.

11.3. Preferential creditors

We set out below a summary of preferential claims received

Preferential creditor	Claims received £
DBIS	24,173.13
Total	24,173.13

In the event that there are sufficient floating charge realisations beyond the costs of the administration we anticipate that preferential claims will be paid in full.

11.4. Unsecured creditors

We have received claims totalling £20,942,144.40 from 322 creditors.

At present we confirm that realisations in the administration are insufficient to pay a dividend to unsecured creditors. Any dividend to creditors will be dependent upon the administrators making additional recoveries from the disputed assets and/or legal action. We have not therefore taken steps as yet to agree unsecured creditor claims in the administration.

12. Outstanding matters

The remaining actions to be concluded in the administration are as follows

- Collection of outstanding debts
- Sale of the Property and remaining chattel assets
- Settling the various asset ownership disputes
- Concluding our investigations
- Bringing any legal action considered appropriate following the investigations performed by the administrators
- Closure of the administration, including preparing and issuing the final report

13. Ending the administration

The administrators shall exercise their discretion, having consulted with the creditors' committee in deciding the most appropriate means of exiting the administration

Subject to funds being available to pay unsecured creditors, it is anticipated that the Company will exit into liquidation. If there is not to be a dividend to creditors then the Company may exit administration by dissolution.

14. Creditors' rights

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

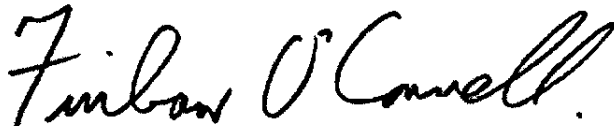
Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive.

These rights apply only to matters which have not been disclosed in previous reports

Further information regarding creditors' rights is available on application to the administrators.

15. Next report

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



Finbarr Thomas O'Connell

Joint Administrator

Date 14 May 2015

I Statutory information

Relevant Court	High Court of Justice
Court Reference	7424 of 2014
Trading Name(s)	Caterham Sports Limited Also known as Caterham Formula 1 Racing Team
Trading Addresses	Leaffield Technical Centre, Langley, Oxfordshire, OX29 9EF
Former Name(s)	1Malaysia Racing Team (UK) Limited
Registered Office	25 Moorgate, London, EC2R 6AY (formerly Leaffield Technical Centre, Langley, Oxfordshire, OX29 9EF)
Registered Number	07042086
Joint Administrators	Finbarr Thomas O'Connell and Henry Anthony Shinnars and Anthony Cliff Spicer of 25 Moorgate, London, EC2R 6AY (IP No(s) 7931, 9280, 9071) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally
Date of Appointment	17 October 2014
Appointor	Export-Import Bank of Malaysia Berhad

II Receipts and payments account

Receipts and payments account to 16 April 2015

Caterham Sports Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
For the period 17 October 2014 to 16 April 2015

S of A £		£	£
	PROPERTY & LAND		
	Loan from floating charge	12 001 25	
	Bank Charges FCR	(1 25)	
4 200,000 00	Leaffield Site	NIL	
	Agent/Valuers Fees FCR	(10 000 00)	
(5,504,302 00)	EXM Bank	NIL	
			<u>2,000 00</u>
	ADMINISTRATION FUNDING		
	Third Party Loan Funding	395 261 04	
			<u>395,261 04</u>
	ASSET REALISATIONS		
	Plant & Machinery	1 210 020 97	
	Insurance Refund	151 02	
	Cash at Bank	2 761 89	
	Rent	21 171 70	
	Stock	158 995 28	
	Bank Interest Gross	522 40	
	Petty Cash	714 91	
	Trading Receipts	141 566 39	
	Rates Refund	10 496 36	
			<u>1,546,400 92</u>
	COST OF REALISATIONS		
	Security	5 328 28	
	Payments against Liens	115 534 00	
	Creditors' Meeting Costs	916 67	
	Petitioners Deposit	1 250 00	
	Petitioners Disbursements	866 13	
	Petitioners Costs	4 691 00	
	Professional Fees	14 275 47	
	Transport storage and maintenance	84 527 00	
	Agents/Valuers Fees	56 002 10	
	Agents/Valuers Expenses	103 282 32	
	Legal Fees	163 678 28	
	Legal Expenses	40 250 64	
	Payroll Services	2 185 77	
	Loan to Fixed Charge	12 001 25	
	Loan to Kickstart Account	203 103 20	
	Ransom Payment Re Insurance	479 93	
	Statutory Advertising	892 40	
	IT Services	9 973 98	
	Other Property Expenses	158 226 46	
	Bank Charges	99 20	
			<u>(977,664 08)</u>
	PREFERENTIAL CREDITORS		
(177,600 00)	Employees Wage Arrears	NIL	
			<u>NIL</u>
	UNSECURED CREDITORS		
(16 195 627 00)	Trade & Expense Creditors	NIL	
			<u>NIL</u>

Caterham Sports Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
For the period 17 October 2014 to 16 April 2015

S of A £		£	£
(1 098,000 00)	HMRC	NIL	<u>NIL</u>
1 00	Ordinary Shareholders	NIL	<u>NIL</u>
(18,775,528 00)			<u>966,097 88</u>
REPRESENTED BY			
	Clients Deposit Re Kickstart Caterham	105 367 85	
	Clients Deposit Account Floating Charge	763 371 58	
	VAT Receivable Floating Charge	103 175 06	
	VAT Receivable Fixed Charge	2 000 00	
	VAT Receivable Trading	8,915 78	
	VAT Control Account Floating Charge	(2 010 95)	
	Trading VAT Control Account	27 272 94	
	VAT Payable Trading	9 82	
	VAT Payable Floating Charge	(42 004 20)	
			<u>966,097 88</u>

**Caterham Sports Limited
(In Administration)
Joint Administrators' Trading Account
For the period 17 October 2014 to 16 April 2015**

£ of A £	£	£
POST APPOINTMENT SALES		
Crowdfunding	237 200 24	
Bank Interest Gross Re Trading	299 27	
Sales - Sponsorship	2 000 00	
Third Party Funding	56 93	
Driver Income	515 298 55	
Customer Postage	9 182 40	
Loan from floating charge account	203 103 20	
		<u>967,140 59</u>
PURCHASES		
Purchases Abu Dhabi	85,280 42	
Ransom Payments	224 408 05	
		<u>(309,688 47)</u>
OTHER DIRECT COSTS		
Consultancy Fee	22 170 95	
Consultancy Expenses	94 798 13	
Bank Charges Re Trading	541 90	
		<u>(117,510 98)</u>
TRADING EXPENDITURE		
Travel & Accommodation	92,271 19	
Carriage	1 348 40	
Insurance	25 000 00	
Professional Fees	250 00	
Hire of Equipment	37,500 00	
Repairs & Maintenance	300 00	
Sundry Expenses	500 00	
Track Costs	57 211 31	
Ransom Payment - Racing Costs	28 534 70	
Crowdcube Fee	20,319 71	
Stripe Fee	11,060 28	
Catering Costs	30 168 00	
Security	3 989 94	
Agents Expenses	54 921 22	
Agents Fees	35,000 00	
		<u>(398,374 76)</u>
TRADING RECEIPTS		<u>141,566 39</u>

Notes and further information required by SIP 7

- The administrators' remuneration was approved by the creditors' committee on 2 March 2015
- Details of significant expenses paid are provided in the body of our report
- Details of payments made to sub-contractors are shown in the body of our report.
- Information concerning our remuneration and disbursements incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing
- There are no foreign currency holdings that we are aware of
- 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 Time analysis for the period

From 17 October 2014 to 16 April 2015

Caterham Sports Limited
Breakdown of time spent by Smith & Williamson LLP employees and by S&WFS and S&WCP
for the period ended 16 April 2015

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner	Associate director	Manager/ Assistant Manager	Senior Administrator/ Administrator	Assistants & support staff			
Administration and planning								
Statutory returns, reports & meetings	16.90	25.00	19.75	19.15	1.00	81.80	37,424.00	456.28
Initial post appointment notification letters including creditors	0.00	5.54	3.50	9.25	5.00	23.30	7,252.25	308.05
Cashflow general including bonding	0.00	0.85	5.60	68.90	0.00	75.35	20,549.25	261.61
Job planning, reviews and progression (inc 6 month reviews and planning meetings checklists & diary)	2.55	33.70	19.65	20.55	0.00	76.45	32,403.75	423.86
Post-appointment litigation (VAT PAYE/NIC Corp Tax that are not trading related)	0.25	0.40	3.75	5.50	0.00	6.90	2,041.25	295.93
Insurance & general asset protection	0.00	1.90	3.50	0.35	0.00	5.75	2,476.75	431.26
Trading	22.75	31.00	11.30	16.50	0.00	61.55	37,832.25	461.91
Filing, file and information management	0.00	0.25	2.37	12.20	9.25	23.75	4,787.00	201.63
Agents and advisers general	0.00	1.05	4.05	0.05	0.00	5.15	2,342.50	407.29
Filing Administration and planning	0.00	0.00	0.00	0.35	0.00	0.35	106.50	310.00
Director/manager review approval and signing	9.55	0.00	10.25	0.00	0.00	19.80	9,513.75	480.74
Other	23.25	1.25	2.80	5.40	0.50	33.20	1,497.75	527.04
Investigations								
Directors correspondence & conduct questionnaires	0.00	0.00	0.00	1.00	0.00	1.00	250.00	250.00
Creditor & shareholder complaints	2.00	0.00	0.00	0.00	0.00	2.00	250.00	125.00
Statutory books and accounting records review	0.00	13.05	2.75	0.00	0.00	15.80	7,951.25	503.24
Investigation of legal claims	272.00	4.50	6.50	3.00	0.00	286.00	180,962.50	611.36
GDPR and BIPA obligations (incl. CDPA66 forms)	0.00	7.00	0.50	23.25	0.00	30.75	10,867.50	322.59
Asset tracing (e.g. Land Registry and Companies Searches)	0.00	4.00	7.00	0.00	0.00	11.00	2,000.00	525.00
Enquiries of advisers	0.00	2.00	3.25	0.00	0.00	5.25	2,250.00	447.62
Director/manager review approval and signing	1.30	0.00	0.00	0.00	0.00	1.30	812.50	625.00
Other	0.00	0.00	0.35	0.00	0.00	0.35	133.00	380.00
Realisation of assets								
Fixed charge, Property (land and buildings)	163.60	6.65	0.00	3.10	0.00	173.35	106,597.25	614.93
Fixed charge, other (e.g. chattel mortgages)	85.25	0.00	0.00	0.00	0.00	85.25	23,281.25	273.00
Debtors not financed (includes re-assigned debtors)	1.00	1.47	0.00	2.00	0.00	4.47	1,536.25	423.88
Stock	0.00	22.35	0.00	0.00	0.00	22.35	11,733.75	525.00
Other chattel assets	5.20	22.35	1.00	0.00	0.00	28.55	15,339.75	537.24
Financed assets (only if equity or loan conditions incl HP and leasing)	0.20	0.00	0.00	0.00	0.00	0.20	125.00	625.00
Sale of business as a whole including liaison with legal advisers agents etc	523.00	16.20	6.10	0.00	0.00	545.30	337,409.50	621.93
Smith & Williamson Corporate Finance	649.25	0.00	0.00	40.50	0.00	689.75	374,715.00	567.55
Cash at Bank	0.00	0.00	0.00	0.75	0.00	0.75	187.50	250.00
Liaison with agents (general)	0.00	0.75	5.00	1.00	0.00	6.75	1,743.75	332.14
Sale of business post completion matters	0.00	1.17	0.00	0.00	0.00	1.17	1,651.75	525.00
Director/manager review approval and signing	4.05	0.00	0.00	0.00	0.00	4.05	2,531.25	625.00
Other	12.00	2.25	0.20	4.00	0.00	18.45	9,877.25	535.35
Trading								
Trading on decision and day 1-3 operations	6.00	2.47	9.50	17.00	0.00	34.97	12,511.25	378.20
Sales and customers	0.00	16.05	24.50	4.75	0.00	45.30	17,137.50	378.31
Purchasing/suppliers (not landlord)	0.00	129.75	7.00	15.80	0.00	152.55	75,504.25	492.69
Accounting	0.00	6.05	0.30	4.00	0.00	10.35	4,146.25	415.55
Insurances	0.00	0.00	8.50	2.35	0.00	10.85	3,987.50	367.51
Staff and payroll (incl PAYE NIC for trading period)	0.00	0.55	1.00	0.00	0.00	1.55	588.75	444.35
Premises issues (incl landlord clearance)	0.00	1.00	14.45	4.00	0.00	19.45	1,164.00	378.25
Health & Safety	0.00	0.00	0.25	0.00	0.00	0.25	73.75	295.00
Director/manager review approval and signing	2.25	0.00	0.00	0.00	0.00	2.25	1,406.25	625.00
Other	0.65	54.50	3.60	31.20	0.00	129.95	50,517.25	401.27
Creditors								
Fixed charge creditors	19.75	6.70	0.00	0.00	0.00	26.45	15,861.25	599.67
Floating charge creditors	0.25	2.75	0.00	0.00	0.00	3.00	1,600.00	533.33
HP & lease creditors	14.00	3.55	10.65	0.80	0.00	29.00	15,984.75	446.61
HPO and EPO claims & tribunals	0.75	0.00	14.25	0.00	0.00	15.00	6,168.75	411.25
Employees & pension (other (incl Jobcentre/CSW etc)	84.70	23.20	27.20	13.45	0.00	150.55	78,304.00	520.22
SS 15 Employee Benefit Consultancy	8.80	0.00	33.45	0.35	0.00	42.60	8,801.50	206.61
Grown (not HPO etc)	0.00	0.00	2.25	0.00	0.00	2.25	420.00	186.67
Unsecured creditors	9.15	14.45	9.80	39.50	2.75	75.65	38,675.00	402.45
Creditors committee	6.35	16.80	8.50	18.25	0.00	49.90	20,751.25	415.66
NDI Claims	7.20	22.80	37.15	57.60	0.00	124.75	44,800.25	359.45
Director/manager review approval and signing	0.10	0.00	0.00	0.00	0.00	0.10	167.50	625.00
Other	0.00	0.00	0.00	0.25	0.00	0.25	62.50	250.00
Case-Specific 3, AML/Compliance								
AML - if done post appointment	0.00	0.00	5.57	4.00	0.00	9.57	3,173.00	321.78
Corporate Tax								
Corporate Tax	74.65	0.00	2.20	24.15	0.00	101.00	42,634.50	354.70
Forensics								
Forensics	0.50	0.00	3.00	71.35	0.00	74.85	13,094.50	185.63
Total	1,940.90	527.25	371.05	572.20	23.50	3,434.90	1,723,777.50	501.64
Pre-Appointment								
Initial meetings	0.00	0.00	4.75	3.50	0.00	8.25	2,750.00	333.33
General advice work (incl. int)	6.00	5.00	0.00	0.00	0.00	11.00	17,625.00	601.17
Appointment formalities	0.00	5.65	3.50	0.00	0.00	9.15	4,321.25	472.27
Preparation of pre-appointment documents	0.00	0.00	0.00	0.00	0.00	0.00	400.00	400.00
Job planning	7.00	0.00	4.75	0.00	0.00	11.75	6,050.00	539.46
Trading	0.00	0.00	0.00	2.50	0.00	2.50	625.00	250.00
Total	23.60	10.65	14.00	6.00	0.00	54.25	27,371.25	504.54

Notes/reconciliation differences

The figure given for pre appointment time as detailed in the breakdown of time costs in our proposals dated 5 December 2014, was £22,818.75, consisting of 49.75 hours. Due to an update in our time records, our total pre-administration time costs are £27,371.25. The joint administrators will not be seeking the committee's approval for these additional time costs of £4,552.50 and intend to write this time off.

Explanation of major work activities undertaken

A description of work undertaken in the administration to date is as follows.

Administration and planning

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

- Preparing the documentation and dealing with the formalities of appointment
- Statutory notifications and advertising
- Dealing with routine correspondence
- Maintaining physical case files and electronic case details on IPS (electronic case management software)
- Preparation and sending of the joint administrators' proposals
- Organising, preparing for and holding the meeting of creditors held on 22 December 2014
- Sending notification to creditors of the outcome of the meeting of creditors
- Calculating the bonding requirement
- General case planning and administration
- Ensuring statutory lodgement and tax lodgement obligations are met
- Maintaining and managing the administrators' cash book and bank accounts
- Cashiering duties such as bank reconciliations and paying invoices
- Liaising with Willis, the insurers to ensure adequate cover is in place
- Travelling to Abu Dhabi for the trading aspect of the case
- Filing and file management of routine correspondence

Investigations

This section is in relation to the investigation of the Company's assets and the conduct of the directors. This covers both statutory requirements of the administrators and independent investigation carried out in order to realise further assets for the creditors.

Understandably as our investigations are ongoing the details must remain confidential. Some general work that has been carried out includes the following

- Agreeing the scope of work and liaising with S&W's Forensic department (our Forensic department have been assisting with the preservation and maintenance of the Company's electronic records)
- Complying with our statutory duties in accordance with the Directors' Disqualification Act 1986
- Preparing and sending the CDDA report to DBIS
- Investigation of possible legal claims
- Investigating and considering a significant number of pre-administration contracts, agreements, undertakings, payments and receipts
- Reviewing the legal structure of the group

Realisation of assets

This section is in relation to the realisation of the Company's assets. A significant amount of time charged against this category was spent in relation to marketing the business to potential buyers. The benefit of this work has been outlined in the body of this report. The work includes the following work carried out by the administrators' case team

- Reviewing the Company's accounts in order to ascertain the base running costs of the Team
- Preparing a teaser document and detailed online data-room
- Discussions with interested parties
- Considering reasonable and likely offers
- Issuing and agreeing non-disclosure agreements
- Marketing the business to potential buyers
- Meeting and corresponding with potential interested parties in the UK and in Abu Dhabi
- Instructing and liaising with our agent Wyles Hardy Limited in relation to providing a valuation of the Company's assets
- Obtaining a valuation of the Company's land and buildings
- Discussions with EXIM in relation to the Property
- Liaising and instructing our agents to sell the assets held at the Leaffield site
- Corresponding with and instructing BNP Paribas and Carter Jonas in selling the Property
- Investigation, review and negotiations for the ownership and right to sell various assets whose ownership is disputed
- A considerable amount of time has been spent over the consideration of complex multi jurisdiction security documentation including Islamic, European and English law documentation

Trading

Detailed below is a breakdown of time spent in relation to trading

- Arranging appropriate insurance
- Attending site and liaising with interested parties
- Negotiating with key suppliers in relation to the trading at the Company's premises i.e utilities, IT etc
- A significant element of the administrator trading time included organising the trip to the final grand prix in Abu Dhabi. This entailed.
 - A series of meetings with senior employees to consider the viability of the F1 Team competing in the Abu Dhabi grand prix with the intention of generating interest in a sale of the Team
 - Meetings with the F1 trackside Team to plan to race in the grand prix
 - Instructing Crowdcube Capital Limited in relation to the crowd funding proposals for the grand prix
 - Discussions and negotiations with the Team's existing drivers
 - Discussions and negotiations with potential new drivers
 - Ensuring the Team had all the relevant equipment, licences, insurance and personnel to race at the grand prix
 - Negotiating terms of supply and providing supporting undertakings to suppliers
 - Organisation of the trip i.e. booking flights, hotels for the trackside Team and the key administrators' staff etc

- Attendance at the grand prix to deal with retention of title claims, FIA compliance, employee issues, sponsors and suppliers and other matters
- The administrators attending a Formula One Commission meeting in Geneva
- Ensuring that payments made and/or received in the trading period are reflected in the cash book
- Payment of suppliers

Creditors

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

- Dealing with creditor correspondence via email, telephone and letter
- Uploading and updating creditors' (including employee) information on IPS (our computerised case management system)
- Corresponding with the Employment Tribunals and solicitors engaged by the former employees (those dismissed in July 2014)
- Mailing the RP1 forms to the former employees, in order for them to make a claim to the Redundancy Payments Office
- Completing the RP14 and RP14a and drafting a Q&A factsheet for the former employees
- Discussions with the RPO regarding the outstanding pension contributions
- Adjudicating any reservation of title claims submitted by creditors
- Liaising with creditors in relation to third party assets i.e subject to leasing agreements
- Corresponding and meeting with the former employees (those transferred to 1MRT in October 2014)
- Liaising with the local councils in order to provide as much support as possible to the former employees
- Taking employee related calls and responding to creditors emails in regards to the status of the business and the prospect of sale
- Investigations and review of TUPE transferred employees
- Dealing with numerous Retention of Title claims received from various creditors. This time included, but was not limited to, reviewing all contracts and documentation, attending site to identify goods and preparing letters and legal documents in respect of claims
- Calling, holding and documenting of the creditors' committee meetings

Forensic

- Time has been incurred by S&W's Forensic team in relation to preserving, imaging and downloading the information from the Company's electronic records on to a format in which it may be searched during our investigation work
- Supporting the RRS team members in using the forensic software
- Strategy meetings to discuss the various investigation work

Corporate Tax & VAT

- Establishing whether the Property had the option to tax
- Investigating and establishing the VAT liability in relation to the pledges from the crowd funding initiative
- Establishing the VAT position of the Company in relation to future liabilities or repayments
- Investigating possible tax assets in the UK, Europe, India and Australia

Corporate Finance

Work under this section details the work conducted by our Corporate Finance team in relation to the sale of assets and the potential sale of the Team. The work includes the following

- Supporting the joint administrators in the Caterham F1 sale process, they received 58 lines of enquiry to follow up
- Responding to enquiries from prospective purchasers who have approached via
 - a) Joint Administrators
 - b) Caterham F1
 - c) Smith & Williamson LLP's website
- Reviewing and investigating Smith & Williamson Corporate Finance Limited's and Smith & Williamson LLP's connections amongst
 - a) High Net Worth community
 - b) Formula 1 community in the UK and Europe
 - c) M&A International Inc advisory network - a world leading mergers and acquisitions advisory network with a 600 strong global mergers and acquisitions team in all major financial centres around the world
 - d) Advisers to investors in sport/leisure activities
- Pre- Vetting and verification of prospective purchasers
- Issue of non-disclosure and confidentiality agreements to prospective purchasers and/or their advisers
- Reviewing financial and other contractual data, potentially to be made available to purchasers and their advisers
- Liaising with the management team of Caterham F1 and the joint administrators, to clarify the financial and operating position of Caterham F1
- Preparation of an Introductory Memorandum on Caterham F1 for prospective purchasers and their advisers
- Selection of Virtual Data Room ("VDR") provider and preparation and management of the VDR (containing financial and other information obtained from Caterham F1's management, Legal advisers and Valuer/Agent) for the potential purchasers and their advisers to review, as appropriate
- Launch of a Live VDR for prospective purchasers and their advisers to view confidential data on Caterham F1
- Liaising with potential purchasers and/or their advisers
- Providing advice to the joint administrators on the conduct of the sale process including methodology to approach prospective buyers and timetable
- Project managing the sale process on behalf of the joint administrators
- Attendance at Abu Dhabi Formula 1 event, with the joint administrators and their lawyers, over the weekend of 22 and 23 November 2014, in order to attend meetings with prospective purchasers
- Providing advice to the joint administrators following a review and assessment of offers received for Caterham F1
- Attending meetings with the joint administrators and advisers to potential purchasers to discuss the sale of Caterham F1

Pensions

- Working with our pension department to ensure all outstanding pension contributions are claimed from The Redundancy Payments Office
- Investigating the shortfall to the pension scheme and reviewing the pension scheme
- Analysing and preparing report to Scottish Widows in regards to the shortfall findings

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

Introduction

Detailed below are.

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

Staff allocation and the use of subcontractors

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

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

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

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

Use of professional advisers

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

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

S&WFS

S&WEBC is a pension 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 administrators or their firm have an interest must be disclosed to, and

approved by, creditors. Fees for their services are accrued on a time costs basis. Consequently, details of the charge out rates for S&WEBC are provided to creditors.

Disbursements

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

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

Since 7 July 2012 Smith & Williamson LLP's policy is to recover only one type of Category 2 disbursement, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 disbursements. Details of any Category 2 disbursements incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

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 2014	London office £/hr	Regional offices £/hr
Partner	625	350
Associate Director	525	295-325
Managers	295 - 400	310
Other professional staff	250-310	235
Support & secretarial staff	100	90

Notes

- 1 Time is recorded in units representing 3 minutes or multiples thereof
- 2 It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases
- 3 The firm's cashing function is centralised and London rates apply

S&WFS Employee Benefits Consultancy Charge out rates from 1 July 2014	Per hour £
Director	290-415
Associate Director	190-250
Manager	185-195
Administrator	145-165

Corporate Finance Charge out rates from 1 July 2014	Per hour £
Director	625
Administrator	80

Corporate Tax & VAT Charge out rates from 1 July 2013	London office £/hr
Partner	380-505
Associate Director	350-360
Managers	295-175
Other professional staff	110-143
Support & secretarial staff	50-60

Forensic Charge out rates from 1 July 2014	London office £/hr
Partner	600
Managers	370
Other professional staff	145-270
Support & secretarial staff	80-95

www.smith.williamson.co.uk

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

Smith & Williamson LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. A member of Nexia International. Registered in England at 25 Moorgate, London EC2R 6AY No OC369871

Nexia Smith & Williamson Audit Limited is registered to carry on audit work and regulated by the Institute of Chartered Accountants in England and Wales for a range of Investment business activities. A member of Nexia International



Smith & Williamson is a member of Nexia International, a world wide network of independent accounting and consulting firms