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1 Company details

Company number 0 8 1 4 0 3 1 2

Company name in full London Capital & Finance Plc

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Colin

Surname Hardman

3 Administrator's address

Building name/number 25

Street Moorgate

Post town

County/Region London

Postcode E C 2 R 6 A Y

Country

4 Administrator's name ①

Full forename(s) Finbarr Thomas

Surname O'Connell

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 25

Street Moorgate

Post town

County/Region London

Postcode E C 2 R 6 A Y

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 3	^d 0	^m 0	^m 7	^y 2	^y 0	^y 2	^y 0
To date	^d 2	^d 9	^m 0	^m 1	^y 2	^y 0	^y 2	^y 1

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X *Colin Hardman*

Colin Hardman

X

Signature date

^d 2	^d 5	^m 0	^m 2	^y 2	^y 0	^y 2	^y 1
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**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Smith & Williamson LLP

Company name Smith & Williamson LLP

Address 25 Moorgate

Post town

County/Region London

Postcode EC2R 6AY

Country

DX

Telephone 020 7131 4000

**Checklist**

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- ☐ You have attached the required documents.
- ☐ You have signed the form.

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Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ❶
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

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1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:
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- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)

Adam Henry

Surname

Stephens

3 Insolvency practitioner's address

Building name/number

25

Street

Moorgate

Post town

County/Region

London

Postcode

E C 2 R 6 A Y

Country

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- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Henry Anthony
Surname Shinnars

3 Insolvency practitioner's address

Building name/number 25
Street Moorgate
Post town
County/Region London
Postcode E C 2 R 6 A Y
Country

Continuation page

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- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s)	Geoffrey Paul
Surname	Rowley

3 Insolvency practitioner's address

Building name/number	110
Street	Cannon Street
Post town	
County/Region	London
Postcode	E C 4 N 6 E U
Country	



London Capital & Finance Plc (in administration)

Joint administrators' progress report for the period from 30 July
2020 to 29 January 2021

25 February 2021



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1. Glossary

Abbreviation	Description
the administrators/joint administrators	Finbarr Thomas O'Connell, Adam Henry Stephens, Henry Anthony Shinnars and Colin Hardman of Smith & Williamson LLP and Geoff Rowley of FRP Advisory Trading LLP
the Company/ LCF	London Capital & Finance plc
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
FSE	FS Equestrian Services Limited (in liquidation)
GST	Global Security Trustees Limited (in liquidation)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
LCM	London Capital Marketing Limited (in Liquidation)
LOG	London Oil & Gas Limited (in administration)
MdR	Mishcon de Reya LLP, the joint administrators' appointed legal advisors
QFCH	Qualifying Floating Charge Holder - a secured creditor which has the power to appoint an administrator
RPS	Redundancy Payments Service
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
SFO	Serious Fraud Office
SIP	Statement of Insolvency Practice (England & Wales)
SOA	Statement of Affairs
SURGE	SURGE Financial Limited

2. Introduction & Summary

This report provides an update on the progress in the administration of the Company for the six-month period ended 29 January 2021. It should be read in conjunction with our previous reports. By way of reminder, we, Finbarr Thomas O'Connell, Adam Henry Stephens, Colin Hardman and Henry Shinnars of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed administrators of the Company on 30 January 2019. Geoff Rowley of FRP Advisory Trading LLP, 110 Cannon Street, London, EC4N 6EU was subsequently appointed as conflict administrator by the Court on 30 October 2019.

- In December 2020, we announced to all Bondholders that we had issued a claim against 15 defendants ('the main proceedings'), seeking to recover £178m of Bondholders' funds invested in LCF. A legal ruling currently restricts the amount of information which can be shared in respect of these proceedings. However, we will update all Bondholders with further information when we are legally able to do so.
- In addition to the main proceedings referred to above, the joint administrators are pursuing other routes for recoveries into the administration, for the benefit of the Bondholders. Again, once we are in a position to disclose further details of our other activities without prejudicing the potential outcome, we will inform Bondholders. The Creditors' Committee has been kept informed with regard to these matters and its members remain subject to Non-Disclosure Agreements.
- Objective 3 (1) (b) of the alternative objectives of administration is currently being pursued, which is to achieve a better result for the Bondholders/creditors than would have been the case had the Company been wound up (without first being in administration). There has been no change to our original strategy as first documented in our Proposals, which were issued in March 2019.
- A dividend of 2.5% of the capital sums invested by Bondholders (circa £6m) was paid in April 2020 to over 11,000 Bondholders. As and when there are sufficient net asset realisations, further dividends will be paid to the Bondholders.
- As detailed at section 4 of this report, the FSCS has now paid out £56.3M to approximately 2,878 Bondholders. The FSCS is now a significant creditor of LCF, with a subrogated claim equating to c.23% of the outstanding sums invested by Bondholders, and this claim continues to increase as further compensation payments are made.
- Following a petition by LCF, a winding up order was made against LCM on 27 July 2020 resulting in the compulsory liquidation of LCM. Finbarr O'Connell and Colin Hardman were appointed as joint liquidators of LCM on 28 August 2020. Further details regarding the LCM liquidation will be available in future progress reports issued by the joint liquidators of LCM.
- The joint administrators petitioned for the winding up of FSE. The winding up order in this regard was issued on 27 January 2021 and it is expected that an appointment of liquidators, other than the Official Receiver, will be sought shortly.
- It is not anticipated that there will be a sufficient surplus beyond the sums payable to the Bondholders, who are secured creditors, to enable a dividend to either the preferential creditors, or unsecured creditors (other than if there were to be a Prescribed Part fund available, as explained in section 7.2).
- The joint administrators' fees are subject to the approval of the Creditors' Committee, which has requested that the joint administrators engage an independent fee assessor to provide advice as to the reasonableness and quantum of their costs, given the size and complexity of the administration. The independent fee assessor has now delivered its report to the Creditors' Committee and discussions between the Creditors' Committee and the administrators, with regard to their fees, will resume shortly.
- The Creditors' Committee resolved that the joint administrators be authorised to draw an on-account fee in the sum of £1,000,000 plus VAT, which was duly paid in December 2020.
- **At the outset of the administration, it was estimated that, as a minimum, 25% of funds invested by Bondholders would eventually be repaid to them. This percentage is subject to regular review and will be updated when it is clear to the administrators that a different estimate is more appropriate.**

3. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period from 30 July 2020 to 29 January 2021. This account includes cumulative figures for the period from 30 January 2019 to 29 January 2021.

There is no available comparison with a director's SOA values, as the director has not complied with the administrators' formal request to deliver a SOA. In the proposals dated 25 March 2019, the administrators provided an estimated financial position of the Company as at 30 January 2019, based on information provided by the Company's former accountants.

3.1 Administration strategy

There have been no changes to the administrators' strategy, as documented in their Proposals dated 25 March 2019, which is to achieve a better result for LCF's creditors as a whole, including the Bondholders, than would be likely if LCF was wound up (without first being in administration).

The administrators are continuing to pursue this objective and the outstanding matters to be concluded in the administration are set out in section 8 of this report. Whilst it is evident what the outstanding matters in this administration are, it should be stressed that it is estimated these matters will still take a number of years to achieve and finalise.

3.2 Amounts due to the Company from Borrowers

The total outstanding sum invested by Bondholders prior to our appointment as administrators was c.£237m which, as we have previously explained, was booked in the Company's accounts as loans to a small number of entities/borrowers. These 12 entities and the loans allocated to each borrower are summarised in Appendix VI.

To reiterate briefly, all borrowers had ceased paying the interest payments due on their loans by September 2018. From this point, coupon payments made to Bondholders were being funded by new Bondholder subscriptions.

It is clear to the joint administrators that the borrowers had insufficient assets to be able to meet the periodic returns required and it is also the case that the loans booked to LCF's accounts cannot be fully reconciled to the actual movement of funds out of LCF.

The following table summarises the four main borrower groupings:

Controlling groups/ entities	Amount due to LCF as at 30 January 2019 (£ million)
London Group LLP	154.6
(London Oil & Gas Limited, LPE Support Limited, Cape Verde Support Limited and CV Resorts Limited)	
Prime Resort Development Limited	70.1
(Waterside Villages Limited, Waterside Support Limited, Costa Support Limited, Costa Property Holdings Limited, Colina Support Limited and Colina Property Holdings Limited)	
FS Equestrian Services Limited	12.3
London Financial Group Limited	0.8
Total	237.8

The Bondholders and creditors are reminded that, regrettably, there are very few assets of any value in the above groups. The principal asset is LOG's investment in AIM-listed Independent Oil & Gas Limited ("IOG"). As regards the remainder of the loan portfolio, there are a number of potential avenues for future realisations of significantly lesser value. (See appendix VI for further financial information about

the LCF loan portfolio and appendix VIII for further financial and diagrammatical information about, specifically, the London Group loan position.)

By way of reminder, 25% commission was paid to SURGE for introducing the Bondholders to LCF and therefore the intention was that only 75% of the loan funds would be passed on to the LCF borrowers in cash. (Whilst this statement is true as a matter of general principle, as mentioned above, there are numerous discrepancies between the amounts that LCF loans are shown at in the accounts of LCF and the actual amounts of cash advanced to the LCF borrowers.) In any event, the LCF borrowers assumed liability for repayment of the full 100% grossed up loan amounts to LCF.

Update on the London Group LLP (£154.6m)

The lending to London Group LLP, and the entities controlled by it, (see appendix VIII) and the on-lending by those entities can be broken down further as follows:

LOG (£124M)

By way of reminder, LOG owes LCF £124M. We are aware that LOG made various investments with the funds obtained from LCF and the following table is a summary of the on-lending due to LOG as at 30 January 2019:

Debtor	Sum advanced (£ million)
Independent Oil & Gas plc	34.6
London Group LLP ("LG")	32.6
London Power Corporation Ltd ("LPC")	8.3
p/f Atlantic Petroleum ("AP")	3.8
Intelligent Technology Investments Ltd ("ITI")	3.8
Total	83.1

The following updates as regards the various investments and loans made by LOG can be found in more detail in the LOG administration reports, however, they are summarised here for the benefit of the LCF Bondholders and creditors:

IOG (£34.6m)

In addition to loans and shares in IOG, LOG holds share warrants enabling it to acquire IOG shares at a range of prices. Some of these share warrants were due to expire on 31 December 2020 and if not exercised before expiry, zero value would have accrued to the LOG estate for the benefit of the creditors. During the period, the administrators of LOG sold 5 million IOG shares at a price of 12.9p net per share for £645,000 on 2 December 2020 and used the funds raised through this share sale to exercise 7,877,310 IOG share warrants at a cost of £644,899.89. These transactions have allowed the LOG administrators to increase LOG's interest in IOG for the ultimate benefit of the creditors, while being cash-neutral. At a share price of 17p, the extra shares acquired in these transactions have a value of £489,000.

The value of LOG's investment in IOG as at 17 January 2021, at a share price of 17p per share, including the proceeds from the shares which have already been sold, was £56.38 million. Any future recoveries made will be subject to Capital Gains Tax.

The Joint Administrators of LOG believe that IOG remains on target to produce gas during the third quarter of 2021. In addition, we understand from the LOG administrators that IOG has a fully funded business plan which they anticipate will add value to the share price in the medium term. However, it should be noted that, like all stocks and shares assets, the future value of the IOG shares remains uncertain.

LG (£32.6m) - in liquidation

On 25 August 2020, a court order was made in favour of the LOG administrators setting aside two novation agreements and two facility agreements, attempting to novate (to LPE Enterprises Limited and London Power & Technology Limited) LG's indebtedness to LOG. These documents intended to release LG from all of its obligations under its loan facility with LOG.

This judgment has permitted the administrators of LG to proceed with their investigations and determine the extent of recoveries that might be made for the benefit of LG's creditors, the main one of which is LOG.

LPC (£8.3m) - in administration

The joint administrators of LOG are continuing to investigate what, if any, recoveries might be made from the debt due from LPC.

We understand that the administrator of LPC has not yet submitted any claim in the LOG administration, although he has previously asserted, in his report in that administration, that £1,336,210 is due from LOG to LPC. In any case, the assertion by the administrator of LPC that LPC is a creditor in LOG has not been accepted as the correct position by the LOG administrators.

AP (£3.8m)

The standstill agreement between AP and LOG remains in place, however, no funds have been received by LOG as a result of this agreement since June 2020. The joint administrators of LOG continue to maintain a close dialogue with the AP board regarding these outstanding funds. The oil market has marginally improved in recent months, however, the likelihood of a full recovery of the debt owed by AP is uncertain and we continue to monitor the situation.

ITI (£3.8m) - in liquidation

- **ITI loans to Asset Mapping ("AM") £3m**

Should there be any additional consideration from the sale of AM's business to Metrikus, there will be some level of recovery to ITI from AM. The timing and quantum of any such return is uncertain; the situation continues to be monitored by the LOG administrators.

- **ITI shares in Reserec Ltd ("RL") c.£1m**

Recoveries in respect of ITI's investment in RL are still uncertain and dependent upon the ongoing performance and development of RL's business.

LPE Support Ltd ("LPES") (£18.2m) - in administration

Background on the debt owed by LPES can be found in previous reports. LPES remains under the control of the joint administrators of LPES. It remains unclear whether any value will be recovered from LPES for the benefit of the LCF creditors, including the Bondholders.

Cape Verde - Cape Verde Support Limited (CVS) and CV Resorts Limited (CVR) (together, "the Cape Verde Companies") (c£12m)

Detailed background on the Cape Verde Companies, and the monies owed by them to LCF, can be found in our previous reports. The prospects of recovering the debt are unchanged from our previous report; serious concerns remain as to the security position and to the reasoning as to why LCF was exposed as a creditor to the Cape Verde Companies for such a significant sum.

Update on the Prime Group (£70.1m)

LCF is owed money from six companies ("the Prime Companies") which consist of three leisure investments: one in Cornwall (Waterside Resort) and two in the Dominican Republic (Colina and Costa).

As stated in our February 2020 report, Prime Resorts Developments Ltd ("PRDL"), the parent company of the Prime Group, was placed into administration by LCF as QFCH. (See appendix IX for a group structure of the Prime Group) Although PRDL is essentially a shell company, it was vital to take control over the Prime Group by way of

this appointment and to have access to the available books and records of that group. The next progress report for PRDL is due for issue by 2 March 2021, where further detail regarding that administration will be available.

Update on Waterside Resort

The holiday village, land and lodge titles are held within the following companies within the Prime Group, all of which were placed into administration on 17 March 2020, with Finbarr O'Connell and Colin Hardman of S&W LLP and Lane Bednash of CMB Partners (UK) Ltd being appointed as joint administrators.

- International Resorts Management Ltd ("IRML")
- Waterside Villages Ltd ("WVL")
- Waterside Cornwall Group Ltd ("WCGL")
- Waterside Cornwall Operations Ltd ("WCOL").

A combined progress report is available for download from Companies House, with the next report due for issue by 16 April 2021.

WCOL is the only trading company within the Prime Group and holds the operating business of the Waterside Holiday Village in Cornwall. The joint administrators have supported continued trading, thus preserving the site's value as a going concern, until a sale of the entire complex can be facilitated. The challenging circumstances and uncertainty brought about by the COVID-19 pandemic has meant that the strategy is under regular review.

It is not possible to confirm the quantum or timing of the anticipated return to LCF as a secured creditor, as there are a number of complex title issues and competing security interests (across IRML, WVL and WCGL) to consider and resolve, prior to an eventual sale of the site.

It is with great sadness that the joint administrators pay special tribute to Martin Orrell, who very sadly passed away recently. Martin was heavily involved in working to rescue and to restructure the Waterside Resort for the ultimate benefits of its creditors, including LCF. Martin was a consummate restructuring professional and is sadly missed by his family, friends and colleagues.

Update on Dominican Republic Colina Property Holdings Ltd and Colina Support Ltd Costa Property Holdings Ltd and Costa Support Ltd

Following a site visit in February 2020, it was evident that there remain significant complexities regarding ownership of the Dominican Republic sites, which continue to require work by our lawyers and the local agents retained for this purpose. The administrators will only continue to pursue recoveries, where there is a net (after all costs) economic and/or commercial justification for doing so, for the benefit of creditors.

The 4 legal entities will shortly be removed from Companies House, following compulsory strike off, as they are not required to be maintained as part of the joint administrators' enquiries.

Update on FS Equestrian Services Limited ('FSE') (£12.3m)

The background to the issues surrounding FSE is detailed in previous reports.

By way of reminder, due to the continued lack of cooperation from the director of FSE, LCF, as the significant creditor, petitioned for the compulsory winding up of FSE. The winding up order was granted on 27 January 2021 and the Official Receiver is now in control of FSE. Colin Hardman and Finbarr O'Connell may seek an appointment as liquidators over FSE, subject to the information disclosed in the Official Receiver's initial report.

Update on London Financial Group Limited ("LFG") (£0.8m)

The joint liquidators of LFG have now concluded the winding up of this entity and will pay the surplus (anticipated to be c.£108k) in the winding up to LCF, as its sole creditor.

The joint liquidators of LFG will be drawing their fees in accordance with Schedule 11 IR16, as provided for by Rule 18.22 IR16. The joint liquidators will not draw fees in excess that those permitted by the Schedule 11 caps and expect that their total remuneration will be c.£23,000 (based on current calculations), as set out in the relevant Schedule.

3.3 Creditors' rights as regards oversight by the creditors of LCF with regard to the LFG liquidators' fees

Because LCF is the only creditor of LFG and because the liquidators of LFG are Colin Hardman and Finbarr O'Connell of Smith & Williamson and Lane Bednash of CMB Partners UK Limited, Craftwork Studios, 1 - 3 Dufferin Street, London EC1Y 8NA, it is appropriate that the creditors of LCF should have the ability to (i) seek further information about the liquidators' remuneration and expenses and/or (ii) apply to court if they feel that the liquidators' fees are excessive.

Accordingly, within 21 days of the receipt of this report any secured or unsecured creditor of LCF (with the concurrence of at least 5% in value of the LCF unsecured creditors or otherwise with the court's permission) may request in writing that the LFG liquidators provide further information about their remuneration or expenses which have been itemised in their progress report which covers the first year of the liquidation up to 17 September 2020. (Any such request should be sent to the joint liquidators of LFG either in writing to 25 Moorgate, London EC2R 6AY or by email to londoncapital@smithandwilliamson.com)

Any secured or unsecured creditor of LCF (with the concurrence of at least 10% in value of the LCF 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 LFG liquidators' remuneration, as indicated above, is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the liquidators are excessive.

A copy of the LFG progress report, which covers the first year of the liquidation up to 17 September 2020, is available for inspection along with this report.

Please note that the creditors of LCF will be given exactly the same rights and oversight with regard to the fees of the liquidators of LFG in future LCF reports.

The above LCF creditors' rights apply only to matters which have not been disclosed in previous LFG and LCF reports.

On a general note, if you have any comments or concerns in connection with the conduct of the joint liquidators of LFG, please contact the joint liquidators in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

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

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

ii) Telephone number: +44 300 678 0015

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

4. Investigations

As reported previously, the Company's accounting records showed that the outstanding c.£237m invested by Bondholders had been allocated to a number of borrowers but it became apparent that:

- the borrowers were not in a position to meet even the interest repayments, and
- the recording of the loans in LCF's accounts did not correlate with the flow of funds from LCF to the borrowers.

Due to this very concerning position, the joint administrators and their legal advisors have expended a significant amount of time and resource in investigating potential actions that may be taken for the benefit of the Company's creditors, including Bondholders. These substantial investigations have permitted us to issue a claim against 15 defendants, in the total amount of £178m.

Due to legal restrictions, we are unable to share further information regarding this claim at present. However, we are confident that these proceedings will allow substantial recoveries to be made which, in turn, will enable future dividends to be paid to the Bondholders.

It should be noted that the joint administrators anticipate that these claims may be robustly defended by the defendants and that this litigation may become protracted. We will provide further updates in respect of these proceedings as and when we are able.

In addition to the main proceedings, detailed above, the joint administrators have identified and are continuing to explore other potential claims that can be pursued on behalf of the Company's creditors. To avoid prejudicing the outcome of potential legal proceedings, and for confidentiality reasons, the joint administrators are unable to disclose more specific information regarding these investigations at this time. We continue to keep the Creditors' Committee, whose members remain bound by non-disclosure agreements, informed of our intended actions.

Conflict Administrator - Progress of specific investigation matter

As you are aware, Geoffrey Paul Rowley was appointed as Conflict Administrator to the Company by the Court on 30 October 2019 as a result of matters arising in the course of the administration which could not have been reasonably foreseen when the Joint Administrators were originally appointed.

The purpose of this appointment is to undertake certain investigatory work into the Company's affairs.

As previously reported, in the interest of minimising costs in the administration, the Conflict Administrator is currently limiting his investigations to one specific matter whilst maintaining a proportionate level of involvement and overview of the administration generally. By way of an update, the Conflict Administrator has continued to progress his investigations into this specific matter which has included requests for information from third parties, collation and processing of relevant information, and ongoing liaison with the administrators' solicitors to determine appropriate avenues of investigation and potential litigation.

Given that these investigations are ongoing and privileged, it would not be appropriate to provide further details at this stage and updates will be provided once the matter becomes public, during the relevant future reporting periods.

On a slightly separate matter, the Conflict Administrator would like to advise that David Hudson, who was previously engaged up to the end of October 2020 as a consultant by Lane Bednash of CMB Partners UK Limited, one of the joint administrators of LOG and a number of other associated companies, to assist with the investigations and asset realisations of these entities, joined FRP as a partner in the Restructuring Advisory practice from 1 November 2020. Since joining FRP, Mr Hudson has continued to carry out work in relation to the investigations, asset realisations and associated ongoing legal matters related to LCF and LOG. Mr Hudson's time for this work is now included as part of the Conflict Administrator's time incurred for this period which had previously been solely attributable to the one specific matter which the Conflict Administrator had been appointed to carry out. This has enabled consistency to ongoing matters.

FCA

The independent investigation into the issues raised by the failure of LCF, headed up by Dame Elizabeth Gloster, has now been concluded and the findings have been reported to HM Treasury.

HM Treasury has published Dame Elizabeth Gloster's report and the FCA's response, which are both available to view at: <https://www.gov.uk/government/publications/outcome-of-investigation-into-the-fcas-regulation-and-supervision-of-lcf>

We understand that following the findings of Dame Elizabeth Gloster's report, HM Treasury will set up a compensation scheme for LCF Bondholders. The scheme will assess whether there is a justification for further one-off compensation payments in certain circumstances for some LCF Bondholders. Please note that this compensation scheme is not part of the LCF administration.

SFO

The joint administrators continue to assist the SFO with their information requests.

The latest update (17 September 2020) in respect of the SFO's investigation can be found here: <https://www.sfo.gov.uk/cases/london-capital-finance-plc/>

The SFO and FCA have requested that members of the public who have invested with LCF since 2013 (originally since 2016), contact them via a secure reporting form at <https://operation-axite.egressforms.com/>

The joint administrators are unable to provide any other information to Bondholders in respect of the SFO/FCA investigations, which remain separate from our own.

FSCS

The joint administrators are continuing to assist the FSCS with its enquiries and information gathering. The latest update was issued by the FSCS on 18 February 2021 and is summarised as follows:

“We have now paid out just over £56.3m in compensation to 2,878 LCF bondholders who held 3,815 LCF bonds.

We are close to having identified and paid all LCF customers who we believe are eligible for FSCS compensation. We appreciate that LCF customers have been waiting patiently while we continue to review claims on a case by case basis. It has taken longer than we anticipated, as we have continued to identify and analyse more evidence which could result in us protecting more customers. We remain committed to ensuring that each piece of evidence and each claim gets the attention it deserves.

*Those LCF customers who are still waiting for a decision **do not need to contact us or take any action at this stage**. Once our review of claims is complete we will await the outcome of the Judicial Review on LCF before confirming the next steps for those LCF customers who have not received FSCS compensation.”* (emphasis added).

Updates from the FSCS can be accessed here: <https://www.fscs.org.uk/failed-firms/lcf/>

The FSCS has become a subrogated creditor as regards the claims of those Bondholders that have received compensation i.e. to that extent the FSCS will stand in those Bondholders' shoes as creditors of LCF. As such, it should be noted that the FSCS will be entitled to receive a proportionate dividend, in line with the remaining Bondholders, for the value of the compensation that it has paid out. As mentioned in the latest update from the FSCS, they now have a subrogated claim in excess of c.£56.3m, which will increase should more Bondholders be compensated.

The joint administrators cannot assist with requests or queries regarding compensation, nor communicate with the FSCS on behalf of individual Bondholders; the joint administrators do not determine the criteria for compensation, this is limited to the eligibility rules of the FSCS.

5. Administrators' remuneration

5.1 Pre-administration costs

By way of reminder, the pre-administration costs are £253,166. The joint administrators have taken steps to seek approval for these costs from the Creditors' Committee. As mentioned at section 2, the joint administrators are currently in discussions with the Creditors' Committee regarding the approval of these costs. This will also apply to the post-administration costs detailed below at section 5.2.

A full breakdown of the pre-administration costs can be found in the joint administrators' Proposals dated 25 March 2019.

5.2 Administration costs

The administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
30 January 2019 to 29 July 2019	5,619	2,316,159	412	1,500,000*
30 July 2019 to 29 January 2020	4,036	1,362,096	337	-
30 January 2020 to 29 July 2020	3,589	1,308,274	365	-
30 July 2020 to 29 January 2021	1,352	612,371	453	-
Total	14,596	5,598,900	384	1,500,000

* Fees on-account, totalling £1,500,000 have been drawn against time costs incurred during the period from 30 January 2019 to 29 July 2019. Of these fees, £500,000 was paid in the period ending 29 July 2020 and £1,000,000 was paid in the current period.

As detailed in the above table, the joint administrators time costs for the reporting period are £612,371 which is a significant reduction on previous periods. We have previously advised creditors that we would expect costs to reduce as the administration progresses and this reduction in time costs is in line with this expectation.

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 body of this report. During the period, fees of £1,000,000 have been drawn on account, following approval by the Creditors' Committee.

Also attached as Appendix IV, is a cumulative time analysis for the period from 30 January 2019 to 29 January 2021 which provides details of the administrators' time costs since appointment. A total of £1,500,000 (ie including the £1,000,000 drawn in the period) has been drawn on account by the joint administrators, following approval by the Creditors' Committee.

The administrators' total costs for the administration to 29 January 2021 are £5,598,900. The joint administrators' costs for the second year of the administration are £1,920,645 compared to our estimate of £3,605,025. Appendix IV provides a copy of our time cost estimate for the second year of the administration for comparison purposes.

Going forward, the joint administrators anticipate future time costs for the third year of the administration to be in the region of £2,106,760 and Appendix V provides a detailed breakdown of these costs. Please note that this estimate is based on present information and may change due to unforeseen circumstances arising. Prior to drawing any fees, the joint administrators will seek approval from the Creditors' Committee in the first instance. Fee estimates may be given up to a certain milestone or for a designated period if it is not possible to provide an accurate estimate at any given point.

Creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. An example would include preparing and issuing the joint administrators' six-monthly progress reports and dealing with the Company's tax affairs.

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

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

Details of Smith & Williamson LLP's charge out rates and policies in relation to the use of staff are provided at Appendix X. On a general note, please be aware that the charge out rates are subject to an annual review.

5.3 Conflict Administrator's remuneration

Basis of remuneration

The basis of the Conflict Administrator's remuneration has not yet been fixed. It is a requirement that the Creditors' Committee approve the basis upon which the Conflict Administrator's remuneration can be drawn and the Conflict Administrator will be seeking such approval in accordance with the Insolvency Rules at the appropriate stage.

Time incurred

The Conflict Administrator has incurred 287.45 hours during the period from 30 July 2020 to 29 January 2021 and is summarised below:

Tasks	Total Hours
Administration and Planning	24.70
Investigation	211.90
Statutory Compliance	4.95
Asset Realisation	45.90
Total Hours	287.45

The Conflict Administrator has incurred 448.85 hours during the period from his appointment on 30 October 2019 to 29 January 2021 and the balance of these hours is summarised below:

Tasks	Total Hours
Administration and Planning	45.85
Investigation	319.05
Statutory Compliance	38.05
Asset Realisation	45.90
Total Hours	448.85

Fees drawn to date

To date, no fees have been drawn in respect of the Conflict Administrator's work.

6. Administration expenses and loans

6.1 Subcontractors

We have not utilised the services of any subcontractors in this case.

6.2 Professional advisers

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

Name of professional adviser/Service(s)	Basis of fee arrangement	Costs incurred in current period £	Costs paid in current period £	Total costs outstanding at period end £	Total costs paid £
Mishcon de Reya (legal advice)	Hourly rate and disbursements	747,327	169,960	2,505,900	3,017,950
		251,319	261,274	5,537	698,114
Maybern Consulting Ltd	Hourly rate and disbursements	7,838	7,838	-	7,838
D. M. Corbett (Horse consultant)	Hourly rate and disbursements	300	300	-	300
Total		1,006,784	439,372	2,511,437	3,724,202

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

Mishcon de Reya - MdR has assisted the joint administrators in respect of a number of work streams including pre-litigation work, forensic legal analysis, advice in respect of insurance matters and general legal advice in the administration. A full explanation of major work activities undertaken by MdR can be found at Appendix II. Please note that MdR are also acting for the conflict administrator.

6.3 Administrators' disbursements

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

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Bondholder Email Costs (MailChimp)	227	275	227
Network Internet & Telephone	816	1,072	816
Stationery & Postage	18	146	18
Business Mileage @ HMRC Rates	-	-	462
Total	1,061	1,493	1,523

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

Conflict Administrator's disbursements

The following Conflict Administrator's disbursements have been incurred for the current period:

Description	Incurred in current period £	Paid in current period £	Total costs outstanding at period end £
Advertising	Nil	Nil	72
Bonding	Nil	Nil	18
Computer Consumables	46	Nil	523
Electronic Storage Costs	Nil	Nil	3
Total	Nil	Nil	662

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

Category 2 disbursements (See appendix X)

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 £	Total costs paid £
Business mileage @ HMRC rates	-	-	462	-
Forensics data hosting platform	56,775	-	324,750	-
Total	56,775	-	325,212	-

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

Forensic Technology Data Storage - The Company stored a large quantity of information in an electronic format which has been imaged by Smith & Williamson LLP's forensic technology team. This includes all Company emails and information stored on internal network drives. In order to easily access and search this information, it has been stored using the Forensics team's data hosting platform. These costs are necessary as accessing the Company's data has been and will continue to be crucial to the joint administrators' investigations.

Approval to recover the Category 2 disbursements shown above will be sought from the Creditors' Committee.

Conflict Administrator's Category 2 disbursements

The Conflict Administrator has incurred no category 2 disbursements in the current period.

6.4 Other expenses and loans

The administrators of LCF have made a loan to the administrators of the Prime Companies, as explained below.

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 payments which we consider to be significant in the context of this case:

Supplier/Service Provider	Nature of sum incurred	Loaned in current period £	Repaid in current period £	Total loan outstanding at period end £
Loan to Prime Group (including Waterside)	Loan to support trading and investigation matters	-	26,248	304,138
Total		-	26,248	304,138

Note: Total loans outstanding comprise loans made in prior periods, but not yet repaid.

Loan to the administrators of the Prime Companies - In order to maximise the value within the Prime Companies (including in the Dominican Republic) and to ensure the continuing trade of the Waterside Holiday Village in Bodmin, Cornwall, the joint administrators of LCF have funded certain essential costs. These payments are being treated as a loan, in the anticipation that funds will be repaid at such time that the relevant Prime companies make sufficient future realisations. Without this funding from LCF, the value of the Prime Companies' assets would be significantly impacted.

6.5 Policies regarding use of third parties and disbursement recovery

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

7. Estimated outcome for creditors

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

Please note that, where creditors have submitted claims in foreign currency, they have been converted to £Sterling at the applicable rate on the 30 January 2019. If any creditor considers the rate to be unreasonable, they may apply to court for determination.

7.1 Secured creditors

GST held a debenture containing fixed and floating charges over the Company's assets. This debenture was held on trust, by GST as security trustee, on behalf of the Bondholders. The security is in respect of all assets of the Company. The debenture documentation reflects that a valid trust is in place and that the Bondholders' position is secured.

As detailed in our previous report, GST was removed as security trustee by an order of the Court and Madison Pacific Trust Limited was subsequently appointed as an independent security trustee.

For dividend purposes, the Bondholders are considered to be secured creditors.

Future Dividend Prospects for Bondholders

At present, the joint administrators expect that as a minimum, 25% of funds invested by Bondholders will eventually be repaid. This percentage is constantly being reviewed and will be updated when it is clear to the administrators that a different percentage is more appropriate.

In April 2020, the joint administrators paid a dividend representing 2.5% on Bondholders' capital investment. Future dividend payments are dependent upon further significant realisations being made by the joint administrators as each 5% dividend requires net recoveries of c.£12m. As detailed at section 4, we anticipate that the legal actions that have been commenced may be a lengthy process but we will, of course, continue to keep Bondholders informed of relevant developments.

7.2 Prescribed Part

The Company granted floating charges on 29 and 30 December 2015. Accordingly, in the event that there is net floating charge property of sufficient value, we would be required to create a Prescribed Part fund out of the Company's net floating charge property for unsecured creditors.

If there is a Prescribed Part distribution to be made, this will be distributed by the joint administrators in the administration, following the changes made by the Small Business, Enterprise and Employment Act 2015 with effect from 26 May 2015.

7.3 Ordinary preferential creditors

In accordance with the Employment Rights Act 1996, certain former members of staff were able to claim for any arrears of wages and holiday pay through the RPS. The RPS has now submitted details of its preferential claim against the Company and we set out below a summary of ordinary preferential claims received:

Ordinary preferential creditor	Claims received £
RPS	1,073
Total	1,073

At present we do not expect that realisations will be sufficient to declare a dividend to the ordinary preferential creditors. We have not therefore taken steps to agree the ordinary preferential creditor claims.

7.4 Unsecured creditors

We have received 13 claims totalling £93,661.

We anticipate that there will be insufficient realisations from the Company's assets to enable a dividend to unsecured creditors in this case, apart from via the Prescribed Part, as referred to in section 7.2.

8. Outstanding matters

The joint administrators' costs to date are £5,598,900, as detailed in section 5.2. In addition to the time costs incurred to date, the anticipated future costs to 29 January 2022 are in the region of £2,106,760 and a fee estimate for the third year of the administration has been provided at Appendix V. To clarify, given the costs incurred of £5,598,900 and the predicted future costs of £2,106,760, it is expected that the fees incurred to 29 January 2022 (the end of the third year of the administration) will total £7,705,660.

It should be noted that neither the basis nor quantum of the joint administrators' remuneration has yet been agreed, however, we are required to provide our fee estimates within our reports.

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

Appendix IV provides a comparison of the fee estimate for year 2 against the actual time costs incurred, together with a narrative explanation.

The principal actions to be concluded in the administration are as follows:

Investigations

To avoid prejudicing the outcome of potential legal proceedings and for confidentiality reasons, the joint administrators are unable to disclose specific information, in addition to those details provided within this report, at this time to the Bondholders and creditors. It would not be appropriate for the joint administrators to provide details of their intended strategy or to identify their targets for future actions. The majority of the investigation work expected to be carried out by the joint administrators has now been completed and the amount of work carried out in this category is expected to continue to decrease significantly. The work undertaken is expected to provide a material financial benefit to creditors of the Company, including Bondholders.

Actual and potential actions

- Main Legal Proceedings (as detailed in our email update to Bondholders on 17 December 2020)
The purpose of the proceedings is to make recoveries from the Defendants for the benefit of the Bondholders although it should be noted that these proceedings are anticipated to be protracted. However, successful claims will provide a direct financial benefit to the Company's creditors, including the Bondholders. The Creditors' Committee has been provided with a summary of the actions that we are currently pursuing, outlining the estimated costs of this work and these details will be provided to the wider creditor/Bondholder group, once these actions have been initiated. The Creditors' Committee members remain bound by non-disclosure agreements.

Other matters

Other actions that remain outstanding include:

- statutory obligations, including preparing and issuing the joint administrators' progress reports;
- further dividends to Bondholders;
- consideration of any tax implications within the administration; and
- closure of the administration at the appropriate time.

Details of the estimated future cost of these workstreams can be found in the joint administrators' fee estimate for the third year of the administration at Appendix V.

9. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at <https://smithandwilliamson.com/rsgdpr>

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

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

10. Ending the administration

Following the approval of the joint administrators' proposals, at the appropriate time the joint administrators will use their discretion to exit the administration by way of one of the following means.

- (i) If having realised the assets of the Company, the joint administrators think that a distribution will be made to the unsecured creditors other than by virtue of the Prescribed Part, they may file a notice with the Registrar of Companies which will have the effect of bringing the appointment of the joint administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation ('CVL') in order that the distribution can be made, but only if they consider that the associated incremental costs of a CVL are justified. We do not anticipate that this exit route will be utilised during the administration.
- (ii) If the joint administrators have, with the permission of the court, made a distribution to unsecured creditors in addition to any Prescribed Part distribution, or they think that the Company otherwise has no property which might permit a distribution to its unsecured creditors, subject to there being a need for further investigations as described below, they will file a notice, together with their final progress report, at court and with the Registrar of Companies for the dissolution of the Company. The joint administrators will send copies of these documents to the Company and its creditors. The joint administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Administrators have the power to bring claims against former officers of the Company in respect of transactions that may have caused or exacerbated the Company's insolvency. Claims with a good prospect of success may be pursued by administrators but there may be cases where it would be more appropriate if a liquidator brought the claim or where the timeframe would not be long enough, given the maximum extension period available to administrators. The proposed exit route would, in these cases, be liquidation. Geoff Rowley of FRP was not nominated as a potential joint liquidator of the Company when the Proposals were issued as he was only appointed as a conflict administrator by the court on 30 October 2019. However, it is envisaged that if the administration converts into a liquidation, whether a CVL or a compulsory liquidation, that an application will subsequently be made to Court for the appointment of Geoff Rowley as an additional liquidator of the Company to take on the role of a conflict liquidator, should a conflict liquidator be required.

Authorisation for the joint administrators to be discharged from liability under P98(3) of Sch B1 immediately upon their appointment as administrators ceasing to have effect will be sought from the Creditors' Committee.

11. Creditors' rights

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

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

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

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

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

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

ii) Telephone number: +44 300 678 0015

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

12. Next report

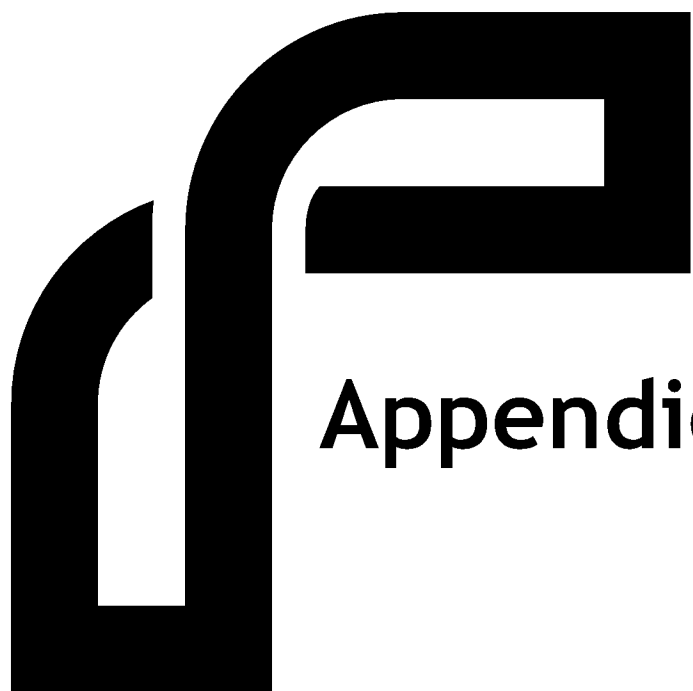
We are required to provide a further report on the progress of the administration within one month of the end of the next six month period of the administration unless we have concluded matters prior to this, in which case we will write to all creditors with our final report.



Finbarr Thomas O'Connell, Adam Henry Stephens, Colin Hardman, Henry Shinnars and Geoff Rowley

Joint Administrators

Date: 25 February 2021



Appendices

I Statutory information

Relevant Court	High Court of Justice
Court Reference	CR-2019-000755
Trading Name(s)	London Capital & Finance
Trading Addresses	The Old Coach House, Eridge Park, Eridge Green, Tunbridge Wells, Kent, TN3 9JS
Former Name(s)	London Capital & Finance Limited
Registered Office	25 Moorgate, London EC2R 6AY
Registered Number	08140312
Joint Administrators	<p>Finbarr Thomas O'Connell, Adam Henry Stephens, Colin Hardman and Henry Anthony Shinnars all of Smith & Williamson, 25 Moorgate, London, EC2R 6AY and Geoff Rowley of FRP Advisory Trading LLP, 110 Cannon Street, London EC4N 6EU.</p> <p>(IP No(s) 7931, 9748, 16774, 9280 and 8919)</p> <p>In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.</p>
Date of Appointment	30 January 2019 (Geoff Rowley was appointed as an additional adminsitator on 30 October 2019)
Appointor	Directors
Directors	Michael Andrew "Andy" Thomson, Floris Jakobus Huisamen, Kevin Maddison and Katherine Ruth Simpson
Shareholder(s)	London Financial Group Limited (owned 100% by Andy Thomson)
Secretary (if applicable)	CAA Registrars Limited
Extension to period of administration	The administration was extended by consent of the Court on 16 January 2020 for a period of up to two years ending on 29 January 2022.
EU Regulations	The EU Regulation on Insolvency Proceedings 2015 applies to the administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom. This applied prior to the exit of the UK from the EU.

II Receipts and payments account

Statement of Affairs £	From 30/07/2020 To 29/01/2021 £	From 30/01/2019 To 29/01/2021 £
ASSET REALISATIONS		
Bank Interest Gross	466.85	11,223.03
Cash at bank	-	3,189,912.30
Insurance Refund	-	7,902.72
Loan Accounts	-	100,383.28
Loan Repayment - London Oil & Gas	500,000.00	10,000,000.00
Motor Vehicles	-	203,110.39
Rates Refund	-	513.40
	<u>500,466.85</u>	<u>13,513,045.12</u>
COST OF REALISATIONS		
Administrators' Expenses	-	330.75
Administrators' Fees	1,000,000.00	1,500,000.00
Agents/Valuers Expenses	-	3,492.39
Agents/Valuers Fees	300.00	182,839.17
Bank Charges	59.65	400.33
Comittee Expenses	-	4,000.62
Consultant expenses	-	574.90
HP Finance	-	888.45
ICO Renewal	40.00	80.00
Insurance	-	7,571.42
Internet, Telephone Costs & Network	1,346.49	69,771.86
Irrecoverable VAT	299,582.72	1,198,044.53
Legal Fees	169,959.90	3,039,436.20
Legal Expenses	261,274.01	760,341.51
Loan to WCOL/Prime Group	(26,247.74) *	304,138.37
Meeting costs	-	4,575.17
Other Property Expenses	-	237.50
PAYE & NI	-	245.73
Pension contributions	-	822.80
Petitioners Deposit	-	1,891.00
Professional Expenses	-	1,193.76
Professional Fees	7,837.50	183,933.75
Rates	-	1,107.02
Re-Direction of Mail	-	1,787.00
Rents Payable	-	1,666.66
Security Trustee/ Dividend costs	360.13	18,716.79
Specific Bond	-	140.00
Stationery & Postage	146.40	19,470.81
Statutory Advertising	-	169.00
Storage Costs	-	5,281.56
Transfer to LCF dividend a/c	-	5,902,219.07
Travel & Sustenance	-	15,514.94
Wages & Salaries	-	12,753.98
	<u>(1,714,659.06)</u>	<u>(13,243,637.04)</u>
	<u>(1,214,192.21)</u>	<u>269,408.08</u>
REPRESENTED BY		
Clients Deposit (Interest Bearing)		269,408.08
		<u>269,408.08</u>

* as detailed at section 6.4 of this report, WCOL/Prime has repaid £26,248 against this loan during the period

Dividend Account

Statement of Affairs £	From 30/07/2020 To 29/01/2021 £	From 30/01/2019 To 29/01/2021 £
ASSET REALISATIONS		
Bank Interest Gross	125.61	2,023.44
Transfer from LCF main account	-	5,902,219.07
	125.61	5,904,242.51
UNSECURED CREDITORS		
Bondholders	13,287.50	5,599,546.00
FSCS	-	77,093.07
	(13,287.50)	(5,676,639.07)
	<u>(13,161.89)</u>	<u>227,603.44</u>
REPRESENTED BY		
Clients Deposit account - Dividend A/c*		227,603.44
* These funds are ringfenced for Bondholders yet to claim in respect of the April 2020 dividend		<u>227,603.44</u>

Notes and further information required by SIP 7

- The basis of the administrators' remuneration has not yet been approved.
- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided 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.
- 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. LCF is not, and has never been, registered for VAT; the issuing of bonds is a non-Vatable activity and LCF did not provide any other taxable supplies. Our VAT experts have examined the position and have determined that currently there is no viable route to recovering the VAT incurred in the administration.

Notes and further information required by SIP 9

ICO Renewal

This cost was incurred in respect of the Company's data protection renewal with the Information Commissioner's Office in order to comply with data protection principles.

Agents & Professional Fees

A full breakdown of the fees incurred by the agents and professional advisors of the joint administrators can be found in section 6 of the report. An explanation of the material costs incurred by the joint administrators' agents and advisors is also detailed at section 6 of the report.

Loan to WCOL/ the Prime Companies

As detailed at section 6.4, the joint administrators have provided loans to the administrators of the Prime Companies, including Waterside, in order to maximise the realisable value of the assets held by these entities for the ultimate benefit of LCF's creditors. The Prime Group entities have repaid certain elements of the loan which are reflected in the R&P as negative payments.

Legal Fees

The below is a summary of the work undertaken by MdR:

- **Investigations.** This included advice relating to gathering evidence, actions to safeguard assets, and investigating possible routes to recovery.
- **Litigation** - This included dealing with litigation issued against 15 defendants seeking to recover £178m of Bondholders' funds invested in LCF. This also included dealing with litigation brought against LCF, and the administrators of LCF, by other parties and includes time and disbursements incurred in defending these actions.
- **Forensic Analysis.** This included advice relating to structuring appropriate initial search methodologies, an initial targeted review of data, and a consideration of possible legal remedies.
- **Winding up petitions.** - This included dealing with the winding up petitions against various parties associated with LCF including FSE.
- **Regulatory.** This included advice relating to the FCA, FSCS, HM Treasury and the SFO, such as around the administrators' obligations and powers, attendance at various meetings, and a consideration of the potential claims for compensation and providing appropriate guidance to Bondholders.
- **Corporate.** This included advice around corporate aspects of the existing and proposed arrangements between LOG and IOG and this included advice relating to associated corporate regulatory issues.
- **Banking/Security/Loan Agreements.** This included advice around reviewing and analysing finance related documents such as loan security, on-lending arrangements, and possible routes to realisation.
- **Project and Document Management.** This included work around collecting, managing and processing data (please note that in excess of 1.5 million documents have been collected to date) pertaining to, amongst other matters, the asset realisation and investigatory work streams.
- **Miscellaneous.** This included advice relating to certain law enforcement activity.

In addition, MdR have undertaken the following tasks:

- Involvement in proceedings with FSE and applications for examination of individuals under Sections 235 /236 Insolvency Act 1986.
- Meetings and communications with the LCF Creditors' Committee and matters arising therefrom.
- Liaison with and meetings with Bondholders, where appropriate to the progress of the administrators' investigations and other matters.
- International legal research including with regard to Portugal (re Cape Verde), Ireland and Dominican Republic.
- Liaison with professional support teams.
- Undertaking interviews with a number of key individuals.
- Legal advice and analysis regarding application of recoveries.

Legal Expenses

A breakdown of the legal expenses incurred during the period can be summarised as follows:

- **Counsel Fees - £125,336** - It has been necessary to seek advice from Counsel in respect of a number of litigation streams regarding the administration. As the majority of these costs have been incurred as a direct result of the joint administrators' investigations, it is necessary that the exact details remain confidential.
- **Agents and Professional Advisors - £102,492** - It has been necessary to instruct various agents to assist with the joint administrators' investigation as detailed within the body of this report. A number of agents and professional advisors have been instructed directly by the joint administrators' legal advisors and, as these costs have been incurred as a direct result of the joint administrators' targeted confidential investigations, it is necessary that the exact details of these agents and advisors remain confidential.
- **General Legal Disbursements - £33,445** - The joint administrators' legal advisors have necessarily incurred general disbursement costs directly related to the administration. These costs include, but are not limited to, postage and courier costs and company, Land Registry and court searches.

III Time analysis for the period

From 30 July 2020 to 29 January 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	22.40	23.00	0.10	34.53	0.00	80.03	39,943.24	499.08
Initial post-appointment notification letters, including creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cashiering general, including bonding	0.00	0.00	0.00	41.90	0.00	41.90	11,549.06	275.64
Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary	20.63	29.40	0.00	16.48	0.00	66.52	36,062.76	542.16
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0.00	1.85	0.00	1.80	0.00	3.65	1,640.00	449.32
Agents and advisers, general	0.00	3.50	0.00	3.62	0.00	7.12	3,169.23	445.33
Correspondence with joint liquidator	1.10	0.00	0.00	0.35	0.00	1.45	891.25	614.66
Director/manager review, approval and signing	6.30	9.05	0.00	0.00	0.00	15.35	9,695.00	631.60
Other	1.50	0.00	0.00	1.25	0.00	2.75	1,413.75	514.09
Investigations								
Review of the Company's books and records	0.00	0.00	0.00	3.45	0.00	3.45	1,029.00	298.26
Debtor/ Loan Book and other investigations to identify asset recoveries	123.17	35.75	0.00	28.95	0.00	187.87	110,364.31	587.46
Cash and other asset tracing	0.25	93.30	0.00	2.80	0.00	96.35	52,477.35	544.65
Other (including liaising with various bodies i.e. SFO, FCA, FSCS)	12.15	0.70	0.00	0.50	0.00	13.35	8,398.30	629.09
Creditors								
Bondholders (dealing with Bondholder correspondence and queries)	8.25	48.97	0.10	268.40	1.42	327.13	115,297.21	352.45
Employees & pension	0.00	0.00	0.00	0.43	0.00	0.43	136.49	315.00
Unsecured creditors	0.80	0.70	0.00	0.50	0.00	2.00	1,059.50	529.75
Creditors' committee	46.67	42.35	0.00	42.90	0.00	131.92	71,164.86	539.47
Distributions for prefs and unsecured (inc. claim agreements)	2.50	13.50	0.00	87.48	0.00	103.48	36,648.94	354.15
Dealing with creditor queries in relation to regulatory bodies (i.e. FCA, FCSC, SFO)	3.25	7.50	0.00	18.33	0.00	29.08	12,432.52	427.48
Dealing with creditor queries (i.e. SAR requests)	0.00	0.75	0.00	1.20	0.00	1.95	771.00	395.38
Filing- creditors	0.00	0.00	0.00	6.33	0.00	6.33	1,783.82	281.66
Other	2.00	0.00	0.00	0.55	0.00	2.55	1,593.25	624.80
Prime								
Dominican Republic Waterside	0.00	6.25	0.00	5.15	0.00	11.40	5,172.00	453.68
	2.85	15.18	0.00	0.55	0.00	18.58	10,992.56	591.53
Corporate Tax								
Corporate Tax	11.08	0.00	15.83	6.50	0.00	33.42	16,385.00	490.32
Assurance & Business Services								
Assurance & Business Services	0.40	0.00	0.00	0.00	0.00	0.40	306.00	765.00
Forensics								
Forensics	19.75	0.00	69.00	74.58	0.00	163.33	61,994.53	379.56
Total	285.05	331.75	85.03	648.55	1.42	1,351.80	£612,370.93	£453.00

Explanation of major work activities undertaken

Administration and planning

The joint administrators have been required to spend a considerable amount of time in planning and administration tasks in respect of the administration strategy. Due to the scale of this case, it has been crucial to ensure that all statutory matters are dealt with efficiently and that all possible options when choosing strategy are fully explored. The joint administrators and their staff have been obliged to undertake certain areas of work in order to comply with their statutory obligations and internal compliance requirements. The following work has been conducted in respect of administration and planning:

- preparing and issuing the joint administrators' six-month progress report for the period ending 29 July 2020;
- statutory case reviews (to be completed every six months);
- maintenance of compliance checklists;
- maintenance of the IPS compliance diary;
- general case planning and administration including case strategy decisions;
- internal case staff strategy meetings/ calls;
- dealing with case progression matters;

- attending at various meetings/ calls in respect of the administration;
- internal communications with the Forensics team;
- internal communications with the Tax team;
- dealing with routine correspondence;
- maintaining schedules of professional advisor costs and expenses;
- dealing with the Company's tax affairs;
- corresponding with HMRC regarding the Company's tax affairs;
- reviewing and signing off various documents and correspondence by partners, directors and managers;
- completing necessary paperwork for payment vouchers and other cashiering instruction;
- maintaining physical case files;
- dealing with and instructing agents and other professional advisers;
- dealing with the provision of various information to the FSCS, the SFO and other parties;
- responding to various press queries in respect of the progression of the administration;
- liaising with the Smith & Williamson IT department regarding the maintenance of the LCF email mailbox and webpage; and
- liaising with FRP Advisory Trading LLP regarding statutory requirements following the appointment of Geoff Rowley as conflict administrator.

Cashiering time:

- maintaining and managing the administrators' cash book and bank accounts;
- reconciliation of bank account;
- correspondence with banks; and
- raising cheques/preparing telegraphic transfers.

Investigations

This section relates to the work that the joint administrators have conducted in relation to their investigations into the failure of the Company. The joint administrators have a duty to consider any potential claims that the Company may have against third parties that may give rise to potential claims for the benefit of the Company's creditors, including the Bondholders. Whilst it is likely that the majority of this work will provide a direct financial benefit for the Company's creditors, including the Bondholders, some streams of the investigation work that will be, or have been, carried out are required by statute and may not necessarily provide a direct financial benefit for the Company's creditors.

The Company's largest asset is its debtor book and the joint administrators have dedicated a large quantity of time to understanding this asset in great detail. This work is not only necessary but crucial to the joint administrators' ability to determine any likely returns to the Company's creditors, including the Bondholders. By way of reminder, the joint administrators are working to identify assets to the value of £238 million which the Company is owed by a number of entities. Dealing with assets of this value will naturally result in a significant amount of time being expended in order to ensure the best chance of recoveries. The time incurred by the joint administrators during the period in dealing with this asset is 0.1% of the total debtor book value. An overview of the debts totalling £237,854,124, which the Company is due to be repaid, is detailed at Appendix VI of this report. The time expended thus far by the joint administrators has allowed them to carefully assess the recoverability of each debt which will ultimately provide a direct financial benefit to creditors, including the Bondholders.

It is important to note that further detail, beyond that disclosed in this report, regarding these investigations is required to be kept confidential in order to prevent jeopardising any potential actions that can be taken on behalf of the Company's creditors, including Bondholders.

The work which has been undertaken to maximise the potential return of the greatest proportion of the c£238m for the benefit of the creditors, including the Bondholders, includes the following:

- liaising with the debtors of the Company;

- investigating the recoverability of each loan made by the Company, including investigations into the Borrower companies;
- monitoring the financial position of each of the debtors of the Company in order to determine their ability to settle the liability owed to the Company;
- maintaining various debt profiles in respect of the Borrowers;
- liaising with our legal advisors in respect of the Borrower companies;
- reviewing the flow of funds from the Company to various entities;
- interviewing various parties under S236 of the IA86;
- reviewing information provided by third parties in respect of the debtors;
- meeting with third parties to gather information in respect of the debtors;
- collating information on third parties associated with each of the debtors;
- reconciliation of the Company's bank accounts to the debtor book;
- reviewing and submitting various witness statements;
- discussions with LOG in respect of its financial arrangements with IOG;
- requests for information belonging to, or held on behalf of, the Company from various parties;
- investigating circumstances which might give rise to claims against various parties and hence potential realisations of assets for the benefit of the creditors, including the Bondholders;
- dealing with the appointment of Madison Pacific as the replacement security trustee;
- investigation of other potential litigation matters that may give rise to further recoveries for creditors, including Bondholders. At this juncture, it is necessary that these investigations remain confidential so as not to jeopardise any potential actions that may be taken.

Other work that the joint administrators have carried out in respect of their investigations includes the following:

- meeting with and interviewing a number of third parties associated with the Company;
- review of the Company's financial accounting records;
- making enquiries of various parties associated with the Company in respect of the Company's finances and other business activities;
- dealing with the petition for the winding up of LCM;
- dealing with the petition for the winding up of FSE;
- dealing with the petition for the winding up of GST;
- tracing assets belonging to the Company, or purchased by the Company;
- tracing assets of third parties connected to the Company;
- assisting the FCA and the FSCS with their enquiries including providing information requested;
- liaising with the SFO; and
- liaising with the FCA.

A great deal of time has been expended in the early stages of the administration as it was essential that the joint administrators and their team took immediate actions to gain an in-depth understanding of the Company's asset position in order to better safeguard them from any potential dissipation. As expected, the amount of time spent on these investigations has reduced significantly in the reporting period as the administrators have a greater understanding of how the Company's loans process operated and a clearer strategy of which routes of investigation they will be pursuing.

Creditors/ Bondholders

This section is in relation to time spent in dealing with correspondence from creditors including both Bondholders and trade and expense creditors. It should be noted that at the outset of the administration there were over 11,700 Bondholders who had been affected by the administration of the Company and consequently the joint administrators and their staff have incurred a significant amount of time in dealing with a wide range of communications with Bondholders. As the FSCS continue to compensate eligible Bondholders, the number of affected individuals will fall resulting in less time spent by the joint administrators and their teams dealing with

various queries Bondholders have. During the period, the costs incurred in respect of Bondholder communications works out as approximately £10 spent per Bondholder.

Whilst the bulk of this work does not provide a direct financial benefit to the Company's creditors, it is crucial that all Bondholders are kept up to date on the progress being made in the administration and, given the continuously high volume of correspondence being dealt with, these costs cannot be avoided. Bondholders received a direct financial benefit from the work undertaken by the joint administrators and their team in processing the first dividend payment. The indirect financial benefit to the creditors from this work is the assistance given to the joint administrators by the creditors/ Bondholders with regard to their investigations.

It should also be noted that, as the FSCS has compensated a large number of Bondholders, they are now a creditor of the Company and time spent liaising with them is included in this section. This section involves the following work streams:

- dealing with personal information update requests from Bondholders including email addresses and postal addresses;
- dealing with a high volume of telephone calls received from Bondholders;
- drafting and issuing responses to written correspondence received from Bondholders;
- drafting and issuing responses to written correspondence received from Members of Parliament on behalf of Bondholders;
- dealing with correspondence received in respect of deceased Bondholders;
- sending physical copies of correspondence to Bondholders;
- monitoring and responding to emails received to the dedicated LCF mailbox;
- managing the MailChimp account for ease of communication to Bondholders;
- preparing updates to Bondholders and issuing these updates through the MailChimp service;
- Maintaining the RingCentral phone system used to deal with Bondholder calls;
- liaising with the FSCS in respect of Bondholder compensation;
- dealing with queries in respect of the FSCS' announcement in respect of compensation;
- liaising with the Creditors' Committee;
- planning and organising Creditors' Committee meetings;
- attending Creditors' Committee meetings;
- preparing and circulating minutes following Creditors' Committee meetings;
- liaising with the Creditors' Committee in respect of the appointment of a fee assessor;
- dealing with requests made by the Creditors' Committee;
- dealing with all other correspondence with the Creditors' Committee;
- continuing to adjudicate Bondholder claims received after the dividend in March 2020 (i.e. reconciling the proof of debt forms received to the Company's records);
- arranging for cheques to be reissued at the request of Bondholders, primarily for uninformed changes to address;
- preparing data for processing catch up dividends to those Bondholders who were unable to submit a proof of debt for in time for the March dividend;
- dealing with correspondence by email, telephone and physical post from Bondholders in respect of the dividend;
- dealing with requests from the FCA regarding the Dame Elizabeth Gloster report;
- contacting all Bondholders whose cheques fail to be delivered to obtain up to date contact information; and
- dealing with queries from Bondholders in respect of the SFO, FCA and other bodies.

Corporate Tax

- internal discussions with the joint administrators to develop an understanding of the case and to ensure that all potential tax liabilities are mitigated to the extent possible;
- Completing the Company's tax return for the first year of the administration.

Forensics

- maintaining the joint administrators' data hosting platform;
- mining information from the Eclipse system in order to support the joint administrators' investigations; and
- provision of information to various bodies including the SFO and conflict administrator.

IV Cumulative time analysis

From 30 January 2019 to 29 January 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	195.80	23.00	103.40	190.58	14.00	526.78	243,687.24	462.59
Initial post-appointment notification letters, including creditors	13.10	0.00	7.85	5.40	0.00	26.35	13,237.00	502.35
Cashiering general, including bonding	0.85	0.00	0.00	268.45	0.00	269.30	66,166.06	245.70
Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary	441.83	39.10	180.30	301.53	4.00	966.77	477,195.26	493.60
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	0.85	1.85	2.00	4.40	0.00	9.10	3,783.75	415.80
Protection of company records (incl electronic)	8.15	0.00	1.25	8.10	0.00	17.50	8,034.75	459.13
Insurance & general asset protection	14.70	0.75	0.00	2.60	0.00	18.05	10,723.00	594.07
Filing, file and information management	5.70	0.00	2.25	1.50	0.00	9.45	5,062.50	535.71
Pre-appointment non creditor tax	1.60	0.00	1.75	0.00	0.00	3.35	1,852.50	552.99
Agents and advisers, general	76.20	3.50	4.25	21.02	0.00	104.97	61,532.98	586.21
Correspondence with joint liquidator	1.10	0.00	0.00	0.70	0.00	1.80	996.25	553.47
Filing - Administration and planning	0.00	0.00	0.00	0.30	0.00	0.30	87.00	290.00
Director/manager review, approval and signing	17.25	13.25	19.25	5.95	0.00	55.70	31,265.75	561.32
Other	6.80	0.00	4.50	22.75	0.00	34.05	12,729.75	373.85
Investigations								
Correspondence with directors	0.00	0.00	0.00	4.75	0.00	4.75	1,586.00	333.89
Creditor & shareholder complaints	0.00	1.75	0.75	0.00	0.00	2.50	949.00	379.60
Review of the Company's books and records	9.00	21.10	2.20	27.05	4.50	63.85	25,256.50	395.56
Debtor/ Loan Book and other investigations to identify asset recoveries	2,107.57	54.75	135.80	126.60	0.00	2,424.72	1,470,577.06	606.49
SIP2 obligations (inc liaising with the insolvency service)	11.15	0.00	4.25	13.50	0.00	28.90	12,945.00	447.92
Cash and other asset tracing	65.30	163.50	692.65	132.25	0.00	1,053.70	434,928.00	412.76
Enquiries of advisers (including legal advisors and other professional advisors)	18.40	0.00	8.05	7.20	0.00	33.65	17,611.75	523.38
S235/6 hearings & applications	73.60	0.00	1.45	6.55	0.00	81.60	47,372.25	580.54
Director/manager review, approval and signing	0.55	6.50	0.00	0.00	0.00	7.05	3,788.00	537.30
Other (including liaising with various bodies i.e. SFO, FCA, FSCS)	23.65	0.70	25.50	12.50	0.00	62.35	31,016.80	497.46
Realisation of assets								
Debtors	24.30	0.00	0.00	18.10	0.00	42.40	19,264.25	454.35
Other chattel assets	3.75	0.00	2.00	0.85	0.00	6.60	3,050.00	462.12
Financed assets (only if equity-otherwise creditors, incl HP and leasing)	8.25	0.00	0.00	0.75	0.00	9.00	4,920.00	546.67
Cash at Bank	0.30	0.00	3.75	2.00	0.00	6.05	2,433.25	402.19
Liaising with agents (general)	0.00	0.00	1.75	0.40	0.00	2.15	909.00	422.79
Director/manager review, approval and signing	0.50	0.00	0.00	0.00	0.00	0.50	337.50	675.00
Other	15.25	0.00	2.95	0.25	0.00	18.45	8,466.25	458.88
Trading/ Premises								
Trading on decision and day 1-3 operations	0.00	0.00	2.50	0.00	0.00	2.50	1,150.00	460.00
Purchasing/suppliers (not landlord)	2.40	0.00	0.00	0.00	0.00	2.40	1,560.00	650.00
Accounting	0.60	0.00	3.00	0.00	0.00	3.60	1,770.00	491.67
Insurances	0.00	0.00	8.00	0.00	0.00	8.00	3,698.75	462.34
Staff and payroll (inc PAYE/NIC for trading period)	0.00	0.00	0.75	1.50	0.00	2.25	735.00	326.67
Premises issues (inc landlord and site clearance)	0.00	0.00	4.50	12.25	0.00	16.75	5,275.00	314.93
Shutdown or handover	0.00	0.00	0.00	15.50	0.00	15.50	4,030.00	260.00
Other	0.00	0.00	0.60	0.35	0.00	0.95	367.00	386.32
Creditors								
Bondholders (dealing with Bondholder correspondence and queries)	194.20	59.22	479.25	1,562.60	628.52	2,923.78	848,572.11	290.23
Floating charge creditors	18.30	0.00	0.00	24.20	7.50	50.00	17,566.00	351.32
HP & lease creditors	0.00	0.00	0.00	0.85	0.00	0.85	245.00	288.24
RPO and ERA claims & tribunals	0.00	0.00	0.00	0.50	0.00	0.50	130.00	260.00
Employees & pension	1.50	0.00	0.00	18.83	0.00	20.33	5,777.99	284.16
Crown (not RPO etc)	1.40	0.00	0.00	0.75	0.00	2.15	1,105.00	513.95
Unsecured creditors	0.80	0.70	7.00	7.20	0.00	15.70	6,069.50	386.59
Creditors' committee	158.92	47.75	96.50	178.55	0.00	481.72	232,898.36	483.48
Distributions for prefs and unsecured	19.15	18.00	200.85	937.78	1,414.70	2,590.48	483,878.94	186.79
Dealing with creditor queries in relation to regulatory bodies (i.e. FCA, FCSC, SFO)	6.60	8.00	24.05	26.03	7.00	71.68	28,968.77	404.12
Dealing with creditor queries (i.e. SAR requests)	0.85	2.00	9.50	5.45	7.00	24.80	8,321.50	335.54
Filing- creditors	0.00	0.00	0.00	6.33	0.00	6.33	1,783.82	281.66
Director/manager review, approval and signing	0.00	0.00	18.00	2.45	0.00	20.45	9,724.25	475.51
Other	5.50	0.00	15.10	8.20	0.00	28.80	12,479.50	433.32

Prime								
Dominican Republic	92.70	6.25	0.00	5.70	0.00	104.65	67,810.25	647.97
Waterside	99.70	15.18	0.00	0.55	0.00	115.43	76,366.31	661.56
Corporate Tax								
Corporate Tax	57.93	0.40	15.83	6.75	0.00	80.92	48,233.00	596.08
Assurance & Business Services								
Assurance & Business Services	24.00	2.50	0.00	0.00	0.00	26.50	15,163.50	572.21
Forensics								
Forensics	154.50	0.00	1,074.05	858.48	0.00	2,087.03	693,456.03	332.27
Total	3,984.55	489.75	3,167.38	4,866.85	2,087.22	14,595.75	£5,598,899.98	£383.60

Time comparison

The following gives a summary of our estimated administrators' fees for the second year of the administration, provided in our previous progress report, and the actual time costs incurred for the 12 months to 29 January 2021, for ease of comparison:

Task	Estimated fees to be incurred for the second year of the administration to 29 January 2021 £	Actual Fees incurred for the second year of the administration to 29 January 2021 £
Administration and Planning	511,300	468,253
Investigations (including Prime)	1,598,775	464,255
Realisation of Assets	52,750	0
Creditors	919,200	767,461
Corporate Tax and VAT	21,250	23,318
Assurance & Business Services	6,750	537
Forensics	495,000	196,821
Total	3,605,025	1,920,645

The material differences between our original for the second and what has actually been incurred as at 29 January 2021 can be explained as follows:

Investigations (£1,134,520 overestimated)

Investigations have been overestimated as the joint administrators were able to complete the bulk of their investigations work to issue their main proceedings, as detailed within the body of this report. The joint administrators expect to continue with other streams of investigation work as the administration progresses, however the time expected to be incurred will be significantly less.

Realisation of Assets (£52,750 overestimated)

Realisation of assets has been overestimated as the work expected to be undertaken in this category has been recorded to the investigations' category.

Creditors (£151,739 overestimated)

The time expected to be expended on dealing with the creditors of the Company, including Bondholders, has been underestimated. This is largely as a result of the FSCS's decision to compensate a number of Bondholders which has reduced the volume of queries received by the joint administrators and their team. As the FSCS continues to compensate Bondholders, the joint administrators expect time in this category to continue to fall.

Forensics (£298,179 overestimated)

Time spent by the Forensics team has been underestimated as the joint administrators were able to conclude the bulk of their investigations work sooner than expected. It is anticipated that future work will still be required by the Forensics team as the joint administrators' legal proceedings continue.

The following gives a summary of the joint administrators costs for the first year of the administration, provided in our previous progress report, and the actual time costs incurred as at 29 January 2020 for ease of comparison:

Task	Estimated fees to be incurred	Actual Fees Incurred £
Administration and Planning	596,745	468,101
Investigations	2,394,930	1,677,993
Realisation of Assets	312,330	39,380
Trading	30,615	18,586
Creditors	746,790	890,059
Corp Tax and VAT	36,170	24,916
Assurance & Business Services	22,700	14,626
Forensics	329,020	496,635
Total	4,469,300	3,630,296

Expenses comparison

The following gives a summary of our professional advisors' costs' estimates for the second year of the administration and the professional advisor costs incurred for the 12 months to 29 January 2021, for ease of comparison:

Type of disbursement	Costs incurred in the second year of the administration £	Costs paid in the second year of the administration £	Total costs outstanding £	Estimated total costs £	Variance £
Legal Advice	2,692,997	169,960	2,505,900	2,500,000	192,997
Agents and Professional Advisor Fees	8,138	8,138	Nil	250,000	(172,006)
Total	2,701,135	178,098	2,505,900	2,750,000	20,991

In our previous progress report, we highlighted that it was very possible that the fee estimate for the year with regard to legal advice was underestimated. We can now confirm that legal advice was underestimated by £192,997, as above. The administrators do closely monitor all legal advice which they obtain to make sure it is necessary and priced appropriately and will continue to do so throughout the administration.

The following gives a summary of our professional advisor estimate for the first year of the administration, provided in our previous progress reports, and the actual professional advisor costs incurred as at 29 January 2020 for ease of comparison:

Type of disbursement	Costs incurred £	Costs paid £	Total costs outstanding £	Estimated total costs £	Variance £
Legal Advice	2,859,113	686,777	2,172,336	4,000,000	(1,140,887)
Agents and Professional Advisor Fees	288,779	288,779	Nil	200,000	88,779
Total	3,147,892	975,556	2,172,336	4,200,000	(1,052,108)

V Fee Estimate for the year 30 January 2021 to 29 January 2022

	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate Director	Manager / Assistant Manager	Other professional staff	Assistants & support staff			
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Classification of work function								
Administration and planning	340.50	191.00	0.00	365.00	9.00	905.50	468,680.00	517.59
Statutory returns, reports & meetings	75.00	63.00	0.00	90.00	2.00	230.00	£118,400.00	£514.78
Cashiering general, including bonding	1.00	2.00	0.00	154.00	0.00	157.00	£50,380.00	£320.89
Job planning, reviews and progression (inc 6 month reviews and planning meetings)	237.00	95.00	0.00	85.00	2.00	419.00	£250,405.00	£597.63
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	3.00	5.00	0.00	5.00	0.00	13.00	£6,605.00	£508.08
Agents and advisers, general	12.50	15.00	0.00	20.00	0.00	47.50	£23,875.00	£502.63
Correspondence with joint liquidator	5.00	4.00	0.00	4.00	0.00	13.00	£7,130.00	£548.46
Filing - Administration and planning	0.00	0.00	0.00	5.00	5.00	10.00	£2,225.00	£222.50
Director/manager review, approval and signing	5.00	5.00	0.00	0.00	0.00	10.00	£6,450.00	£645.00
Other	2.00	2.00	0.00	2.00	0.00	6.00	£3,210.00	£535.00
Investigations	629.00	271.00	0.00	163.00	5.00	1,068.00	655,765.00	614.01
Directors' correspondence	1.00	1.00	0.00	1.00	0.00	3.00	£1,605.00	£535.00
Statutory books and accounting records review	5.00	5.00	0.00	9.00	5.00	24.00	£9,935.00	£413.96
Borrowers/ Loan Book and other investigations to identify asset recoveries	525.00	95.00	0.00	85.00	0.00	705.00	£454,625.00	£644.86
Cash and other asset tracing	65.00	145.00	0.00	45.00	0.00	255.00	£144,425.00	£566.37
Enquiries of advisers	15.00	10.00	0.00	8.00	0.00	33.00	£18,970.00	£574.85
Other (including liaising with various bodies i.e. SFO, FCA, FSCS)	18.00	15.00	0.00	15.00	0.00	48.00	£26,205.00	£545.94
Realisation of assets	60.00	28.00	0.00	19.00	0.00	107.00	64,825.00	605.84
Debtors	35.00	10.00	0.00	5.00	0.00	50.00	£32,225.00	£644.50
Liasining with agents (general)	15.00	10.00	0.00	8.00	0.00	33.00	£18,970.00	£574.85
Other	10.00	8.00	0.00	6.00	0.00	24.00	£13,630.00	£567.92
Creditors	170.00	322.00	2.00	732.00	26.00	1,252.00	542,390.00	433.22
Bondholders	25.00	125.00	2.00	475.00	20.00	647.00	243,445.00	376.27
Unsecured creditors	4.00	4.00	0.00	5.00	1.00	14.00	6,865.00	490.36
Creditors' committee	98.00	95.00	0.00	95.00	0.00	288.00	154,605.00	536.82
Distributions	25.00	75.00	0.00	125.00	5.00	230.00	101,275.00	440.33
Dealing with creditor queries in relation to regulatory bodies (i.e. FCA, FCSC, SFO)	15.00	20.00	0.00	28.00	0.00	63.00	31,070.00	493.17
Dealing with creditor queries (i.e. SAR requests)	2.00	2.00	0.00	3.00	0.00	7.00	3,525.00	503.57
Other	1.00	1.00	0.00	1.00	0.00	3.00	1,605.00	535.00
Prime	157.00	40.00	0.00	26.00	0.00	223.00	142,860.00	640.63
Dominican Republic	72.00	15.00	0.00	8.00	0.00	95.00	£62,340.00	656.21
Prime	85.00	25.00	0.00	18.00	0.00	128.00	£80,520.00	629.06
Corporate Tax	18.00	0.00	15.00	10.00	0.00	43.00	23,205.00	539.65
Corporate Tax	18.00	0.00	15.00	10.00	0.00	43.00	23,205.00	539.65
Forensics	76.00	0.00	195.00	190.00	5.00	466.00	209,035.00	448.57
Forensics	76.00	0.00	195.00	190.00	5.00	466.00	209,035.00	448.57
Total	1,544.50	852.00	422.00	1,705.00	50.00	4,573.50	£2,106,760.00	£460.65

London Capital & Finance plc (in administration)
Estimated expenses in accordance with Categories 1 & 2 (SIP 9) and payable to third parties *

Case specific costs - where applicable

Agents' fees	£80,000.00
Agent's expenses	£6,000.00
Legal fees	£2,225,000.00
Legal expenses	£1,000,000.00
Other costs (i.e. mail redirection and other similar costs)	£500.00
Security trustee fees	£7,500.00
Storage costs	£600.00
Committee expenses	£2,000.00
Irrecoverable VAT	£698,920.00
Data hosting costs*	£175,000.00
Total	£4,195,570.00

Category 1 expenses, in accordance with Statement of Insolvency Practice 9 are specific costs payable to an independent third party and relate directly to the case in question.

* These are Category 2 expenses and are payable to the office holder's firm and are shared or allocated costs, most notably business mileage and data hosting costs.

VI Loan/Borrower Position

Debtor gross loan amount as at 30 January 2019:

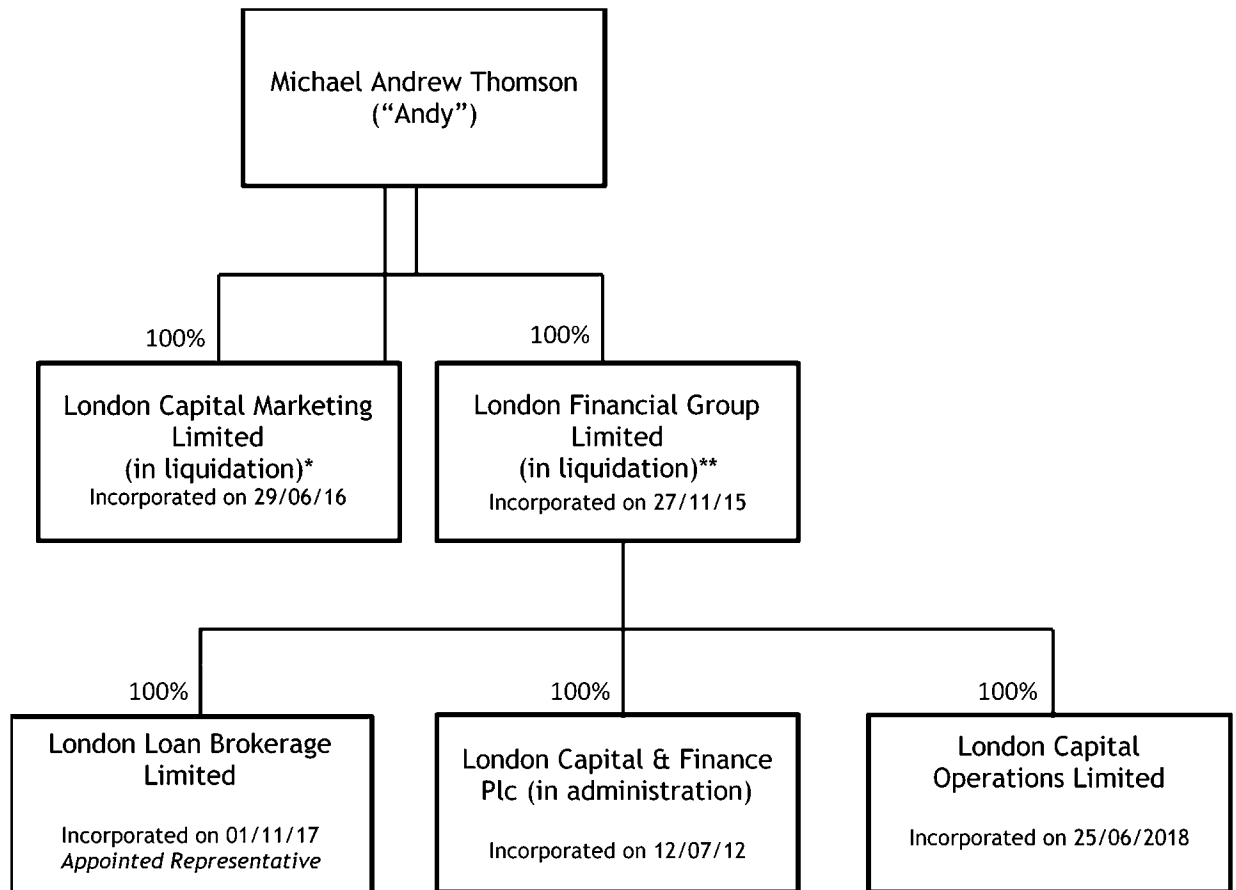
Debtor	Amount due to LCF as at 30 January 2019 (£)
London Oil & Gas Limited (in administration)	124,083,128
LPE Support Limited	18,460,382
Cape Verde Support Limited	7,268,038
CV Resorts Limited	4,796,834
Waterside Villages Limited	15,733,152
Waterside Support Limited	5,084,345
Costa Support Limited	6,603,543
Costa Property Holdings Limited	20,872,447
Colina Support Limited	5,654,890
Colina Property Holdings	16,196,319
FS Equestrian Services Limited	12,261,270
London Financial Group Limited (in liquidation)	839,776
Total	237,854,124

Debtor groups:

Controlling groups/ entities	Amount due to LCF as at 30 January 2019 (£)
London Group LLP	154,600,000
(London Oil & Gas Limited, LPE Support Limited, Cape Verde Support Limited and CV Resorts Limited)	
Prime Resort Development Limited	70,100,000
(Waterside Villages Limited, Waterside Support Limited, Costa Support Limited, Costa Property Holdings Limited, Colina Support Limited and Colina Property Holdings Limited)	
FS Equestrian Services Limited	12,300,000
London Financial Group Limited	800,000
Total	237,800,000

VII Group Structure Diagram - LCF

London Capital & Finance Plc (in administration) Group Structure



* The joint administrators issued a petition for the compulsory winding up of London Capital Marketing Limited ("LCM") on 1 July 2019. The petition was opposed by LCM, whose sole director is Mr Thomson. Following a court hearing, on 27 July 2020 a winding up order was granted and LCM entered compulsory liquidation. Finbarr O'Connell and Colin Hardman were appointed as joint liquidators of LCM on 28 August 2020.

** The joint administrators issued a petition for the compulsory winding up LFG on 24 May 2019. On 17 July 2019 the winding up order was granted and LFG entered into compulsory liquidation. On 18 September 2019, Finbarr O'Connell and Colin Hardman of Smith & Williamson LLP and Lane Bednash of CMB Partners UK Limited were appointed as joint liquidators of LFG.

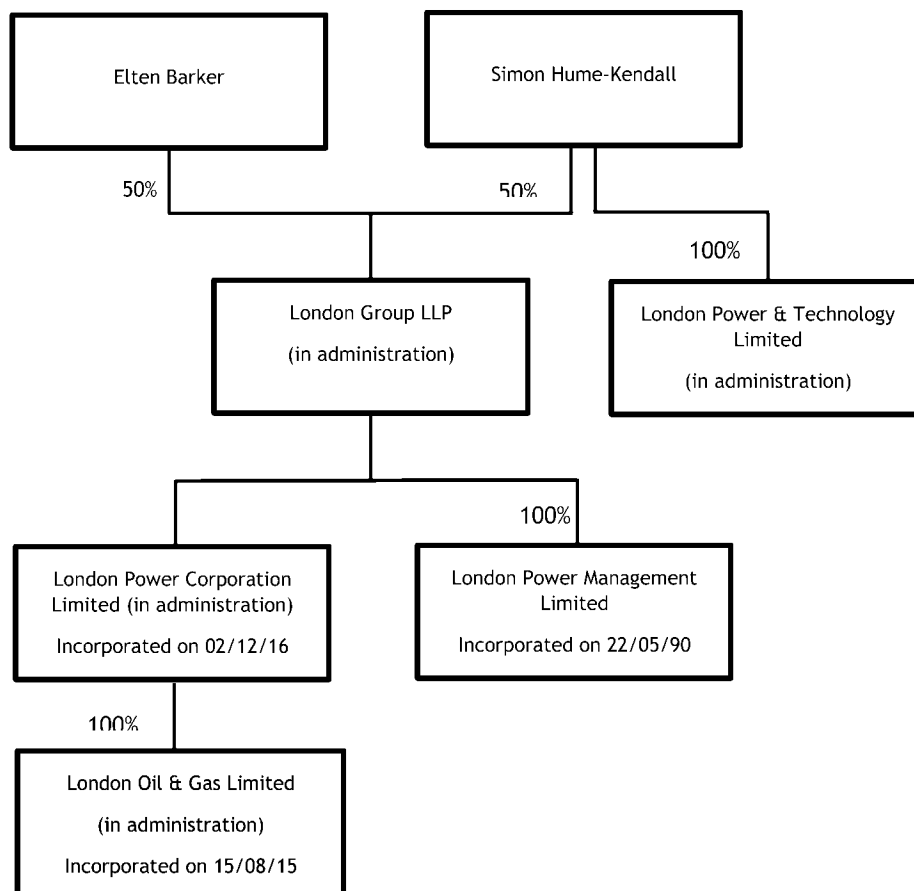
VIII Borrower Schedule - ‘London Group’

London Group loan position:

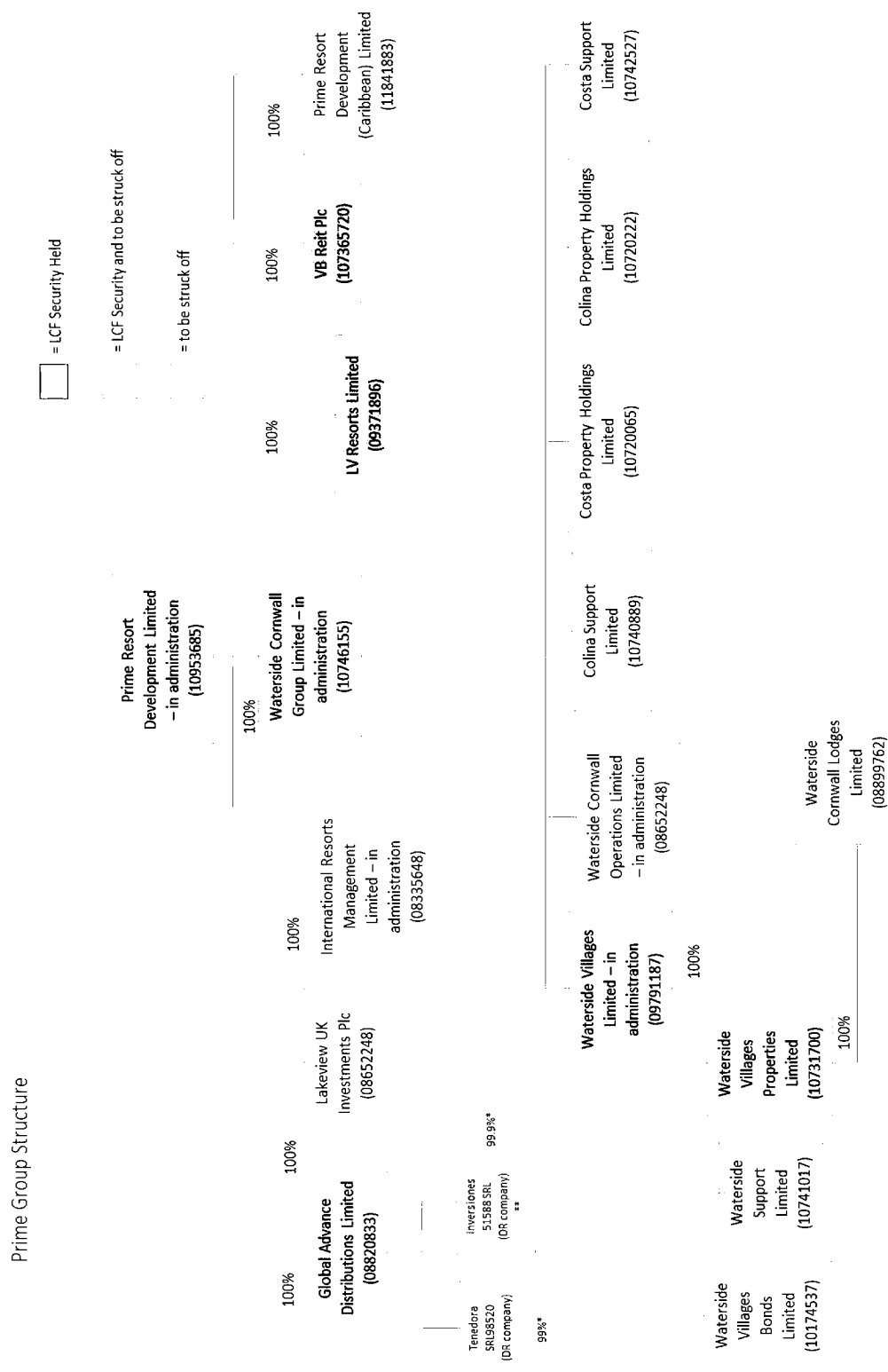
Debtor	Sum advanced (£m)
Independent Oil & Gas plc (“IOG”)	34.6
London Group LLP (“LG”)	32.6
London Power Corporation Ltd (“LPC”)	8.3
p/f Atlantic Petroleum (“AP”)	3.8
Intelligent Technology Investments Ltd (“ITI”)	3.8
Total	*83.1

* Note: This sum excludes any accrued interest, costs and other charges due and payable to LOG.

London Group structure diagram:



IX Group Structure Diagram - 'Prime'



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

Introduction

Detailed below are:

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

Staff allocation and the use of subcontractors

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

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

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

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

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

Use of professional advisers

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

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add best value and service to the assignment.
- The expertise and experience of the service provider;
- The provider holds appropriate regulatory authorisations;
- The professional and ethical standards applicable to the service provider.

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

Disbursements

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

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

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

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

Charge out rates

A schedule of Smith & Williamson LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved. The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2020.

Smith & Williamson LLP	London office	Regional
Restructuring & Recovery Services	£/hr	offices
Charge out rates as at 1 July 2020		£/hr
Partner / Director	580-710	376-432
Associate Director	580	352
Managers	350-500	216-304
Other professional staff	225-580	144-192
Support & secretarial staff	130	80

Smith & Williamson LLP	London office	Regional
Restructuring & Recovery Services	£/hr	offices
Charge out rates as at 1 July 2019		£/hr
Partner / Director	580-675	376-432
Associate Director	550	352
Managers	340-475	216-304
Other professional staff	225-475	144-192
Support & secretarial staff	125	80

Smith & Williamson LLP	London office	Regional offices
Restructuring & Recovery Services	£/hr	£/hr
Charge out rates as at 1 July 2018		
Partner / Director	565-650	360-380
Associate Director	525	290-320
Managers	250-365	225-310
Other professional staff	170-400	140-185
Support & secretarial staff	115	60-140

Notes

1. Up to 31 July 2020 time is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised, and London rates apply. The cashiering function time is incorporated within "Other professional staff" rates.

Smith & Williamson LLP	London office
Corporate Tax	£/hr
Charge out rates as at 1 July 2020	
Partner / Director	625-740
Associate Director	500
Managers	270-430
Other professional staff	95-230
Support & secretarial staff	65

Smith & Williamson LLP	London office
Corporate Tax	£/hr
Charge out rates as at 1 July 2019	
Partner / Director	575-690
Associate Director	460
Managers	245-400
Other professional staff	115-210
Support & secretarial staff	60

Smith & Williamson LLP	London office
Corporate Tax	£/hr
Charge out rates as at 1 July 2018	
Partner / Director	525 - 660
Associate Director	420 - 440
Managers	225 - 365
Other professional staff	190
Support & secretarial staff	100 - 120

Smith & Williamson LLP	London office
Forensics	£/hr
Charge out rates as at 1 July 2020	
Partner / Director	688
Associate Director	-
Managers	485
Other professional staff	315
Support & secretarial staff	-

Smith & Williamson LLP	London office
Forensics	£/hr
Charge out rates as at 1 July 2019	
Partner / Director	480
Associate Director	-
Managers	320-410
Other professional staff	240
Support & secretarial staff	-

Smith & Williamson LLP	London office
Forensics	£/hr
Charge out rates as at 1 July 2018	
Partner / Director	470
Associate Director	-
Managers	320-410

Smith & Williamson LLP	London office
Forensics	£/hr
Charge out rates as at 1 July 2018	
Other professional staff	240
Support & secretarial staff	-

www.smithandwilliamson.com

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

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