

The Investment Bank Special Administration (England and Wales) Rules 2011

Special Administrator's progress report**2.24B**

Name of Company HUME CAPITAL SECURITIES PLC	Company number 06920660
In the High Court of Justice, Chancery Division, Companies Court	Court case number 1960 of 2015

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

We (a) J Irving, M J Colman & A Duncan of Leonard Curtis, Tower 12, 18/22 Bridge Street,
Spinningfields, Manchester M3 3BZ

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

(b) Insert dates	from (b) 16 September 2015	to (b) 15 March 2016
------------------	-------------------------------	-------------------------

Signed



Joint Special Administrator

Dated

15 April 2016

Contact Details

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

Leonard Curtis	
Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ	
Ref MSV38	Tel 0161 831 9999
DX Number	DX Exchange

Companies House receipt date barcode

When you have completed and signed this form please send it to the Registrar of Companies at Companies

House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



A5508VQW

A15

16/04/2016

#256

COMPANIES HOUSE

ADMR224B 12-10-10

SATURDAY



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**HUME CAPITAL SECURITIES PLC
(IN SPECIAL ADMINISTRATION)**

Registered Number: 06920660

Registered Office Address: Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ

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

Court Ref: 1960 of 2015

**Joint Special Administrators' second progress report
in accordance with Rule 122 of the Investment Bank Special
Administration (England and Wales) Rules 2011**

**Report period
16 September 2015 to 16 March 2016**

15 April 2016

Leonard Curtis Business Solutions Group

Tower 12, 18/22 Bridge Street, Spinningfields,
Manchester M3 3BZ

Tel 0161 413 0930 Fax 0161 413 0931

Ref M/38/MSU/H757M/1010

CONTENTS

	Glossary of abbreviations used in this report
1	Introduction
2	Statutory Information
3	Joint Special Administrators' Proposals
4	Objectives of the Special Administration
5	Non Client Assets
6	Non Client Assets yet to be realised
7	Investigations
8	Receipts and Payments Account
9	Costs of the Special Administration
10	Estimated Outcome for Creditors
11	Regulatory Matters
12	Future reports

APPENDICES

A	Summary of Joint Special Administrators' Proposals
B	Summary of Joint Special Administrators' Receipts and Payments Accounts for the period from 16 September 2015 to 15 March 2016, and Cumulative up to 15 March 2016
C	Client Money Pool Receipts and Payments Account for the period from 16 September 2015 to 15 March 2016, and Cumulative to 15 March 2016
D	Schedule of expenses incurred for the period 16 September 2015 to 16 March 2016, and Cumulative up to 15 March 2016
E	Summary of Joint Special Administrators' Time Costs for the Period from 16 September 2015 to 15 March 2016
F	Additional information in relation to the policy of Leonard Curtis regarding Fees and Disbursements
G	Creditors' Statement of Claim Form

GLOSSARY OF ABBREVIATIONS USED IN THIS REPORT

Client / Creditor Definitions

Client Money Claimant	A client who may be entitled to participate in the client money pool
Client Asset Claimant	A client who may be entitled to assets held by XCAP (being shares and securities)
Creditor	A client who is not entitled to participate in the CMP nor entitled to assets held by XCAP, or Any Client with a shortfall, or Any other creditor who is owed an amount from the Company

NB All subject to adjudication by the Joint Special Administrators

Other Definitions

AIM	Alternative Investment Market
BoE	Bank of England
CASS	The Client Asset Sourcebook
CMP	Client Money Pool
CAP	Client Asset Costs
DWF	DWF LLP
DWT	David W Taylor
EIM	European Investment Management Limited
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
JSA	The Joint Special Administrators, being J Irving, M Colman and A Duncan
LCBSG	Leonard Curtis Business Solutions Group
LSE	London Stock Exchange
PPE	Primary Pooling Event
The Act	The Insolvency Act 1986 (as amended)
The Board	The board of directors of the Company
The Company	Hume Capital Securities Plc
The Group	The Company and its subsidiaries
The Regulations	The Investment Bank Special Administration Regulations 2011
The Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
The Custodian	XCAP Nominees Limited

TO: THE REGISTRAR OF COMPANIES
ALL CLIENTS
ALL CREDITORS

1 INTRODUCTION

1.1 This report has been produced in accordance with Rule 122 of the Rules to provide creditors and clients with an update on the progress of the Special Administration of Hume Capital Securities Plc ("the Company") for the period from 16 September 2015 to 15 March 2016. This is the Joint Special Administrators' second progress report to creditors and clients.

1.2 Much of the information contained in this report encompasses the whole period of the Special Administration. Please be aware, however, that where reference is made to "the period of this report", this specifically means 16 September 2015 to 15 March 2016, being the period of 6 months since the last progress report.

2 STATUTORY INFORMATION

2.1 J Irving, M J Colman and A Duncan were appointed as Joint Special Administrators ("JSA") of Hume Capital Securities Plc ("the Company") in the jurisdiction of the High Court of Justice, Chancery Division, Companies Court, number 1960 of 2015 on 16 March 2015 at 10.47am, by order of the Court.

2.2 The Special Administration is being handled by the Leonard Curtis Business Solutions Group ("LCBSG"), which is situated at Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ.

2.3 The Company traded from premises located at 1 Carey Lane, London, EC2V 8AE ("Carey Lane") and 1st Floor, Crown House, Manchester Road, Wilmslow, Manchester, SK9 1BH ("Crown House"). The business traded under its registered name.

2.4 The registered office address of the Company at the date of appointment of the Special Administrators was 1 Carey Lane, London, EC2V 8AE. Following the appointment of the JSA, this was changed to Tower 12, 18/22 Bridge Street, Spinningfields, Manchester, M3 3BZ. The registered number of the Company is 06920660.

2.5 For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended and as applied by Regulation 15 of the Investment Bank Special Administration Regulations 2011), it should be noted that during the period in which the Special Administration Regime is in force, any act or function required to be authorised under any enactment to be done by the JSA may be exercised by all or any of the persons holding that office.

2.6 Please note that the EC Regulation on Insolvency Proceedings 2000 (1346/2000) does not apply to the Special Administration.

3 JOINT SPECIAL ADMINISTRATORS' PROPOSALS

3.1 Attached at Appendix A is a summary of the JSA's approved proposals for achieving the JSA's statutory objectives, as detailed below.

3.2 The proposals were approved by the Company's creditors and clients on 22 May 2015.

3.3 There have been no major amendments to, or deviations from, the proposals during the course of the Special Administration to date.

4 OBJECTIVES OF THE SPECIAL ADMINISTRATION

THE OBJECTIVES

4.1 The JSA statutory objectives ("the Objectives") are set out in the Regulations being

- (1) To ensure the return of Client Assets as soon as reasonably practicable,
- (2) To ensure timely engagement with market infrastructure bodies and the authorities pursuant to Regulation 13, and
- (3) To rescue the Investment Bank as a going concern or wind it up in the best interests of creditors

4.2 There is no requirement to pursue the Objectives in a particular order and in practice the JSA initially sought to pursue all three of the Objectives simultaneously. However, given the default status issued by LSE, it became apparent shortly after the JSA's appointment that the first part of Objective 3, namely the rescue of the Company as a going concern, could not be achieved and therefore the JSA have sought to pursue objectives 1 and 2 simultaneously and expect to exit the Special Administration by way of dissolution.

4.3 The FCA have not given direction to the JSA under Regulation 16.

4.4 As detailed further below, the JSA have commenced the process of distributing the CMP and facilitating the return of Client Assets.

4.5 For the purposes of this section

- A client who may (subject to adjudication) be entitled to participate in the CMP is referred to as a **"Client Money Claimant"**,
- A client who may (subject to adjudication) be entitled to assets held by XCAP Nominees (mainly being stocks and shares) is referred to as an **"Client Asset Claimant"**, and
- Any client with a shortfall, and any client who is not entitled to participate in the CMP nor entitled to assets held in XCAP Nominees, and any other creditor who is owed an amount from the Company are referred to as **"Creditors"**

**OBJECTIVE 1 – TO ENSURE THE RETURN OF CLIENT ASSETS (INCLUDING CLIENT MONIES)
AS SOON AS REASONABLY PRACTICABLE**

4 6 CLIENT ASSETS (STOCKS AND SHARES)

- 4 6 1 As previously advised, the Client Assets were not held in the Company directly, but held by and registered in the name of XCAP Nominees Limited ("the Custodian"), a wholly owned, non-trading, nominee and subsidiary of the Company, which is controlled by the Company

Following their appointment, the JSA engaged Montpelier Chartered Accountants ("Montpelier") to assist in the reconciliation of client asset statements. Approximately 2,000 statements were reconciled and circulated to Clients on 29 April 2015, together with a letter from the JSA providing an update on the Special Administration. The JSA requested that following a review of their statements, each client confirmed whether they agreed with the reconciled position.

The total value of Client Assets held by the Company, as at 16 March 2015 has been estimated at £35,670,008.41, comprising Client Assets held between 780 accounts on behalf of 527 Client Asset Claimants.

4 6 2 Distribution Plan

On 22 May 2015, the JSA gave notice that a Bar Date of 5.00pm on 30 June 2015 had been set in accordance with Regulation 11 of the Regulations. Please note that the Bar Date provisions do not apply to Client Money Claimants.

Regulation 11 of the Regulations allows the JSA, if they think it necessary in order to expedite the return of Client Assets, to set a bar date for the submission of the following:

- (a) Claims to the beneficial ownership, or other form of ownership, of the client assets, or
- (b) Claims of persons in relation to a security interest asserted over, or other entitlement to, those assets.

A Bar Date is a date by which claims in the categories described above must be submitted.

Where the JSA set a Bar Date, they must return client assets in accordance with the Rules and shall not return client assets after the bar date without court approval of a distribution plan.

It should be noted that Rule 144(3) of the Rules does not allow the JSA to return any client assets until at least 3 months after the Bar Date.

As previously advised, following their appointment, the JSA conducted an extensive marketing exercise with a view to a sale of the Company's interest in the Client Assets, through a transfer of the shareholding of the Custodian, subject to the FCA's approval. Approximately 1,500 parties were circulated with the flyer and 11 parties expressed an initial interest.

The JSA had previously been approached by European Investment Management Limited ("EIM") to purchase the business and assets of the Company, including the interest in the Client Assets held by the Custodian. Furthermore, the JSA were approached by a number of clients advising that they would only consent to a transfer of their Client Assets to EIM. In such circumstances, the JSA accepted the offer submitted by EIM and provided them with an exclusivity agreement pending a transfer to them through the Bar Date process.

The rationale for transferring client assets to EIM in its entirety is to avoid the partitioning of the Client Assets. The Company's infrastructure would make the partitioning and the subsequent transfer of Client Assets to a number of new custodians difficult, time consuming and costly, and in the case of certain

unit trusts held by the Company, unworkable. This would result in a significantly protracted and costly distribution process.

On 22 May 2015, the JSA circulated Consent Forms to all Client Asset Claimants together with a request that each Client express whether they consented to the transfer of Client Assets to EIM ("the Transfer"). The JSA are aware that some clients may ultimately want their Client Assets to be transferred to an alternative broker and it has been agreed that EIM will allow for onward transfers following the transfer upon a client's request.

Following approval from the appointed Committee, the JSA made an application to the High Court of Justice on 30 October 2015, for approval of the Distribution Plan to return Client Assets, prepared in accordance with the Rules ("the Distribution Plan"). The Distribution Plan was approved by Court, without modification on 20 November 2015 ("the Transfer Date").

As previously advised, all Client Assets were held by and registered in the name of the Custodian, XCAP Nominees Limited, under the ultimate control of the Company. Pursuant to the Distribution Plan, shortly after the Transfer Date, the Company's shareholdings held in the Custodian were transferred to EIM. Following the Transfer, the Custodian held all Client Assets on trust for the JSA and the Company pursuant to the terms of the Distribution Plan, pending the return of the Client Assets in accordance with the Client's instructions (or otherwise).

4.6.3 Costs of returning Client Assets

The JSA are unable to release Client Assets until such time that the Fixed Costs attributable to dealing with the return of Client Assets, have been met and the Client has elected how their Client Assets are to be returned to them.

Each Client Asset Claimant will be charged a fixed cost of £4,992.63 per Client Asset account. The following options are available to Asset Clients in order to pay or otherwise discharge the Client Asset Costs:

1. The "Cash Option", whereby a Client may pay to the JSA the Client Asset Costs in Sterling by cheque (which must clear) or by bank transfer, or
2. The "Liquidation Option", whereby a Client may instruct the JSA to liquidate a sufficient amount of its assets to enable the Client Asset Costs to be discharged out of the proceeds of such liquidation (for which further costs may be incurred), or
3. Payment or discharge from any other source, including (where appropriate) by compensation from the FSCS.

Please note, no fixed charge will be applied to Client Asset accounts that have a £nil value at the date of the JSA appointment.

As previously advised, the FSCS can compensate eligible clients for the time spent and costs and charges incurred by the JSA in dealing with and returning the Client Assets. The FSCS will assess each claim for eligibility and also ensure that the claim, when added to any previous claims in this matter, does not exceed the maximum individual compensation limit of £50,000.

In order to expedite the return of Client Assets to clients, the FSCS agreed with the JSA to pay compensation in respect of the Client Asset Costs directly to the Company, as opposed to the costs being paid by the Client directly. As such, each client with known eligibility has been forwarded a FSCS Consent Form, whereby Clients can indicate whether they consent to the FSCS paying the Client Asset Costs directly to the Company. Alternatively, Clients can choose to discharge these costs directly with the Company via options 1 or 2, as detailed above.

To date, the JSA have received 401 direct payments from the FSCS in respect of Client Asset Costs. A further 171 payments have been made in respect of Client Asset accounts, where the client has chosen to discharge the Fixed Costs directly with the JSA.

The FSCS have advised that, should their eligibility be confirmed at a later date, compensation should be available to those Claimants who have made direct payment to the JSA, up to the maximum individual compensation limited of £50,000.

4.6.4 Distribution of Client Assets

As defined in the Distribution Plan, a Transferred Claimant means a Client Asset Claimant (including potential claimants) with accepted asset claims:

- (i) That have consented to the Transfer in the consent form, or
- (ii) They have instructed the JSA, by completing and returning the Instruction Form, and the Fixed Costs charged to the Client's Assets have been discharged to the satisfaction of the JSA in accordance with clause 11 of the Distribution Plan.

Following the Transfer Date of 20 November 2016, Instruction Forms were distributed to all Non-Transferred Claimants on 3 December 2016, in accordance with the Distribution Plan.

A total of 660 Client Asset accounts are now regarded as Transferred. A further 6 Clients have returned their Instruction Forms detailing their request to transfer out of EIM. EIM confirmed on 15 March 2016 that the transfers were underway and should be completed shortly.

Currently, there are 114 Client Asset accounts that are still regarded as Non-Transferred Claimants. A large proportion of which are yet to have their assessment confirmed by the FSCS. The JSA are continuing to liaise on a weekly basis with the FSCS with regards to any progress made on the outstanding assessments.

It should be noted that there are a number of FSCS application forms which have yet to be returned to the FSCS. Please note, the FSCS are unable to make an eligibility assessment without a completed application form.

All Non-Transferred Claimants who have yet to have their Client Assets returned to them and are not aware of any pending application with the FSCS, are required to contact Megan Singleton at their earliest convenience on 01772 646180 or via email to hcs@leonardcurtis.co.uk, to ensure that any matters which remain outstanding may be dealt with, with a view to returning assets to Clients.

4.7 CLIENT MONEY POOL

- 4.7.1 As previously advised, the appointment of the JSA created a primary pooling event ("PPE") at 10.47AM on 16 March 2015. A PPE triggers the notional pooling of all client money held in the designated client money accounts creating the Client Money Pool ("CMP"), which will be dealt with in accordance with the FCA Client Money Distribution Rules (CASS 7A) ("CASS 7A").

Following their appointment, the JSA undertook a reconciliation of the client money held in the CMP that they were able to identify and of any entitlement apparent from the client account records. Following the reconciliation on 29 April 2015, statements were circulated to each client to show their reconciled cash position, together with a reconciled position of the stocks and shares. At this time, the JSA requested that each client confirm whether they agree with their statement.

4.7.2 Client Money Distribution Procedure

On 10 August 2015, the English High Court made an Order approving a procedure by which the Client Money held by the Company should be distributed to clients. The rules governing the client money distribution procedure are set out in Schedule A of the Order ("Client Money Distribution Procedure").

The total funds available for distribution in the CMP is £5,193,642.95, being the amount held in the CMP less the shortfall in the CMP. The shortfall in the CMP is comprised of the costs properly attributed to the distribution of the CMP, which have been calculated at £1,500,743.84, which also includes a sum of £45,582.46, being debts owed to the CMP ("CMP debt").

The CMP debt relates to trades settled prior to the PPE, but for which the client failed to deposit the required settlement monies with the Company, with the consequence that the Company settled the trades with monies which would otherwise be pooled as part of the CMP. To date, an amount totalling £31,210.88 has been recovered in respect of the debts due to the CMP. The JSA will continue to pursue the outstanding balances due to the CMP.

On 20 August 2015, the JSA gave notice that the first and final distribution of the CMP would be made within the period of two months following the last date for proving. The last date for proving was 5.00pm on 2 October 2015, as such, the distribution was due to be paid before 1 December 2015.

Shortly prior to the distribution deadline, as there remained a significant number of Claimants who had yet to have their eligibility assessed, the JSA were unable to distribute and as such, were required to delay the distribution until such time that the FSCS had completed their assessment determinations as detailed at 4.15.3 below.

On 27 November 2015, the JSA issued notice in accordance with Rule 8 of the Client Money Distribution Procedure, that the first and final distribution of the CMP shall be postponed for a period of two months from 27 November 2015.

A 2nd postponement notice was issued on 22 January 2016. A 3rd postponement notice was issued on 18 March 2016, advising that the first and final distribution of the CMP shall be postponed for a period of two months from 18 March 2016.

4.7.3 Costs associated with the Client Money Distribution Procedure

As detailed at 4.7.2 above, the shortfall in the CMP comprises the costs properly attributed to the distribution of the CMP and the debts due to the CMP. The total shortfall of £1,500,743.84 has charged against each Client Money Claimant via a fixed charge of £3,172.82.

4 7 4 Distribution of the CMP

- 4 7 4 1 To date, 233 Client Money Claimants have received cleared payments totalling a collective sum of £1,084,643 66 from the FSCS, in respect of Client Money funds held by the Company as at 10 47am on 16 March 2015

Upon cleared payment, the Client Money Claimant's rights to the Claim are immediately assigned to the FSCS. As such, the FSCS are entitled to prove in the CMP in respect of these assigned claims

The FSCS have issued a further 25 payments to Client Money Claimants totalling a collective amount of £40,084 91. These payments have yet to be cashed by the relevant Claimants and as such, a proportion of these cheques have since expired. Such claims as these will not be assigned to the FSCS until such payments have cleared

- 4 7 4 2 There are a proportion of Client Money Claimants, with underlying clients, whereby the JSA have been advised do not meet the eligibility criteria for compensation from the FSCS. As such, the relevant Client Money Claimants have been contacted directly by the JSA in order to agree how the Fixed Costs associated with the Client Money Distribution and the Client Asset Distribution are to be discharged for their underlying client base

As detailed in 4 7 3 above, the JSA have been required to postpone the first and final distribution of the CMP due to the on-going eligibility assessment process being carried out by the FSCS. As explained briefly above, there are 3 Client Money Claimants, who are holding Client Money and Client Assets on behalf of a significant number of underlying clients, who appear to be ineligible to receive compensation through the FSCS and as such, will not undertake the application form process as detailed at 4 15 3 below. The FSCS advised that this process could not be avoided. Following this decision, the JSA sought advice from DWF on how they may explore the option of an interim distribution, which may enable the JSA to distribute to those clients who appear to be unable to claim via the FSCS. The JSA approached the FCA on 25 November 2015 with their proposal on this matter. The FCA subsequently confirmed that CASS policy has no objection to the JSA making an (interim) distribution in two tranches, as previously advised.

Shortly following the FCA's consent, it became evident that the application process would continue for a significant period, due to vast majority of Batch 2 Claimants with outstanding FSCS application forms yet to be processed. As such, the JSA sought further legal advice regarding the effect of an interim distribution on the remaining clients should there be a requirement for a further postponement of the distribution of the CMP.

At the date of the JSA appointment, the CMP held deposits in Sterling, US Dollars and Euros. In accordance with the Client Money Distribution Procedure, the JSA are at liberty to convert the funds comprising the fund of client money into a single currency prior to distributing. On 16 December 2015, shortly after the legal consultation of this matter, the JSA took steps to convert all currency held into Sterling.

Due to various banking constraints, the bank confirmed that the foreign currency exchange was completed on 11 January 2016. Following which, the JSA took steps to distribute the funds held on behalf of two Client Money Claimants, each of which held funds in respect of a collective 159 underlying clients and a further corporate Client Money Claimant with a significant Client Money holding, who had chosen to avoid the application form process at this time. The JSA are in receipt of claims totalling £5,124,511 45 in respect of the three Client Money Claimants. These Client Money Claimants have now received their CMP distribution, less Fixed Costs.

Once the FSCS have completed their application form process, the JSA will seek to distribute the remaining funds held in the CMP.

All Client Money Claimants who have yet to receive a distribution (either via the FSCS or otherwise) and are not aware of any pending application with the FSCS, are required to contact Megan Singleton at their earliest convenience on 01772 646180 or via email to hcs@leonardcurtis.co.uk, to ensure that any matters which remain outstanding may be dealt with, with a view to distributing monies due to Clients.

4 8 POST POOLED CLIENT MONIES

- 4 8 1 Following the JSA appointment, there was a significant number of cheques and payments received in respect of dividends and corporate actions which have occurred following the PPE

Under the CASS rules, the JSA are required to reconstitute the payment arrangements of dividends to the JSA dividend trust accounts on behalf of clients. We have considered this approach and believe that to contact all entities that pay dividends to the Company directly with new account details would be untimely and costly to administer. Consequently, a formal application was made to the FCA to have the CASS rules waived to the extent that the original payee amounts are maintained to receive dividends on an ongoing basis.

Following our appointment, the JSA, together with Euroclear and several other parties, have co-ordinated the re-enablement of the CREST system, to allow the transfer of dividends received post appointment to the JSA. The CREST system has since been re-enabled and continues to receive the dividends on a regular basis.

- 4 8 2 As reported in our last report, the Company contracted an overseas share-dealing platform ("the Platform") to provide custody services in respect of non-UK securities. The Company was unable to provide such services itself and accordingly contracted the Platform to do so. During the course of the Special Administration, the JSA have continued to liaise with the Platform in respect of the funds and holdings held on behalf of the Company, so that the JSA may confirm that the records held by the Company are correct.

Although the Platform had previously confirmed that the records held by the Company were correct, the Platform has since informed the JSA that a balance of £208,328.11 is due to the Company in respect of Client monies, a proportion of which relates to the period prior to the PPE and a proportion thereafter, as detailed below:

- i £129,149.50 is due in respect of the period prior to the PPE, and
- ii £79,178.61 is due in respect of the period post the PPE

Following confirmation of which, the JSA sought advice from both their appointed solicitors and the FCA concerning how to deal with such funds. It was subsequently advised that the funds received should be dealt with in accordance to the period for which they were due. As such, the funds due in respect of the period prior to the PPE have been incorporated in the CMP in accordance with CASS 7A and the post PPE funds have been distributed to the relevant clients accordingly.

- 4 8 3 Post PPE monies received as a result of corporate actions or dividends issued after 16 March 2016, and up to and including 1 October 2015, were returned to all relevant clients on or around 28 October 2015. Shortly afterwards on 29 October 2015, the JSA issued consolidated tax certificates to all clients for the period 6 April 2014 to 5 April 2015. It should be noted that prior to the re-enablement of CREST, the JSA were unable to obtain full visibility of the dividends received into CREST and as such, had insufficient information to complete the tax certificates by the required deadline of 31 May 2015.
- 4 9 On 31 March 2016, all post PPE monies received by the JSA on and after 2 October 2015, up to 8 March 2016 (inclusive) were returned to all relevant clients.
- 4 10 To date the JSA have returned £718,427.79, \$6,384.49 and €45,719.71 to Clients in respect of post PPE received by the Company. Please note that following the sale of the Transfer of Client Assets to EIM, the JSA do not anticipate any future receipts of this kind.

4 11 Leasehold premises

The back office function of the Company is based at leasehold premises situated at Crown House, Station Road, Wilmslow SK9 1BH ("Crown House") At the date of appointment, the rent and service charge had been paid in full for the quarter up to 25 March 2015 As previously advised, the JSA were required to retain occupancy of the premises until the Company had ensured the return of client assets, as per Objective 1

Following the Transfer of Client Assets to EIM, the JSA had no required to remain in occupation at Crown House and as such, vacated the premises on 23 December 2015

4 12 IT Infrastructure

As previously advised, following their appointment, the JSA retained only the key service lines required to achieve the Objectives and ensure the return of both Client Assets, Client Money and Post PPE receipts to Clients

Following on from the events detailed above, all service lines have since been terminated by the JSA

4 13 Trading and employees

Shortly prior to our appointment, all trading platforms were closed, and no trades were placed or settled following our appointment

In order to assist the JSA to achieve Objective 1, seven employees were initially retained by the JSA in order to allow a full reconciliation of client positions, produce valuation statements

The JSA regularly reviewed this position and the proportion of staff retained by the JSA was reduced accordingly at various stages of the Special Administration

Two key members of staff were retained by the JSA up to 23 December 2015 in order to assist with the distribution of the CMP, the Transfer of the Client Assets to EIM and assist with the further reconciliations that were required as regards dividend receipts and corporate actions

Following notice of their redundancy in December 2015, a key member of staff returned on a consultancy basis so to ensure that the relevant reconciliations and allocations were completed with regards to post PPE receipts received after this date As such, a consultancy fee of £1,380 has been paid to Paul Scanlon for the work completed on this matter

OBJECTIVE 2 – TO ENSURE TIMELY ENGAGEMENT WITH THE MARKET INFRASTRUCTURE BODIES AND AUTHORITIES

4 14 FCA

As previously disclosed, the FCA was consulted extensively during the period immediately prior to and following the Joint Special Administrators' appointment by both LCBSG and DWF

The JSA continued to liaise closely with the FCA throughout the Special Administration, in relation to a variety of matters

The FCA were consulted by the JSA prior to filing both their applications to Court with regards to the Client Money Distribution Procedure and the Distribution Plan. The FCA confirmed that they did not object to the application on both instances

4 15 FSCS

4 15 1 Client Asset Claimants

As detailed at 4 6 3 above, following consent from the Client Asset Claimant, the FSCS have agreed to pay compensation in respect of the Client Asset Costs directly to the JSA, as opposed to the costs being paid by the Client directly

As such, each Client with known eligibility has been forwarded a FSCS Consent Form, whereby Clients can indicate whether they consent to the FSCS paying the Client Asset Costs directly to the Company. Alternatively, Clients can choose to discharge these costs directly with the Company via options 1 or 2, as detailed at 4 6 3 above

As detailed above, to date, the FSCS have made payment in respect of 401 Client Asset Accounts. It is understood that a further 8 payments are currently being processed by the FSCS and should be received by the JSA shortly

4 15 2 Client Money Claimants

As detailed at 4 7 4 1 above, the FSCS have issued payments to a total of 258 Client Money Claimants. Of this amount, 233 claimants have cashed their cheques and as such, received their Client Money funds held on appointment in full. Of the payments issued, 11 have yet to clear, 1 claimant has advised that they do not wish to cash the cheque and a further 13 cheques have expired

Upon cashing the cheque (should the Client choose to do so), all of the Client's rights to the Claim are immediately assigned to the FSCS. The FSCS are then entitled to prove in the CMP in respect of the assigned claims

If the Client Money Claim is for a sum greater than £50,000, the FSCS will take assignment for the whole of the claim upon payment of the compensation. The FSCS will then distribute to the Client the dividend it receives from its claim in the CMP, in accordance with the FSCS COMP Rules and ensuring that the Money Client is compensated as per their entitlement

4 15 3 FSCS Assessment for compensation

As part of their compensation process, the FSCS divided claimants into two batches - Batch 1 and Batch 2

All individual private clients with single accounts ("Batch 1 Claimants") are automatically regarded as eligible and in order to expedite matters, avoided the requirement to submit a formal application for

compensation to the FSCS. Once their claims were agreed and any necessary consents were obtained, the FSCS will issue compensation accordingly.

All non-individual clients, which includes corporate entities, together with any clients who held multiple or joint accounts ("Batch 2 Claimants") are required to complete and submit an application form to the FSCS, so that an eligibility assessment can be carried out on each Claimant. The FSCS advised that this process would also allow for the FSCS to monitor any payments made to each claimant so to ensure that the individual compensation limit of £50,000 was not exceeded.

It should be noted that the JSA made further enquiries with the FSCS with regards to the requirement for Batch 2 Claimants to complete and return an application form. The FSCS advised that this process could not be avoided. The FSCS have advised that ordinarily an application process of this kind can take up to 6 weeks to complete. It should be noted that the FSCS have advised that they aim to complete this application form process within a reduced timescale.

The JSA continue to work closely with the FSCS with regards to the compensation due to Claimants and to assist the FSCS where appropriate, with any additional information that may be required.

4.16 Euroclear / CREST

As previously disclosed, at the date of appointment, there were a number of open transactions which remained unsettled in CREST. CREST has since been re-enabled and these transactions have been cancelled. The re-enablement of CREST has also enabled the JSA to release all dividends and corporate action receipts which were received into CREST following the PPE. As detailed at 4.8 above, all post PPE monies received by the JSA have now been returned to the respective Clients.

The JSA have also liaised extensively with Euroclear in order to ensure that the transfer of Client Assets to EIM was completed, in accordance with the Distribution Plan.

Following which, the JSA issued a notice of termination of services to Euroclear, as the facility was no longer required.

4.17 LSE

Since appointment, the JSA have continued to liaise with the LSE and assisted with contacting each of the relevant counterparties to ensure each open transaction was subsequently cancelled. As confirmed in 4.14 above, the JSA and LSE have since successfully completed this exercise.

4.18 Cofunds

Since appointment, the JSA provided regular updates to Cofunds as regards the JSA progress and strategy. The JSA conducted a similar exercise with Cofunds to ensure that the transactions which remained open in Cofunds were subsequently canceled. This exercise has since been completed.

OBJECTIVE 3 – TO RESCUE THE COMPANY AS A GOING CONCERN OR WIND IT UP IN THE INTERESTS OF THE CREDITORS

- 4 19 As previously advised, as it was not been possible to rescue the Company as a going concern, the JSA have concentrated on an orderly wind down of the remainder of the Company's affairs in the best interests of the creditors and the clients, whilst seeking to secure and protect the position of clients

5 NON CLIENT ASSETS

5.1 Office furniture and IT equipment

At the date of appointment, the Company owned office furniture and IT equipment consistent with its trading function. These assets are located at both the Wilmslow and London premises.

Following their appointment, the JSA instructed Cerberus Asset Management ("Cerberus") to provide a valuation of these assets. Cerberus attributed a collective forced sale value of £2,150 with regards to the office furniture and equipment held at the Wilmslow Premises and at the London premises.

Following our appointment, the JSA were advised that the majority of the office furniture located at the London premises was not the property of the Company. The portion of office furniture held in the London premises which was owned by the Company was subsequently sold to Peterhouse Corporate Finance Limited for a sum of £1,000 plus VAT.

The office furniture located at the Wilmslow premises was utilised by the Joint Special Administrators in order to receive a 50% deduction on rent and car parking charges, resulting in a £10,449 credit.

Once the JSA have completed the Transfer of Client Assets to EIM and vacated the offices at Wilmslow, the IT equipment held on the premises was sold at auction for a total sum of £1,185 plus VAT.

An offer of £458.33 plus VAT was received from EIM to purchase the TV's owned by the Company. This offer was accepted following the advice of our appointed agents, Cerberus.

The Company's IT systems were administrated by Purple Matrix, a firm based in London. Following the JSA's vacation of the Wilmslow premises, the JSA terminated these services. Following which, Purple Matrix advised they were holding a server on behalf of the Company. A offer of £1,250 plus VAT was subsequently received from Purple Matrix to purchase the server. This offer was accepted following the advice of our agents, Cerberus.

5.2 Balance at Bank (House accounts)

At the date of appointment, a balance of £158,105.61 was held in the Company's current accounts. This balance has since been received into the JSA bank account.

5.3 Sale of hospitality tickets

Prior to the Special Administration, the Company had purchased a hospitality package for The Grand National at Aintree Racecourse. A total amount of £2,344.18 was paid in this regard. Following appointment, a former employee of the Company, James Igoe, expressed his interest in purchasing the tickets. As a refund was not available from the event organiser, an offer of £1,406.51 plus VAT was subsequently accepted and received for the tickets.

5.4 Sundry Receipts

There were a number of unsettled trades at the time that the Company's default was declared. The LSE has now completed their final determination with regards to the unsettled trades. Subsequently, a refund of £20.84 has been received from the Share Centre in respect of charges applied to the unsettled trades.

5.5 Sundry Debtors

At the date of appointment, there was a balance of £95,273.77 due to the Company in respect of sundry debtors. The balance comprised of a variety of pre-payments and deposits paid by the Company in

advance for services To date, an amount of £24,395 91 has been received in respect of refunds due to the Company

5 6 Rates Refund

An amount of £2,794 78 has been received in respect of a rates refund due to the Company in respect of Carey Lane, London

5 7 VAT Refund

Following their appointment, the JSA completed pre-appointment VAT returns to HMRC A refund of £9,837 75 has been received in this regard

5 8 Warrants

The Company has a number of stock warrants giving the Company the right to purchase various companies' stock at a specific price at a specific date The Company currently holds 14 stock warrants with final exercise dates ranging from 22 May 2015 to 2 February 2018 The JSA marketed the Company's warrants for sale, however, it was subsequently advised that the JSA were not able to re-assign the warrants and as such, could not complete any such sale

5 9 Shares in Subsidiaries

5 9 1 Hume Capital Management Limited ("HCM") and Hume Capital Guernsey Limited ("HCG")

We have reviewed the financial position of each of the subsidiaries of the Group, to determine if any recoveries are possible for the benefit of the Company

Both Hume Capital Management Limited ("HCM") and Hume Capital Guernsey Limited ("HCG") are not subject to any insolvency procedure and were trading Following their appointment, the JSA explored the possibility of selling the shares in these subsidiaries

As previously reported, the Company held shares in HCM and HCG which undertook fund management activities with c £95m under management

An investment flyer was sent to potential interested parties, resulting in 55 non-disclosure agreements being issued Following discussions between a shortlist of interested parties and the Guernsey registered protected cell which contracted with HCG, two offers were received for the shares in HCM and HCG The higher offer, received from Peterhouse Corporate Finance Limited ("PCF"), was accepted The offer provided that £190,000 would be payable on exchange with a balance of £10,000 being payable on PCF receiving consent from the FCA regarding change of ownership

Contracts were exchanged on 19 May 2015 and following PCF receiving approval from the FCA, the contract completed on 1 September 2015 and a total balance of £200,000 has since been received

The proceeds from the sale net of costs have been remitted to TCA Credit Fund LP, under their security previously registered against the Company

5 9 2 XCAP Nominees Limited ("the Custodian")

As detailed at 4 6 2, the Company's shareholding held in the Custodian were transferred to EIM for a sum of £1

A further payment of £9,999 was paid by EIM on completion of the Transfer Agreement in respect of costs incurred in the preparation, drafting and negotiation of the Transfer Agreement

5 10 Interest

A total sum of £1,381 02 has been received in respect of interest accrued to date on the bank accounts held by the JSA

6 NON CLIENT ASSETS YET TO BE REALISED

6 1 Sundry debtors

As detailed in at 5 4 above, the JSA will continue to pursue any balances due to the Company that may be recoverable

7 INVESTIGATIONS

7 1 As previously reported, following their initial assessment, no detailed investigations were considered to be required by the JSA. Nothing further has been brought to the attention of the JSA in the period of this report

8 RECEIPTS AND PAYMENTS ACCOUNT

8 1 Attached at Appendix B are the JSA Receipts and Payments Accounts covering the period from 16 September 2015 to 15 March 2016, and cumulative up to 15 March 2016

8 2 Attached at Appendix C is the Client Money Pool Receipts and Payments Accounts covering the period from 16 September 2015 to 15 March 2016, and cumulative up to 15 March 2016

9 COSTS OF THE SPECIAL ADMINISTRATION

9 1 The professional costs of the Special Administration to date can be split into the following categories

- The costs incurred by LCBSG and DWF LLP in connection with the Court application,
- The Pre-Administration costs incurred by LCBSG and DWF LLP,
- The JSA Post-appointment costs, and
- The JSA disbursements

These are explained further in the paragraphs below

9 2 Costs Connected with the Court Application

9 2 1 As previously advised, the costs incurred in connection with the Court application are set out below

Charged by	Services provided	Total amount charged	Amount paid	Amount unpaid
		£	£	£
LCBSG	Preparation of documents	3,241 40	0 00	3,241 40
LCBSG	Court related issues	1,524 00	0 00	1,524 00
DWF LLP	Costs incurred in connection with the Court application	25,514 64	25,514 64	-
Total		30,280 04	25,514 64	4,765 40

9 2 2 The Court ordered that the costs of and incidental to the application (including legal and accountancy costs incurred therewith) be paid as an expense of the Special Administration

9 3 Pre-Administration Costs

9 3 1 On 22 June 2015, the Committee consented to the following pre-appointment fees charged and expenses incurred being paid as an expense of the administration

Charged by	Services provided	Total amount charged	Amount paid	Amount unpaid
		£	£	£
LCBSG	Pre-appointment costs*	71,763 70	0 00	71,763 70
DWF LLP	Pre-appointment costs*	38,866 67	0 00	38,866 67
Total		110,630 37	0 00	110,630 37

* Please note a detailed description was provided in the Joint Special Administrators' Report and Statement of Proposals, dated 7 May 2015

9 3 2 The pre-appointment costs for both LCBSG and DWF LLP have been calculated on a time costs basis

9 4 JSA Remuneration

9 4 1 On 22 June 2015, the Committee approved that the JSA be authorised to draw their remuneration by reference to time properly given by the JSA and their staff in attending to matters arising in the Special Administration. It was also agreed, that the JSA be authorised to draw fees on account of time costs incurred to date, as and when funds permit, and that the timing of future drawdowns against future time costs incurred are to be agreed by the Committee. Approval was also received to draw category 2 disbursements as detailed at Appendix D.

9 4 2 The JSA are entitled to receive remuneration for services given in respect of

- The pursuit of Objective 1 – to be paid out of the client assets held by the Company
- Dealing with the distribution of client monies – to be paid out of the CMP, and
- The pursuit of Objectives 2 and 3

9 4 3 The total time costs incurred to date are summarised below

	Hours No.	Rate / hr £	Total value of time £
Time previously reported	4,291 9	408 82	1,754,617 70
Time incurred in the period of this report	2,330 5	365 71	852,285 80
Total Administrators' time costs	6,622 4	393 65	2,606,903 50

9 4 4 The total time charged by the JSA for the period of this report amounts to £852,285 80 (across general costs, costs of dealing with Client Monies and costs of dealing with Client Assets). This represents 2,330 5 hours at an average rate of £365 71 per hour. Attached at Appendix E is a summary of the JSA post-appointment time costs to date, which also details how these costs have been allocated against general time costs, time costs incurred in association with Client Monies and time costs incurred in association with Client Assets. A detailed explanation for each is also attached.

9 4 5 JSA remuneration drawn to date in respect of general time costs total 64,494 84 plus VAT

9 4 6 JSA remuneration drawn to date in respect of time costs incurred in association with the distribution of the CMP total £454,969 47 plus VAT

9 4 7 JSA remuneration drawn to date in respect of time costs incurred in association with the distribution of Client Assets total £964,006 94 plus VAT

9 4 8 Further guidance may be found in "A Creditors' Guide to Administrators' Fees", although it should be noted that the requirements for approval of the JSA remuneration differ from an ordinary Administration. This guide may be downloaded from <http://www.leonardcurtis.co.uk/resources/creditorsguides>. If you would prefer this to be sent to you in hard copy please contact Megan Singleton of this office on 01772 646180. As a result of the complexities associated with a Special Administration, the firm's complex rates have been applied in this case.

9 4 9 Appendix F also includes details of LCB SG's policies regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors.

9 5 Disbursements

Summased below are Category 1 and 2 disbursements incurred on the case since appointment

Category 1 disbursements

Charged by	Services provided	Total amount paid by LC £	Amount recovered from case £	Amount still to be recovered from case £
LCBSG	Postage	6,506 41	-	6,506 41
Courts Advertising	Statutory advertising	7,623 62	5,837 12	1,786 50
Creditor Web Pelstar	Document upload	2,207 80	107 80	2,100 00
Auctus	Collection of records and storage	883 77	544 06	339 71
Business tax centre	Money laundering checks	260 00	260 00	-
AUA Insolvency Risk Services	IP Bond	135 00	135 00	-
Total Data Management	Collection of records and storage	103 62	103 62	-
Pelstar Limited	Software licence	87 00	87 00	-
Companies House	Companies House searches	57 00	53 00	4 00
Total		17,864 22	7,127 60	10,736 62

Category 2 disbursements

Charged by	Services provided	Total amount paid by LC £	Amount recovered from case £	Amount still to be recovered from case £
LCBSG	Mileage @ 45p/mile	9,517 09	9,517 09	-
		9,517 09	9,517 09	-

9 6 Expenses of the Special Administration

The JSA have incurred expenses during the period of this report. These expenses are detailed at Appendix D. The schedule also indicates whether these expenses have been paid. Column 5 indicates where these expenses have been discharged by LCBSG and will be reimbursed from case funds as and when funds permit. The allocation for the recharge of the expenses is also detailed within the schedule.

- 9 7 The Company was VAT registered, however due to the activities carried out by the Company, the Company was partially VAT exempt. Following their appointment, the JSA instructed Harold Sharp Chartered Accountants to undertake a full review of the Company's VAT position. This review is yet to be concluded and as such, the JSA are uncertain as to the level of irrecoverable VAT. Subsequently, the expenses detailed at Appendix C are shown inclusive of VAT.
- 9 8 Please note, the quantum of certain expenses incurred but unpaid are based on best estimates available, given that certain expenses, such as electricity charges for the leased premises, are dependant on actual usage and are not known until invoices are received.
- 9 9 Attached at Appendix F is additional information in relation to the firm's policy on staffing, the use of sub-contractors, disbursements and details of current charge-out rates by staff grade.

9 10 Within 21 days of receipt of this report,

- i A secured creditor, or
- ii An unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- iii A client with the concurrence of clients claiming for at least 5% in value of the Client Assets (including the client in question), or

With the permission of the Court upon an application made within that period of 21 days, any unsecured creditor may make a request in writing to the JSA for further information about the remuneration or expenses (other than pre-administration costs)

9 11 In addition, unsecured creditors whose debts amount to at least 10% of the total value of the unsecured claims, any secured creditor, any client with the concurrence of at least 10% of the total claims in respect of client assets held by the Company (or with the permission of Court), or the FCA may apply to court, if they believe the remuneration charged or expenses incurred by the Joint Special Administrators to be excessive or the basis fixed for the Joint Special Administrators' remuneration to be inappropriate. Any application should be made within 8 weeks of receipt of this report.

10 ESTIMATED OUTCOME FOR CREDITORS

10 1 Secured Creditors

10 1 1 Barclays Bank PLC ("Barclays")

Barclays has the benefit of security by way of fixed and floating charges over the Company's assets. Barclays confirmed that the Company had no indebtedness as at the date it entered Special Administration.

10 1 2 TCA Credit Fund LP ("TCA")

TCA benefits from a debenture creating fixed and floating charges over the Company's assets. The indebtedness to TCA at the date of the Special Administration amounted to \$971,669.56 (approximately £615,924.48).

Following the sale of the shares of HCM and HCG, as detailed at 5.7 above, a distribution of £120,000 was made to TCA. There are insufficient funds available to enable a further distribution to be made to TCA.

10 1 3 David W Taylor ("DWT")

DWT holds security in the form of a debenture over the Company's assets. The Company's indebtedness to DWT as at the date of appointment of the JSA totalled £1,101,814. There are insufficient funds available to enable a distribution to be made to DWT under his security.

10 2 Preferential Creditors

10 2 1 The only categories of claims which have preferential status in this case are those of employees in respect of their arrears of wages and unpaid holiday pay. Such claims will be met by the Redundancy Payments Office ("RPO"), a department within the Department for Business, Innovation and Skills, who will then have a subrogated preferential claim in the Special Administration.

10 2 2 Preferential claims in respect of arrears of wages are capped at a maximum of £800 per employee. Any amount in excess of this will be an unsecured claim. Any holiday pay owing in excess of the applicable statutory limit will form the employee's residual preferential claim.

10 2 3 As at the date of the Special Administration, the Company had 29 employees. Following a detailed assessment of the work required to be completed, a number of employees were made redundant. A proportion of the employees were retained for varying periods during the course of the Special Administration, in order to assist the JSA in achieving the objectives of the Special Administration. All employees have since been made redundant.

10 2 4 Based on the information currently available, we estimate that the total preferential claims of the Company's employees will be £36,868.20. However, the JSA have yet to receive a statement of claim form from the RPO on this matter.

10 2 5 We do not anticipate that, after costs, there will be a distribution to preferential creditors in this matter.

10 3 Prescribed Part

10 3 1 The Act provides that, where the Company has granted a floating charge after 15 September 2003, the JSA must make a *prescribed part* of the Company's net property available to the unsecured creditors and should not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims.

10.3.2 Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential claims

10.3.3 The prescribed part is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter, subject to a maximum prescribed part fund of £600,000

10.3.4 The net property in this case is less than the prescribed minimum after costs and we consider that the cost of making a distribution of the prescribed part in this case to be disproportionate to the benefits

10.4 Unsecured Creditors

10.4.1 Unsecured creditor claims are split into three main categories

- i Client Money Claimant shortfall claims,
- ii Any client who is not entitled to participate in the CMP, nor entitled to assets held by XCAP Nominees, and
- iii Any other creditor who is owed an amount by the Company (to include Redundancy Payments Service and employee residual unsecured claims)

10.4.2 The Joint Special Administrators do not anticipate that realisations will allow for a distribution to the Company's unsecured creditors

11 REGULATORY MATTERS

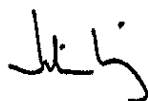
- 11.1 Despite the appointment of the JSA, the Company remains an FCA regulated entity, albeit with no authority to trade
- 11.2 On 11 March 2015 the Company requested the suspension of trading in its shares on AIM and consequently the Company's membership of the LSE was suspended
- 11.3 On 12 March 2015, the Company applied to the FCA to voluntarily impose the requirements set out under section 55L(5) of the Financial Services and Markets Act 2000
- 11.4 Following discussions with the FCA the Company's activities were restricted. The restrictions were
- i To stop carrying on regulated activities,
 - ii Not to take on new clients, and
 - iii Not to undertake any new business for new or existing clients
- 11.5 The JSA are required to enable the Company to continue to comply with a range of regulatory requirements, or to seek necessary waivers for non-compliance as a result of the Special Administration and / or insolvency of the Company. The requirements include
- i Ensuring the complaints handling procedures are maintained,
 - ii Liaising closely with the FCA and FSCS to ensure their requirements are addressed, and
 - iii Ensuring full and accurate reconciliations in respect of client monies and client assets

12 FUTURE REPORTS

- 12.1 The JSA aim to provide clients and creditors with regular and timely updates on progress and to provide you with relevant information and guidance to assist you through the administration period
- 12.2 To assist you further, Client and Creditor Portals have been set up, which we hope you will find beneficial. The address of the Client Portal is <http://leonardcurtis.insolvencydata.co.uk>. You can access the portal using the unique Key Code which has been previously provided to you
- 12.3 You are encouraged to register your details on the site as soon as possible. Registration will enable you to access important information and updates about the Special Administration at your convenience, plus you will be notified by email as soon as new information relevant to you becomes available
- 12.4 The JSAs are also required to provide a progress report to clients and creditors within one month of the end of each period of six months commencing on the date the Company entered Special Administration

Should you have any queries regarding this report please contact the dedicated email enquiry address hcs@leonardcurtis.co.uk or contact Megan Singleton at my office, in writing. Electronic communications should also include a full postal address and your creditor / client reference if you have one

for and on behalf of
HUME CAPITAL SECURITIES PLC



J IRVING
JOINT SPECIAL ADMINISTRATOR

Licensed in the UK by Institute of Chartered Accountants in England and Wales

Notwithstanding the appointment of Special Administrators under The Investment Bank Special Administration Regulations 2011, Hume Capital Securities Plc remains an FCA regulated entity

The affairs, business and property of the Company are being managed by the JSAs, who act as agents of the Company without personal liability

APPENDIX A

SUMMARY OF JOINT SPECIAL ADMINISTRATORS' PROPOSALS

- A. That the Special Administration Objectives be pursued, being
- 1 To ensure the return of client assets as soon as is reasonably practicable,
 - 2 To ensure timely engagement with market infrastructure bodies and the Authorities, and
 - 3 To either rescue the Company as a going concern or wind it up in the best interests of the creditors
- Note the first part of Objective 3, namely the rescue of the Company as a going concern, is not capable of being achieved because of the circumstances set out at paragraph 1 2 2
- B. That, in the absence of a direction from the FCA under Regulation 16, the Special Administration Objectives continue to be addressed in parallel
- C. That the JSA shall do all such things and generally exercise all powers as they, at their discretion, consider desirable in order to achieve the Objectives of the Special Administration, or to protect and preserve the assets of the Company, or to maximise realisations for any other purpose incidental to these Proposals
- D. That the JSA continue to enable the Company to employ staff to assist in the various work identified as necessary in the pursuit of the Objectives of the Special Administration
- E. That the JSA move funds realised or held on behalf of clients into bank accounts controlled by the JSA and, to avoid currency fluctuations, convert foreign currency accounts to sterling accounts as appropriate
- F. That the JSA move and hold funds realised on behalf of the Company into bank accounts controlled by the JSA
- G. That Client Monies and Client Assets be returned to clients prior to any distribution to any other class of creditors being made
- H. That the JSA realise the Company's remaining assets in pursuit of the Objectives of the Special Administration
- I. That the JSA make distributions to the secured, preferential and unsecured creditors as appropriate
- J. That the JSA continue to investigate, and if appropriate, pursue any claims that an office holder and / or the Company may have under The Companies Act, the Act or other legislation against any parties concerned with the affairs of the Company
- K. That, once the Objectives of the Special Administration have been fulfilled the JSA will seek to conclude the case by either
- a Filing appropriate notices that the Objectives have been achieved, that the Company no longer holds client assets and the Company will be dissolved thereafter without further recourse to the Creditors or Clients of the Company, or
 - b Put forward further Proposals for a Company Voluntary Arrangement

APPENDIX B

SUMMARY OF JOINT SPECIAL ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM 16 SEPTEMBER 2015 TO 15 MARCH 2016, AND CUMULATIVE TO 15 MARCH 2016

	Estimated to realise	Transactions previously reported	Transactions this period	Cumulative
Receipts	£	£	£	£
Client Asset Costs paid by FSCS	-	-	2,002,044 97	2,002,044 97
Withdrawal from CMP for costs	-	375,501 43	871,416 81	1,246,918 24
Client Asset Costs paid by Clients	-	-	828,776 17	828,776 17
Sale of HCM/HCG	Uncertain	200,000 00	-	200,000 00
Balance at bank	158,105 61	158,105 61	-	158,105 61
Sundry debtors	33,000 00	312 88	24,083 03	24,395 91
HCM advance for services	-	15,000 00	-	15,000 00
Pre-appointment VAT refund	10,000 00	9,837 75	-	9,837 75
Computer equipment	2,000 00	-	3,893 33	3,893 33
Rates refund	-	-	2,794 78	2,794 78
Deposit interest gross	-	117 81	1,338 43	1,456 24
Sale of hospitality tickets	-	1,406 51	-	1,406 51
Sundry receipts	-	20 84	-	20 84
	<u>203,105 61</u>	<u>760,302 83</u>	<u>3,734,347 52</u>	<u>4,494,650 35</u>
Less payments				
CAP - JSA fees		-	964,006 94	964,006 94
CMP - JSA fees		-	454,969 47	454,969 47
CAP - Solicitors' fees		-	335,420 50	335,420 50
IT Software costs		175,486 71	103,586 33	279,073 04
Secured Creditor - TCA Global		120,000 00	30,000 00	150,000 00
CMP - Solicitors' fees		-	128,311 23	128,311 23
Employee wages		46,298 23	46,603 80	92,902 03
Solicitors fees - DWF		-	74,902 08	74,902 08
Rent, car park rental and service charges		42,002 50	23,737 34	65,739 84
JSA fees - costs with dealing with sale of HCM/HCG		-	33,882 30	33,882 30
JSA remuneration		-	30,612 54	30,612 54
Rates		-	26,672 28	26,672 28
CMP - Professional costs		-	19,916 25	19,916 25
CAP - Professional costs		-	19,916 25	19,916 25
Solicitors fees - DWF - costs with dealing with sale of HCM/HCG		10,172 05	-	10,172 05
Category 1 disbursements		-	9,311 43	9,311 43
Category 2 disbursements		-	8,571 91	8,571 91
Expenses paid on behalf of HCM		6,845 28	-	6,845 28
Utilities - British Gas		-	6,507 80	6,507 80
Pension contributions		3,684 07	2,223 28	5,907 35
Statement of affairs fee		-	5,000 00	5,000 00
Statutory advertising		-	4,439 42	4,439 42
Agents fees - Cerberus		-	1,925 15	1,925 15
Accountancy fees		100 00	1,480 00	1,580 00

Hume Capital Securities Plc - In Special Administration

Consultancy fees	200 00	1,380 00	1,580 00
Healthcare	-	1,280 00	1,280 00
Counsel fees - Ogier	1,066 00	-	1,066 00
Payroll services	400 00	419 33	819 33
Insurance	261 14	416 67	677 81
Security costs	-	593 42	593 42
Mail redirection	-	390 00	390 00
CISI fees	390 00	-	390 00
Bank charges	85 00	177 59	262 59
	<u>406,990 98</u>	<u>2,336,653 31</u>	<u>2,743,644 29</u>

Balance in hand			<u><u>1,751,006 06</u></u>
------------------------	--	--	----------------------------

Represented by

Bank account	1,311,484 19
VAT control account**	<u>439,521 87</u>
	<u><u>1,751,006 06</u></u>

* As detailed at 4.8 above, the JSA have returned £718,427.79, \$6,384.49 and €45,719.71 to Clients in respect of post PPE received by the Company. These balances have been returned in full to clients, without the deduction of any costs or charges. Due to the multiple currencies, these transactions have been excluded from the above receipts and payments account.

** Although the Company was VAT registered, the Company was partially exempt and as such, is only able to reclaim a proportion of the VAT paid on costs and expenses. The JSA have instructed Harold Sharp Chartered Accountants ("Harold Sharp") to submit any post appointment VAT returns on behalf of the JSA. Harold Sharp are continuing to liaise with HMRC in respect of any VAT refunds that may be available to the JSA.

APPENDIX C

**CLIENT MONEY POOL RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD 16 SEPTEMBER 2015 TO 15 MARCH 2016, AND CUMULATIVE UP TO
15 MARCH 2016**

	Transactions previously reported £	Transactions this period £	Cumulative £
Receipts			
Client Money Pool	-	6,666,250 88	6,666,250 88
Debts due to the Client Money Pool	-	31,210 88	31,210 88
	<u>-</u>	<u>6,697,461 76</u>	<u>6,697,461 76</u>
Less payments:			
Distribution of the Client Money Pool		4,616,116 01	4,616,116 01
Withdrawal of costs associated with the return of the CMP		1,246,918 24	1,246,918 24
		<u>5,863,034 25</u>	<u>5,863,034 25</u>
Balance in hand			<u><u>834,427.51</u></u>

APPENDIX D

SCHEDULE OF EXPENSES INCURRED FOR THE PERIOD 16 SEPTEMBER 2015 TO 15 MARCH 2016

Details	Supplier	Costs incurred during the period of this report Inclusive of VAT £	Total costs incurred to date Inclusive of VAT £	Amount paid Inclusive of VAT £	Amount outstanding Inclusive of VAT £	Allocation of costs incurred to date			
						Costs allocated against general estate Inclusive of VAT £	Costs allocated against CMP Inclusive of VAT £	Costs allocated against Client Assets Inclusive of VAT £	Costs incurred on behalf of HCM Inclusive of VAT £
Rent	Emerson	17 205 50	44,772 50	44,772 50	-	-	22 386 25	22 386 25	-
Car Park Rent	Emerson	2,359 22	6 139 22	6,139 22	-	-	3,069 61	3,069 61	-
Service Charge	Emerson	8,920 09	27 976 09	27 976 09	-	-	13,988 05	13,988 05	-
Business Rates	Cheshire East Borough Council	9,269 52	24,718 72	24,718 72	-	-	12,359 36	12,359 36	-
Car parking spaces - non-domestic rates	Cheshire East Borough Council	732 59	1,953 56	1,953 56	-	-	976 78	976 78	-
Electricity	British Gas	1 980 00	7 809 36	7 809 36	-	-	3,904 68	3,904 68	-
Water	United Utilities	367 09	1,164 91	-	1 164 91	-	582 45	582 45	-
RIMS (Back Office System)	GL Settle Ltd	-	83 498 59	83,498 59	-	-	41,749 30	41,749 30	-
RIMS Swift 2 way interface	GL Settle Ltd	-	10,082 22	10,082 22	-	-	5,041 11	5,041 11	-
Tercero (Client Data System)	Third Financial	-	52,500 00	52,500 00	-	-	26,250 00	26 250 00	-
Tercero (Generate statements) one off payment	Third Financial	-	1,800 00	1,800 00	-	-	900 00	900 00	-
Phone handsets	BNP Paribas	-	351 73	351 73	-	-	-	-	351 73
Landlines	Frontier	4,011 67	13,671 41	13,671 41	-	-	6,835 71	6 835 71	-
Fund Data	Biton	-	7,557 68	7,557 68	-	-	-	-	7,557 68
Office 365	Microsoft	374 40	1,397 76	1,397 76	-	-	698 88	698 88	-
Interxion Rack Hosting	Purple Matrix	9,324 98	23,184 98	23,184 98	-	-	11,592 49	11,592 49	-
IT Support and maintenance services	Purple Matrix	7,831 22	24,631 22	24 631 22	-	-	12,315 61	12,315 61	-

Hume Capital Securities Plc - In Special Administration

Backup and disaster recovery	5 481 86	17,241 86	17,241 86	-	-	8,620 93	8,620 93	-
Internet - Claranet	-	6,359 04	6,359 04	-	-	3 179 52	3,179 52	-
Business quarterly charge	204 00	1 008 67	1,008 67	-	-	504 34	504 34	-
Alarm	-	634 79	634 79	-	-	317 40	317 40	-
Access Control	-	77 30	77 30	-	-	38 65	38 65	-
Custody fee	3,000 00	9 000 00	9,000 00	-	-	4 500 00	4,500 00	-
Payroll services	300 00	700 00	700 00	-	-	350 00	350 00	-
Accountancy charges (est)	1 490 00	1,590 00	1,590 00	-	-	795 00	795 00	-
Monthly (Net)	32 198 06	92 902 01	92,902 01	-	-	46,451 01	46,451 01	-
PAYE	2,244 40	11 019 00	-	11,019 00	-	5,509 50	5,509 50	-
E's NI	1 533 60	7,855 20	-	7,855 20	-	3 927 60	3,927 60	-
E's NI	239 68	6 950 10	-	6,950 10	-	3,475 05	3,475 05	-
Student loan	-	98 00	-	98 00	-	49 00	49 00	-
Pension scheme (E's)	833 73	2,953 68	2,953 68	-	-	1,476 84	1,476 84	-
Pension scheme (E's)	833 73	2 953 68	2 953 68	-	-	1,476 84	1,476 84	-
Consultancy	1,380 00	1,580 00	1,580 00	-	-	790 00	790 00	-
Sage - Accounts HCS/HCM - April, May and June invoice only	-	316 80	316 80	-	-	158 40	158 40	-
Statement print out One off payment	441 84	1 502 64	1 502 64	-	-	751 32	751 32	-
Handling client calls One off payment (Est)	-	1,833 72	1,833 72	-	-	916 86	916 86	-
Crest related	-	16 969 53	16 969 53	-	-	8,484 77	8,484 77	-
Custody fee & transaction charges	6,805 59	6,805 59	6,805 59	-	-	3 402 80	3,402 80	-
CREST	2 141 56	26 554 36	26,554 36	-	-	13,277 18	13,277 18	-
Employee Health care	280 00	1,280 00	1,280 00	-	-	640 00	640 00	-
CISI Memberships	-	390 00	390 00	-	-	195 00	195 00	-
Barclays bank charge	2 386 50	6,289 39	6,289 39	-	-	3,144 70	3,144 70	-
Data feeds	11,871 66	36 022 79	36,022 79	-	-	18,011 40	18,011 40	-
Data feeds - one off payment	-	3 969 00	3 969 00	-	-	1,984 50	1,984 50	-
Insurance	420 67	942 95	942 95	-	-	471 48	471 48	-

Hume Capital Securities Plc - In Special Administration

Licence fee	19 33	19 33	19 33	-	-	-	-	-	-
Toner Cartridges	-	994 26	994 26	-	-	-	9 67	9 67	-
Hard drive	-	75 98	75 98	-	-	-	497 13	497 13	-
-	-	3,717 80	3,717 80	-	-	-	37 99	37 99	-
-	-	87 46	87 46	-	-	-	1,858 90	1,858 90	-
-	-	95 00	95 00	-	-	-	43 73	43 73	-
-	-	89 99	89 99	-	-	-	47 50	47 50	-
Sundry receipts	-	199 43	199 43	-	-	-	45 00	45 00	-
Room hire and refreshments	-	850 00	850 00	-	-	-	99 72	99 72	-
							425 00	425 00	-
Professional fees									
Costs incurred - General costs	27,659 83	75,375 19	75,375 19	-	-	75,375 19	-	-	-
Costs incurred - Distribution of CMP	45,372 23	200,852 47	153,973 48	46,878 99	-	-	200,852 47	-	-
Costs incurred - Client Asset costs	318,849 24	366,564 60	366,564 60	-	-	-	-	366,564 60	-
Counsel's costs - CMP Distribution Procedure	-	13,950 00	13,950 00	-	-	-	13,950 00	-	-
Counsel's costs - Client Asset costs	29,950 00	29,950 00	29,950 00	-	-	-	-	29,950 00	-
Sale of HCM/HCG Shares	-	1,066 00	1,066 00	-	-	1,066 00	-	-	-
Sale of HCM/HCG Shares	-	12,206 46	12,206 46	-	-	12,206 46	-	-	-
Reconciliation exercise	-	44,708 40	44,708 40	-	-	-	22,354 20	22,354 20	-
Review of Company's systems	-	3,090 60	3,090 60	-	-	-	1,545 30	1,545 30	-
Review of Client debtors	-	2,250 00	2,250 00	-	2,250 00	-	1,125 00	1,125 00	-
Dealing with the sale of non-client assets	1,925 15	1,925 15	1,925 15	-	-	-	-	-	-
Review the VAT position	3,600 00	12,000 00	12,000 00	-	-	-	6,000 00	6,000 00	-
Statement of affairs fee	-	6,000 00	6,000 00	-	-	6,000 00	-	-	-
	563,359 59	1,375,078 17	1,298,861 98	76,216 20	94,647 65	544,441 92	726,154 05	7,909 41	

APPENDIX E

SUMMARY OF JOINT SPECIAL ADMINISTRATORS' TIME COSTS FOR THE PERIOD
FROM 16 SEPTEMBER 2015 TO 15 MARCH 2016

GENERAL TIME COSTS

	Director		Senior Manager		Manager 2		Administrator 1		Administrator 2		Administrator 3		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	-	-	5	256 00	8	320 00	-	-	19	545 30	-	-	-	-	32	1,121 30	350 41
Receipts & Payments	5	281 00	113	5,785 60	-	-	-	-	7	200 90	5	131 00	3	56 10	133	6,454 60	485 31
Assets	23	1,292 60	83	4,249 60	-	-	-	-	31	889 70	-	-	-	-	137	6,431 90	469 48
Liabilities	46	2,585 20	7	358 40	91	3,640 00	3	97 50	11	315 70	17	445 40	-	-	175	7,442 20	425 27
Debenture holder	5	281 00	-	-	-	-	-	-	-	-	-	-	-	-	5	281 00	562 00
General Administration	32	1,798 40	33	1,689 60	-	-	-	-	1	28 70	20	524 00	219	4,095 30	305	8,136 00	266 75
Post appointment Creds Mtngs	2	112 40	-	-	-	-	-	-	9	258 30	-	-	-	-	11	370 70	337 00
Planning & Strategy	18	1,011 60	-	-	-	-	-	-	-	-	-	-	-	-	18	1,011 60	562 00

Total 131 7,362 20 241 12,339 20 99 3,960 00 3 97 50 78 2,238 60 42 1,100 40 222 4,151 40 816 31,249 30

Average Hourly Rate (£) 562 00 512 00 400 00 325 00 287 00 262 00 187 00 382 96

All Units are 6 minutes

Hume Capital Securities Plc - In Special Administration

TIME COSTS ASSOCIATED WITH CLIENT MONIES

	Director		Senior Manager		Manager 2		Administrator 1		Administrator 2		Administrator 3		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
SAR - Client Monies															
Est Client Monies Pool	-	-	50	2,560 00	-	-	-	-	56	1,607 20	-	-	106	4,167 20	393 13
Correspondence with Clients	22	1,236 40	12	614 40	15	600 00	1,106	35,945 00	25	717 50	44	1,152 80	1,224	40,266 10	328 97
Dealing with third parties	210	11,802 00	108	5,529 60	-	-	-	-	27	774 90	-	-	345	18,106 50	524 83
Liaising with FSCS	10	562 00	-	-	-	-	-	-	33	947 10	-	-	43	1,509 10	350 95
Distribution of Client Monies	35	1,967 00	30	1,536 00	-	-	-	-	213	6,113 10	10	262 00	288	9,878 10	342 99
Reconciliations	18	1,011 60	210	10,752 00	-	-	-	-	-	-	-	-	228	11,763 60	515 95
Retention costs / staff	15	843 00	-	-	-	-	-	-	24	688 80	-	-	39	1,531 80	392 77
Distribution plan / stat mat	9	505 80	-	-	-	-	-	-	95	2,726 50	-	-	104	3,232 30	310 80
IT/ Cut off/ Systems	12	674 40	-	-	-	-	-	-	-	-	-	-	12	674 40	562 00
Creditor Committee mtgs	-	-	4	204 80	-	-	-	-	-	-	-	-	4	204 80	512 00

Total

331 18,602 20 414 21,196 80 15 600 00 1,106 35,945 00 473 13,575 10 54 1,414 80 2,393 91,333 90

Average Hourly Rate (£)

562 00 512 00 400 00 325 00 287 00 262 00 381 67

All Units are 6 minutes

Hume Capital Securities Plc - In Special Administration

TIME COSTS ASSOCIATED WITH CLIENT ASSETS

	Director		Senior Manager		Manager 2		Administrator 1		Administrator 2		Administrator 3		Administrator 4		Total		Average	
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Hourly Rate £	Hourly Rate £
SAR - Client Assets																		
Identific'n of Client Assets	-	-	5	256 00	5	200 00	-	-	128	3,673 60	-	-	-	-	138	4,129 60	299 25	299 25
Correspondence with Clients	81	4,552 20	7	358 40	376	15,040 00	3,633	118,072 50	1,423	40,840 10	87	2,279 40	55	1,028 50	5,662	182,171 10	321 74	321 74
Dealing with third parties	2,096	117,795 20	1,587	81,254 40	130	5,200 00	-	-	194	5,567 80	-	-	-	-	4,007	209,817 40	523 63	523 63
Reconciliations	-	-	48	2,457 60	88	3,520 00	-	-	-	-	-	-	-	-	136	5,977 60	439 53	439 53
Agreeing Claims	41	2,304 20	-	-	20	800 00	-	-	15	430 50	-	-	-	-	76	3,534 70	465 09	465 09
Liaising with FSCS	120	6,744 00	-	-	-	-	-	-	1,030	29,561 00	-	-	-	-	1,150	36,305 00	315 70	315 70
Liaising with FCA	19	1,067 80	-	-	-	-	-	-	30	861 00	-	-	-	-	49	1,928 80	393 63	393 63
Distribution of Client Assets	371	20,850 20	345	17,664 00	83	3,320 00	-	-	1,311	37,625 70	30	786 00	-	-	2,140	80,245 90	374 98	374 98
Retention costs/ staff	198	11,127 60	-	-	15	600 00	-	-	1,069	30,680 30	-	-	-	-	1,282	42,407 90	330 79	330 79
Distribution plan / Stat mat	1,164	65,416 80	63	3,225 60	187	7,480 00	-	-	1,329	38,142 30	20	524 00	-	-	2,763	114,788 70	415 45	415 45
Professional advisors	-	-	-	-	-	-	-	-	18	516 60	-	-	-	-	18	516 60	287 00	287 00
IT/Out off/Systems	38	2,135 60	10	512 00	129	5,160 00	-	-	306	8,782 20	-	-	601	11,238 70	1,084	27,828 50	256 72	256 72
Creditor Committee mtgs	30	1,686 00	4	204 80	25	1,000 00	-	-	93	2,669 10	-	-	-	-	152	5,559 90	365 78	365 78
Cred Comm reports / corresp	40	2,248 00	-	-	-	-	-	-	-	-	-	-	-	-	40	2,248 00	562 00	562 00
Dealing with dividends	6	337 20	10	512 00	33	1,320 00	-	-	351	10,073 70	-	-	-	-	400	12,242 90	306 07	306 07

Total 4,204 236,264 80 2,079 106,444 80 1,091 43,640 00 3,633 118,072 50 7,297 209,423 90 137 3,589 40 656 12,267 20 19,097 729,702 60

Average Hourly Rate (£)

562 00 512 00 400 00 325 00 287 00 262 00 187 00 382 10

All Units are 6 minutes

APPENDIX E (CONTINUED)

DETAILED EXPLANATION OF TIME COSTS INCURRED

Statutory & Review

This involved undertaking regular reviews of the case to ensure statutory matters were being progressed in a timely manner

Receipts & Payments

This involved liaising with our cashiering department in respect managing the JSA's bank accounts

Assets

Time was spent dealing with the disposal of the Company's non-client assets, as detailed further at 5 above

Liabilities

This included time spent liaising with the Company's secured creditors and distributing monies due to TCA Global following the sale of the shares held in HCM/HCG, as detailed at 5.9.1 above

Time was also spent drafting and reviewing the JSA progress report for the period 16 March 2015 to 15 September 2015, which was circulated to all known creditors and clients on 15 September 2015

This also involved time spent dealing with the Company's unsecured creditors

General Administration

This involved time spent dealing with various administrative duties throughout the Special Administration, which also included the organisation and storage arrangements involved in dealing with the extensive volume of records held by the Company

Planning & Strategy

The JSA and their staff took part in regular strategy meetings to ensure matters were progressed and dealt with in a orderly and timely manner

DETAILED EXPLANATION OF TIME COSTS INCURRED IN ASSOCIATION WITH THE DISTRIBUTION OF THE CMP

Work undertaken by the JSA in respect of dealing with the distribution of the CMP included, but was not limited to the following

- Liaising with FCA, LSE, Euroclear and various other trading platforms with regards to any money transactions entered into by the Company prior to the PPE,
- Liaising with the FCA and appointed legal advisors to obtain confirmation as to how to deal with funds received post appointment relation to transactions which occurred pre-appointment, as detailed at 4.8.2,
- Correspondence with Client Money Claimants with regards to their Client Money Claims and dealing with any queries they may have,
- Liaising with the FSCS in respect of compensation payments due to Client Money Claimants,
- Liaising with the FSCS regarding progress of Batch 2 Claimants and providing any further information as required,
- Reviewing weekly updates provided by the FSCS and updating clients accordingly,
- Obtaining legal advice and consulting the FCA with regards CASS rules affecting an interim distribution of the CMP, as detailed at 4.7.4.2,
- Issuing postponement notices to Clients with regards the first and final distribution of the CMP,
- Distributing the CMP,
- Obtaining approval from Client Money Claimants with regards to discharging their Client Money Costs,
- Providing regular updates to both the FCA and the FSCS,
- Regular reconciliations of the CMP both prior to transfer to the JSA and following receipt of funds,
- Conversion of all foreign currency held within the CMP,
- Time spent pursuing the debtor balances due to the CMP and correspondence with respective clients in this regard,
- Preparing and distributing annual tax vouchers to Clients,
- Monitoring and control of Company employees,
- Reviewing and updating cash flow statements to monitor the costs associated with the distribution of the CMP,
- Liaising with various service providers regarding on-going supply together with payment for services already provided,
- Dealing with various costs and expenses incurred during the Special Administration,
- Attending to supplier queries and correspondence,
- Raising, approving and monitoring purchase orders and payment requests,
- Liaising with the Company's landlord with regards to period of occupation and date of vacation,
- Dealing with various employee matters, including such matters as pension contributions and wages,
- Analysing VAT related transactions and collating relevant accounting information required by Harold Sharp in order to submit an accurate post appointment VAT return on behalf of the JSA,
- Formulating, monitoring and reviewing the Special Administration strategy, including regular internal and external meetings to agree the same,
- Briefing JSA staff and retained Company employees on the Special Administration strategy and matters in relation to work streams,
- Regular internal team update meetings and calls,
- Reviewing and authorising junior staff correspondence and other work,
- Liaising with legal advisors regarding various matters arising through the course of the Special Administration,
- Complying with statutory requirements,
- Pursuing Client Money Claimants in respect of non-correspondence for Client Money Claims, and
- Regular reviews of progress of return of client monies

DETAILED EXPLANATION OF TIME COSTS INCURRED IN ASSOCIATION WITH THE RETURN OF CLIENT ASSETS

Work undertaken by the JSA in respect of dealing with the return of Client Assets included, but was not limited to the following

- All matters concerning the drafting and reviewing of the Distribution Plan, including consultations with legal advisors, the FCA and the Committee,
- Preparing all relevant schedules and information required to be included and appended to the Distribution Plan,
- Reviewing and amending the various supporting documents appended to the Distribution Plan, such as the JSA witness statements and the Transfer Agreement,
- Correspondence with EIM with regards to negotiating and formulating the strategy of the Transfer,
- Liaising with the FCA, LSE, Euroclear, EIM, Cofunds, Purple Matrix and various other platform/service providers in regards to formulating the strategy surrounding the Transfer of Client Assets to EIM,
- Liaising with each of the aforementioned parties in respect of facilitating the Transfer and ensuring all post transfer matters are dealt with accordingly,
- Liaising with Euroclear and various Registrars in respect of any matters preventing the transfer of certain Client Assets,
- Dealing with the sale of the Company's shareholding in the Custodian, in accordance with the Transfer Agreement,
- Liaising with Client Asset Claimants with regards to obtaining their approval of the Transfer,
- Liaising with Client Asset Claimants with regards to discharging the Client Asset Costs,
- Liaising with the FSCS with regards to payments due to both the JSA and individual clients on this matter,
- Notification to Client Asset Claimants providing updates on progress made on the distribution of the Client Assets,
- Monitoring receipt of payments received in respect of Client Asset Costs and confirming release of Client Assets to both EIM and Clients accordingly,
- Circulating Instruction Forms to all non-transferred Clients and liaising with EIM with regards to any instructions received on this matter,
- Correspondence with Client Asset Claimants and EIM dealing with any queries they may have and providing updates on the Client Asset Transfer,
- Liaising with the FSCS regarding progress of Batch 2 Claimants and providing any further information as required,
- Reviewing weekly updates provided by the FSCS and updating clients accordingly,
- Providing regular updates to both the FCA and the FSCS,
- Monitoring and control of Company employees,
- Reviewing and updating cash flow statements to monitor the costs associated with the distribution of the Client Assets,
- Liaising with various service providers regarding on-going supply together with payment for services already provided,
- Dealing with various costs and expenses incurred during the Special Administration,
- Attending to supplier queries and correspondence,
- Raising, approving and monitoring purchase orders and payment requests,
- Liaising with the Company's landlord with regards to period of occupation and date of vacation,
- Dealing with various employee matters, including such matters as pension contributions and wages,
- Analysing VAT related transactions and collating relevant accounting information required by Harold Sharp in order to submit an accurate post appointment VAT return on behalf of the JSA,
- Formulating, monitoring and reviewing the Special Administration strategy, including regular internal and external meetings to agree the same,
- Briefing JSA staff and retained Company employees on the Special Administration strategy and matters in relation to work streams,

- Regular internal team update meetings and calls,
- Reviewing and authorising junior staff correspondence and other work,
- Liaising with legal advisors regarding various matters arising through the course of the Special Administration,
- Complying with statutory requirements,
- Pursuing Potential Claimants,
- Pursuing all non-transferred Clients in respect of any outstanding matters that may be preventing the release of Client Assets,
- Liaising with Barclays, LSE, Euroclear and various other trading platforms with regards to all post PPE receipts received by the Company,
- Dealing with the relevant reconciliations and postings of all post PPE funds received by the Company,
- Distributing all post PPE receipts received by the Company to all relevant Clients in two tranches,
- Dealing with any subsequent queries regarding payments made by the JSA, and
- Undertaking regular reviews of the progress of return of Client Assets

LEONARD CURTIS CHARGE OUT RATES AND POLICY REGARDING STAFF ALLOCATION, SUPPORT STAFF, THE USE OF SUBCONTRACTORS AND THE RECHARGE OF DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant to clients and creditors

Staff Allocation and Support Staff

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution of the secured creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

With effect from 6 January 2014 the following hourly charge out rates apply to all complex assignments undertaken by Leonard Curtis

	Complex £
Director	562
Senior Manager	512
Manager 1	456
Manager 2	400
Administrator 1	325
Administrator 2	287
Administrator 3	262
Administrator 4	187
Support	0

Subcontractors

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holders or their staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Disbursements

- a) Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, stationery, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements. These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£66.09 per box
Business mileage	45p per mile

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

STATEMENT OF CLAIM FORM FOR CREDITORS

Date of administration order: 16 March 2015

Name of creditor:

Address of creditor:

Gross amount of claim
(ie including VAT)

Amount of VAT

Details of any document by
reference to which the debt can be
substantiated
(eg invoices)

Particulars of how and when debt
incurred:

Particulars of any security held, the
value of the security and the date it
was given:

Signature of creditor or person
authorised to act on his behalf:

Name in BLOCK CAPITALS

Position with or relation to creditor:
