

The Insolvency Act 1986

Administrator's progress report

Name of Company Caterham Sports Limited	Company number 07042086
In the High Court of Justice (full name of court)	Court case number 7424 of 2014

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

I/We (a)

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

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

Mark Christopher Ford
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

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

(b) Insert date

From (b) 17 March 2016	To (b) 31 August 2016
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Signed

Joint / Administrator(s)

Dated

10 October 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

Finbarr Thomas O'Connell
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25 Moorgate
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COMPANIES HOUSE



Caterham Sports Limited (in administration)

Joint administrators' progress report for the period from 17 March
2016 to 31 August 2016

10 October 2016

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1. Glossary

Abbreviation	Description
the Company	Caterham Sports Limited
the administrators/joint administrators	Finbarr Thomas O'Connell, Henry Anthony Shinnars and Mark Christopher Ford
SIP	Statement of Insolvency Practice (England & Wales)
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
IR86	Insolvency Rules 1986 If preceded by R this denotes a rule number
SOA	Statement of Affairs
the Property	Leaffield Technical Centre, Langley, Oxfordshire, OX29 9EF
ETR	Estimated to realise
EXIM	Export-Import Bank of Malaysia Berhad
HMRC	HM Revenue & Customs
QFCH	Qualifying Floating Charge Holder - a secured creditor who has the power to appoint an administrator
RPS	Redundancy Payments Service
S&WEBC	Smith & Williamson Employee Benefits Consultancy, a division of Smith & Williamson Financial Services Limited
S&WFS	Smith & Williamson Financial Services Limited
FCA	Financial Conduct Authority

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

2. Introduction

This report provides an update on the progress in the administration of the Company for the period ended 31 August 2016. It should be read in conjunction with any previous reports. By way of reminder, Finbarr Thomas O'Connell and Henry Anthony Shinnars, both of Smith & Williamson LLP, 25 Moorgate, London, EC2R 6AY, were appointed administrators of the Company on 17 October 2014. Mark Christopher Ford was appointed as joint administrator on 22 February 2016 following the retirement of Anthony Cliff Spicer, as detailed in the last progress report.

The timing of this report was to enable an application to court for an extension of the administration for a further two years, to October 2018, beyond the extension already consented by the Company's creditors to 16 October 2016. On 7 October 2016 the court ordered that the administration be extended to 13 April 2016, an extension of approximately 18 months.

Please refer to section 9 of the report for further details on the extension process.

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

3. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period from 17 March 2016 to 31 August 2016. This account includes cumulative figures for the period from 17 October 2014 to 31 August 2016.

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

We comment on the most significant receipts and payments below.

3.1 Assets still to be realised

3.1.1 Debtors

Following a review of the Company's books and records, the administrators are of the opinion that further debtor balances are due from intercompany loans. We are liaising with our legal advisors with regard to the pursuit of the payment of these funds.

3.2 Legal claims

Our legal advisors continue to make progress with regards to our claim in a high value legal dispute as our investigations uncover new and relevant documents. They are continuing to work on proving that the funds in question belong to the Company. Updates in this regard will be provided as and when we have further information.

The other potential claims discussed with the creditors' committee for material sums will require considerable additional legal work and possibly forensic accounting and accounts reconstruction. The administrators will require additional funding to complete the necessary investigations and for the considerable further legal costs. Together with our solicitors, Mishcon de Reya, we have already met with several litigation funders to discuss possible funding arrangements.

4. Administrators' remuneration

The creditors' committee approved that the basis of the administrators' remuneration be fixed by reference to the time properly spent by them and their staff in attending to matters arising in the administration at a meeting held on 2 March 2015

The administrators' time costs are

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
17 October 2014 to 16 April 2015	3,434 90	1,723,777 50	501 84	Nil
17 April 2015 to 31 August 2015	513 85	209,811 50	408 31	1,253,110 83
1 September 2015 to 16 September 2015	98 25	46,077 96	468 99	Nil
17 September 2015 to 16 March 2016	526 80	231,296 89	439 06	Nil
17 March 2016 to 31 August 2016	173 25	76,601 50	442 14	561,756 07
Total	4,747.05	2,287,565.35	481.89	1,814,866.90

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.

Also attached as Appendix IV, is a cumulative time analysis for the period from 17 October 2014 to 31 August 2016 which provides details of the administrators' time costs since appointment. A total of £1,814,866 90 has been drawn on account of these costs.

As previously reported, on 6 May 2015, in response to a request of the creditors' committee, the administrators, S&WFS and S&WCF agreed to discount their fees by 2.5% from 17 October 2014 to 10 May 2015 and 5% from 11 May 2015.

The joint administrators anticipate the future costs to be in the region of £390,000 depending on the outcome of their investigations and any resulting legal actions. Legal fees will similarly depend on whether legal action is commenced and what actions are defended to trial. The joint administrators estimate that legal fees will be in the range of £200,000 to £2,000,000. This estimate includes actions for both the Company and 1MRT as the investigation work and legal advice is heavily linked to both administrations. Any fees that become due will be paid by litigation funding and will be apportioned across the two administration estates accordingly.

An explanation of these costs can be found in the 'Outstanding matters' section of this report.

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising.

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any direct financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service and investigating the former officers of the company as required by the Company Directors' Disqualification Act 1986.

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

https://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20Dec%202015.pdf

It should be noted that, whilst this statement makes reference to the need to provide creditors with a future fees and costs estimate in the event that fees are being drawn on a time costs basis, this requirement only applies to appointments on or after 1 October 2015, the date that the Insolvency (Amendment) Rules 2015

("new rules") took effect. Prior to the new rules, there was no statutory obligation to produce fees and costs estimates.

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

4.1 S&WFS & S&WCF

S&WFS and S&WCF, companies associated with Smith & Williamson LLP, have assisted with the Company's pension affairs and the marketing and negotiations to sell the CaterhamF1 Team.

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

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

S&WFS' time costs for the reporting period are £326.25. This represents 2.25 hours at an average rate of £163.13 per hour. S&WFS fees have been included in the joint administrators' fees.

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

Since our last report, S&WCF has not charged any time.

Details of S&WCF's current charge out rates are included at Appendix V.

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

5. Administration expenses

5.1 Subcontractors

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

5.2 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 £
Mishcon de Reya LLP / Legal advisors	Hourly rate and disbursements	16,208.72	160,000.00	68,681.61
Wyles Hardy & Co Limited / Auction of assets and advice	10% commission on sales and hourly rates for other assistance and disbursements	0.00	31,200.00	382,282.67

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

*Wyles Hardy & Co Limited has incurred £303,298 of disbursements. This includes a significant quantum of portage costs in relation to the 6,750 auction lots and crowdfunding fulfilment.

5.3 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 £
Travel and disbursement costs for investigations (Non Smith & Williamson staff)	0 00	3,076 91	0 00
Company and other searches	0 00	5 00	0 00
Miscellaneous	0 00	173 30	0 00
Courier costs	13 70	142 70	0 00
Fish food	0 00	211 25	0 00
Third party mailing assistance	1,333 49	5,387 26	1,333 49
Storage costs	300.00	300 00	0 00
Total	1,647.19	9,296.42	1,333.49

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

5.4 Category 2 disbursements

No Category 2 disbursements, as defined in appendix V, have been incurred and/or paid in the current period

5.5 Policies regarding use of third parties and disbursement recovery

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

6. Estimated outcome for creditors

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

6.1 Secured creditors

At the time of the administration EXIM held a fixed and floating charge over the Company's assets and was owed an estimated £5,504,302. The administrators have admitted a claim in the amount of £5,504,302.

In the period covered by this report £201,738.21 has been paid to EXIM, making total payments of £4,626,738.21. We have been notified by Caterham Cars Limited that they have repaid EXIM in full and that they are claiming the balance of funds available under the fixed charge in lieu of this repayment. We are reviewing this claim and have requested additional information from Caterham Cars Limited. EXIM has confirmed that it now has no claim against the Company.

6.2 Prescribed Part

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

Based on present information, without significant successful legal action, it is unlikely that there will be sufficient net property to allow a dividend to unsecured creditors from the Prescribed Part. However, should

there be a successful outcome to the legal proceedings being considered by the joint administrators and the creditors' committee, resulting in a Prescribed Part distribution, this can be made 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

6.3 Preferential creditors

We set out below a summary of preferential claims received

Preferential creditor	SOA claims £	Claims received £
Department for Business Innovation & Skills	0 00	24,173 13
Total		24,173.13

The claim from the Department for Business Innovation & Skills is in respect of compensatory awards to fifty former employees of the Company. The funds were awarded following an employee tribunal brought by the former employees for unfair dismissal.

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

6.4 Unsecured creditors

We have received claims totalling £22,894,838.08 from 335 creditors.

We have not yet adjudicated these claims. Dividend prospects for unsecured creditors remain dependant on the outcome of potential legal proceedings.

7. Creditors' committee

By way of reminder, the constitution of the creditors' committee is as follows:

- Ian Barry Dearing of Steele & Son representing Pankl Drivetrain Systems GmbH & Co KG
- Anthony Indaimo of Withers LLP representing Renault Sport S.A.S.
- Christopher Harding of PricewaterhouseCoopers representing Excel Technical Consulting Limited
- Alistair Rew of Red Bull Racing representing Red Bull Racing Limited
- Graham MacDonald of Caterham Cars Limited representing Caterham Cars Limited

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

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

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

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

8. Outstanding matters

The joint administrators anticipate that their future time costs in respect of the outstanding matters to be in the region of £170,000 excluding legal fees (on the basis that significant legal actions are not pursued), or up to £490,000 should further investigation, forensic accounting, accounts reconstruction and legal action be required and the majority of these further costs will be paid out of litigation funding monies or out of the proceeds from potential legal actions

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

8.1 Collection of outstanding debts and settling the remaining asset ownership disputes

As detailed in 3.1.1, the administrators will continue to review the Company's books and records to assess any balances due, and to ascertain whether these are recoverable. This will include consideration of the recoverability of any such debts and may include investigation of the debtor's financial affairs

Future costs in this regard are expected to be in the range of £40,000 to £100,000, plus legal costs depending on whether our claims are resisted or not. However, given the poor accounting records and the nature of any dispute, this level of future costs could be up to £300,000. As detailed in section 4 of this report, legal fees in this regard could be up to £2,000,000 over the administration of the Company and 1MRT

The joint administrators and their lawyers are continuing to review possible actions in respect of the Formula One participation funds

8.2 Various investigation matters and related claims for the recovery of funds

The joint administrators are continuing to review possible actions

As detailed in our previous reports, a summary of the proposed legal actions have been put to the creditors' committee and a cost estimate provided. Further administrators' costs are estimated to be at least £100,000 but could rise to £300,000 depending on what additional investigation and accounting work is required. Legal costs will vary depending on what legal actions are commenced but, should the matter progress to a full trial, the legal costs could reach £500,000. The majority of these future costs will be paid out of litigation funding monies or out of the proceeds from potential legal actions

8.3 Statutory matters, conclusion of the administration, including preparing and issuing of the final report

The joint administrators will, at the appropriate time in the future, obtain tax clearance and if there are sufficient funds, declare a first and final dividend to creditors

Further costs relating to statutory and procedural matters are estimated to be £15,000 every six months. The joint administrators' time costs in this regard would be £30,000 if the administration is concluded within the next twelve months, or, if legal action(s) were required, £90,000 if concluded in thirty six months' time

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service and reporting on the former officers of the company as required by the Company Directors' Disqualification Act 1986

9. Extending the administration

As detailed in the previous report, the administration was extended by the consent of the Company's creditors to 16 October 2016

This report formed part of the application to court to extend the administration for a further period of 24 months to 16 October 2018 to allow the administrators the necessary time to complete their investigations and any legal actions that may follow

Following a court hearing on 7 October 2016 at the High Court of Justice, Chancery Division, Companies Court before Mr Justice Mann, it was ordered that the administration of the Company and the term of office of its administrators be extended to 13 April 2018

10. Ending the administration

The period of the administration was extended by court until 13 April 2018. Section 9 of this report provides further information in respect of extending the period of the administration

The administrators will be discharged from liability under P98(3) of Sch B1 immediately upon their appointment as administrators ceasing to have effect

Authorisation for discharge from liability was granted by the creditors' committee on 6 May 2015

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

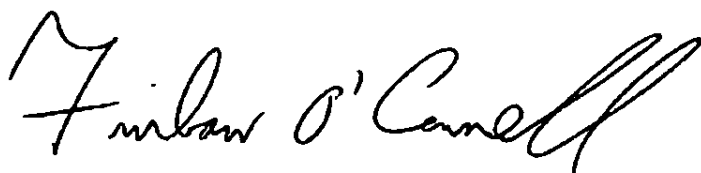
Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for 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

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

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

12. Next report

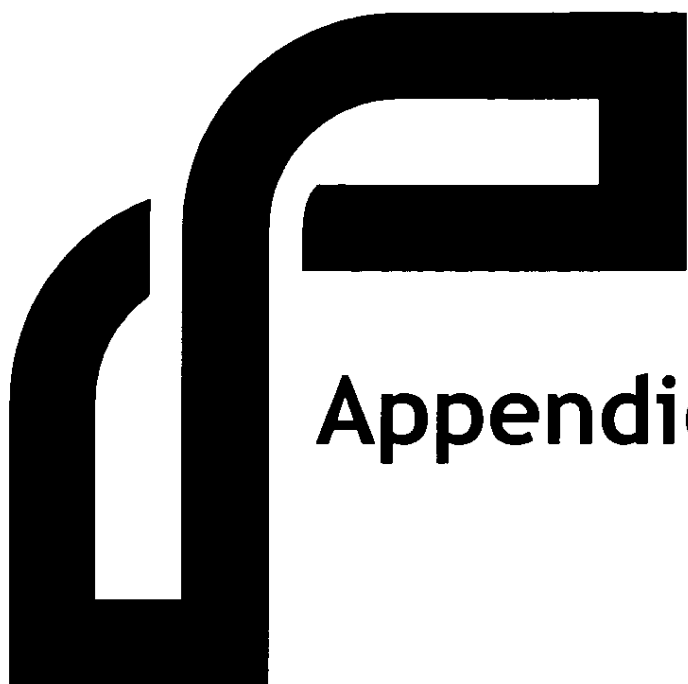
We are required to provide a further report on the progress of the administration within one month of the end of the next six month period of the administration unless we have concluded matters prior to this, in which case we will write to all creditors with our final report



Finbarr Thomas O'Connell, Henry Anthony Shinnars and Mark Christopher Ford

Joint Administrators

Date 10 October 2016



Appendices

I Statutory information

Relevant Court	High Court of Justice
Court Reference	7424 of 2014
Trading Name(s)	Caterham Sports Limited Also known as Caterham Formula 1 Racing Team
Trading Addresses	Leaffield Technical Centre, Langley, Oxfordshire, OX29 9EF
Former Name(s)	1Malaysia Racing Team (UK) Limited
Registered Office	25 Moorgate, London, EC2R 6AY (Formerly Leaffield Technical Centre, Langley, Oxfordshire, OX29 9EF)
Registered Number	07042086
Joint Administrators	Finbarr Thomas O'Connell, Henry Anthony Shinnars and Mark Christopher Ford, all of 25 Moorgate, London, EC2R 6AY (IP No(s) 7931,9280 and 9521) In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally
Date of Appointment	17 October 2014
Appointor	EXIM
Extension to period of administration	The period of the administration was initially extended by the consent of creditors to 16 October 2016 Following a court hearing, the period of administration has been further extended to 13 April 2018

II Receipts and payments account

Receipts and payments account to 31 August 2016

Caterham Sports Limited
(In Administration)
Joint Administrators Trading Account

Statement of Affairs	From 17/03/2016 To 31/08/2016	From 17/10/2014 To 31/08/2016
POST APPOINTMENT SALES	£	£
Crowdfunding	NIL	237,200 24
Bank Interest Gross Re Trading	65 86	621 51
Sales Sponsorship	NIL	2,000 00
Customer Overpayment	NIL	56 93
Driver Income	NIL	515,298 55
Customer Postage	NIL	9,182 40
	<u>65 86</u>	<u>764,359 63</u>
PURCHASES		
Purchases Abu Dhabi	NIL	96,390 42
Ransom Payments	NIL	22,624 85
	<u>NIL</u>	<u>(119,015 27)</u>
OTHER DIRECT COSTS		
Consultancy Fee	NIL	22,170 95
Consultancy Expenses	NIL	95,057 11
Bank Charges Re Trading	NIL	530 90
	<u>NIL</u>	<u>(117,758 96)</u>
TRADING EXPENDITURE		
Travel & Accommodation	NIL	92,271 19
Carriage	NIL	1,348 40
Insurance	NIL	25,000 00
Professional Fees	NIL	5,250 00
Legal Fees Trading	NIL	14,851 50
Hire of Equipment	NIL	37,500 00
Repairs & Maintenance	NIL	300 00
Sundry Expenses	NIL	500 00
Administrators Fees Trading	35,172 02	35,172 02
Track Costs	NIL	57,211 31
Ransom Payment Racing Costs	NIL	28,534 70
Crowdcube Fee	NIL	20,319 71
Stripe Fee	NIL	11,060 28
Catering Costs	NIL	30,168 00
Security	NIL	3,989 94
Agents Expenses	NIL	111,311 37
Agents Fees	NIL	42,769 05
	<u>(35,172 02)</u>	<u>(517 557 47)</u>
TRADING SURPLUS/(DEFICIT)	<u>(35,106 16)</u>	<u>10,027 93</u>

Caterham Sports Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 17/03/2016 To 31/08/2016	From 17/10/2014 To 31/08/2016
£	£	£
PROPERTY & LAND		
Interest received from Solicitors FCR	NIL	15 83
Compensation for late completion FCR	NIL	20,000 00
4,200,000 00 Sale of Property FCR	NIL	5,250,000 00
	<u>NIL</u>	<u>5,270,015 83</u>
GENERAL FIXED CHARGE		
Bank Interest Gross FCR	250 63	1,387 05
Bank Charges FCR	(27 00)	(87 45)
	<u>223 63</u>	<u>1,299 60</u>
PROPERTY & LAND		
Joint Administrators Fees FCR	203,614 75	203,614 75
Property Maintenance & Clearance FCR	NIL	46,253 11
Security FCR	NIL	68,039 90
Interest on Loan Principal Borrowing FCR	NIL	4,244 66
Agent/Valuers Fees FCR	NIL	88,375 00
Property Expenses FCR	NIL	302,786 78
(5,504,302 00) Property Related Insurance FCR	NIL	23,749 47
Agency Expenses FCR	NIL	3,201 70
Legal Fees FCR	NIL	23,450 00
Legal Expenses FCR	NIL	784 74
	<u>(203,614 75)</u>	<u>(764,500 11)</u>
DISTRIBUTIONS		
Fixed Charge Creditor	201,738 21	4,446,738 21
	<u>(201,738 21)</u>	<u>(4,446,738 21)</u>
GENERAL FIXED CHARGE		
Irrecoverable VAT FCR	NIL	11,859 94
Professional Fees FCR	NIL	5,000 00
	<u>NIL</u>	<u>(16,859 94)</u>
ASSET REALISATIONS		
Plant & Machinery	250 00	2,641,971 87
Inventories	434,100 00	434,100 00
Funds Returned by Sherriff	NIL	339 00
1 MRT Sdn Bhd (in admin)	187 62	187 62
Misc Cash Sales	NIL	409 18
Catalogue Sales	NIL	1,815 00
Foreign Exchange Gains/Losses	NIL	113 17
Pre Appointment VAT Refund	2,600 90	27,106 08
Pre Appointment Insurance Refund	NIL	151 02
Cash at Bank	NIL	54,325 61
Rent	NIL	20,508 55
Stock	NIL	158,995 28
Bank Interest Gross	1,158 60	4,295 97
Petty Cash	NIL	714 91
Trading Surplus/(Deficit)	(35,106 16)	10,027 93
Rates Refund	NIL	10,496 36
Service Charge	NIL	19,257 57
Sale of Motor Vehicles	NIL	5,995 99
	<u>403,190 96</u>	<u>3,390,811 11</u>

Caterham Sports Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 17/03/2016 To 31/08/2016	From 17/10/2014 To 31/08/2016
£	£	£
COST OF REALISATIONS		
Payments Against Liens	NIL	218,330 71
Creditors Meeting Costs	NIL	916 67
Property Maintenance	195,000 00	195,000 00
Agent/Valuer's Pre Appointment Fees	NIL	40,000 00
Petitioners Expenses	NIL	866 13
Petitioners Costs	NIL	4,691 00
Interest on Loan Principal Borrowing FLT	NIL	21,053 94
Joint Administrators Pre Appt Fees	NIL	22,818 75
Administrators Fees	322,969 30	1,576,080 13
Administrators Expenses	10,326 91	31,516 56
Committee Expenses	NIL	614 08
Professional Fees	NIL	18,885 87
Transport, Storage and Maintenance	NIL	97,359 51
Agents/Valuers Fees	112,083 66	247,127 47
Agents/Valuers Expenses	45,628 63	234,365 29
Legal Fees	160,000 00	454,487 78
Legal Expenses	1,250 00	50,310 15
Payroll Services	NIL	2,185 77
Storage Costs	605 76	3,405 36
Ransom Payment Re Insurance	NIL	479 93
Statutory Advertising	NIL	892 40
IT Services	NIL	24,036 65
Insurance of Assets	NIL	11,779 27
Bank Charges	2 50	185 15
Professional Expenses	NIL	66 00
Utility costs	NIL	15,000 00
	<u>(847,866 76)</u>	<u>(3,272,454 57)</u>
PREFERENTIAL CREDITORS		
(177,600 00) Employees Wage Arrears	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
UNSECURED CREDITORS		
(16,195,627 00) Trade & Expense Creditors	NIL	NIL
(1,098,000 00) HMRC	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
DISTRIBUTIONS		
1 00 Ordinary Shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
(18,775,528 00)	<u>(849,805 13)</u>	<u>161,573 71</u>
REPRESENTED BY		
VAT Receivable FLT		27 293 45
Clients Deposit FCR NIB 20 5 16		43 217 17
Clients Deposit Re Kickstart Caterha		2 983 71
Clients Deposit A/c (Int Bear) FLT		29 348 21
VAT Control Account FLT		51 686 95
VAT Receivable Trading		7 034 40
VAT Payable Trading		9 82
		<u>161,573 71</u>

Notes and further information required by SIP 7

- The basis of the administrators' remuneration was approved by the creditors' committee on 2 March 2015, and amended on 6 May 2015
- Details of significant expenses paid are provided in the body of our report
- Details of payments made to sub-contractors are shown in the body of our report
- Information concerning our remuneration and disbursements incurred is provided in the body of the report
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report
- All bank accounts are interest bearing
- There are no foreign currency holdings that we are aware of
- Wyles Hardy applies a Buyers' Premium on all auction sales. This is paid by the buyer to Wyles Hardy directly. For their own reporting purposes Wyles Hardy also charge the Company this Buyers' Premium and the Company recharges the Buyers' Premium to Wyles Hardy under self-billing arrangements. This is a cash and VAT neutral arrangement whereby creditors and HMRC are not impacted by the Buyers' Premium. This charging to the Company and recharging back to Wyles Hardy of the Buyers' Premium is not reflected in the receipts and payments
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT

III Time analysis for the period

From 17 March 2016 to 31 August 2016

Caterham Sports Limited (In Administration)
Breakdown of time spent by Smith & Williamson LLP employees
for the period 17 March 2016 to 31 August 2016

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	0.00	2.70	1.50	28.15	1.05	33.40	11,009.50	329.63
Cashiering general, including bonding	0.00	0.00	0.00	0.00	9.65	9.65	2,439.90	252.80
Job planning reviews and progression (inc 6 month reviews and planning meetings checklist & diary)	0.00	8.60	0.50	19.75	0.00	28.85	10,837.50	375.65
Post appointment taxation (VAT PAYE/NIC Corp Tax that are not trading related)	5.35	1.00	0.00	5.35	0.00	11.70	5,002.25	427.54
Filing file and information management	0.00	0.00	0.50	1.00	0.00	1.50	450.00	300.00
Agents and advisers general	0.00	3.50	1.00	1.50	0.00	6.00	2,702.50	450.42
Director/manager review approval and signing	1.00	1.30	0.00	0.00	1.30	3.60	1,710.50	475.14
Other	0.00	0.75	0.00	0.00	0.00	0.75	393.75	525.00
Investigations								
Investigation of legal claims	42.00	0.90	0.00	1.10	0.00	44.00	27,063.50	615.08
Realisation of assets								
Debtors not financed (includes reassigned debtors)	0.00	0.00	0.00	0.35	0.00	0.35	108.50	310.00
Financed assets (only if equity otherwise creditors incl HP and leasing)	0.00	2.55	0.00	0.00	0.00	2.55	1,338.75	525.00
Liassing with agents (general)	0.00	0.00	0.00	0.50	0.00	0.50	155.00	310.00
Other	0.00	2.55	0.00	0.00	0.00	2.55	1,338.75	525.00
Creditors								
Fixed charge creditors	0.00	0.90	0.00	0.85	0.00	1.75	736.00	420.57
Employees & pension (other) (incl Jobcentre/CSA etc)	0.00	0.75	5.00	0.85	0.00	6.60	2,657.25	402.61
Unsecured creditors	0.15	0.00	1.50	3.20	0.00	4.85	1,685.75	347.58
Creditors committee	0.00	7.00	5.75	0.00	0.00	12.75	5,975.00	468.63
Other	0.00	1.90	0.00	0.00	0.00	1.90	997.50	525.00
Total	48.50	34.40	15.75	62.60	12.00	173.25	£76,601.50	£442.14

Caterham Sports Limited (In Administration)
Breakdown of time spent by Smith & Williamson Financial Services employees
for the period 17 March 2016 to 31 August 2016

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			
Smith & Williamson Financial Services								
SWFS Employee Benefits Consultancy	0.00	0.00	0.00	2.25	0.00	2.25	326.25	163.13
Total	0.00	0.00	0.00	2.25	0.00	2.25	£326.25	£163.13

Explanation of major work activities undertaken

A description of work undertaken in the period is as follows

Administration and planning

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

- Dealing with routine correspondence and phone calls
- Maintaining physical case files and electronic case details on IPS (electronic case management software)
- Preparation and sending of the joint administrators' reports
- Preparation of the extension documentation
- General case planning and administration
- Ensuring statutory lodgement and tax lodgement obligations are met

- Maintaining and managing the administrators' cash book and bank accounts
- Cashiering duties such as bank reconciliations and paying invoices
- Filing and file management of routine correspondence

Investigations

This section is in relation to the investigation of the Company's assets and the conduct of the directors. This covers both statutory requirements of the administrators and independent investigation carried out in order to realise further assets for the creditors by way of challenging third parties as to the beneficial ownership of certain assets or by way of commencing legal action.

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

- Liaising with S&W's Forensic department (our Forensic department have been assisting with the preservation and maintenance of the Company's electronic records)
- Complying with our ongoing statutory duties in accordance with the Directors' Disqualification Act 1986
- Investigation of possible legal claims including consideration of the Company's incomplete accounting records
- Investigation of the financial position of parties against whom legal action is being considered
- Preparation and presentation of information on the merits and risks of any legal action to the committee
- Meetings, telephone call and correspondence with solicitors
- Arranging for travel and accommodation of former Company executives to attend investigative meetings and asset tracing within the UK
- Obtaining and reviewing contracts to which the Company is a party and are relevant to the Company's rights to assets

Realisation of assets

This section is in relation to the realisation of the Company's assets. The work includes the following work carried out by the administrators' case team:

- Discussions with EXIM in relation to the Property
- Negotiations concerning the beneficial ownership of assets
- Investigating assets that are overseas

Trading

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

- Ensuring that payments made and/or received in the trading period are reflected in the cash book
- Payment of suppliers
- Removal or withdrawal of undertakings

Creditors

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

- Dealing with creditor and employee correspondence via email, telephone and letter
- Uploading and updating creditors' (including employee) information on our Insolvency Practitioners' computerised case management system
- Discussions with the RPO, our pensions team, the pension provider and their agents, regarding the outstanding pension contributions
- Liaising with creditors in relation to third party assets i.e. subject to leasing agreements
- Taking employee related calls and responding to creditors emails in regards to the status of the business and the prospect of sale
- Preparing for, calling, holding and documenting of the creditors' committee meetings

- Corresponding and speaking with EXIM, the secured creditor, and their advisors
- Obtaining written consent from EXIM for the costs associated with the sale of the Property including an element of the joint administrators' time costs

Forensic

Time has been incurred by S&W's Forensic team in relation to preserving, imaging and downloading the information from the Company's electronic records on to a format in which it may be searched during our investigation work

- Supporting the Restructuring team members in using the forensic software
- Strategy meetings to discuss the various investigation work
- Preservation of the Company's electronic records

Corporate Tax & VAT

- Investigating and recovering possible tax assets in the UK, Europe, India and Australia
- Preparing the Company's Corporation Tax returns

Pensions

- Working with our pension department to ensure all outstanding pension contributions are claimed from The Redundancy Payments Office
- Investigating the shortfall to the pension scheme and reviewing the pension scheme

IV Cumulative time analysis

From 17 October 2014 to 31 August 2016

Caterham Sports Limited (in Administration)
Breakdown of time spent by Smith & Williamson LLP employees and by S&WCF
for the period 17 October 2014 to 31 August 2016

Classification of work function	Hours					Total hours	Time cost	Average hourly rate	
	Partner	Associate director	Manager/ Assistant Manager	Senior Administrator/ Administrator	Assistants & support staff				
Administration and planning							£	£	
Statutory returns, reports & meetings	16.90	39.80	37.25	137.05	3.83	234.83	84,066.50	357.96	
Initial post appointment notification letters including creditors	0.00	5.55	3.50	12.25	7.00	28.30	8,256.25	291.74	
Cashiering general, including bonding	0.00	9.85	8.80	68.90	56.70	144.25	39,437.25	273.40	
Job planning, reviews and progression (inc 6 month reviews and planning meetings)	2.90	51.05	24.40	97.10	0.00	175.45	65,756.75	374.79	
checklist & diary									
Post appointment taxation (VAT PAYE/NIC Corp Tax that are not trading related)	5.75	6.30	4.00	18.90	0.00	34.95	13,097.25	374.74	
Protection of company records (incl electronic)	0.00	3.15	0.00	0.00	0.00	3.15	1,653.75	525.00	
Insurance & general asset protection	0.00	2.55	3.50	0.35	0.00	6.40	7,821.00	1,222.06	
Travelling	22.75	35.00	11.30	17.75	0.00	86.80	40,226.00	463.43	
Filing, file and information management	0.00	2.00	4.40	18.45	9.25	34.10	8,183.00	239.97	
Agents and advisers general	0.00	13.15	5.05	3.65	0.00	21.85	9,935.00	454.69	
Filing Administration and planning	0.00	0.00	0.00	0.80	4.80	5.60	648.00	115.00	
Director/manager review approval and signing	20.60	1.30	10.5	0.00	6.80	38.95	19,160.50	491.93	
Other	23.25	14.00	2.80	12.5	0.75	53.05	26,035.25	490.77	
Investigations									
Directors correspondence & conduct questionnaires	0.00	0.00	0.00	1.35	0.00	1.35	358.50	265.56	
Creditor & shareholder complaints	2.00	0.00	0.00	0.00	0.00	2.00	1,250.00	625.00	
Statutory books and accounting records review	0.00	19.70	3.75	0.00	0.00	22.45	11,442.50	509.69	
Investigation of legal claims	511.00	42.05	7.50	27.60	0.00	588.15	351,829.75	598.20	
SIP2 and SIP4 obligations (inc CDD&S forms)	0.00	10.75	3.50	4.25	0.00	18.50	13,106.25	708.42	
Asset tracing (e.g. Land Registry and Company Searches)	0.00	13.85	0.00	0.50	0.00	14.35	7,396.25	515.42	
Enquiries of advisers	0.00	4.55	4.00	0.50	0.00	9.05	4,113.75	454.56	
Filing Investigations	0.00	1.85	0.00	0.00	0.00	1.85	866.25	525.00	
Director/manager review approval and signing	1.30	0.00	0.00	0.00	0.00	1.30	812.50	625.00	
Other	0.00	2.95	1.35	2.50	0.00	6.80	2,706.75	398.05	
Realisation of assets									
Fixed charge Property (land and buildings)	171.80	126.05	2.00	37.60	0.00	337.45	183,757.25	544.55	
Fixed charge other (e.g. chattel mortgages)	83.25	1.20	0.00	0.00	0.00	86.45	53,911.25	623.61	
Debtors not financed (includes reassigned debtors)	1.00	4.30	0.00	5.35	0.00	10.65	4,241.00	398.22	
Stock	0.00	28.50	0.00	0.00	0.75	29.25	15,195.00	519.49	
Other chattel assets	5.70	36.50	2.50	0.00	0.00	44.70	23,680.00	529.75	
Financed assets (only if equity otherwise creditors incl HP and leasing)	0.20	2.55	0.00	0.00	0.00	2.75	1,463.75	532.27	
Sale of business as a whole including liaison with legal advisers agents etc	529.00	16.70	0.10	0.00	0.00	545.80	339,159.50	621.97	
Smith & Williamson Corporate Finance	549.25	0.00	0.00	40.50	0.00	589.75	334,715.00	567.55	
Cash at Bank	0.75	0.00	0.00	1.50	0.00	2.25	576.25	259.29	
Liaising with agents (general)	0.00	0.75	1.50	9.75	0.00	12.00	3,921.25	326.77	
Sale of business post completion matters	0.00	3.15	0.00	0.00	0.00	3.15	1,653.75	525.00	
Director/manager review approval and signing	4.60	0.00	0.00	0.00	0.00	4.60	2,875.00	625.00	
Other	12.00	18.50	0.70	6.00	0.00	37.20	19,108.50	513.67	
Trading									
Trading on decision and day 1-3 operations	6.00	2.45	9.50	15.00	0.00	32.95	17,511.25	529.79	
Sales and customers	0.00	16.05	24.50	4.75	0.00	45.30	17,137.50	378.31	
Purchasing/suppliers (not landlord)	0.70	132.15	8.00	15.80	0.00	156.65	77,164.25	492.59	
Accounting	0.00	6.05	0.00	4.00	0.00	10.05	4,178.25	415.55	
Insurances	0.00	0.00	11.00	2.35	0.00	13.35	4,987.50	373.60	
Staff and payroll (inc PAYE/NIC for trading period)	0.00	0.55	1.00	0.00	0.00	1.55	688.75	444.35	
Premises issues (incl landlord and site clearance)	0.00	13.15	14.45	4.50	0.00	32.10	12,422.75	387.00	
Health & Safety	0.00	0.00	0.25	0.00	0.00	0.25	73.75	295.00	
Security	0.00	0.00	0.00	0.35	0.00	0.35	87.50	250.00	
Director/manager review approval and signing	2.25	0.00	0.00	0.00	0.00	2.25	1,406.25	625.00	
Other	1.15	54.50	13.80	51.20	0.00	110.65	50,932.25	460.15	
Creditors									
Fixed charge creditors	19.75	35.85	0.00	0.85	0.00	56.45	31,428.50	556.75	
Floating charge creditors	0.25	2.75	0.00	0.00	0.00	3.00	1,600.00	533.33	
HP & lease creditors	14.60	4.70	10.85	6.60	0.00	36.75	16,330.00	448.01	
RPO and ERA claims & tribunals	0.75	0.00	17.75	1.00	0.00	19.50	7,878.75	404.04	
Employees & pension (other) (incl Jobcentre/CSA etc)	84.70	24.15	36.45	19.20	0.00	164.50	83,259.25	506.20	
S&WFS Employee Benefits Consultancy	8.80	0.00	33.45	0.35	0.00	42.60	8,801.50	206.61	
Grown (not RPO etc)	0.00	0.00	2.25	0.00	0.00	2.25	420.00	186.67	
Unsecured creditors	19.30	28.55	73.45	57.05	3.75	154.10	82,290.50	534.34	
Creditors committee	11.35	60.30	40.50	29.00	0.00	141.15	62,261.25	441.10	
ROT Claims	7.20	22.80	40.15	57.60	0.00	127.75	45,200.25	353.82	
Director/manager review approval and signing	0.30	0.00	0.00	0.00	0.00	0.30	187.50	625.00	
Other	0.00	2.30	0.00	0.25	0.00	2.55	1,270.00	498.04	
Case-Specific 3 AML/Compliance									
AML (if done post appointment)	0.00	0.00	5.55	4.00	0.00	9.55	3,073.00	321.78	
Corporate Tax									
Corporate Tax	109.90	1.70	27.10	39.40	0.00	178.10	72,180.85	405.44	
Forensics									
Forensics	0.50	0.00	3.00	98.85	0.00	102.35	22,769.50	222.47	
Total	2,293.00	924.40	514.15	957.15	98.15	4,747.05	2,287,965.35	481.89	
Pre-Appointment									
Initial meetings	0.00	0.00	4.75	3.50	0.00	8.25	2,750.00	333.33	
General advisory work (insolvency)	16.00	5.00	0.00	0.00	0.00	21.00	12,625.00	601.19	
Appointment formalities	0.00	5.65	3.50	0.00	0.00	9.15	4,371.25	475.27	
Preparation of pre-appointment documents	0.00	0.00	1.00	0.00	0.00	1.00	400.00	400.00	
Job planning	7.60	0.00	4.75	0.00	0.00	12.35	6,650.00	538.46	
Travelling	0.00	0.00	0.00	2.50	0.00	2.50	625.00	250.00	
Total	23.60	10.65	14.00	6.00	0.00	54.25	27,171.25	504.54	

Caterham Sports Limited (In Administration)
Breakdown of time spent by Smith & Williamson Financial Services employees
for the period ended 31 August 2016

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner	Associate director	Manager/ Assistant Manager	Senior Administrator/ Administrator	Assistants & support staff			
Smith & Williamson Financial Services							£	£
SEWFS Employee Benefits Consultancy	9 10	0 00	56 05	2 60	0 00	67 75	13 069 50	192 91
Total	9 10	0 00	56 05	2 60	0 00	67 75	13 069 50	192 91

V 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.

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

Use of professional advisers

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

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

S&WFS

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

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

Disbursements

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

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

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

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

Charge out rates

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. Charge out rates for S&WFS were also provided to creditors at the time the basis of their fees 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 2016.

Smith & Williamson LLP			London			Regional
Restructuring & Recovery Services			office			offices
Charge out rates			£/hr			£/hr
	From 1/7/14	From 1/7/15	From 1/7/16	From 1/7/14	From 1/7/15	From 1/7/16
Partner / Director (from 1 January 2016)	625	625	560-625	350	350	440
Associate Director	525	525	525	295-325	295-325	295-325
Managers	295-400	295-400	315-400	310	310	295
Other professional staff	250-310	250-310	250-310	235	235	144-235
Support & secretarial staff	100	100	100	90	90	72-162

S&WFS Employee Benefits Consultancy	From 1/7/14	From 1/7/15	From 1/7/16
Charge out rates	£/hr	£/hr	£/hr
Director	290-415	260-415	225-420
Associate Director	190-250	190-250	200-240
Manager	185-195	185-195	185-195
Administrator	145-165	50-170	70-145

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

Corporate Tax & VAT	London office
Charge out rates from 1 July 2015	£/hr
Partner	570-505
Associate Director	375
Managers	320-200
Other professional staff	90-165
Support & secretarial staff	60

Forensic	London office
Charge out rates from 1 July 2015	£/hr
Partner	700
Managers	400
Other professional staff	330
Support & secretarial staff	80-95

Notes

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

www.smithwilliamson.co.uk

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

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