

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

I/We (a)

Finbarr Thomas O'Connell
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AYHenry Anthony Shinnars
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AYMark Christopher Ford
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

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

From

To

(b) Insert date

(b) 1 September 2016

(b) 28 February 2017

Signed

Joint Administrator(s)

Dated

24/3/17

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
Smith & Williamson LLP
25 Moorgate
London
EC2R 6AY

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020 7131 4000
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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

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25/03/2017
COMPANIES HOUSE



Caterham Sports Limited (in administration)

Joint administrators' progress report for the period from 1
September 2016 to 28 February 2017

23 March 2017



Contents

| | | |
|-----|---------------------------------|---|
| 1. | Glossary | 1 |
| 2. | Introduction | 2 |
| 3. | Progress of the administration | 2 |
| 4. | Administrators' remuneration | 3 |
| 5. | Administration expenses | 4 |
| 6. | Estimated outcome for creditors | 5 |
| 7. | Creditors' committee | 6 |
| 8. | Outstanding matters | 6 |
| 9. | Ending the administration | 7 |
| 10. | Creditors' rights | 7 |
| 11. | Next report | 8 |

Appendices

| | | |
|-----|---|----|
| I | Statutory information | 9 |
| II | Receipts and payments account | 10 |
| III | Time analysis for the period | 14 |
| IV | Cumulative time analysis | 16 |
| V | Staffing, charging, subcontractor and adviser policies and charge out rates | 18 |



1. Glossary

| Abbreviation | Description |
|---|---|
| the Company | Caterham Sports Limited |
| the administrators/joint administrators | Finbarr Thomas O'Connell, Henry Anthony Shinnars and Mark Christopher Ford |
| 1MRT | 1Malaysia Racing Team SDN BHD |
| 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 | <i>Estimated to realise</i> |
| 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 six month period ended 28 February 2017. 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.

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 1 September 2016 to 28 February 2017. This account includes cumulative figures for the period from 17 October 2014 to 28 February 2017.

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.

No receipts of any significance have been received during this period.

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 continuing to liaise with our legal advisors with regard to the pursuit of the payment of these funds.

3.2 Legal claims

As administrators of the Company and 1MRT, we continue to make progress with our legal advisors with regard to a claim in a high value legal dispute as our investigations uncover new and relevant documents. The administrators and our legal advisors are continuing to work on proving that the funds in question belong to the Company and/or 1MRT. At present, there is no further update in this regard, however updates 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 |
| 1 September 2016 to 28 February 2017 | 112.15 | 53,938.25 | 480.95 | 40,000.00 |
| Total | 4,859.20 | 2,341,503.60 | 481.87 | 1,854,866.90 |

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 28 February 2017 which provides details of the administrators' time costs since appointment. A total of £1,854,866.90 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.

As detailed in the last report, the joint administrators anticipate the total 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 at section 8 of this report.

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.

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

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

S&WCF's time costs for the reporting period are £616.00. This represents 3 hours at an average rate of £205.33 per hour. S&WFS fees have been included in the joint administrators' fees.

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 case.

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 | 16,261.70 plus disbursements of 35.15 | 39,951.68 plus disbursements of 2,422.00 | 27,966.33 |
| Wyles Hardy & Co Limited / Auction of assets and advice | 10% commission on sales and hourly rates for other assistance and disbursements | 0.00 | 0.00 | 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 £ |
|--------------------------------|------------------------------------|--------------------------------|--|
| Storage costs | 611.52 | 611.52 | 0.00 |
| Third party mailing assistance | 1,601.18 | 0.00 | 1,601.18 |
| Total | 2,212.70 | 611.52 | 1,601.18 |

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

5.4 Category 2 disbursements (see Appendix V)

No Category 2 disbursements 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 creditors is set out below.

6.1 Secured creditors

At the time of the commencement 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.

Over the period of the administration, payments totalling £4,626,738.21 have been made to EXIM. As detailed in the last report, 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 | Claims received £ |
|---|----------------------|
| Department for Business Innovation & Skills | 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 over and 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 creditors' committee was constituted on 22 December 2014 and is comprised of five members.

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, 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 for every six months going forward. 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. Ending the administration

The period of the administration was extended by court until 13 April 2018.

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.

10. Creditors' rights

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

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

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

On a general note, if you have any comments or concerns in connection with our conduct, please contact Finbarr Thomas O'Connell or Henry Anthony Shinnars in the first instance. If the matter is not resolved to your

satisfaction, you may contact our Head of Legal by writing to 25 Moorgate, London EC2R 6AY or by telephone on 020 7131 4000.

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

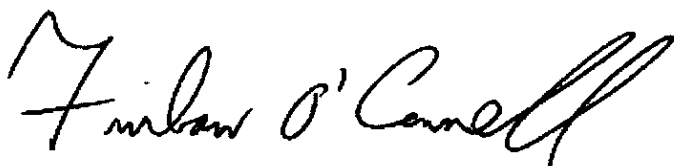
i) Email: ip.complaints@insolvency.gsi.gov.uk

ii) Telephone number: +44 300 678 0015

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

11. Next report

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



Finbarr Thomas O'Connell

Joint Administrator

Date: 23 March 2017

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 28 February 2017

**Caterham Sports Limited
(In Administration)
Joint Administrators' Trading Account**

| Statement of Affairs £ | From 01/09/2016 To 28/02/2017 £ | From 17/10/2014 To 28/02/2017 £ |
|--|---------------------------------------|---------------------------------------|
| POST APPOINTMENT SALES | | |
| Crowdfunding | NIL | 237,200.24 |
| Bank Interest Gross Re: Trading | 8.40 | 629.91 |
| Sales - Sponsorship | NIL | 2,000.00 |
| Customer Overpayment | NIL | 56.93 |
| Driver Income | NIL | 515,298.55 |
| Customer Postage | NIL | 9,182.40 |
| | <u>8.40</u> | <u>764,368.03</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 | NIL | 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>NIL</u> | <u>(517,557.47)</u> |
| TRADING SURPLUS (before related professional costs) | <u>8.40</u> | <u>10,036.33</u> |

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

| Statement of Affairs £ | From 01/09/2016 To 28/02/2017 £ | From 17/10/2014 To 28/02/2017 £ |
|------------------------------|--|---------------------------------------|
| | 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 |
| | NIL | 5,270,015.83 |
| | GENERAL FIXED CHARGE | |
| | Bank Interest Gross FCR | NIL 1,387.05 |
| | Bank Charges FCR | NIL (87.45) |
| | NIL | 1,299.60 |
| | PROPERTY & LAND | |
| | Joint Administrators' Fees FCR | NIL 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 |
| | Property Related Insurance FCR | NIL 23,749.47 |
| | Agency Expenses FCR | NIL 3,201.70 |
| | Legal Fees FCR | 12,549.00 35,999.00 |
| | Legal Expenses FCR | NIL 784.74 |
| | (12,549.00) | (777,049.11) |
| | DISTRIBUTIONS | |
| (5,504,302.00) | Fixed Charge Creditor | NIL 4,446,738.21 |
| | NIL | (4,446,738.21) |
| | GENERAL FIXED CHARGE | |
| | Irrecoverable VAT FCR | NIL 11,859.94 |
| | Professional Fees FCR | NIL 5,000.00 |
| | NIL | (16,859.94) |
| | ASSET REALISATIONS | |
| | Plant & Machinery | NIL 2,841,971.87 |
| | Inventories | NIL 434,100.00 |
| | Funds Returned by Sheriff | NIL 339.00 |
| | Book Debts | NIL 187.62 |
| | Misc. Cash Sales | NIL 409.18 |
| | Catalogue Sales | NIL 1,815.00 |
| | Foreign Exchange Gains | NIL 113.17 |
| | Pre Appointment VAT Refund | NIL 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 | 34.88 4,330.85 |
| | Petty Cash | NIL 714.91 |
| | Trading Surplus | 8.40 10,036.33 |
| | Rates Refund | NIL 10,496.36 |
| | Service Charge | NIL 19,257.57 |
| | Sale of Motor Vehicles | NIL 5,995.99 |
| | 43.28 | 3,390,864.39 |

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

| Statement of Affairs | | From 01/09/2016 To 28/02/2017 | From 17/10/2014 To 28/02/2017 |
|-------------------------------|--|----------------------------------|----------------------------------|
| £ | | £ | £ |
| COST OF REALISATIONS | | | |
| | Payments Against Liens | NIL | 218,330.71 |
| | Creditors' Meeting Costs | NIL | 916.67 |
| | Dispute Claim | NIL | 195,000.00 |
| | Agent/Valuer's Pre Appointment Fees | NIL | 40,000.00 |
| | Interest in vehicles | 250.00 | 250.00 |
| | Petitioners Expenses | NIL | 866.13 |
| | Petitioners Costs | NIL | 4,691.00 |
| | Interest on Loan Principal Borrowing FLT | NIL | 21,053.94 |
| | Joint Administrators' Pre Appointment Fees | NIL | 22,818.75 |
| | Administrators' Fees | 40,000.00 | 1,616,080.13 |
| | Administrators' Expenses | NIL | 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 | NIL | 247,127.47 |
| | Agents/Valuers Expenses | NIL | 234,365.29 |
| | Legal Fees | 27,402.68 | 481,890.46 |
| | Legal Expenses | 2,422.98 | 52,733.13 |
| | Payroll Services | NIL | 2,185.77 |
| | Storage Costs | 611.52 | 4,016.88 |
| | 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 | 0.20 | 185.35 |
| | Professional Expenses | NIL | 66.00 |
| | Utility costs | NIL | 15,000.00 |
| | | <u>(70,687.38)</u> | <u>(3,343,141.95)</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>(83,193.10)</u> | <u>78,380.61</u> |
| REPRESENTED BY | | | |
| | VAT Receivable Floating Charge | | 439.26 |
| | Clients Deposit Account Fixed Charge - NIB 20.5.16 | | 28,158.37 |
| | Clients Deposit Account Re: Kickstart Caterham | | 10,026.51 |
| | Clients Deposit Account Floating Charge | | 23,695.16 |
| | VAT Control Account Floating Charge | | 13,541.69 |
| | VAT Control Account Fixed Charge | | 2,509.80 |
| | VAT Payable Trading | | 9.82 |
| | | | <u>78,380.61</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.
- The floating charge bank account and the Kickstart Caterham bank account 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 1 September 2016 to 28 February 2017

| Caterham Sports Limited (In Administration) Breakdown of time spent by Smith & Williamson LLP employees for the period 1 September 2016 to 28 February 2017 | | | | | | | |
|---|-----------------------|-----------------------|----------------------------------|--------------------------------|----------------|-------------------|---------------------------|
| Classification of work function | Hours | | | | Total hours | Time cost | Average hourly rate |
| | Partner / Director | Associate director | Manager/ Assistant Manager | Other professional staff | | | |
| Administration and planning | | | | | | | |
| Statutory returns, reports & meetings | 0.00 | 2.95 | 0.00 | 10.55 | 13.50 | 4,753.25 | 352.09 |
| Cashiering general, including bonding | 0.00 | 0.00 | 0.00 | 4.30 | 4.30 | 1,102.00 | 256.28 |
| Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary) | 0.00 | 1.30 | 0.50 | 5.05 | 6.85 | 2,448.00 | 357.37 |
| Post appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related) | 0.00 | 0.00 | 0.00 | 1.75 | 1.75 | 542.50 | 310.00 |
| Agents and advisers, general | 0.00 | 0.55 | 0.00 | 0.00 | 0.55 | 288.75 | 525.00 |
| Director/manager review, approval and signing | 0.40 | 0.00 | 0.00 | 0.50 | 0.90 | 405.00 | 450.00 |
| Other | 0.00 | 0.10 | 0.00 | 0.00 | 0.10 | 52.50 | 525.00 |
| Investigations | | | | | | | |
| Investigation of legal claims | 32.50 | 0.00 | 0.00 | 2.50 | 35.00 | 21,087.80 | 602.51 |
| Realisation of assets | | | | | | | |
| Fixed charge Property (land and buildings) | 0.00 | 0.40 | 0.00 | 0.00 | 0.40 | 210.00 | 525.00 |
| Financed assets (only if equity-otherwise creditors, incl HPP and leasing) | 0.00 | 1.40 | 0.00 | 0.00 | 1.40 | 735.00 | 525.00 |
| Other | 0.00 | 3.00 | 0.00 | 0.00 | 3.00 | 1,575.00 | 525.00 |
| Trading | | | | | | | |
| Sales and customers | 0.00 | 0.30 | 0.00 | 0.00 | 0.30 | 157.50 | 525.00 |
| Other | 0.00 | 0.75 | 0.00 | 0.00 | 0.75 | 393.75 | 525.00 |
| Creditors | | | | | | | |
| Fixed charge creditors | 0.00 | 2.15 | 0.00 | 0.00 | 2.15 | 1,128.75 | 525.00 |
| Employees & pension (other) (incl Jobcentre/CSA etc) | 0.20 | 0.00 | 0.00 | 6.55 | 6.75 | 2,553.50 | 319.33 |
| Unsecured creditors | 0.00 | 4.75 | 0.50 | 3.60 | 8.85 | 3,809.75 | 430.48 |
| Creditors' committee | 1.00 | 0.85 | 3.50 | 0.00 | 5.35 | 2,471.25 | 461.32 |
| Other | 0.00 | 0.35 | 0.00 | 0.00 | 0.35 | 183.75 | 525.00 |
| Corporate Tax | | | | | | | |
| Corporate Tax | 0.00 | 0.30 | 1.10 | 1.60 | 3.00 | 616.00 | 205.33 |
| Total | 34.10 | 12.15 | 5.60 | 36.40 | 95.25 | £44,116.05 | £463.16 |

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)
- 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:

- Investigating assets that are overseas

Trading

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

- 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
- 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

Corporate Tax & VAT

- Investigating and recovering possible tax assets in the UK, Europe, India and Australia

IV Cumulative time analysis

From 17 October 2014 to 28 February 2017

| Caterham Sports Limited (In Administration) Breakdown of time spent by Smith & Williamson LLP employees and by SBWCF for the period 17 October 2014 to 28 February 2017 | | | | | | | | | |
|---|-----------------|---------------------------------------|---|----------------------------|-----------------------|-----------------|---------------------|---------------|-------------------------|
| Task/Function/Activity/Location | Partners | Associates (including trainees) | Management Staff (including Managers) | Trainees | | Total hours | Total cost £ | £ per hour | Page No. of pages |
| | | | | Administrative Trainees | Technical Trainees | | | | |
| Administration and planning | | | | | | | | | |
| Statutory returns, reports & meetings | 16.90 | 42.75 | 37.25 | 137.05 | 14.40 | 248.35 | 86,819.75 | 357.64 | |
| Initial post-appointment notification letters including creditors | 0.00 | 5.55 | 3.50 | 12.25 | 7.00 | 28.30 | 8,256.25 | 291.74 | |
| Costing/estimating, including bonding | 0.00 | 9.85 | 8.80 | 68.90 | 61.00 | 149.55 | 40,519.25 | 272.90 | |
| Job planning, reviews and progression (inc 6 month reviews and planning meetings checklists & diary) | 2.90 | 52.35 | 24.90 | 102.15 | 0.00 | 182.30 | 68,204.75 | 374.13 | |
| Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related) | 5.75 | 6.30 | 4.00 | 20.65 | 0.00 | 36.70 | 13,639.75 | 371.66 | |
| 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 | 2,821.00 | 440.78 | |
| Traveling | 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 | 13.70 | 5.05 | 3.65 | 0.00 | 22.40 | 10,233.75 | 456.42 | |
| Filing - Administration and planning | 0.00 | 0.00 | 0.00 | 0.00 | 4.00 | 4.00 | 648.00 | 135.00 | |
| Director/manager review, approval and signing | 21.00 | 1.30 | 10.25 | 0.50 | 6.80 | 39.85 | 19,565.50 | 490.98 | |
| Other | 23.25 | 14.10 | 2.80 | 12.25 | 0.75 | 53.15 | 26,067.75 | 490.83 | |
| 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 | 2.75 | 0.00 | 0.00 | 22.45 | 11,442.50 | 509.69 | |
| Investigation of legal claims | 543.50 | 42.05 | 7.50 | 30.10 | 0.00 | 623.15 | 174,247.25 | 591.07 | |
| SP2 and SP4 obligations (inc CDDAB6 forms) | 0.00 | 10.75 | 3.50 | 24.25 | 0.00 | 38.50 | 13,106.25 | 340.42 | |
| 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 | 1.65 | 0.00 | 0.00 | 0.00 | 1.65 | 866.25 | 525.00 | |
| Director/manager review, approval and signing | 1.30 | 0.60 | 0.00 | 0.00 | 0.00 | 1.90 | 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 | 126.45 | 2.00 | 37.60 | 0.00 | 337.85 | 182,967.25 | 544.52 | |
| Fixed charge other (e.g. chattel mortgages) | 85.25 | 2.90 | 0.00 | 0.00 | 0.00 | 88.15 | 53,911.25 | 611.59 | |
| 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) | 0.10 | 3.95 | 0.00 | 0.00 | 0.00 | 4.15 | 2,198.75 | 519.82 | |
| Sale of business as a whole including liaison with legal advisers, agents etc | 529.00 | 16.20 | 0.10 | 0.00 | 0.00 | 545.30 | 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 | 0.25 | 0.00 | 0.00 | 1.50 | 0.00 | 1.75 | 576.25 | 329.29 | |
| Liaison with agents (general) | 0.00 | 0.75 | 1.50 | 9.75 | 0.00 | 12.00 | 3,521.25 | 293.44 | |
| 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 | 21.50 | 0.70 | 6.00 | 0.00 | 40.20 | 20,863.50 | 514.51 | |
| Trading | | | | | | | | | |
| Trading on decision and day 1-3 operations | 6.00 | 2.45 | 9.50 | 15.00 | 0.00 | 32.95 | 12,511.25 | 379.70 | |
| Sales and customers | 0.00 | 16.35 | 24.50 | 4.75 | 0.00 | 45.60 | 17,295.00 | 379.28 | |
| 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 | 4,176.25 | 415.55 | |
| Invoices | 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 (inc 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 | 55.25 | 13.80 | 51.20 | 6.00 | 122.40 | 51,326.00 | 402.87 | |
| Creditors | | | | | | | | | |
| Fixed charge creditors | 19.75 | 38.00 | 0.00 | 0.85 | 0.00 | 58.60 | 32,557.25 | 555.58 | |
| 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 | 4.20 | 10.85 | 6.80 | 0.00 | 36.45 | 16,330.00 | 448.01 | |
| RPO and ERA claims & tribunals | 0.75 | 0.00 | 17.75 | 1.00 | 0.00 | 19.50 | 878.75 | 404.04 | |
| Employees & previous officers (incl Jobcentre/JCSCA etc) | 84.90 | 24.15 | 36.45 | 25.75 | 0.00 | 171.25 | 85,424.75 | 498.83 | |
| SBWFS Employee Benefits Consultancy | 8.80 | 0.00 | 33.45 | 0.35 | 0.00 | 42.60 | 8,801.50 | 206.61 | |
| Craven (not RPO etc) | 0.00 | 0.00 | 2.25 | 0.00 | 0.00 | 2.25 | 420.00 | 186.67 | |
| Unsecured creditors | 19.30 | 33.30 | 23.95 | 60.65 | 8.25 | 145.45 | 56,100.25 | 399.43 | |
| Creditors committee | 12.35 | 61.15 | 44.00 | 29.00 | 0.00 | 146.50 | 64,732.50 | 441.86 | |
| ROF Claims | 7.20 | 22.60 | 40.15 | 57.60 | 0.00 | 127.55 | 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 | 2.65 | 0.00 | 0.25 | 0.00 | 2.90 | 1,453.75 | 501.29 | |
| 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 | 0.30 | 78.20 | 11.00 | 0.00 | 229.40 | 72,796.45 | 317.34 | |
| Forensics | | | | | | | | | |
| Forensics | 0.50 | 0.00 | 3.00 | 98.85 | 0.00 | 102.35 | 22,769.50 | 222.47 | |
| Total | 2,287.10 | 943.55 | 519.75 | 978.70 | 113.20 | 4,842.30 | 2,333,011.10 | 481.80 | |

| Description of work function | Hours | | | | | | | Average hourly rate |
|-------------------------------------|-------------|--------------------|-----------------------------|----------------------|---------------------------|-----------------|-------------------|---------------------|
| | Partner | Associate Director | Manager / Assistant Manager | Senior Administrator | Assistant / Support staff | Temp. staff | Employment agency | |
| SRWFS Employee Benefits Consultancy | 9.10 | 0.00 | 56.05 | 0.00 | 0.00 | 65.15 | 13,069.50 | 200.61 |
| Total | 9.10 | 1,767.15 | 56.05 | 1,616.40 | 144.00 | 3,592.70 | 13,069.50 | 3.64 |

| Description of work function | Hours | | | | | | | Average hourly rate |
|--|--------------|--------------------|-----------------------------|----------------------|---------------------------|--------------|-------------------|---------------------|
| | Partner | Associate Director | Manager / Assistant Manager | Senior Administrator | Assistant / Support staff | Temp. staff | Employment agency | |
| Pre-Appointment | | | | | | | | |
| Initial meetings | 0.00 | 0.00 | 4.75 | 3.50 | 0.00 | 8.25 | 2,750.00 | 333.33 |
| General advisory work insolvent | 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 | 4,321.25 | 472.27 |
| 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 | 27,371.25 | 504.54 |

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 partners and directors and/or associate directors as joint office holders, managers, administrators and assistants. 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 | 450 |
| 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 |

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

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

| Forensic Charge out rates from 1 July 2015 | London office £/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.smithandwilliamson.com

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

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