

London Capital & Finance Plc (in administration)

Joint administrators' progress report for the period from 30 January 2022 to 29
July 2022

26 August 2022

evelyn
PARTNERS

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1. Glossary

Abbreviation	Description
the administrators/joint administrators	Finbarr O'Connell, Adam Stephens, Henry Shinnars and Colin Hardman of Evelyn Partners LLP and Geoff Rowley of FRP Advisory Trading LLP
the Company/ LCF	London Capital & Finance plc
FCA	Financial Conduct Authority
FSCS	Financial Services Compensation Scheme
GST	Global Security Trustees Limited (in liquidation)
LCM	London Capital Marketing Limited (in liquidation)
LOG	London Oil & Gas Limited (in administration)
MdR	Mishcon de Reya LLP, the joint administrators' appointed legal advisors
Proposals	The joint administrators' proposals dated 25 March 2019
QFCH	Qualifying Floating Charge Holder – a secured creditor which has the power to appoint an administrator
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
SFO	Serious Fraud Office
SIP	Statement of Insolvency Practice (England & Wales)
SOA	Statement of Affairs
SURGE	SURGE Financial Limited

2. Introduction and Summary

This report provides an update on the progress in the administration of the Company for the six-month period ended 29 July 2022. It should be read in conjunction with our previous reports. By way of reminder, we, Finbarr O'Connell, Adam Henry Stephens, Colin Hardman and Henry Shinnars of Evelyn Partners LLP, 45 Gresham Street, London, EC2V 7BG, were appointed administrators of the Company on 30 January 2019.

From 14 June 2022, our firm's name has changed to Evelyn Partners LLP. Please note that this is a change to our brand only and that the services provided are unaffected. Please also be aware that we have recently changed our postal and registered office address to 45 Gresham Street, London EC2V 7BG. Where applicable, please update your records accordingly.

Geoff Rowley of FRP Advisory Trading LLP, 110 Cannon Street, London, EC4N 6EU was subsequently appointed as conflict administrator by the Court on 30 October 2019.

- The HM Treasury compensation scheme ("the Scheme"), facilitated by the FSCS, commenced the issue of compensation cheques to LCF Bondholders in November 2021. We understand that most eligible Bondholders have now received their offer of compensation and therefore the Scheme is shortly to come to an end. Further information regarding the Scheme can be found at section 4.3 of this report.
- The FSCS has now paid out c.£58m under its own compensation scheme rules and, in addition, over £114m has been paid out and received by LCF Bondholders in respect of the HM Treasury scheme. Consequently, the FSCS is now the majority creditor of LCF, with a subrogated claim equating to at least 73% of the outstanding capital sums that were invested by Bondholders. The final claim of the FSCS will be in excess of these amounts as it will include amounts assigned to the FSCS by the Bondholders as well as monies actually paid out.
- As a result of the Scheme, the Creditors' Committee became inquorate, due to a number of them being paid out completely, and officially ended on 31 December 2021. The former members of the Creditors' Committee remain subject to Non-Disclosure Agreements.
- As a consequence of the dissolution of the Creditors' Committee, the joint administrators were required to seek approval for the basis of their remuneration from the general body of creditors. Following a decision process by correspondence, on 15 March 2022 the creditors 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. It was further resolved that the quantum of the joint administrators' remuneration will be approved by the FSCS, acting in its capacity as the majority creditor of the Company. To assist in this regard, an independent fee assessor has since been appointed.
- In December 2020, it was announced that the joint administrators of both LCF and LOG had issued claims against 15 defendants ('the Main Proceedings'), seeking to recover c.£237m of Bondholders' funds invested in LCF. A legal ruling continues to restrict the amount of information which can be shared in respect of these proceedings. However, we will update all creditors with further information when we are legally able to do so. It is likely that, due to the complexity of the case and the number of defendants, the hearing of the Main Proceedings will not commence until early 2024.
- In addition to the Main Proceedings referred to above, the joint administrators are pursuing other routes for recoveries into the administration for the benefit of the Company's creditors. Again, once we are in a position to disclose further details of our other activities, without prejudicing the potential outcome, we will inform the creditors.
- Objective 3(1)(b), which is one of the 3 statutory purposes of administration, is currently being pursued, which is to achieve a better result for the creditors than would have been the case had the Company been wound up (without first being in administration). There has been no change to our original strategy as first documented in the Proposals issued in March 2019.
- As detailed at section 4, the joint administrators of LCF and LOG have obtained a funding facility to allow them to progress with their investigations and ongoing legal claims. This funding facility will allow them to continue with pursuing asset realisations for the benefit of the creditors of LCF and LOG (LCF is the sole secured creditor in the LOG administration). This funding will be repaid, in proportion to their recoveries, by the estates of both LCF and LOG in due course. LCF has drawn £5m from this facility during this reporting period, with £10m having been drawn down in the

prior period. LCF and LOG have a number of complex legal claims and the funding for those claims, for the estimated duration of those proceedings, has been negotiated and agreed with the funding party.

- It is not anticipated that there will be a surplus, beyond the sums payable to the Bondholders/FSCS, which are secured creditors for this purpose, to enable a dividend to be paid to the unsecured creditors (other than if there were to be a Prescribed Part fund available, as explained in section 7.2).
- At the outset of the administration, it was estimated that secured creditors would eventually receive back at least 25% of the funds owed to them. These payments to creditors, prior to the enactment of the Scheme, would have taken place over a number of years. The joint administrators still expect that the total return to the secured creditors will represent at least 25% of their claims. These distributions will mostly be paid to the FSCS. Please note that as the significant majority of Bondholders have received compensation as a result of the 2 compensation schemes administered by the FSCS, those Bondholders will not receive further distributions directly from the joint administrators. All of their financial arrangements with regard to the Company will be through the FSCS.

3. Progress of the administration

Attached at Appendix II is our receipts and payments account for the period from 30 January 2022 to 29 July 2022. This account includes cumulative figures for the period from 30 January 2019 to 29 July 2022.

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

3.1 Administration strategy

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

The administrators are continuing to pursue this objective and the outstanding matters to be concluded in the administration are set out in section 8 of this report. Readers should note that these matters (principally the legal proceedings) will necessarily require a number of years to reach a conclusion. However, as a result of the payments made under the HM Treasury Scheme, the vast majority of Bondholders are no longer stakeholders in the administration process, leaving primarily the FSCS to monitor the continued strategy and progress with the administrators.

3.2 Amounts due to the Company from Borrowers

Given the complex nature of this case, the administrators consider it is useful to provide a recap to creditors as to the background of the case and a summary of how their investments were treated (a) within the books and records of LCF and (b) in reality (to the extent to which we are currently able to disclose that information), in terms of the flow of funds.

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

As you will recall, all LCF borrowers had ceased paying the interest payments due on their loans to LCF by September 2018. From this point, payments made to Bondholders in respect of interest and matured bonds were funded by new Bondholder subscriptions.

It became clear to the joint administrators that the LCF borrowers had insufficient assets to be able to meet their loan obligations and it is also the case that the loans booked to LCF's accounts cannot be reconciled to the actual movement of funds out of LCF to these borrowers. The main reason why the LCF borrowers had insufficient assets to be able to meet their loan obligations is because they did not generate sufficient income, or retain sufficient cash balances, to do so.

To following table summarises the four main borrower groupings. A large number of these entities, especially of the non-independent entities, have entered into formal insolvency processes since the dates when LCF and LOG went into administration:

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

The creditors are reminded that, regrettably, there were very few assets of any value in the above groups. The principal remaining asset is LOG's investment in AIM-listed IOG Plc, formerly Independent Oil & Gas Plc, ("IOG"). IOG is an unconnected company and is a LOG borrower and not an LCF borrower. As regards the remainder of the loan portfolio, there are a limited number of potential avenues for future realisations. (See Appendix VI for further financial information about the LCF loan portfolio and Appendix VIII for further financial and diagrammatical information about, specifically, the London Group loan position).

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

3.2.1 Update on the London Group LLP (£154.6m)

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

LOG (£124M)

As previously reported, LOG owes LCF £124M, upon which significant interest continues to accrue in respect of unpaid balances. We are aware that LOG made various investments with the funds obtained from LCF and the following table is a summary of the on-lending due to LOG as at 30 January 2019 (the commencement of the administration).

To date LOG has repaid LCF the sum of £10m against the loan balance owed under LCF's security.

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

The difference between the LCF lending to LOG of c.£124m and LOG's on-lending of c.£83.1m is the subject of various investigations by the joint administrators of LCF and of LOG.

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

- **IOG (£34.6m)**

The LOG administrators have continued to work with their advisers, Cenkos Securities Plc, in order to monitor the IOG investment with a view to maximising any recoveries for the benefit of LOG's creditors, including LCF.

During the reporting period, the LOG administrators sold a further 5,300,000 shares for total consideration of £2,015,320. The value of LOG's investment in IOG as at 23 August 2022, with a share price at that time of 40p per share, including the proceeds from the shares which have already been sold, was £90.3 million. Creditors will appreciate that the investment value will fluctuate until this investment is realised in full. Any recoveries made will be subject to any tax due on the gains.

IOG achieved first gas during Q1 2022, which led to an increase in IOG's share price to 43.5p. The share price has since fallen to 23p per share and risen back to 40p per share on 23 August 2022. The LOG administrators, alongside their expert advisors, are continuing to monitor the IOG investment.

- **LG (£32.6m) – in administration**

Background on LG can be found in previous progress reports. The LG administrators' investigations into the business and trading of LG are continuing, however, remain confidential at this juncture. The LG administrators remain uncertain as to the quantum of any recoveries being made in LG for the benefit of its creditors, the main creditor being LOG.

- **LPC (£8.3m) – in administration**

Background on LPC can be found in previous progress reports. The joint administrators of LOG are continuing to investigate what, if any, recoveries might be made from the debt due from LPC.

- **AP (£3.8m)**

The standstill agreement between AP and LOG remains in place, however, no funds have been received by LOG as a result of this agreement since June 2020. The joint administrators of LOG continue to maintain a close dialogue with the AP board regarding these outstanding funds.

Since our last progress report, the LOG administrators consider that the likelihood of recovering the full debt owed by AP has decreased and the reasons for this are detailed in the most recent LOG progress report.

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

Shortly before the administration of LOG, on 6 February 2018, the rights to the loan agreement and security between LOG and AP were assigned, for £1, to LPES. The LOG Administrators applied to Court to set aside the assignment and on 20 June 2022 the transaction void by the court and the asset returned to LOG.

LPES remains under the control of its joint administrators. It remains unclear whether any additional value will be recovered from LPES for the ultimate benefit of the LCF creditors.

- **ITI (£3.8m) – in liquidation**

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

The joint liquidators of ITI continue to expect some level of recovery from the AM loan. The timing and quantum of any return from AM remains uncertain.

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

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

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

Detailed background on the Cape Verde Companies, and the monies owed by them to LCF, can be found in our previous reports. By way of reminder, the joint administrators do not expect that any recoveries will be made in respect of the Cape Verde Companies and still have very serious concerns as to why LCF was exposed as a creditor to the Cape Verde Companies for such a significant sum.

3.2.2 Update on the Prime Group (£70.1m)

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

By way of reminder, Prime Resorts Developments Ltd ("PRDL"), the parent company of the Prime Group, was placed into administration by LCF as QFCH, in order to obtain access to the available books and records of the Prime Companies (See Appendix IX for a group structure of the Prime Group), to investigate the purported lending of c.£70m listed in the books of LCF. The next progress report for PRDL is due for issue by 1 September 2022, where further detail will be available.

Update on Waterside Resort

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

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

The combined progress reports issued to date are available for download from Companies House, with the next report due for release by 15 October 2022.

WCOL is the only trading company within the Prime Group and held the operating business of the Waterside holiday village situated in Bodmin, Cornwall, UK. By way of reminder, the WCOL administrators continued to trade the Waterside resort in order to preserve the site's value as a going concern and the resort was placed on the open market in September 2021. We are pleased to confirm that the sale of the resort has now completed, which will ultimately result in a return of funds to LCF, for the benefit of the creditors of LCF.

Sale proceeds from the Waterside Resort will be allocated proportionately (less the associated costs of sale) to each legal owner/chargee, dependent on the freehold and/or leasehold land titles or other legal interests that are held by them. We will provide an update regarding the return of funds to LCF from the proceeds of sale of the resort in our next progress report.

Update on Dominican Republic

Colina Property Holdings Ltd and Colina Support Ltd Costa Property Holdings Ltd and Costa Support Ltd

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

These 4 legal entities will be removed from Companies House, following compulsory strike off, as they are not required to be maintained as part of the joint administrators' enquiries and do not own any property assets. The joint administrators are in possession of copies of any relevant books and records of these companies.

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

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

The appointed liquidator of FSE, the Official Receiver, has now concluded their investigation into the affairs of FSE and has confirmed that there will be no return to FSE's creditors in the liquidation, including LCF. We will continue to assess what, if any, indirect realisations can be made regarding FSE.

3.2.4 Update on London Capital Marketing Ltd ('LCM')

As previously reported, following a petition by LCF, a winding up order was made against LCM on 27 July 2020 resulting in the compulsory liquidation of LCM. Finbarr O'Connell and Colin Hardman were appointed as joint liquidators of LCM on 28 August 2020. The joint liquidators of LCM have now realised all known assets of LCM and will distribute the surplus funds held of approximately £4.8k to LCF as its sole creditor. In addition to the surplus funds, LCM will reimburse the LCF estate for legal fees and expenses incurred in petitioning to wind up LCM of c.£67.2k

The joint liquidators of LCM will be drawing their fees in accordance with Schedule 11 IR16, as provided for by Rule 18.22 IR16. The joint liquidators will not draw fees in excess that those permitted by the Schedule 11 caps and expect that their total remuneration will be c.£10.8k (based on current calculations), as set out in the relevant Schedule.

Further details regarding the LCM liquidation will be available in future progress reports issued by the joint liquidators of LCM.

Creditors' rights as regards to the LCM liquidators' fees

Because LCF is the only creditor of LCM and because the liquidators of LCM are Colin Hardman and Finbarr O'Connell of Evelyn Partners, it is appropriate that the creditors of LCF should have the ability to:

- (i) seek further information about the liquidators' remuneration and expenses and/or
- (ii) apply to court if they feel that the liquidators' fees are excessive.

Accordingly, within 21 days of the receipt of this report any secured or unsecured creditor of LCF (with the concurrence of at least 5% in value of the LCF unsecured creditors or otherwise with the court's permission) may request in writing that the LCM liquidators provide further information about their remuneration or expenses which have been itemised in their progress report which covers the first year of the liquidation up to 27 August 2021. (Any such request should be sent to the joint liquidators of LCM either in writing to 45 Gresham Street, London, EC2V 7BG or by email to londoncapital@evelyn.com)

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

A copy of the LCM progress report, which covers the first year of the liquidation up to 27 August 2021, is available for inspection along with this report. Please note that the creditors of LCF will be given exactly the same rights and oversight with regard to the fees of the liquidators of LCM in future LCF reports. The above LCF creditors' rights apply only to matters which have not been disclosed in previous LCM and LCF reports.

On a general note, if you have any comments or concerns in connection with the conduct of the joint liquidators of LCM, please contact the joint liquidators of LCM in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 45 Gresham Street, London, EC2V 7BG or by telephone on 020 7131 4000. Thereafter, if you wish to take the matter further you may contact the Insolvency Service directly via the Insolvency Complaints Gateway. The Insolvency Service can be contacted by email, telephone or letter as follows:

- i) Email: insolvencyenquiryline@insolvency.gsi.gov.uk
- ii) Telephone number: +44 300 678 0015
- iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

4. Investigations

By way of reminder, as a result of the investigations undertaken by the joint administrators and their legal advisors, we have been able to issue the Main Proceedings in the total amount of £237m. Further information can be found in our previous progress report and our email to Bondholders of 17 December 2020.

In addition to the Main Proceedings, the joint administrators continue to explore other potential claims that can be pursued on behalf of the Company's creditors. Only those claims which are anticipated to generate a significant net return to the administration estate will be pursued. This includes investigations and claims which are necessary to amass all of the relevant information and evidence required for the Main Proceedings.

Legal restrictions remain in place which prevent us from sharing further information regarding the Main Proceedings and any potential future claims at present. However, we are confident that the proceedings entered into will allow substantial recoveries to be made which, in turn, will enable future dividends to be paid to the Company's creditors, including the FSCS and we will provide further updates as and when we are able.

We will continue to engage closely with the FSCS in respect of our intended and ongoing actions. Please note that the FSCS is bound by a non-disclosure agreement.

It should be noted that the joint administrators' strategy and legal actions have the support of the majority creditor and, as mentioned above, the joint administrators have negotiated sufficient financial backing to fully litigate these claims.

4.1 Conflict administrator – progress on specific investigation matter

As you are aware, Geoffrey Paul Rowley was appointed as Conflict Administrator to the Company by the Court on 30 October 2019, as a result of matters arising in the course of the administration which could not have been reasonably foreseen when the Joint Administrators were originally appointed. The purpose of this appointment is to undertake certain investigatory work into the Company's affairs.

As previously reported, in the interest of minimising costs in the administration, the Conflict Administrator is currently limiting his investigations to one specific matter whilst maintaining a proportionate level of involvement and overview of the administration generally. The Conflict Administrator has continued to progress his investigations into this specific matter which has included requests for information from third parties, collation and processing of relevant information, and ongoing liaison with the administrators' solicitors to determine appropriate avenues of investigation and potential litigation. The Conflict Administrator has also engaged independent third party specialists to provide advice as regards to the merits of any potential claim.

Given that these investigations are ongoing and to ensure that the Company's position is not prejudiced, it would not be appropriate to provide further details at this stage. Updates will be provided once the matter concludes during the relevant future reporting periods.

As previously reported by the Conflict Administrator, Mr Hudson continues his work in relation to the wider investigations, assets realisations and associated ongoing legal matters related to the Company and LOG. As notified previously, Mr Hudson's time is now included as part of the Conflict Administrator's time incurred for this period, which had previously been solely attributable to the investigations which the Conflict Administrator had been appointed to carry out.

4.2 Funding

The joint administrators, alongside the Conflict Administrator and the LOG joint administrators, have entered into a funding agreement, by way of a loan facility from a third-party provider, in order to continue pursuing those legal claims which are anticipated to generate significant returns to the respective estates. Various other funding options were considered but were ultimately discounted as not appropriate in the current circumstances. A number of parties tendered to provide the funding and their terms were compared accordingly, for both cost and flexibility, prior to the successful party being selected. This approach was discussed with the FSCS in advance of securing the facility.

As detailed at Appendix II, £5m has been drawn down against the loan facility during the period and £15m in total has been drawn down against the loan facility to date.

4.3 HM Treasury Compensation Scheme

By way of reminder, the Scheme opened in November 2021 in order to compensate Bondholders for 80% of their initial investment, up to a maximum of £68,000. The Scheme was available to all Bondholders who had not already received the maximum compensation available from the FSCS. Further information regarding the Scheme can be found in our previous progress report and on HM Treasury's webpage available at: <https://www.gov.uk/government/publications/london-capital-finance-compensation-scheme>.

The latest update provided by the FSCS, on 14 April 2022, confirmed that as at that date, they were awaiting documentation from 51 eligible Bondholders in order to process their compensation payments. If you are one of these Bondholders, we strongly recommend that you provide the documentation requested as soon as possible in order to benefit from the Scheme, particularly as the FSCS has recently issued an update to confirm the pending closure of the Scheme.

If you believe you are eligible for compensation through the Scheme and have not yet been contacted by the FSCS with an offer for compensation, please contact the FSCS directly 0800 091 0030 or LCFenquiries@fscs.org.uk.

Please be aware that the joint administrators play no part in determining which Bondholders are compensated or to what extent and we do not have a role in the operation of the Scheme. Consequently, we are unable to answer questions beyond the information that has already been made public. We are also unable to provide any specific information regarding a Bondholder's individual compensation circumstances or assist with the re-issuing of any FSCS cheque payments.

4.4 FSCS

By way of reminder, following their investigations into the activities of the Company, the FSCS were able to identify a significant number of Bondholders who were eligible for FSCS compensation. Please note that this is separate to the compensation provided under the HM Treasury Compensation Scheme. The last update in respect of the FSCS compensation was issued by the FSCS on 19 April 2021 and is summarised as follows:

"We have now finished reviewing all of the evidence we received from LCF and Surge, and we have identified and contacted all LCF customers who we believe are eligible for FSCS compensation. In total, we have now paid out £57.6m to 2,871 LCF bondholders who held 3,900 LCF bonds".

If any Bondholder believes that they have a valid claim under the FSCS compensation scheme but haven't received any communications from the FSCS, they can send their relevant evidence to the FSCS for consideration. The full update from the FSCS, including details on how to share any relevant evidence with it, can be accessed here: <https://www.fscs.org.uk/failed-firms/lcf/>

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

4.5 FCA - complaints

As previously reported, on 15 February 2022, the Financial Regulators Complaints Commission issued their final report to the FCA on the LCF complaints that had been submitted to the Office of the Complaints Commissioner. On 15 March 2022, the FCA published a response to this report which can be accessed here: <https://www.fca.org.uk/publication/corporate/response-to-complaints-commissioner-final-report-fca-oversight-lcf-15-march-2022.pdf>

The deadline for individuals to submit complaints to the FCA about their handling of LCF has now passed. However, the FCA may continue to investigate complaints raised after the deadline if the complainant can show reasonable grounds for delay. The FCA's statement which confirms their broad approach to assessing complaints made in relation to LCF can be found here: <https://www.fca.org.uk/news/statements/fca-sets-out-broad-approach-assessing-lcf-complaints>.

4.6 SFO

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

Updates in respect of the SFO's investigation can be found here: <https://www.sfo.gov.uk/cases/london-capital-finance-plc/>. The joint administrators are unable to provide any other information to Bondholders in respect of the SFO/FCA investigations, which remain separate from our own, but clearly there is a lot of cooperation between the joint administrators, who are officers of the court, and the SFO and the FCA.

5. Administrators' remuneration

5.1 Pre-administration costs

On 15 March 2022, the pre-administration costs totalling £253,166 were approved by the Company's creditors by way of a decision by correspondence. A full breakdown of these costs can be found in the Proposals.

5.2 Administration costs

Further to the disbanding of the Creditors' Committee, the authority to approve the basis of the joint administrators' remuneration was sought from the general body of creditors. On 15 March 2022 the creditors 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. This was granted following the joint administrators providing a fees and expenses estimate and the requisite majority of creditors granting approval by means of a resolution by correspondence.

As a result of the Scheme, the FSCS are now the majority creditor of LCF and, accordingly, the outcome of all future decision procedures will be determined by the voting position of the FSCS. Therefore, on 15 March 2022, it was further resolved that the quantum of the joint administrators' remuneration will be approved by the FSCS, acting in its capacity as the majority creditor of the Company.

To assist with agreeing the quantum of the joint administrators' fees, and at the request of the FSCS, an independent fee assessor has been engaged to undertake a review of the joint administrators' fees.

The Evelyn Partners LLP administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Fees drawn £
30 January 2019 to 29 July 2019	5,619	2,316,159	412	2,316,159*
30 July 2019 to 29 January 2020	4,036	1,362,096	337	1,362,096*
30 January 2020 to 29 July 2020	3,589	1,308,274	365	872,968*
30 July 2020 to 29 January 2021	1,404	647,903	461	-
30 January 2021 to 29 July 2021	1,249	623,836	499	-
30 July 2021 to 29 January 2022	1,134	627,518	553	-
<i>Adjusted time**</i>	<i>4</i>	<i>3,075</i>	<i>750</i>	<i>-</i>
30 January 2022 to 29 July 2022	1,027	579,399	564	-
Total	18,062	7,468,260	413	4,551,223

* Fees on-account totalling £1,500,000 have been drawn, with the consent of the former Creditors' Committee, against time costs incurred during the period from 30 January 2019 to 29 July 2019. Of these fees, £500,000 was paid in the period ending 29 July 2020 and £1,000,000 was paid in the period ending 29 January 2021. In addition, during the current period, fees on account totalling £3,051,223 have been drawn, with the consent of the FSCS, and allocated against the oldest time incurred first.

** Due to an issue within the time reporting system cut off, the costs for the period ended 30 January 2022 were understated by £3,075. The cumulative SIP9 report at Appendix IV reflects this amount in the total time costs.

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 30 January 2019 to 29 July 2022 which provides details of the administrators' time costs since appointment. A total of £4,551,223 has been drawn by Evelyn Partners LLP on

account of these costs. A total of £446,047 has been drawn by FRP Advisory Trading LLP on account of these costs. A total of £4,997,270 has been drawn in fees in the administration.

The joint administrators' costs incurred for the administration for the reporting period to 29 July 2022 are £579,399. The joint administrators' cumulative fee estimate up to the end of the fifth year of the administration (i.e. to 29 January 2024) is £9,090,855 and, as at 29 July 2022, cumulative costs of £7,468,260 have been incurred against this estimate as detailed in the above table. It is expected that the current estimate will be sufficient to the period ending 29 January 2024. A copy of our time cost estimate for the fourth and fifth years of the administration can be found at Appendix V.

A detailed narrative 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. In the event that the fee estimate is likely to be exceeded, the joint administrators will need to provide an update and seek approval from the appropriate creditors, in this instance the FSCS, before drawing any additional sums. Fee estimates may be given up to a certain event/stage or for a designated period if it is not possible to provide an accurate estimate at any given point.

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

A copy of "A Creditor's Guide to Administrator's Fees", as produced by R3, is available free on request or can be downloaded from their website as follows:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page1/administration-a-guide-for-creditors-on-insolvency-practitioner-fees/>

On 1 September 2020, the Smith & Williamson Group merged with the Tilney Group to extend our financial and professional services offering. Following the merger, there has been a change to our financial year-end and, as a result, we will be revising our charge-out rates on 1 July 2022 as normal but with another review on 1 January 2023 (reverting to annual reviews thereafter). In common with many professional firms, our scale rates rise to cover annual inflationary cost increases, which readers will be aware have been particularly high of late. The rate of any increase on 1 January 2023 will take into account that only six months will have passed from the date of the last increase and so will not cause any prejudice to creditors and stakeholders.

Details of Evelyn Partners LLP's charge out rates (including any changes during the case) along with the policies in relation to the use of staff are provided at Appendix X.

We have no business or personal relationships with the parties who approve our fees. We have no business or personal relationships with any legal or professional advisors who provide services to the administration where the relationship could give rise to a conflict of interest.

5.3 PRDL remuneration

As detailed at section 3.2, PRDL was placed into administration in order to assist the LCF joint administrators with their ongoing investigations. The LCF joint administrators have agreed to indemnify the administrators of PRDL for their fees and disbursements, to the extent that these cannot be recovered from the assets of PRDL and its subsidiaries. This indemnity extends to PRDL's pre-appointment fees and expenses.

We have provided this indemnity on the basis that according to the books and records of LCF, the Prime Group owed LCF c.£70.m and, as administrators of LCF, we have a duty to the LCF creditors to pursue this debt and to recover as much of it as possible. As part of this process, we believe it is necessary to grant a proportionate indemnity to the administrators of PRDL, and its subsidiaries, for their reasonable fees and costs.

Prior to any payments being made in respect of the PRDL indemnity, approval will be sought from the FSCS as the majority creditor of the Company.

5.4 Conflict Administrators' remuneration

Creditors approved the Conflict Administrator's remuneration on a time cost basis on 15 March 2022, via a decision procedure. The Conflict Administrator has incurred a total cost of £654,426 during the period from 30 January 2022 to 29 July 2022 and is summarised below:

	Appointment takers/ Partners	Managers / Directors	Other professionals	Junior professional & Support	Total hours	Total cost £	Average hourly rate £
Administration and planning	17.45	35.60	53.50	-	106.55	49,870.75	468.05
Asset realisations	55.20	8.00	6.50	8.50	78.20	47,961.00	613.31
Investigations	97.10	598.45	270.40	330.90	1,296.85	555,451.75	428.31
Statutory Compliance	0.85	-	1.60	-	2.45	1,142.75	466.43
Total hours	170.60	642.05	332.00	339.40	1,484.05	654,426.25	440.97

The Conflict Administrator has incurred a total cost of £1,445,191 during the period from his appointment on 30 October 2019 to 29 July 2022 and this is summarised below:

	Appointment takers/ Partners	Managers / Directors	Other professionals	Junior professional & Support	Total hours	Total cost £	Average hourly rate £
Administration and planning	100.70	67.40	83.70	-	251.80	131,799.25	523.43
Asset realisations	316.40	8.50	6.50	8.50	339.90	229,217.50	674.37
Investigations	533.35	964.15	369.00	336.30	2,202.80	1,061,150.75	481.73
Statutory Compliance	20.80	12.80	15.00	-	48.60	23,023.25	473.73
Total hours	971.25	1,052.85	474.20	344.80	2,843.10	1,445,190.75	508.32

Fees drawn to date

To date, the Conflict Administrator has drawn £446,047 of fees and £690 in disbursements in respect of the Conflict Administrator's work, in accordance with an agreement with the FSCS.

A schedule of FRP Advisory Trading Limited's charge out rates can be found at Appendix X.

6. Administration expenses

The tables in Appendices provide details of our expenses. Expenses are amounts properly payable by us as administrators from the estate. The tables exclude distributions to creditors. The tables also exclude any potential tax liabilities that we may need to pay as an administration expense because the amounts becoming due will depend on the position at the end of the tax accounting period.

The tables should be read in conjunction with the receipts and payments account at Appendix II which shows expenses actually paid during the period and the total paid to date.

6.1 Subcontractors

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

6.2 Professional advisers

As you will be aware, our estimated expenses included the cost of instructing professional advisers and the table at Appendix XI discloses the costs incurred and paid, along with the original estimates.

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

Comparison to revised estimate

Details of our original estimated and actual expenses incurred as at 29 July 2022 compared to our estimate for the period 30 January 2022 to 29 January 2024 can be broken down as follows:

- Legal fees – Estimated £4,150,000, Incurred £2,054,605.
- Legal disbursements – Estimated £1,000,000, Incurred £930,783.
- Professional advisers – Estimated £150,200, Incurred £357,024.

We anticipate that the original estimate provided in respect of legal disbursements and professional advisers will not be sufficient up to the period ended 29 January 2024. This is as a result of the disclosure costs expected to be incurred in order to proceed with the Main Proceedings. In addition, the Conflict Administrator and his team have incurred significant costs in progressing the Conflict Administrator's litigation stream.

Details of the joint administrators revised estimates can be found at Appendix XI.

6.3 Administrators' expenses

The table setting out details of the joint administrators' expenses is at Appendix XII.

Comparison to revised estimate

In our previous report, we estimated that costs of £7,500 would be incurred in respect of meeting costs. This estimate was prepared in the anticipation that the creditors would requisition a meeting in respect of the decision procedure of 15 March 2022. Ultimately, no meeting was requisitioned and therefore no meeting costs have been incurred. There are no other significant differences between the estimated costs to be incurred and the actual costs incurred.

Conflict Administrator's disbursements

The following Conflict Administrator's disbursements have been incurred:

Description	Incurred in current period £	Paid in current period £	Costs outstanding at period end £
Advertising	-	72	-
Bonding	-	18	-
Computer Consumables	-	597	-
Electronic Storage Costs	-	3	-
Taxis	68	-	68
Total	68	690	68

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

6.4 Category 2 expenses

The table at Appendix XIII includes Category 2 expenses that have been incurred and/or paid in the current period. Approval to recover Category 2 expenses was given by the creditors by the creditors on 15 March 2022 by way of a decision procedure by correspondence.

Comparison to revised estimate

No Category 2 disbursements have been incurred in the current period. We previously estimated that further data hosting charges would be incurred, and our estimate was therefore incorrect. As our legal claims have progressed significantly, the data held in the Evelyn Partners LLP's data hosting platform has been transferred to MdR's data hosting platform. Therefore, going forward, the cost of this service will be included in the expenses incurred by MdR.

Conflict administrator's category 2 expenses

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

6.5 Loans

The administrators of LCF have made loans to the administrators of LOG and the Prime Companies, as explained below.

Entity	Nature of sum incurred	b/f from previous period £	Loaned in current period £	Repaid in current period £	Total loan outstanding at period end £
Loan to Prime Group	Loan to support investigation matters	532,817	108,782	-	641,599
Loan to Waterside group	Loan to support trading/enable the sale of the resort	534,863	99,662	-	634,525
Loan to LOG	Loan to support legal claims for the ultimate benefit of LCF creditors	3,372,739	-	-	3,372,739
Total		4,440,419	208,444	-	4,648,863

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

Loan to the administrators of the Prime Companies/Waterside – in order to maximise the value within the Prime Companies, including assessing the position in the Dominican Republic and to ensure the continuing trade of the Waterside Holiday Village, the joint administrators of LCF have funded certain essential costs. Without this funding from LCF, the value of the Prime Companies' assets would have been significantly impacted. A breakdown of how these loans have been utilised can be found in the Prime/ Waterside progress reports. These payments are being treated as a loan, in the anticipation that funds will be repaid at such time that the relevant Prime/ Waterside companies make sufficient future realisations. As detailed at section 3.2.2, the Waterside resort has recently been sold and, as a result, it is expected that a proportion of this loan will be repaid shortly.

Loan to the administrators of LOG – following a drawdown from the funding facility obtained to progress the joint administrators' legal claims, LCF has settled a number of outstanding invoices on behalf of the administrators of LOG. These invoices have been settled in order to progress with the LOG investigations and ongoing litigation and will be repaid in due course. All payments to LOG have been made in order to maximise returns to LOG and therefore maximise recoveries to LCF, in order to achieve the best possible outcome for LCF's creditors. A breakdown of how these funds have been utilised can be found in the next LOG progress report. Interest and associated fees apply to monies loaned under the facility agreement.

6.6 Policies regarding use of third parties and expense recovery

Appendix X provides details of Evelyn Partners LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of expenses.

7. Estimated outcome for creditors

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

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

7.1 Secured creditors

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

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

For dividend purposes, any remaining, uncompensated, Bondholders and the FSCS, as a subrogated creditor, are considered to be secured creditors.

7.2 Prescribed Part

The Company granted floating charges on 29 and 30 December 2015. Accordingly, in the event that there is net floating charge property of sufficient value, we would be required to create a Prescribed Part fund out of the Company's net floating charge property for unsecured creditors. If there is a Prescribed Part distribution to be made, this will be distributed by the joint administrators in the administration, following the changes made by the Small Business, Enterprise and Employment Act 2015 with effect from 26 May 2015.

7.3 Ordinary preferential creditors

We set out below a summary of ordinary preferential claims received:

Ordinary preferential creditor	Claims received £
Redundancy Payments Service	1,073
Total	1,073

Steps will be taken to agree the ordinary preferential creditor claims at the appropriate time.

7.4 Unsecured creditors

We have received 11 claims totalling £344,894.72. We anticipate that there will be insufficient realisations from the Company's assets to enable a dividend to unsecured creditors in this case, apart from via the Prescribed Part, as referred to in section 7.2. Steps will be taken to agree the unsecured creditor claims at the appropriate time.

8. Outstanding matters

The administrators' costs incurred to date by Evelyn Partners LLP are £7,468,260, as detailed in section 5.2 and their most recent fee estimate for the period ending 29 January 2024 has been provided at Appendix V. We do not expect that this fee estimate will be exceeded at this juncture. To clarify, it is expected that the Evelyn Partners administrators' fees incurred to 29 January 2024 will not exceed £9,090,855.

The conflict administrator's costs incurred to date by FRP Advisory Trading Limited are £1,445,191, as detailed in section 5.4 and their most recent fee estimate for the period ending 29 January 2024 has been provided at Appendix V. To clarify, it is expected that the conflict administrator's fees incurred during the period 1 September 2022 to 29 January 2024 will not exceed £724,800.

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

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

Investigations

By way of reminder, to avoid prejudicing the outcome of potential legal proceedings and for confidentiality reasons, the joint administrators are unable to disclose specific information in addition to those details provided within this report, at this time. It would not be appropriate for the joint administrators to provide details of their intended strategy or to identify the potential defendants as regards future actions.

The majority of the investigation work in respect of the main proceedings, detailed below, has now been completed and the amount of work carried out in this category is expected to continue to decrease significantly. The work undertaken is expected to provide a material financial benefit to creditors of the Company, including the FSCS.

Actual and potential actions

- **Main Proceedings**

The purpose of the proceedings is to make recoveries from the defendants to the claim, for the benefit of the Company's creditors, including the FSCS, although it should be noted that these proceedings are anticipated to be protracted. However, successful claims will provide a direct financial benefit to the Company's creditors, including the FSCS. Further details regarding these proceedings can be found in our email update to Bondholders on 17 December 2020.

- **Potential actions**

The joint administrators are continuing to consider any additional legal actions that are available to them that will likely result in future net recoveries.

A summary of all actual and potential claims has been shared with the FSCS, including an outline of the estimated costs of the work involved. As a reminder, the FSCS remains bound by a non-disclosure agreement.

Other matters

Other actions that remain outstanding include:

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

Details of the estimated future costs of these workstreams can be found in the joint administrators' fee estimate for the period ending 29 January 2024 at Appendix V.

9. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at www.evelyn.com/rsgdpr. If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

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

10. Ending the administration

At the appropriate time the joint administrators will use their discretion to exit the administration by way of one of the following means:

- (i) If, having realised the assets of the Company, the joint administrators think that a distribution will be made to the unsecured creditors other than by virtue of the Prescribed Part, they may file a notice with the Registrar of Companies which will have the effect of bringing the appointment of the joint administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation ('CVL') in order that the distribution can be made, but only if they consider that the associated incremental costs of a CVL are justified. We anticipate that this exit route may be utilised in this administration due to there being a need for further investigations as described below and/or for other reasons.
- (ii) If the joint administrators have, with the permission of the court, made a distribution to unsecured creditors in addition to any Prescribed Part distribution, or they think that the Company otherwise has no property which might permit a distribution to its unsecured creditors, subject to there being a need for further investigations as described below, they will file a notice, together with their final progress report, at court and with the Registrar of Companies for the dissolution of the Company. The joint administrators will send copies of these documents to the Company and its creditors. The joint administrators' appointment will end following the registration of the notice by the Registrar of Companies. Given the quantum of the debt owed to the Company's secured creditors, it is anticipated that this exit route will be utilised.

Administrators have the power to bring claims against former officers of the Company in respect of transactions that may have caused or exacerbated the Company's insolvency. Claims with a good prospect of success may be pursued by administrators but there may be cases where it would be more appropriate if a liquidator brought the claim or where the timeframe would not be long enough, given the maximum extension period available to administrators. The proposed exit route would, in these cases, be liquidation. It is expected that this case will follow this course, being paragraph (i) followed by paragraph (ii), and that either the administration will continue as long as is appropriate or the Company will move from administration into liquidation in order that certain investigations can continue.

Geoff Rowley of FRP was not nominated as a potential joint liquidator of the Company when the Proposals were issued as he was only appointed as a conflict administrator by the court on 30 October 2019. However, it is envisaged that if the administration converts into a liquidation, whether a CVL or a compulsory liquidation, that an application will subsequently be made to Court for the appointment of Geoff Rowley as an additional liquidator of the Company to take on the role of a conflict liquidator, should a conflict liquidator be required.

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 on 15 March 2022 by way of a decision procedure by correspondence.

11. Creditors' rights

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

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

charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive. The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Finbarr Thomas O'Connell or Adam Henry Stephens in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 45 Gresham Street, London EC2V 7BG or by telephone on 020 7131 4000.

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

- i) Email: insolvency.enquiryline@insolvency.gov.uk
- ii) Telephone number: +44 300 678 0015
- iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

12. Next report

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



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

Joint Administrators

Date: 26 August 2022

The affairs, business and property of the company are being managed by the Joint Administrators as agents and without personal liability. All officeholders are authorised and licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. Further details of their licensing body along with our complaints and compensation procedure can be accessed at: www.evelyn.com/insolvency-licensing-bodies. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.icaew.com/technical/insolvency/sips-regulations-and-guidance/insolvency-code-of-ethics>. The Joint Administrators may act as controllers of personal data, as defined by the UK data protection law, depending upon the specific processing activities undertaken. Evelyn Partners LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. The Fair Processing Notice in relation to the UK General Data Protection Regulation can be accessed at www.evelyn.com/trsgdpr. Should you wish to be supplied with a hard copy of any notice, attachment or document relating to a case matter, please contact the staff member dealing with this matter at any time via telephone, email or by post and this will be provided free of charge within five business days of receipt of the request. The word partner is used to refer to a member of Evelyn Partners LLP. A list of members is available at the registered office registered in England at Gresham Street, London EC2V 7BG No OC369631. Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities

Appendices



I Statutory information

Relevant Court	High Court of Justice
Court Reference	CR-2019-000755
Trading Name(s)	London Capital & Finance
Trading Addresses	The Old Coach House, Eridge Park, Eridge Green, Tunbridge Wells, Kent, TN3 9JS
Former Name(s)	London Capital & Finance Limited
Registered Office	45 Gresham Street, London, EC2V 7BG
Registered Number	08140312
Joint Administrators	Finbarr O'Connell, Adam Stephens, Colin Hardman and Henry Shinnars all of Evelyn Partners LLP, 45 Gresham Street, London, EC2V 7BG and Geoff Rowley of FRP Advisory Trading LLP, 110 Cannon Street, London EC4N 6EU. (IP No(s) 7931, 9748, 16774, 9280 and 8919) 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	30 January 2019 (Geoff Rowley was appointed as an additional administrator on 30 October 2019)
Appointor	Directors
Directors	Michael Andrew "Andy" Thomson, Floris Jakobus Huisamen, Kevin Maddison and Katherine Ruth Simpson
Shareholder(s)	London Financial Group Limited (dissolved) (owned 100% by Andy Thomson)
Secretary (if applicable)	CAA Registrars Limited
Extension to period of administration	The administration was extended by consent of the Court on 16 January 2020 for a period of up to two years ending on 29 January 2022. The administration was further extended by consent of the Court on 19 January 2022 for a period of up to two years ending on 29 January 2024.

II Receipts and payments account

Receipts and payments account to 29 July 2022

Statement of Affairs £	From 30/01/2022 To 29/07/2022 £	From 30/01/2019 To 29/07/2022 £
ASSET REALISATIONS		
Bank Interest Gross	632.19	11,874.83
Cash at bank	-	3,189,912.30
Funding	5,000,000.00	15,000,000.00
Furniture & Equipment	-	127.12
Insurance Refund	-	7,902.72
Loan Accounts	-	100,383.28
Loan Repayment - London Financial Group	-	130,298.27
Loan Repayment - London Oil & Gas Ltd	-	10,000,000.00
Funds held by MdR	-	106,940.48
Motor Vehicles	-	203,110.39
Rates Refund	-	513.40
	<u>5,000,632.19</u>	<u>28,751,062.79</u>
COST OF REALISATIONS		
Administrators' Expenses	1,152.22	1,482.97
Administrators' Fees	3,497,270.01	4,997,270.01
Administrators' pre appointment fees	142,434.25	142,434.25
Agents/Valuers Expenses	1,287.38	1,932.83
Agents/Valuers Fees	25,957.50	131,803.19
Bank Charges	39.45	485.33
Comittee Expenses	-	4,000.62
Consultant expenses	-	574.90
Fee Assessor costs	-	47,000.00
HP Finance	-	888.45
ICO Renewal	-	80.00
Insurance	-	7,571.42
Data Hosting, Internet, Telephone	461,740.88	531,512.74
Irrecoverable VAT	947,468.49	3,201,023.75
Legal Expenses	824,671.77	1,872,151.01
Legal Fees	4,994.82	6,015,108.76
Loan to LOG	-	3,372,739.27
Loan to Prime Group	108,781.57	641,598.11
Loan to Waterside Group	99,661.81	634,524.74
Meeting costs	-	4,575.17
Other Property Expenses	-	237.50
PAYE & NI	-	245.73
Pension contributions	-	822.80
Petitioners Deposit	-	1,891.00
Pre-administration costs	48,900.00	101,705.00
Professional Expenses	6,722.38	10,918.26
Professional Fees	222,267.50	434,868.75
Rates	-	1,107.02
Re-Direction of Mail	-	1,787.00
Rents Payable	-	1,666.66
Security Trustee/ Dividend costs	-	24,552.37
Specific Bond	-	140.00
Stationery & Postage	62.35	19,533.16
Statutory Advertising	-	169.00
Storage Costs	-	2,906.56
Transfer to LCF dividend a/c	-	5,902,219.07
Travel & Sustinence	-	15,514.94
Wages & Salaries	-	12,753.98
	<u>(6,393,412.38)</u>	<u>28,141,796.32</u>
	<u>(1,392,780.19)</u>	<u>609,266.47</u>
		<u>609,266.47</u>

Dividend Account

	From 30/01/2022 To 29/07/2022 £	From 30/01/2019 To 29/07/2022 £
ASSET REALISATIONS		
Bank Interest Gross	99.83	2,151.14
Transfer from LCF main account	NIL	5,902,219.07
	<u>99.83</u>	<u>5,904,370.21</u>
UNSECURED CREDITORS		
Bondholders	500.00	5,536,656.00
FSCS	NIL	77,093.07
	<u>(500.00)</u>	<u>(5,613,749.07)</u>
	<u><u>(400.17)</u></u>	<u><u>290,621.14</u></u>
REPRESENTED BY		
Clients Deposit account - Dividend A/c		290,621.14
		<u><u>290,621.14</u></u>

Notes and further information required by SIP 7

- No payments have been made to us from outside the estate.
- Details of significant expenses paid are provided in the body of our report.
- Information concerning our remuneration and expenses incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT. LCF is not, and has never been, registered for VAT; the issuing of bonds is a non-Vatable activity and LCF did not provide any other taxable supplies. Our VAT experts have examined the position and have determined that currently there is no viable route to recovering the VAT incurred in the administration.
- The funding facility, described as "Funding" above, accrues interest and other charges, which will be calculated upon repayment and shown accordingly in the R&P account at the relevant time.

Notes and further information required by SIP 9

Funding

As detailed at section 4, the joint administrators (including the conflict administrator of LCF), alongside the LOG joint administrators, have obtained a funding facility to allow them to progress with their investigations and ongoing legal claims. This funding has been obtained in order to allow them to continue with pursuing asset realisations for the benefit of the creditors of LCF and LOG (LCF is the sole secured creditor in the LOG administration). This funding will be repaid by both LCF and LOG in due course.

Agents & Professional Fees

A full breakdown of the fees incurred by the agents and professional advisors of the joint administrators can be found at Appendix XI.

Loan to WCOL/ the Prime Companies/ LOG

As detailed at section 6, the joint administrators have provided loans to the administrators of LOG, the Prime Companies, including Waterside, in order to maximise the realisable value of the assets held by these entities for the ultimate benefit of LCF's creditors.

Legal Fees

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

- **Investigations** - This includes advice relating to gathering evidence, actions to safeguard assets, and investigating possible routes to recovery. This work includes the Conflict administrators' investigation stream.
- **Litigation** – This includes dealing with the main proceedings and other proceedings as detailed in the body of this report. This also included dealing with litigation brought against LCF, and the administrators of LCF, by other parties and includes time and disbursements incurred in defending these actions.
- **Forensic Analysis** - This includes advice relating to structuring appropriate initial search methodologies, an initial targeted review of data, and a consideration of possible legal remedies.
- **Project and Document Management** - This includes work around collecting, managing and processing data (please note that in excess of 1.5 million documents have been collected to date) pertaining to, amongst other matters, the asset realisation and investigatory work streams.
- **Miscellaneous** - This includes advice relating to certain law enforcement activity and other general areas in the administration.

Legal Expenses

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

- **Counsel Fees – £138,655** - It has been necessary to seek advice from Counsel in respect of a number of litigation streams regarding the administration. As the majority of these costs have been incurred as a direct result of the joint administrators' investigations, it is necessary that the exact details remain confidential.
- **Agents and Professional Advisors - £10,984** – It has been necessary to instruct various agents to assist with the joint administrators' investigation as detailed within the body of this report. A number of agents and professional advisors have been instructed directly by the joint administrators' legal advisors and, as these costs have been incurred as a direct result of the joint administrators' targeted confidential investigations, it is necessary that the exact details of these agents and advisors remain confidential.
- **General Legal Disbursements - £5,600** – The joint administrators' legal advisors have necessarily incurred general disbursement costs directly related to the administration. These costs include, but are not limited to, postage and courier costs and company, Land Registry and court searches.
- **E-disclosure – £669,432** – MdR has incurred these costs in dealing with the e-disclosure process which is required as part of the ongoing litigation as detailed in the body of this report.

III Time analysis for the period

From 30 January 2022 to 29 July 2022

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	16.15	36.42	8.90	0.00	61.47	26,947.57	438.41
Cashiering general, including bonding	0.00	3.25	19.98	3.30	0.00	26.53	8,898.40	335.37
Job planning, reviews and progression	45.92	29.85	11.95	15.30	0.00	103.02	62,306.81	604.80
Post-appointment taxation	0.00	0.00	0.52	0.00	0.00	0.52	193.76	375.00
Agents and advisers, general	0.00	3.30	14.52	0.00	0.00	17.82	7,560.80	424.37
Director/manager review, approval and signing	7.65	6.62	0.00	0.00	0.00	14.27	9,865.71	691.52
Other	0.75	14.60	6.43	0.00	0.00	21.78	12,154.90	557.99
Investigations								
Debtor/ Loan Book and other investigations to identify asset recoveries	210.10	73.15	14.73	40.20	0.00	338.18	219,068.47	647.78
Other (including liaising with various bodies i.e. SFO, FCA, FSCS)	0.60	3.10	6.00	0.00	0.00	9.70	4,831.81	498.12
Creditors								
Bondholders (dealing with Bondholder correspondence and queries)	31.60	38.90	24.23	60.42	0.00	155.15	76,795.55	494.98
Dealing with queries from regulatory bodies (i.e. FCA, FSCS, SFO)	0.20	4.20	25.33	0.42	0.00	30.15	12,456.66	413.16
Dealing with creditor queries (i.e. SAR requests)	0.00	0.00	3.68	0.00	0.00	3.68	1,381.27	375.00
Prime								
Waterside	0.00	0.00	7.90	0.25	0.00	8.15	3,146.05	386.02
Corporate Tax								
Corporate Tax	0.50	0.00	0.00	0.00	0.00	0.50	475.00	950.00
Forensics								
Forensics	24.00	0.00	175.23	37.17	0.00	236.40	133,316.03	563.94
Total	321.32	193.12	346.93	165.95	0.00	1,027.32	£579,398.79	£563.99

Explanation of major work activities undertaken

Administration and planning

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

- preparing and issuing the joint administrators' six-month progress report for the period ending 29 January 2022;
- statutory case reviews (to be completed every six months);
- maintenance of compliance checklists;
- maintenance of the IPS compliance diary;
- general case planning and administration including case strategy decisions;
- internal case staff strategy meetings/ calls and dealing with case progression matters;
- attending at various meetings/ calls in respect of the administration;
- internal communications with the Forensics team;
- dealing with routine correspondence;
- maintaining schedules of professional advisor costs and expenses;
- dealing with the Company's tax affairs;
- reviewing and signing off various documents and correspondence by partners, directors and managers;
- completing necessary paperwork for payment vouchers and other cashiering instruction;
- maintaining physical case files;
- dealing with and instructing agents and other professional advisers;
- dealing with the provision of various information to the FSCS, the SFO and other parties;

- responding to various press queries in respect of the progression of the administration; and
- liaising with the Evelyn Partners IT department regarding the maintenance of the LCF email mailbox and webpage.

Cashiering time:

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

Investigations

This section relates to the work that the joint administrators have conducted in relation to their investigations into the failure of the Company. The joint administrators have a duty to consider any potential claims that the Company may have against third parties that may give rise to potential claims for the benefit of the Company's creditors, including the Bondholders/FSCS and detail regarding this work can be found at section 4 of this report. Whilst it is likely that the majority of this work will provide a direct financial benefit for the Company's creditors, including the Bondholders/FSCS, some streams of the investigation work that will be, or have been, carried out are required by statute and may not necessarily provide a direct financial benefit for the Company's creditors.

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

In addition to the above, the joint administrators have issued claims against a number of parties and details of this work is contained within this section of work undertaken. It is important to note that further detail, beyond that disclosed in this report, regarding these investigations is required to be kept confidential in order to prevent jeopardising any potential actions that can be taken on behalf of the Company's creditors, including Bondholders/FSCS.

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

- investigating and monitoring the recoverability of each loan made by the Company, including investigations into the Borrower companies;
- monitoring the financial position of each of the debtors of the Company in order to determine their ability to settle the liability owed to the Company;
- liaising with our legal advisors in respect of the Borrower companies;
- reviewing the flow of funds from the Company to various entities;
- collating information on third parties associated with each of the debtors;
- discussions with LOG in respect of its financial arrangements with IOG;
- reviewing and submitting various witness statements;
- dealing with ongoing litigation in respect of the Company;
- investigation of other potential litigation matters that may give rise to further recoveries for creditors, including Bondholders. At this juncture, it is necessary that these investigations remain confidential so as not to jeopardise any potential actions that may be taken.

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

Creditors/ Bondholders

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

However, the joint administrators and their staff still incur time assisting remaining Bondholders and compensated Bondholders. In addition, the FSCS is now the majority creditor of LCF and time incurred liaising with the FSCS as a creditor will be reflected in this section.

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

This section involves the following work streams:

- dealing with personal information update requests from Bondholders including email addresses and postal addresses;
- dealing with telephone calls received from both remaining Bondholders and Bondholders who have received compensation;
- drafting and issuing responses to written correspondence received from Bondholders;
- dealing with correspondence received in respect of deceased Bondholders;
- sending physical copies of correspondence to Bondholders;
- monitoring and responding to emails received to the dedicated LCF mailbox;
- managing the MailChimp account for ease of communication to Bondholders;
- preparing updates to Bondholders and issuing these updates through the MailChimp service;
- liaising with the FSCS in respect of HMT compensation;
- liaising with the FSCS in respect of their claim against LCF;
- liaising with the FSCS regarding the appointment of Leonard Curtis to begin the fee assessor assignment;

Forensics

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

IV Cumulative time analysis

From 30 January 2019 to 29 July 2022

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	205.25	53.15	161.55	226.77	14.00	660.72	302,375.08	457.65
Initial post-appointment notification letters, including creditors	13.10	0.00	7.85	5.40	0.00	26.35	13,237.00	502.35
Cashiering general, including bonding	5.23	5.42	40.27	296.63	0.00	347.55	92,513.98	266.19
Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary	589.65	109.13	210.18	346.48	4.00	1,259.45	654,578.75	519.73
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	110	3.10	3.37	5.48	0.00	13.05	5,517.53	422.80
Protection of company records (incl electronic)	8.15	0.00	1.25	8.10	0.00	17.50	8,034.75	459.13
Insurance & general asset protection	14.70	0.75	0.00	2.60	0.00	18.05	10,723.00	594.07
Travelling	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Filing, file and information management	5.70	0.00	2.25	1.50	0.00	9.45	5,062.50	535.71
Pre-appointment non creditor tax	160	0.00	1.75	0.00	0.00	3.35	1,852.50	552.99
Company searches	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Agents and advisers, general	76.70	12.65	29.58	31.47	0.00	150.40	80,379.90	534.44
Correspondence with joint liquidator	110	0.00	0.00	0.70	0.00	1.80	996.25	553.47
Filing - Administration and planning	0.00	0.00	0.00	0.30	0.00	0.30	87.00	290.00
Director/manager review, approval and signing	32.63	26.72	19.25	5.95	0.00	84.55	50,787.48	600.68
Other	50.40	69.65	18.03	30.78	0.00	168.87	95,930.42	568.08
Investigations								
Correspondence with directors	0.00	0.00	0.00	4.75	0.00	4.75	1,586.00	333.89
Creditor & shareholder complaints	0.00	1.75	0.75	0.00	0.00	2.50	949.00	379.60
Review of the Company's books and records	9.00	21.10	2.20	27.50	4.50	64.30	25,398.25	395.00
Debtor/ Loan Book and other investigations to identify asset recoveries	2,808.72	207.70	178.63	197.12	0.00	3,392.17	2,107,497.31	621.28
SIP2 obligations (inc liaising with the insolvency service)	11.15	0.00	4.25	13.50	0.00	28.90	12,945.00	447.92
Cash and other asset tracing	66.05	163.50	692.65	133.80	0.00	1,056.00	436,013.63	412.89
Enquiries of advisers (including legal advisors and other professional advisors)	18.40	0.00	8.05	7.20	0.00	33.65	17,611.75	523.38
S235/6 hearings & applications	73.60	0.00	1.45	6.55	0.00	81.60	47,372.25	580.54
Director/manager review, approval and signing	0.55	6.50	0.00	0.00	0.00	7.05	3,788.00	537.30
Other (including liaising with various bodies i.e. SFO, FCA, FSCS)	38.95	5.00	35.68	14.43	0.00	94.07	49,449.12	525.68
Realisation of assets								
Debtors subject to invoice discounting/factoring	0.25	0.95	0.00	2.43	0.00	3.63	1,472.52	405.27
Debtors	24.30	0.00	0.00	18.10	0.00	42.40	19,264.25	454.35
Other chattel assets	3.75	0.00	2.00	0.85	0.00	6.60	3,050.00	462.12
Financed assets	8.25	0.00	0.00	0.75	0.00	9.00	4,920.00	546.67
Cash at Bank	0.30	0.00	3.75	2.00	0.00	6.05	2,433.25	402.19
Liaising with agents (general)	0.00	0.00	1.75	0.40	0.00	2.15	909.00	422.79
Director/manager review, approval and signing	0.50	0.00	0.00	0.00	0.00	0.50	337.50	675.00
Other	15.25	0.00	2.95	0.25	0.00	18.45	8,466.25	458.88
Trading/ Premises								
Trading on decision and day 1-3 operations	0.00	0.00	2.50	0.00	0.00	2.50	1,150.00	460.00
Purchasing/suppliers (not landlord)	2.40	0.00	0.00	0.00	0.00	2.40	1,560.00	650.00
Accounting	0.60	0.00	3.00	0.00	0.00	3.60	1,770.00	491.67
Insurances	0.00	0.00	8.00	0.00	0.00	8.00	3,698.75	462.34
Staff and payroll (inc PAYE/NIC for trading period)	0.00	0.00	0.75	1.50	0.00	2.25	735.00	326.67
Premises issues (inc landlord and site clearance)	0.00	0.00	4.50	12.25	0.00	16.75	5,275.00	314.93
Shutdown or handover	0.00	0.00	0.00	15.50	0.00	15.50	4,030.00	260.00
Other	0.00	0.00	0.60	0.35	0.00	0.95	367.00	386.32
Creditors								
Bondholders (dealing with Bondholder correspondence and queries)	233.97	193.27	578.37	1,971.13	628.52	3,605.25	1,119,620.82	310.55
Floating charge creditors	18.30	0.00	0.00	24.20	7.50	50.00	17,566.00	351.32
HP & lease creditors	0.00	0.00	0.00	0.85	0.00	0.85	245.00	288.24
RPO and ERA claims & tribunals	0.00	0.00	0.00	0.50	0.00	0.50	130.00	260.00
Employees & pension	1.50	0.75	0.00	18.83	0.00	21.08	6,212.99	294.69
Crown (not RPO etc)	1.40	0.00	0.00	0.75	0.00	2.15	1,105.00	513.95
Unsecured creditors	0.80	0.70	7.00	7.20	0.00	15.70	6,069.50	386.59
Creditors' committee	233.21	104.05	160.90	210.87	0.00	709.03	355,668.54	501.63
ROT Claims	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Distributions for prefs and unsecured	19.15	19.38	204.97	949.00	1,414.70	2,607.20	489,782.62	187.86
Dealing with queries from regulatory bodies (i.e. FCA, FSCS, SFO)	34.20	19.70	65.55	28.92	7.00	155.37	72,902.76	469.23
Dealing with creditor queries (i.e. SAR requests)	0.85	2.00	13.18	10.05	7.00	33.08	10,999.77	332.49
Filing- creditors	0.00	0.00	0.00	6.33	0.00	6.33	1,783.82	281.66
Director/manager review, approval and signing	0.00	0.00	18.00	2.45	0.00	20.45	9,724.25	475.51
Other	5.50	1.75	20.58	8.20	0.00	36.03	15,607.62	433.14

Prime								
Dominican Republic	92.70	6.25	0.00	5.70	0.00	104.65	67,810.25	647.97
Waterside	99.80	18.33	12.55	27.50	0.00	158.18	92,271.81	583.32
Corporate Tax								
Corporate Tax	65.18	0.40	18.33	6.75	0.00	90.67	55,240.50	609.27
Assurance & Business Services								
Assurance & Business Services	24.00	2.50	0.00	0.00	0.00	26.50	15,163.50	572.21
Forensics								
Forensics	245.25	0.00	1,543.15	963.57	0.00	2,751.97	1,046,230.97	380.18
Total	5,163.15	1,056.15	4,091.38	5,664.20	2,087.22	18,062.10	£7,468,260.70	£413.48

Time comparison for time incurred by the joint administrators (Excluding the conflict administrator)

The following gives a summary of our estimated administrators' fees for the fourth and fifth years of the administration, provided in our previous progress report, and the actual time costs incurred for the 6 months to 29 July 2022, for ease of comparison:

Task	Estimated fees to be incurred for the 24-month period to 29 January 2024	Actual Fees Incurred for the 6-month period to 29 July 2022
	£	£
Administration and Planning	666,063	127,928
Investigations	871,925	223,900
Realisation of Assets	102,825	-
Creditors	268,043	90,634
Prime	99,625	3,146
Corporate Tax and VAT	22,500	475
Forensics	174,087	133,316
	2,205,068	579,399

The following gives a summary of our estimated administrators' fees for the third year of the administration, provided in our previous progress report, and the actual time costs incurred for the 12 months to 29 January 2022, for ease of comparison:

Task	Estimated fees to be incurred for the 12-month period to 29 January 2022	Actual Fees Incurred for the 12-month period to 29 January 2022
	£	£
Administration and Planning	468,680	242,636
Investigations (including Prime)	798,625	426,456
Realisation of Assets	64,825	1,473
Creditors	542,390	354,798
Corporate Tax and VAT	23,205	6,533
Forensics	209,035	219,459
Total	2,106,760	1,251,355

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

Task	Estimated fees to be incurred for the 12-month period to 29 January 2021	Actual Fees Incurred for the 12-month period to 29 January 2021
	£	£
Administration and Planning	511,300	474,074
Investigations	1,598,775	537,460
Realisation of Assets	52,750	-
Creditors	919,200	771,927
Corporate Tax and VAT	21,250	23,318
Assurance & Business Services	6,750	537
Forensics	495,000	196,821
Total	3,605,025	2,004,137

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

Task	Estimated fees to be incurred for the 12-month period to 29 January 2020	Actual Fees Incurred for the 12-month period to 29 January 2020
	£	£
Administration and Planning	596,745	468,101
Investigations	2,394,930	1,677,993
Realisation of Assets	312,330	39,380
Trading	30,615	18,586
Creditors	746,790	890,059
Corporate Tax and VAT	36,170	24,916
Assurance & Business Services	22,700	14,626
Forensics	329,020	496,635
Total	4,469,300	3,630,296

V Fee Estimate for the year 30 January 2022 to 29 January 2024

Evelyn Partners LLP

	Partner / Director	Associate Director	Manager / Assistant Manager	Other professional staff	Assistants & support staff	Total hours	Time cost	Average hourly rate
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Classification of work function								
Administration and planning	428.00	331.00	286.00	102.00	5.00	1,152.00	666,062.50	578.18
Statutory returns, reports & meetings	50.00	70.00	85.00	20.00	0.00	225.00	£119,000.00	£528.89
Cashiering general, including bonding	0.00	50.00	50.00	0.00	0.00	100.00	£49,375.00	£493.75
Job planning, reviews and progression (inc 6 month reviews and planning meetings)	300.00	125.00	100.00	50.00	0.00	575.00	£355,937.50	£619.02
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	3.00	6.00	6.00	2.00	0.00	17.00	£8,850.00	£520.59
Agents and advisers, general	15.00	15.00	25.00	10.00	0.00	65.00	£33,187.50	£510.58
Correspondence with joint liquidator	10.00	10.00	10.00	5.00	0.00	35.00	£19,062.50	£544.64
Filing - Administration and planning	0.00	0.00	0.00	5.00	5.00	10.00	£2,337.50	£233.75
Director/manager review, approval and signing	35.00	40.00	0.00	0.00	0.00	75.00	£50,750.00	£676.67
Other	15.00	15.00	10.00	10.00	0.00	50.00	£27,562.50	£551.25
Investigations	740.00	330.00	215.00	142.00	0.00	1,427.00	871,925.00	611.02
Directors' correspondence	0.00	0.00	0.00	0.00	0.00	0.00	£0.00	
Statutory books and accounting records review	10.00	15.00	25.00	25.00	0.00	75.00	£20,750.00	£276.67
Borrowers/ Loan Book and other investigations to identify asset recoveries	650.00	250.00	150.00	85.00	0.00	1,135.00	£725,562.50	£639.26
Cash and other asset tracing	20.00	20.00	10.00	10.00	0.00	60.00	£34,375.00	£572.92
Enquiries of advisers	25.00	25.00	15.00	10.00	0.00	75.00	£43,062.50	£574.17
Other (including liasing with various bodies i.e. SFO, FCA, FSCS)	35.00	20.00	15.00	12.00	0.00	82.00	£48,175.00	£587.50
Realisation of assets	80.00	45.00	20.00	23.00	0.00	168.00	102,825.00	612.05
Debtors	50.00	25.00	10.00	5.00	0.00	90.00	£58,250.00	£647.22
Liasining with agents (general)	15.00	10.00	0.00	8.00	0.00	33.00	£20,075.00	£608.33
Other	15.00	10.00	10.00	10.00	0.00	45.00	£24,500.00	£544.44
Creditors	97.00	157.00	160.00	104.00	31.00	549.00	268,042.50	488.24
Bondholders	50.00	75.00	75.00	65.00	25.00	290.00	£36,750.00	£471.55
Unsecured creditors	4.00	4.00	10.00	5.00	1.00	24.00	£11,017.50	£459.06
Creditors' committee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Distributions	25.00	50.00	50.00	25.00	5.00	155.00	£77,212.50	£498.15
Dealing with creditor queries in relation tor regulatory bodies (i.e. FCA, FSCS, SFO)	15.00	25.00	25.00	5.00	0.00	70.00	£37,625.00	£537.50
Dealing with creditor queries (i.e. SAR requests)	2.00	2.00	0.00	3.00	0.00	7.00	£3,737.50	£533.93
Other	1.00	1.00	0.00	1.00	0.00	3.00	£1,700.00	£566.67
Prime	40.00	65.00	12.00	75.00	0.00	192.00	99,625.00	518.88
Dominican Republic	15.00	20.00	6.00	25.00	0.00	66.00	£34,187.50	£517.99
Prime	25.00	45.00	6.00	50.00	0.00	126.00	£65,437.50	£519.35
Corporate Tax	18.00	0.00	15.00	10.00	0.00	43.00	22,500.00	523.26
Corporate Tax	18.00	0.00	15.00	10.00	0.00	43.00	£22,500.00	£523.26
Forensics	65.00	0.00	175.00	175.00	5.00	420.00	174,087.50	414.49
Forensics	65.00	0.00	175.00	175.00	5.00	420.00	£174,087.50	£414.49
Total	1,551.00	928.00	1,073.00	816.00	46.00	4,414.00	£2,205,067.50	£499.56

Conflict administrator's fee estimate to 31 August 2022

	Estimated Future Time					Total Hours	Total Future Costs
	Estimated time costs for the period 30 January 2022 to 31 August 2022						
Task	Appointment Takers / Partners	Managers / Directors	Other Professional	Junior Professional & Support			
Administration and Planning	12.53	26.41	26.43	-	65.36	31,983.94	
Asset Realisation	93.33	-	-	-	93.33	486,500.00	
Investigation	254.80	732.34	708.48	-	1,695.61	797,628.69	
Statutory Compliance	3.93	7.50	7.60	-	19.03	9,437.38	
Total:	364.58	766.25	742.50	-	1,873.33	1,325,550.00	

Conflict administrator's fee estimate from 1 September 2022 to 29 January 2024

Task	Appointment Takers / Partners	Managers / Directors	Other Professional	Junior Professional & Support	Total Hours Estimate	Time Cost Estimate (£)
Administration and Planning	7.50	15.00	7.50	-	30.00	16,500.00
Investigations	198.75	611.25	611.25	-	1,421.25	700,725.00
Statutory Compliance	3.75	3.75	7.50	-	15.00	7,575.00
Total:	210.00	630.00	626.25	0.00	1466.25	724,800.00

VI Loan/Borrower Position

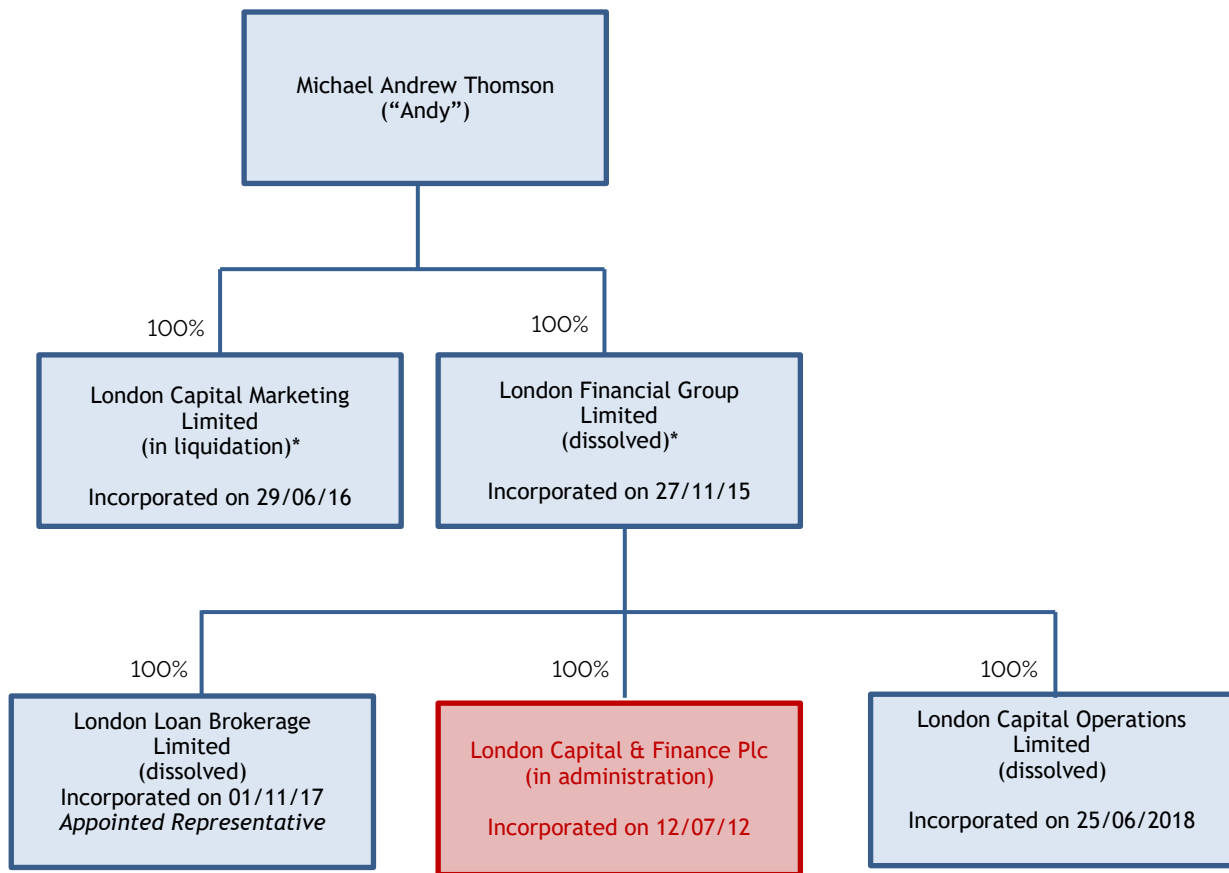
Debtor gross loan amount as at 30 January 2019:

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

Debtor groups:

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

VII Group Structure Diagram – LCF



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

** The joint administrators issued a petition for the compulsory winding up London Financial Group Limited (‘LFG’) on 24 May 2019. On 17 July 2019 the winding up order was granted and LFG entered into compulsory liquidation. On 18 September 2019, Finbarr O’Connell and Colin Hardman of Evelyn Partners LLP and Lane Bednash of CMB Partners UK Limited were appointed as joint liquidators of LFG. The final account of the LFG liquidation was delivered to creditors in November 2021 and the joint liquidators were released from office on 13 January 2022 and this entity was dissolved on 24 April 2022.

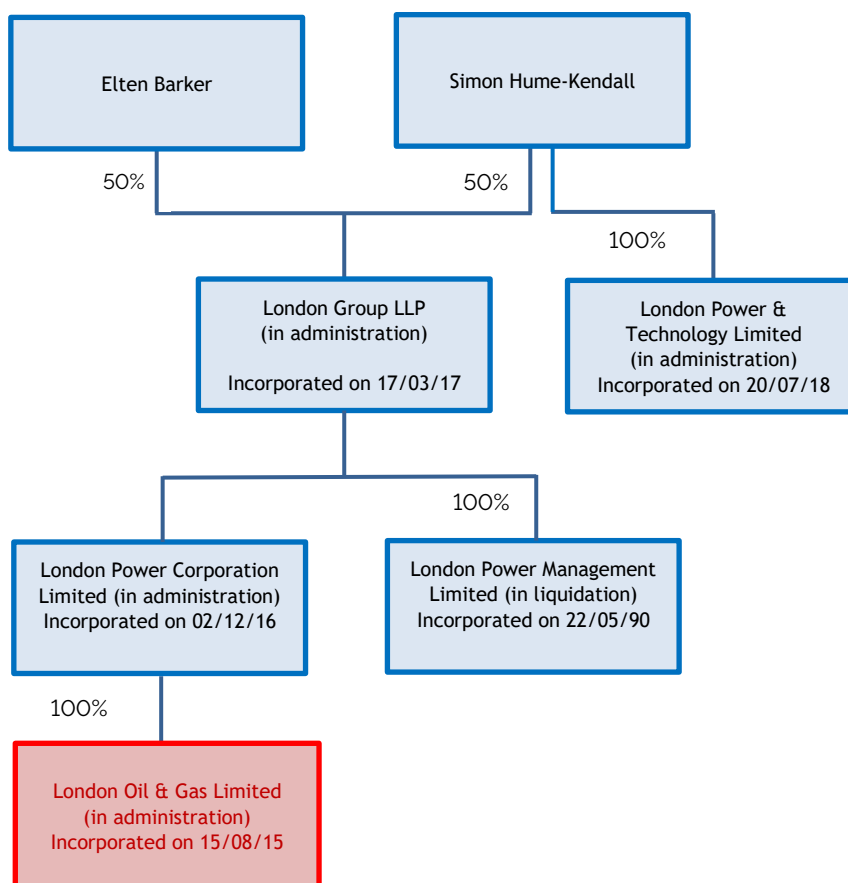
VIII London Group LLP

London Group loan position:

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

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

Group structure diagram:



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

Introduction

Detailed below are:

- Evelyn Partner LLP's policies in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers
 - Expense recovery
- Evelyn Partner 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 or consultant as joint officeholders, 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 delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the case (including our cashiers (which is centralised, and London rates apply), support and secretarial staff) charge time directly to the assignment and are included in any analysis of time charged. Each grade of staff has an hourly charge-out rate which is reviewed from time to time. Time up to 31 July 2020 is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof. The minimum time chargeable is one minute. We do not charge general or overhead costs.

It may be necessary to utilise staff from both the regional and London offices, subject to the specific requirements, eg, geographical location, of individual cases. This case is predominantly being conducted from the London office.

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

Use of professional advisers

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

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

- The professional and ethical standards applicable to the service provider.

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

External professional advisers are third party entities. The insolvency practitioners and their firm do not have any association with any external provider of services and therefore they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in Statement of Insolvency Practice 9. Payments to external professional advisers for the services they provide are therefore not a category 2 expense as defined in Statement of Insolvency Practice 9 and therefore do not require prior approval from the committee or creditors.

Expenses

Category 1 expenses do not require approval by creditors. The type of expenses that may be charged as a Category 1 expense 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 expenses 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.

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

Evelyn Partners LLP - Charge out rates

A schedule of Evelyn Partners LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved. The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 July 2022.

Evelyn Partners LLP Restructuring & Recovery Services Charge out rates	From 1/7/18	From 1/7/19	From 1/7/20	From 1/7/21	From 1/7/22
Partner / Director	565-650	580-675	580-710	640 - 760	825
Associate Director	495 -525	495 - 550	495 - 580	490 – 630	525-710
Managers	250-365	340-475	350-500	370 – 540	385-575
Other professional staff	170-400	225-475	225-580	160 – 355	256-375
Support & secretarial staff	115	125	130	135 - 155	125-150

Notes

1. Up to 31 July 2020 time is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. Up to 31 July 2020 the cashiering function time is incorporated within 'Other professional staff' rates. Following a change to our time reporting software, from 1 August 2020 the cashiering function time continues to be reported according to the seniority of staff undertaking the work in our time analyses and is split between 'Other professional staff', 'Managers' and 'Associate Director'.

Evelyn Partners LLP		London office
Corporate Tax		£/hr
Charge out rates from 1 January 2022		
Partner / Director		590-950
Associate Director		430-535
Managers		230-460
Other professional staff		105-245
Support & secretarial staff		60-75

Evelyn Partners LLP		London office
Forensics		£/hr
Charge out rates from 1 July 2022		
Partner / Director		840 - 850
Associate Director		-
Managers		500-629
Other professional staff		200 - 250
Support & secretarial staff		-

FRP Advisory Trading Limited - Charge out rates

A schedule of FRP Advisory Trading Limited's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved. The rates applicable to the Conflict Administrator's appointment is set out below.

FRP Advisory Trading Limited	From 1/5/19	From 1/11/20	From 1/5/22
Charge out rates			
Appointment taker / Partner	495-595	595-695	640-740
Managers / Directors	385-495	445-595	480-580
Other professional	225-340	275-395	300-420
Junior professional & Support	150-195	175-245	190-260

XI Professional advisers

Name of professional advisor	Basis of fee arrangement	Costs outstanding previous period	Costs incurred in current period	Total costs outstanding	Costs paid in current period	Costs outstanding at period end	Revised estimate	Variance to revised estimate	Estimate future to Jan 2024
MdR	Hourly rate and expenses	1,490,581 104,629	2,054,605 930,783	3,545,186 1,035,412	4,995 824,672	3,540,191 210,740	4,150,000 1,000,000	(2,095,395) (789,260)	7,221,000 2,495,000
Maybern Consultancy Ltd	Hourly Rate And expenses	- -	45,488 -	45,488 -	29,375 -	16,113 -	65,000 5,000	(19,512) (5,000)	45,000 5,000
Berkeley Research Group (UK) Ltd	Hourly rate And expenses	10,913 546	311,112 7,464	322,025 8,010	218,640 8,010	103,385 -	85,000 7,000	226,112 (464)	300,000 7,500
Victoria Pink (transcription)	Hourly rate	-	214	214	-	214	-	214	
DM Corbett	Hourly rate	-	210	210	210	-	200	10	200
Total		1,606,669	3,349,876	4,956,545	1,085,902	3,870,643	5,312,200	(1,962,324)	10,073,700

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

XII Administrators' expenses

Description	b/f from previous period	Costs incurred in current period	Total costs outstanding	Costs paid in current period	Total costs outstanding at period end	Revised estimate	Variance to revised estimate	Estimate future to Jan 2024
	£	£	£	£	£	£	£	£
Statutory Advertising	1082	319	1,401	1,099	302	550	(231)	483
Administrators' bonds	3806	2,142	5,948	5,007	941	1,020	1,122	3,768
Meeting costs	-	-	-	-	-	7,500	(7,500)	-
Postage	18	44	62	62	-	20	24	-
Total	4,906	2,506	7,412	6,168	1,243	9,090	(6,584)	4,251

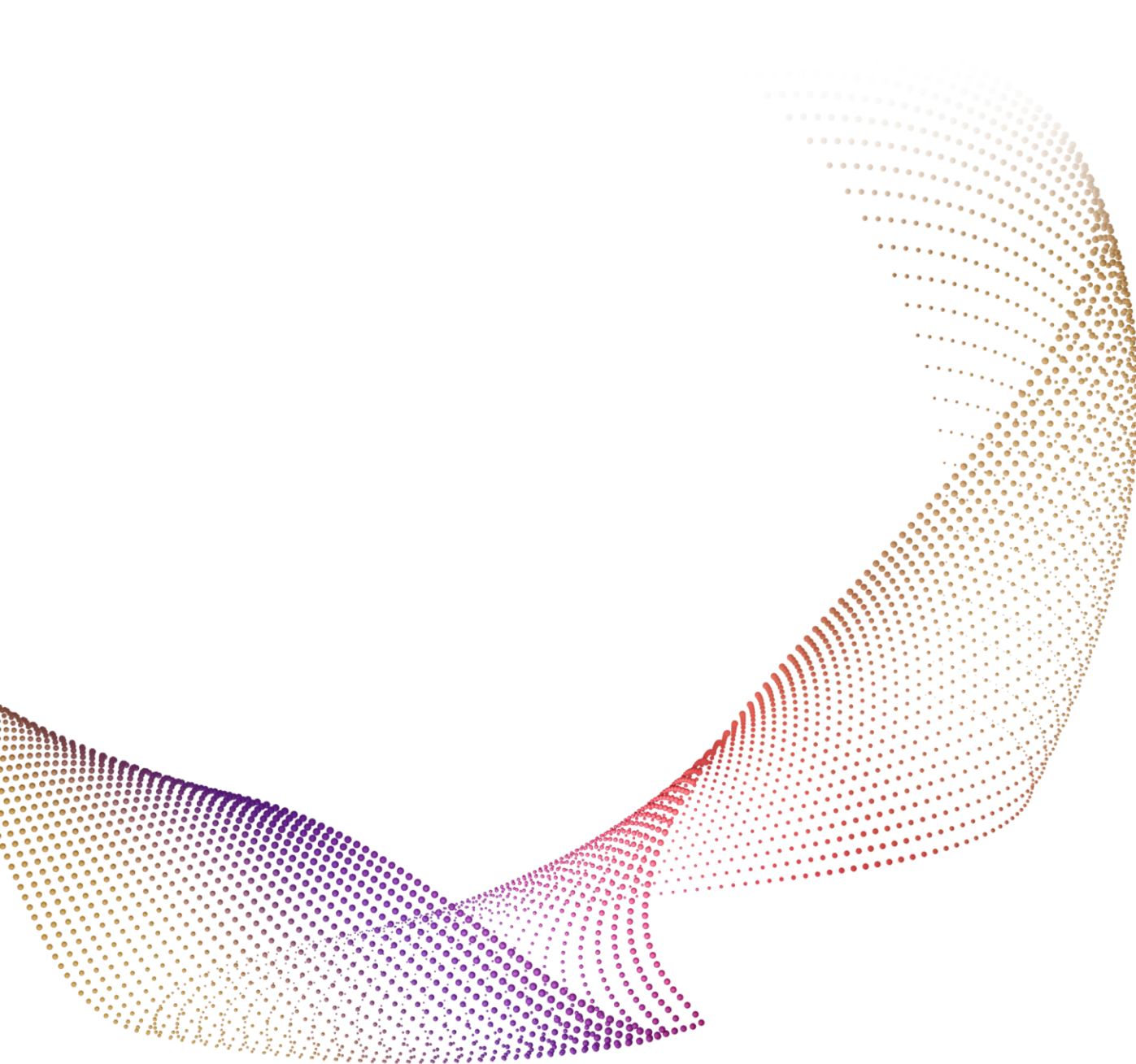
Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

XIII Category 2 expenses

Description	Costs outstanding from previous period £	Costs incurred in current period £	Total costs incurred £	Costs paid in current period £	Total costs outstanding at period end £	Revised estimate £	Variance to revised estimate £	Estimate future to Jan 2024 £	Anticipated future total £
Business mileage @ HMRC rates	462	-	462	462	-	462	-	-	462
Data hosting	455,635	-	455,635	455,635	-	510,635	(55,000)	-	455,635
Total	456,097	-	456,097	456,097	-	511,097	(55,000)	-	456,097

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

Forensic Technology Data Storage – By way of reminder, the Company stored a large quantity of information in an electronic format which has been imaged by Evelyn Partners LLP's forensic technology team. This includes all Company emails and information stored on internal network drives. In order to easily access and search this information, it has been stored using the Forensics team's data hosting platform. These costs were necessary as accessing the Company's data has been and will continue to be crucial to the joint administrators' investigations and legal actions which, in turn, are expected to result in a return of substantial funds to the Company for the benefit of its creditors.



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

Evelyn Partners LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities. Registered in England at 45 Gresham Street, London, EC2V 7BG. No. OC 369631.

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