

London Capital & Finance Plc (in administration)

Joint administrators' progress report for the period from 30 July 2022 to 29
January 2023

28 February 2023

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 January 2023. It should be read in conjunction with our previous reports. By way of reminder, we, Finbarr O'Connell, Adam 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.

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.

- As a reminder, 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 99.5% of eligible Bondholders have now received their offer of compensation. The Scheme closed on 31 October 2022 and the FSCS will only be able to pay any additional claims in exceptional circumstances. 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 by the FSCS 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, of whom a significant number have total claims which are in excess of the compensation cap limits, 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. The hearing of the Main Proceedings is not due to 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.
- The current administration period has been extended to 29 January 2024. Due to the timing of the Main Proceedings and other routes of asset recovery which are being pursued, it is anticipated that another extension will be sought from the Court, in late 2023.
- 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 a further £5m from this facility during this reporting 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.

- Also, a number of specific litigation funding facilities are being negotiated with litigation funders, in the event that they are required. These facilities are specific to a number of separate legal claims which the joint administrators will be litigating, if they are unable to settle these claims without recourse to the courts.
- 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 and the joint administrators have reaffirmed this estimate in each progress report up until now. However, this estimate currently needs to be adjusted downwards due to the c.88% reduction in the IOG Plc share price in recent times. As LOG's financial interest in IOG Plc is one of LCF's main indirect assets, the very substantial reduction in the IOG Plc share price means **it is appropriate for the LCF joint administrators to adjust downwards the estimated total LCF dividend rate to 20%**. (Further detail with regard to the reduction in the IOG Plc share price is given in Section 3 to this report.)

When the joint administrators of LCF are in a position to make further distributions to the LCF secured creditors, these 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 July 2022 to 29 January 2023. This account includes cumulative figures for the period from 30 January 2019 to 29 January 2023.

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, in each progress report, as to the background of the case and a summary of how the creditors' 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 capital 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, to the extent they had been making any such payments, 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 recorded in LCF's accounts cannot be reconciled to the actual movement of funds out of LCF to these borrowers. The main reasons why the LCF borrowers had insufficient assets to be able to meet their loan obligations is because they were not set up to do so or 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 first 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, and previous, report(s), 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 owed LCF the principal loan sum £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 LCF administration).

To date, LOG has repaid LCF the sum of £10m against the loan balance owed under LCF's security. The current estimated indebtedness owing from LOG to LCF, is in the region of £151m, including the costs of the administration of LOG and accrued interest.

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)**

During the reporting period, the LOG administrators sold a further 6m shares for total consideration of £2,271,250. 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.

Since August 2022, the IOG Plc share price has experienced a continued decline from a high of 43.5 pence, on first gas flowing, to a low of 5 pence (5.1 pence today, 28 February 2023), representing a c88% fall in share price. The value of LOG's investment in IOG as at 28 February 2023, including the proceeds from the shares which have already been sold, was £41.8 million. The LOG Administrators understand that the reasons for the decline were:

- More importantly, IOG not meeting operational targets following first gas in Q1 2022; and
- The recently implemented Energy (Oil & Gas) Profits Levy, which will be in place until 2028 resulting in any unrelieved profits being taxed at a headline rate of 75% for all UK based companies within the Oil & Gas sector, including IOG Plc;

LOG is not under any obligation or pressure to sell its shareholding in IOG Plc on any set timescale and the LOG administrators will continue to monitor the IOG Plc investment, alongside their advisers, Cenkos Securities Plc, with a view to maximising recoveries for the benefit of LOG's creditors, including LCF.

As LOG's financial interest in IOG Plc is one of LCF's main indirect assets, this substantial reduction in the IOG Plc share price means that it is appropriate for the LCF joint administrators to adjust downwards the expected LCF dividend rate. This reduction is mentioned in the Summary section of this report. (see Section 2)

- **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.

At present, the LOG administrators do not consider that the full debt owed by AP will be recovered, although this is subject to change. The LOG administrators hope to be able to give an update on the final amount that will be recovered from AP in their next 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 was determined to be void by the court and the asset returned to LOG.

No further realisations will be made from the LPES administration and the administrators of LPES are now taking steps to conclude this administration.

- **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**

The LOG Administrators consider it to be unlikely that any recovery will be made in respect of the shares in Reserec.

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 within the Prime group ("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 early March 2023, 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 Evelyn Partners 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 April 2023.

By way of reminder, the sale of the Waterside holiday village has completed, which will enable a return of funds to LCF in due course, for the benefit of LCF's creditors. 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. The funds flow from the sale proceeds of the Waterside holiday village is complicated and has required substantial legal advice. We expect to be in a position to 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 struck off from Companies House in due course, 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 its investigation into the affairs of FSE and has confirmed that there will be no return to FSE's creditors in the liquidation, including LCF. As this liquidation has now been concluded, FSE will shortly be dissolved and struck off from the Register of Companies.

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 distributed the surplus funds totalling £5,436 to LCF. In addition, LCM has reimbursed the LCF estate for costs incurred by LCF as petitioning creditors totalling c.£65k. No further realisations will be made by LCF from LCM and the joint liquidators of LCM will shortly issue their final report, leading to the dissolution of LCM.

The joint liquidators of LCM have drawn fees totalling £12,997, in accordance with Schedule 11 IR16, as provided for by Rule 18.22 IR16.

4. Investigations

By way of reminder, as a result of the investigations undertaken by the joint administrators and their legal advisors, we have issued the Main Proceedings for the total amount of c.£237m. Further information can be found in our previous progress reports 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 secured creditors 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. This financial backing includes a number of specific litigation funding facilities which are being negotiated with litigation funders, in the event that they will be required. These facilities are specific to a number of separate legal claims which the joint administrators will be litigating, if they are unable to settle these claims without recourse to the courts.

4.1 Conflict administrator – progress on specific investigation matter

As you are aware, Geoff Rowley of FRP Advisory Trading LLP 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 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 of FRP Advisory Trading LLP 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 certain 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 £20m in total has been drawn down against the loan facility to date, for which LCF and LOG are jointly and severally liable.

Also, a number of specific litigation funding facilities are being negotiated with litigation funders, in the event that they are required. These facilities are specific to a number of separate legal claims which the joint administrators will be litigating, if they are unable to settle these claims without recourse to the courts.

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 closed on 31 October 2022 and the FSCS will only be able to pay out further claims in exceptional circumstances. 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>.

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>

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

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	-
<i>Adjusted time**</i>	3	1,938		-
30 July 2021 to 29 January 2022	1,138	630,593	554	-
<i>Adjusted time**</i>	(24)	(18,373)		-
30 January 2022 to 29 July 2022	1,027	579,399	564	-
<i>Adjusted time**</i>	(28)	(20,083)		-
30 July 2022 to 29 January 2023	747	489,979	656	-
Total	18,760	7,921,721	422	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 period ending 29 July 2022, fees on account totalling £3,051,223 were drawn, with the consent of the FSCS, and allocated against the oldest time incurred first.

** Following a review of the WIP, these adjustments have been made to reflect errors within the time recording system. In total, costs totalling £36,518, which had been previously over reported, have been removed from the time recording system. 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 January 2023 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 January 2023 are £489,979. 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 January 2023, cumulative costs of £7,921,721 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/>

As previously reported, following a change to this firm's financial year-end, we have reviewed our charge-out rates on 1 January 2023. In common with other professional firms, our scale rates rise to cover inflationary cost increases (which readers will be aware have been particularly high of late) and accordingly our rates have risen on average by approximately 5% with effect from 1 January 2023. This increase takes into account that only six months have passed since the date of the last increase to avoid prejudice to creditors and stakeholders. Rate reviews will now revert to being annual.

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.

5.1 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.

1.1 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 £390,528 during the period from 30 July 2022 to 29 January 2023 and is summarised below:

	Appointment takers/ Partners	Managers / Directors	Other professionals	Junior professional & Support	Total hours	Total cost £	Average hourly rate £
Administration and Planning	22.60	11.20	36.70	-	70.50	36,634.00	519.63
Asset Realisation	84.35	7.00	0.20	-	91.55	66,203.00	723.13
Creditors	6.05	2.80	3.40	-	12.25	7,444.00	607.67
Investigation	95.35	297.75	70.80	43.25	507.15	277,663.50	547.50
Statutory Compliance	0.50	1.20	4.10	-	5.80	2,583.00	445.34
Total hours	208.85	319.95	115.20	43.25	687.25	390,527.50	568.25

The Conflict Administrator has incurred a total cost of £1,835,718 during the period from his appointment on 30 October 2019 to 29 January 2023 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	123.30	78.60	120.40	-	322.30	168,433.25	522.60
Asset Realisation	400.75	15.50	6.70	8.50	431.45	295,420.50	684.72
Creditors	6.05	2.80	3.40	-	12.25	7,444.00	607.67

Investigation	628.70	1,261.90	439.80	379.55	2,709.95	1,338,814.25	494.04
Statutory Compliance	21.30	14.00	19.10	-	54.40	25,606.25	470.70
Total hours	1,180.10	1,372.80	589.40	388.05	3,530.35	1,835,718.25	519.98

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 advisors 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 January 2023 compared to our estimate for the period to 29 January 2024 can be broken down as follows:

- Legal fees – Estimated £7,221,000 Incurred £2,500,617.
- Legal disbursements – Estimated £2,495,000, Incurred £1,642,976.
- Professional advisers – Estimated £357,700, Incurred £334,896.

We anticipate that the estimates provided in respect of legal fees and legal disbursements will be sufficient up to the period ended 29 January 2024. We have provided revised estimates for professional advisers at Appendix XI. The original estimate has been exceeded largely due to 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

During the reporting period, the joint administrators have incurred expenses totalling £74, as set out by the following table:

Description	Incurred in current period £	Paid in current period £	Costs outstanding at period end £
Mailchimp credits (email credits)	43	-	345
Travel/ Taxis	31	-	31
Network Internet, Telephone	-	-	941
Total	74	-	1,317

Going forward, the joint administrators do not anticipate that significant expenses will be 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	-	-	-
Bonding	-	-	-
Computer Consumables	-	-	-
Electronic Storage Costs	-	-	-
Taxis	27	-	95
Total	27	-	95

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

6.4 Category 2 expenses

No Category 2 expenses have been incurred in the period and no category 2 expenses are outstanding. 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.

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	641,599	19,809	-	661,408
Loan to Waterside group	Loan to support trading/enable the sale of the resort	634,525	5,496	-	640,021
Loan to LOG	Loan to support legal claims for the ultimate benefit of LCF creditors	3,372,739	-	-	3,372,739
Total		4,648,863	25,306	-	4,674,168

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 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. As detailed at section 3.2.2, the Waterside resort has been sold and, as a result, it is expected that the loan to Waterside group will be repaid shortly, with repayment of the loan to Prime Group to follow at a later date.

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.

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 and the joint administrators have reaffirmed this estimate in each progress report up until now. However,

this estimate currently needs to be adjusted downwards due to the c.88% reduction in the IOG Plc share price in recent times. As LOG's financial interest in IOG Plc is one of LCF's main indirect assets, the very substantial reduction in the IOG Plc share price means it is appropriate for the LCF joint administrators to adjust downwards the estimated total LCF dividend rate to 20%. (Further detail with regard to the reduction in the IOG Plc share price is given in Section 3 to this report.)

When the joint administrators of LCF are in a position to make further distributions to the LCF secured creditors, these 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.

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.

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 £7,921,721, as detailed in section 5 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 £1,835,718, as detailed in section 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 number of specific litigation funding facilities are being negotiated with litigation funders, in the event that they are required. These facilities are specific to a number of separate legal claims which the joint administrators will be litigating, if they are unable to settle these claims without recourse to the courts.

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

Joint Administrators

Date: 28 February 2023

The affairs, business and property of the company are being managed by the joint administrators as agents and without personal liability. All of the joint office-holders are authorised and licensed in the UK by the Institute of Chartered Accountants in England and Wales and are bound by their code of ethics. 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 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/rsgdpr

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. Evelyn Partners LLP is 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	<p>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.</p> <p>(IP No(s) 7931, 9748, 16774, 9280 and 8919)</p> <p>In accordance with P100 (2) Sch B1 1A 86 a statement has been made authorising the Joint Administrators to act jointly and severally.</p>
Date of Appointment	30 January 2019 (Geoff Rowley was appointed as an additional 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	<p>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.</p> <p>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.</p>

II Receipts and payments account

Receipts and payments account to 29 January 2023

Statement of Affairs £	From 30/07/2022 To 29/01/2023 £	From 30/01/2019 To 29/01/2023 £
ASSET REALISATIONS		
Bank Interest Gross	15,683.13	27,557.96
Cash at bank	-	3,189,912.30
Funding	5,000,000.00	20,000,000.00
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
London Capital Marketing	5,436.44	5,436.44
Motor Vehicles	-	203,110.39
Rates Refund	-	513.40
	5,021,119.57	33,665,241.88
COST OF REALISATIONS		
Administrators' Expenses	-	1,482.97
Administrators' Fees	-	4,997,270.01
Administrators' pre appointment fees	-	142,434.25
Agents/Valuers Expenses	253.79	2,186.62
Agents/Valuers Fees	30,297.00	136,352.69
Bank Charges	7.50	492.83
Comittee Expenses	-	4,000.62
Consultant expenses	-	574.90
Data Hosting, Internet, Telephone	-	531,512.74
Fee Assessor costs	-	47,000.00
HP Finance	-	888.45
ICO Renewal	-	80.00
Insurance	-	7,571.42
Irrecoverable VAT	375,973.25	3,576,997.00
Legal Expenses	1,118,727.73	2,883,938.26
Legal Fees	1,242,420.44	7,257,529.20
Loan to LOG	-	3,372,739.27
Loan to Prime Group	19,809.26	661,407.37
Loan to Waterside Group	5,496.30	640,021.04
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	-	101,705.00
Professional Expenses	-	10,918.26
Professional Fees	413,144.58	873,760.83
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	-	19,533.16
Statutory Advertising	-	169.00
Storage Costs	225.00	3,131.56
Transfer to LCF dividend a/c	-	5,902,219.07
Travel & Sustenance	-	15,514.94
Wages & Salaries	-	12,753.98
	<u>(3,206,354.85)</u>	<u>(31,241,210.69)</u>
	<u>1,814,764.72</u>	<u>2,424,031.19</u>
REPRESENTED BY		
Clients Deposit (Interest Bearing)		2,424,031.19
		<u>2,424,031.19</u>

Dividend Account

Statement of Affairs £	From 30/07/2022 To 29/01/2023 £	From 30/01/2019 To 29/01/2023 £
ASSET REALISATIONS		
Bank Interest Gross	1,160.65	3,311.79
Transfer from LCF main account	<u>NIL</u>	<u>5,902,219.07</u>
	1,160.65	5,905,530.86
UNSECURED CREDITORS		
Bondholders	500.00	5,537,156.00
Financial Services Compensation Sch	<u>NIL</u>	<u>77,093.07</u>
	(500.00)	-5,614,249.07
	<u>660.65</u>	<u>291,281.79</u>
REPRESENTED BY		
Clients Deposit account - Dividend A/c		291,281.79
		<u>291,281.79</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.

III Time analysis for the period

From 30 July 2022 to 29 January 2023

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	7.15	13.28	0.00	0.00	20.43	10,055.95	492.13
Cashiering general, including bonding	0.00	0.95	15.95	3.07	0.00	19.97	6,473.50	324.22
Job planning, reviews and progression	37.55	23.40	14.50	5.70	0.00	81.15	54,362.54	669.87
Post-appointment taxation	0.00	0.00	0.88	0.00	0.00	0.88	363.82	411.89
Protection of company records (incl electronic)	0.00	0.00	0.30	0.00	0.00	0.30	120.00	400.00
Agents and advisers, general	0.00	3.80	12.78	0.00	0.00	16.58	7,607.00	458.72
Director/manager review, approval and signing	5.05	8.30	0.00	0.00	0.00	13.35	9,654.27	723.17
Other	6.60	22.35	14.52	0.00	0.00	43.47	25,918.95	596.29
Investigations								
Debtor/ Loan Book and other investigations to identify asset recoveries	257.86	109.15	411.2	31.45	0.00	439.58	314,742.18	716.01
Realisation of assets								
Debtors	0.00	0.00	0.13	0.00	0.00	0.13	53.32	400.00
Creditors								
Bondholders (dealing with Bondholder correspondence and queries)	19.37	0.00	22.40	9.20	0.00	50.97	28,673.24	562.55
ROT Claims	0.00	0.00	0.77	0.00	0.00	0.77	306.68	400.00
Dealing with queries from regulatory bodies (i.e. FCA, FSCS, SFO)	0.20	8.90	31.73	0.00	0.00	40.83	18,698.95	457.93
Prime								
Waterside	0.00	5.00	0.68	0.20	0.00	5.88	3,627.07	616.50
Corporate Tax								
Corporate Tax	1.50	0.00	0.00	0.50	0.00	2.00	1,569.50	784.75
Forensics								
Forensics	6.92	0.00	2.00	1.75	0.00	10.67	7,752.03	726.75
Total	335.05	189.00	171.05	51.87	0.00	746.97	£489,979.00	£655.96

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. The joint administrators and their staff have been obliged to undertake certain areas of work in order to comply with their statutory obligations and internal compliance requirements. The following work has been conducted in respect of administration and planning:

- preparing and issuing the joint administrators' six-month progress report for the period ending 29 July 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;
- 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 and electronic 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;
- 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.

By way of reminder, the joint administrators' work has included attempting to identify assets to the value of £238 million which the Company is owed by the debtor entities. Dealing with assets of this value will naturally result in a significant amount of time being expended in order to ensure the best chance of recoveries. The time 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 and other amounts which were lent to other entities by LOG;
- 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 initially 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 raised by Bondholders.

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 telephone calls received from both remaining Bondholders and Bondholders who have received compensation;
- drafting and issuing responses to written correspondence received from Bondholders;
- monitoring and responding to emails received to the dedicated LCF mailbox;
- liaising with the FSCS in respect of HMT compensation;
- liaising with the FSCS in respect of their claim against LCF;

Forensics

- 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.

IV Cumulative time analysis

From 30 January 2019 to 29 January 2023

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	60.30	174.83	226.77	14.00	681.15	312,431.03	458.68
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	6.37	56.22	299.70	0.00	367.51	98,987.48	269.34
Job planning, reviews and progression (inc 6 month reviews and planning meetings, checklist & diary)	627.21	132.53	224.68	352.18	4.00	1,340.61	708,941.29	528.82
Post-appointment taxation (VAT, PAYE/NIC, Corp Tax that are not trading related)	1.10	3.10	4.25	5.48	0.00	13.93	5,881.35	422.10
Protection of company records (incl electronic)	8.15	0.00	1.55	8.10	0.00	17.80	8,154.75	458.13
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	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	1.60	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	0.00
Agents and advisers, general	76.70	16.45	42.37	31.47	0.00	166.98	87,986.90	526.92
Correspondence with joint liquidator	1.10	0.00	0.00	0.70	0.00	1.80	996.25	553.47
Filing - Administration and planning	0.00	0.00	0.00	0.30	0.00	0.30	87.00	290.00
Director/manager review, approval and signing	37.68	35.02	19.25	5.95	0.00	97.90	60,441.75	617.38
Other	57.00	92.00	32.55	30.78	0.00	212.33	121,849.37	573.86
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	3,016.68	316.85	219.75	228.57	0.00	3,781.84	2,385,721.59	630.84
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	0.13	18.10	0.00	42.53	19,317.57	454.18
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)	253.34	193.27	600.77	1,980.33	628.52	3,656.22	1,148,294.06	314.07
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	0.77	0.00	0.00	0.77	306.68	400.00
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)	34.40	28.60	97.28	28.92	7.00	196.20	91,601.71	466.88
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	23.33	13.23	27.70	0.00	164.07	95,898.88	584.51
Corporate Tax								
Corporate Tax	66.68	0.40	18.33	7.25	0.00	92.67	56,810.00	613.06
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	252.17	0.00	1,545.15	965.32	0.00	2,762.63	1,053,983.00	381.51
Total	5,448.30	1,245.15	4,262.43	5,716.07	2,087.22	18,759.16	£7,921,721.80	£422.29

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 12-month period to 29 January 2023
	£	£
Administration and Planning	666,063	242,484
Investigations	871,925	538,642
Realisation of Assets	102,825	53
Creditors	268,043	138,313
Prime	99,625	6,773
Corporate Tax and VAT	22,500	2,045
Forensics	174,087	141,068
Total	2,205,068	1,069,378

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 liaising 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	136,750.00	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 to 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

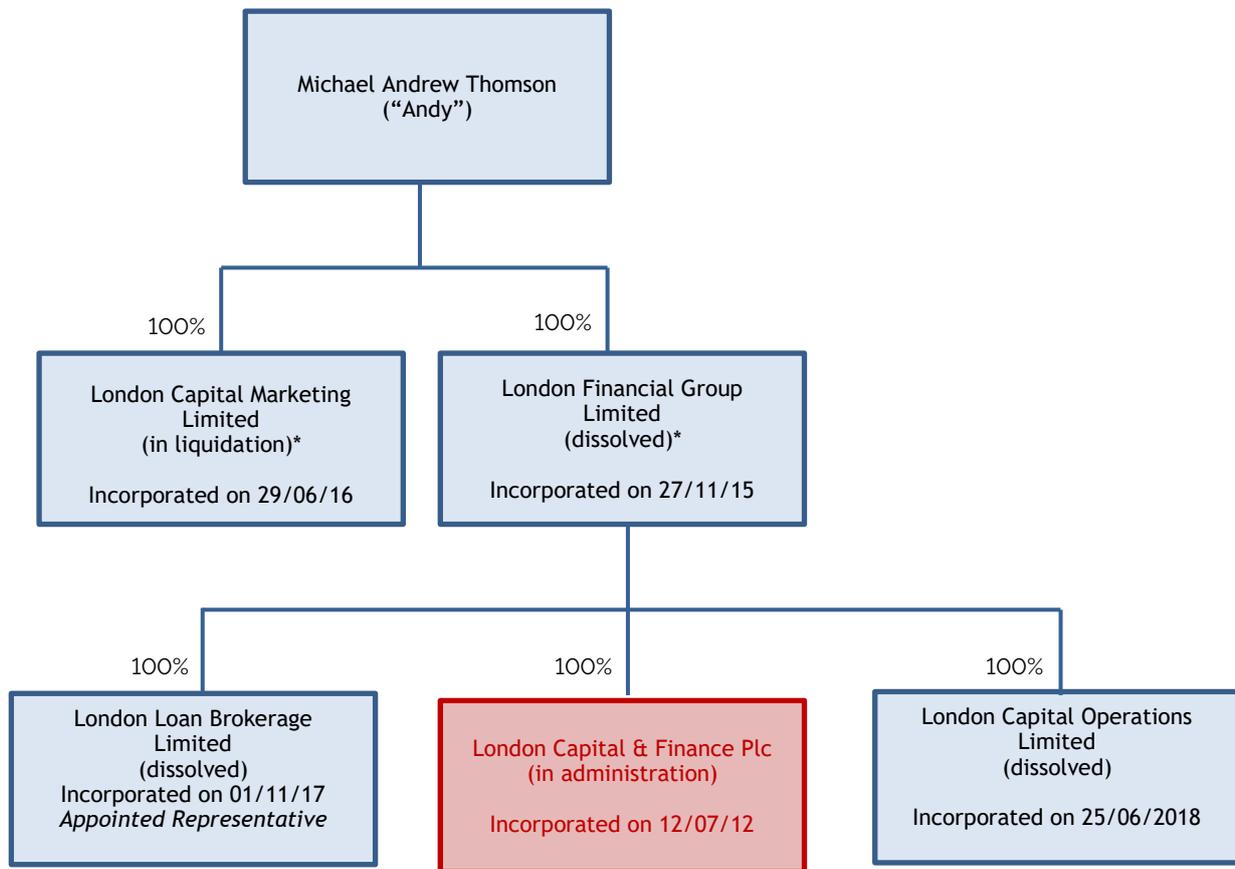
Debtor gross loan amount as at 30 January 2019:

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. It is expected that this liquidation will be concluded shortly and this entity will be dissolved shortly thereafter.

** 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.

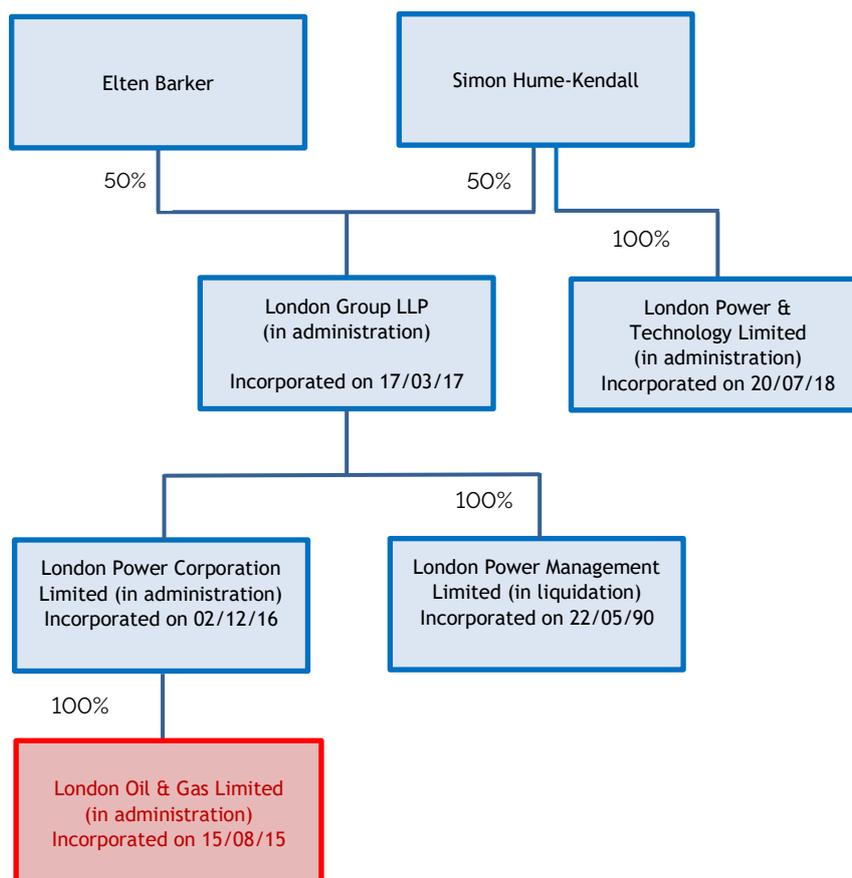
VIII London Group LLP

London Group loan position:

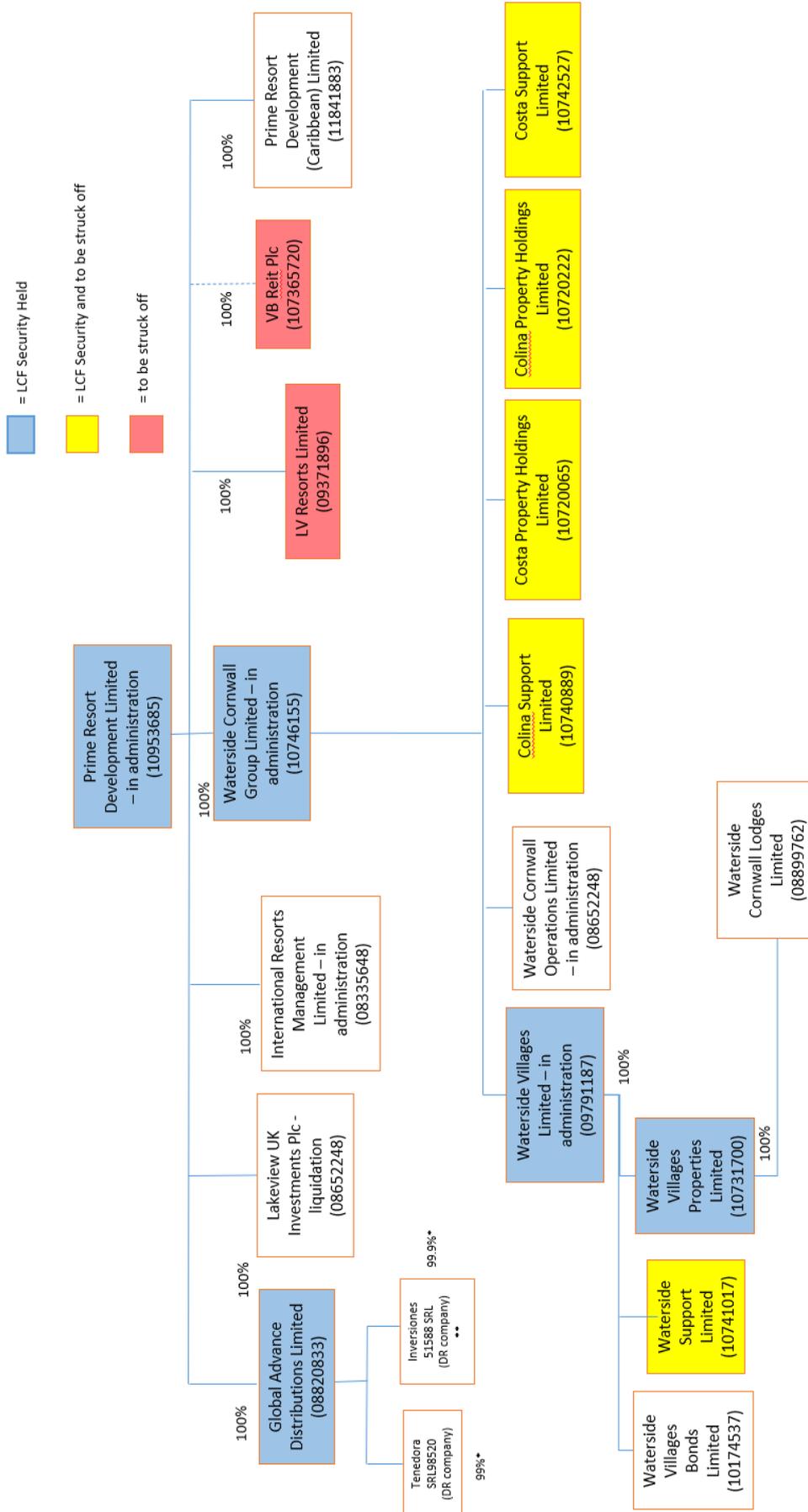
Debtor	Sum advanced (£m)
Independent Oil & Gas plc ("IOG")	34.6
London Group LLP ("LG")	32.6
London Power Corporation Ltd ("LPC")	8.3
p/f Atlantic Petroleum ("AP")	3.8
Intelligent Technology Investments Ltd ("ITI")	3.8
TOTAL	*83.1

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

Group structure diagram:



IX Prime Group



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 the joint office-holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level. We 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 in London), 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. 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. Details of any subcontractors' services utilised in the period covered by this report are set out in the body of the report. Any such arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

Use of professional advisers

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

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

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 January 2023.

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	From 1/1/23
Partner / Director	565-650	580-675	580-710	640 - 760	710 - 825	760-890
Associate Director	495 -525	495 - 550	495 - 580	490 - 630	525-695	560-720
Managers	250-365	340-475	350-500	370 - 540	385-575	430-630
Other professional staff	170-400	225-475	225-580	160 - 355	256-375	210-360
Support & secretarial staff	115	125	130	135 - 155	125-150	120-140

Notes

- 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.
- It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
- 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'.
- Partner includes a Consultant acting as an office-holder or in an equivalent role.

Evelyn Partners LLP					
Corporate Tax services		London office			
Charge out rates (£/hr)	From 1/1/19	From 1/1/20	From 1/1/21	From 1/1/22	From 1/1/23
Partner	990	990	890/1,112.50	1,187.50	1,312
Associate Director/Director	440-550	690-862.50	690/862.50	862.50	737.50 – 1,018.75
Managers	330-367.5	375 - 495	375-495	500 - 575	550 - 631.25
Other professional staff	120	120 - 230	125 - 230	162.50 - 245	181.25 - 270

Evelyn Partners LLP					
Forensics services		London office			
Charge out rates (£/hr)	From 1/7/19	From 1/7/20	From 1/7/21	From 1/7/22	From 1/01/23
Partner	480	688	807.50	842	935
Managers	410	485	501.50	323 - 527	390 – 544
Other professional staff	240	315	204	230	306

FRP Advisory Trading Limited - Charge out rates

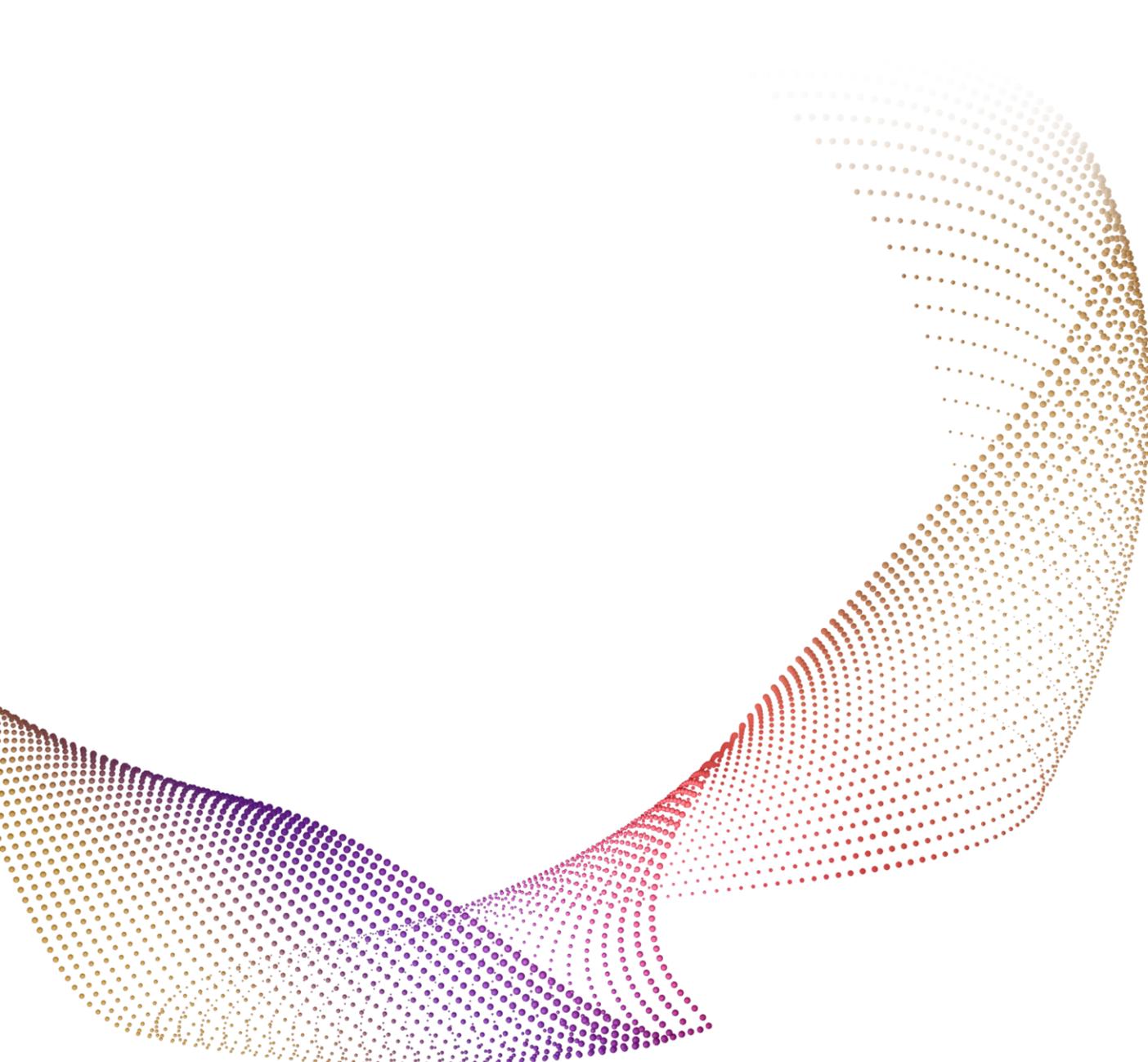
A schedule of FRP Advisory Trading Limited's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved. The rates applicable to the Conflict Administrator's appointment is set out below.

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	2,540,191 210,740	2,500,617 1,642,976	5,040,808 1,853,716	1,242,420 1,118,728	3,798,388 734,988	7,221,000 2,495,000	(4,720,383) (852,024)	4,720,383 852,024
Maybern Consultancy Ltd	Hourly Rate And expenses	16,113 -	- -	16,113 -	5,425 -	10,688 -	45,000 5,000	(34,312) (5,000)	35,000 5,000
Berkeley Research Group (UK) Ltd	Hourly rate And expenses	103,385 -	212,281 -	315,666 -	315,666 -	- -	300,000 7,500	15,666 (7,500)	475,000 7,500
Victoria Pink (transcription)	Hourly rate	214	-	214	214	-	-	-	-
DM Corbett	Hourly rate	-	300	300	300	-	200	100	250
Fraser CRE	Hourly Rate	-	25,434	25,434	25,434	-	-	25,434	-
SIA Group	Hourly Rate And expenses	-	4,563 254	4,563 254	4,563 254	- -	- -	4,563 254	- -
JG Collections	Fixed fee	-	225	225	225	-	-	225	-
Expert instructed by conflict administrator	Hourly Rate And expenses	-	91,839	91,839	91,839	-	-	91,839	100,000
Total		2,870,643	4,478,489	7,349,132	2,805,068	4,544,064	10,073,700	(5,481,138)	6,195,157

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



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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 and is registered in England at 45 Gresham Street, London, EC2V 7BG. No. OC 369631.

CLA Evelyn Partners Limited is registered to carry on audit work and regulated by the Institute of Chartered Accountants in England and Wales for a range of Investment business activities.

evelyn
PARTNERS