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# **Alpari (UK) Limited - in Special Administration**

Joint Special Administrators'  
progress report for the period 19  
July 2015 to 18 January 2016

15 February 2016

# Notice to creditors

This progress report provides an update on the special administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the special administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 5).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.kpmg.com/uk/alpari>. We hope this is helpful to you.

**Please also note that an important legal notice about this progress report is attached (Appendix 6).**



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# 1 Executive summary

- This progress report covers the period from 19 July 2015 to 18 January 2016.
- We have focused on all three statutory objectives set out in the Regulations. (Section 2 - Progress to date).
- To date FSCS has taken assignment of 13,590 client claims and has paid compensation of USD 48.3 million to 10,444 clients. (Section 2.4 – Regulatory Matters)
- As required by the CASS rules, costs incurred in dealing with the client money pool (“CMP”) are to be charged to the CMP. (Section 2.5 – Costs)
- Client liabilities are estimated to total USD 97.8 million. (Section 3 – Dividend prospects)
- We have made one interim distribution from the CMP to clients of 55 cents in the USD. Our latest CMP illustrative financial outcome as at 08 April 2015 is available at <http://www.kpmg.com/uk/alpari>. Please note that a further client only illustrative financial outcome will be published on this website in the next month (Section 3 – Dividend prospects).
- Preferential creditors have been paid in full. (Section 3 - Dividend prospects and dividends paid).
- A dividend of 14p in the GBP was paid to unsecured creditors with an agreed claim on 3 December 2015. The timing and quantum of a further dividend to unsecured creditors is uncertain. However, on current information we anticipate the final dividend will be paid by the middle of 2017. (Section 3 - Dividend prospects and dividends paid).
- Please note: you should read this progress report in conjunction with our previous progress report and proposals issued to the Company’s clients and creditors which can be found at <http://www.kpmg.com/uk/alpari>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Samantha Bewick  
Joint Special Administrator

## 2 Progress to date

This section updates you on our strategy for the special administration and on progress to date. It follows the information provided in our previous progress report.

### 2.1 Objectives and strategy of the special administration

The Regulations set out the statutory objectives of the special administration, being;

1. to ensure the return of client assets (being monies for these purposes) as soon as is reasonably practicable;
2. to ensure timely engagement with market infrastructure bodies and the Authorities; and
3. either to rescue the Company as a going concern or to wind it up in the best interests of the creditors.

There is no priority to the order of the objectives and we continue to pursue all three objectives simultaneously. We prioritise the order of work on each objective as we think fit to achieve the best result overall for clients and creditors.

All funds held in segregated accounts, together with the Company's client money held in omnibus accounts designated as client monies at banks or exchange/clearing house, are automatically pooled on insolvency. Any client entitled to client money protection is entitled to a share in the pool on a pro-rata basis.

We established that there was no reasonable prospect of rescuing the Company as a going concern within the first two weeks following our appointment. Accordingly in relation to objective 3 we are pursuing the objective to wind up the Company in the best interests of the creditors.

### 2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

#### Subsidiaries

##### Alpari Japan K.K

£1.675m was received in the period from the sale of Alpari (Japan) KK, as discussed in our previous report.

##### Alpari Investment Consulting (Shenzhen) Limited

Alpari Shenzhen has been successfully deregistered and a sum of £3,108 remitted to Alpari UK. This concludes the winding up of this company.



### Cash at bank/eWallet receipts

Following our appointment, e-Wallets were prudently classified as segregated client funds whilst we investigated whether the Company had allocated enough of its own funds as client money, pending the receipt of e-Wallet money into their segregated bank accounts.

During the period, we completed our investigations and ascertained that the Company had segregated enough funds as at the date of the special administration. This meant that e-Wallet funds of GBP 0.3 million and USD 1.1 million could be reallocated from the client trust account to the house estate.

### ETX Capital Limited ("ETX")

As previously reported, we entered into a complex agreement with ETX, designed to maximise the value of the client list. Within that agreement there was upfront consideration which has already been received (but remained subject to adjustment), and a deferred consideration element. The principal determinant of the deferred consideration was the number of clients who chose to deposit funds into their new ETX account and the movement of those funds deposited over time.

The period for payment of the deferred consideration and the adjustment of consideration has now expired and we are pleased to say that we have agreed with ETX that the amount due to the Company in respect of those clients who opted to have payments made to an ETX account is USD 1,219,581.

### Client debtors

In the period covered by this report we have realised £323,597 from debtors. In addition, our agents, CCI Legal, have collected a further £34,000 which has yet to be remitted to us and which is not shown on the enclosed receipts and payments account. These recoveries have been achieved from debtors based in 47 different countries but as a result of the geographic spread of the ledger the collection process is proving challenging (see section 2.3). The process of collecting debts from a geographically widespread population of debtors is necessarily time-consuming.

### IT equipment and office furniture

Further down-sizing of the IT and office equipment inventory has been achieved since July 2015. As the remaining staff were made redundant, further items of equipment have been released. Where these have had a realisable market value they have been sold by our agents, Edward Symmons. To date, further recoveries from IT and office equipment total c.£18,700, which has yet to be remitted to us and which is not shown on the enclosed receipts and payments account.

## 2.3 Progress to date

### Communications

We continue to update our website with information and circulars to clients and creditors. These can be found at: <http://www.kpmg.com/uk/alpari>.

The dedicated email address for any enquiries is [alpariukclaims@kpmg.co.uk](mailto:alpariukclaims@kpmg.co.uk)

The call centre can be contacted on 0333 202 1397.



## Client debtors

As referred to in section 2.2 the geographic spread of the ledger (and the circumstances under which most of the debts arose) makes the collection process challenging. In addition to the recoveries to date, 37 debtors have entered into instalment settlement arrangements. We have now instructed lawyers on a predominantly 'no win no fee' basis to pursue formal recovery proceedings against the UK debtors. We have also instructed overseas collection agents to pursue recovery of the overseas accounts from within the country of the debtor. Individually targeted recovery strategies are in train to pursue material debtors cost effectively. It is not in the interest of creditors to provide extensive details of this process. Details are shared with the creditors' committee.

We have successfully petitioned for the bankruptcy of a number of other debtors.

We will continue to take cost-effective action, including bankruptcy and liquidation proceedings, where necessary.

## IT infrastructure and information

The company was heavily dependent on its IT infrastructure. We have continued to work with our contractors to ensure continuity of provision of such IT services and related data required to fulfil our objectives and to maintain and operate the Claims Portal.

We have continued to preserve key data sources and the mechanisms by which we can communicate with clients and suppliers. We have maintained access to the data from the Company's trading systems as well as the Company's client data and relevant records of past communications to support investigations and the resolution of queries received from clients, creditors and the Authorities.

We have continued to decommission or downsize non-essential systems in order to reduce ongoing maintenance costs and, where possible, to realise some income from the sale of equipment and licences. Other than a small number of servers that have been re-located into the remaining data centre in Docklands, all of the equipment from the Slough data centres has been decommissioned and sold.

## Services to FSCS

We continue to work closely with FSCS.

We continue to work to the agreement we entered into with FSCS in May 2015, whereby we assist FSCS in carrying out personal know your client ("KYC") checks and bank detail KYC checks on clients who have assigned their claims to FSCS. This assists FSCS to make compensation payments to eligible clients. In order to be fair to non-FSCS creditors, we charge FSCS to undertake this work and have received £111,611 since our last progress report.

## Employees

At the time of the first progress report, there were seven remaining employees. As of 30 September 2015, all employees have been made redundant.

## Contractors

We continue to use former Company staff on a contractor basis, primarily to assist with the maintenance of the Claims Portal and Company IT systems and servers, as well as client information queries.

## Leasehold property

We vacated the office accommodation provided by Regus in Bishopsgate, London, on 30 September 2015.

At the date of our appointment, the Landlord of the Company's previous trading premises held rent deposits totalling approximately £1.4 million. These deposits have been used by the Landlord to cover the quarterly rent that continued to accrue at the premises. We have disclaimed the leases and have held detailed discussions with the Landlord to quantify its unsecured claim in the special administration, which is now agreed.

## Rent deposit

At the outset of the service agreement with Regus, we paid rent deposits totalling c.£54,000. As at the date of this report we have recovered c.£53,200 of these deposits, with the remainder expected to be returned shortly.

## Tax

We prepared and submitted the corporation tax return for the final pre appointment period ended 18 January 2015. This will assist HMRC in quantifying its claim against the Company.

HMRC's enquiry window into the tax return for the year ended 31 December 2013 has now closed. No enquiries have been received to date into the tax return for the year ended 31 December 2014.

## 2.4 Regulatory Matters

### The Financial Conduct Authority

We continue to liaise closely with the FCA in relation to a number of matters and keep them informed of our progress. In addition we have provided the FCA with all information it has requested in relation to the Company and its clients, a process we expect to continue for the duration of the special administration.

We will continue to co-operate with the FCA in all matters as appropriate.

### Financial Services Compensation Scheme

FSCS is a statutory compensation scheme which may, among other things, compensate eligible parties who have lost money as a result of the insolvency of financial services firms regulated in the United Kingdom. Compensation depends on a number of factors and is limited to a maximum of £50,000 per person.

Since our appointment we have liaised closely with FSCS and regularly provided them with claim agreement details. As previously advised, FSCS determined that all of the products offered by the Company are eligible for compensation. Separately, in order to be paid compensation a claimant must also meet FSCS's eligibility criteria.





We have incorporated an FSCS assignment page in the Claims Portal that allows eligible claimants to assign their claim to FSCS within the Claims Portal. This means that the majority of clients do not need to complete a written application form in order to receive a compensation payment from FSCS.

There are a number of clients who cannot assign their claim to FSCS within the Claims Portal because FSCS requires further information from the client in order to determine eligibility. All these clients have been informed, via the Claims Portal, that further information is required in order to assign their claim to FSCS. These clients' details have been passed to FSCS to enable FSCS to send an application form to obtain the necessary information. Clients who fall into this category and have agreed their claim in the Claims Portal but not yet received an application form should contact FSCS directly by emailing [enquiries@fscs.org.uk](mailto:enquiries@fscs.org.uk).

FSCS determined that it would make compensation payments in USD and where possible would pay compensation by electronic payment. To date FSCS has paid compensation to 10,444 clients totalling USD 48.3 million.

## 2.5 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below.

### Cost allocation

CASS rule 7.17.2R states that:

"in respect of a trustee firm, a firm receives and holds client money as trustee on the following terms:

...(4) for the payment of the cost properly attributable to the distribution of the client money....if such distribution takes place following the failure of the firm"

In addition, Rule 135 of the Rules addresses the order of priority of expenses to be paid out of client assets. We are therefore required by both CASS rules and the Rules to pay from the client estate the costs that have been incurred to enable distributions to be made from the CMP.

The creditors' committee has approved the allocation of costs based on average assets and liabilities, including the asset provision in the house estate and excluding the CMP deficit in the client estate. Taking assets realised to date and expected future asset realisations into consideration, this gives a cost allocation of approximately 72% to the client estate and 28% to the house estate.

### Solicitors

Ashurst are our legal advisors in the special administration. We have a formal engagement letter with them which details the responsibilities of each party and the basis of their remuneration.

To date, we have settled legal fees totalling c.£1,929,031, of which c.£147,175 relates to costs incurred in the pre-appointment period. We continue to review their work and fees on a monthly basis.

Ashurst continue to assist on all key matters set out in this report, and their work in the period includes:

- negotiations on, and documentation of, asset sales and realisations (as described in Section 2 above)

- advice on client and unsecured creditor disputes, including intercompany matters
- general advice on various regulatory and post-appointment matters relating to both the client money and house estates

### Agents' Fees

We have paid commission in the period of £84,697 to CCI Legal in respect of the client debtor recoveries.

### IT Suppliers

We have continued to ensure continuity of the provision of such IT services and related data as are required. In many cases, contracts with IT suppliers have been re-negotiated to reduce costs to reflect the reduced level of usage of the systems and services.

## 2.6 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

# 3 Dividend prospects and dividends paid

## 3.1 Clients

As previously advised, we developed the Claims Portal to allow clients with a claim into the CMP to agree their claim online. To date, 94,355 clients have access to the Claims Portal representing 99.8% by value of clients.

Clients without access to the Claims Portal have not been granted access due to insufficient contact details being held by the Company. Any clients who do not have access to the Claims Portal, but believe they should have access, should email [alpariukclaims@kpmg.co.uk](mailto:alpariukclaims@kpmg.co.uk) stating their name and account numbers.

To date, 14,068 clients have agreed their claim representing 94.7% by value of clients with a claim into the client money pool. There are 156 clients who have disputed their claim with a value of USD 1.7 million. We have paid a total of c. USD 49.9 million from the client money pool in respect of 11,209 clients, representing c.51% of the CMP.

We currently estimate total claims into the CMP to total USD 97.8 million. However, as 5.3% by value have not yet agreed their claim in the Claims Portal, this figure may fluctuate.

Following the declaration of a first client money distribution of 55 cent per \$ (USD) on 30 April 2015, we continue to pay catch up dividends to clients who agreed their claims after the initial date for proving of 31 May 2015, or to those clients for whom we held insufficient details in order to make the payment, for example incomplete bank details.

As noted in Section 2.5, CASS rules and the Rules require that the costs properly attributable to the distribution of client money are borne by the client estate, which reduces the amount available to clients from the CMP. At present, we estimate that the overall return to clients will be in the range of 75.0 cents to 80.8 cents in the \$ (USD), and an updated client only illustrative financial outcome will



be published on the website in the next month. In addition clients will receive a dividend reflecting any shortfall in their CMP claim from the general creditor estate (see below).

We envisage that further client money distributions will be declared and paid in due course. However at this stage, the quantum and timeframe of such distributions is unknown. Clients will be notified of any further distributions and an update will be provided on our website (<http://www.kpmg.com/uk/alpari>).

Clients should note that if they have received compensation from FSCS, all rights to their claim in the special administration including to the CMP are legally transferred to FSCS. FSCS will claim in the special administration for the whole of the clients' loss (even if that is over £50,000). In accordance with FSCS rules, FSCS will pass on to the client any money it recovers until the clients' total claim is satisfied. Thereafter, FSCS will recover additional amounts to offset the cost of the compensation it has paid the client.

A deficit in client monies will rank as an unsecured claim against the non-client money and assets, and therefore clients will also receive a dividend from this source. Information on the outcome for unsecured creditors is set out below.

### **3.2 Preferential creditors**

The preferential claims have been agreed at £100,578.

A dividend to preferential creditors of 100p in £p in the £ was declared on 1 December 2015 and paid during the period.

### **3.3 Unsecured creditors**

To date, we have agreed unsecured claims of £14,085,602.

A notice of proposed distribution to unsecured creditors was included in our first progress report of 14 August 2015. This detailed a deadline of 30 October 2015 for unsecured creditors to submit claims in order to take part in the first interim dividend. However, we endeavoured to include any unsecured creditor who submitted a claim before 20 November 2015; provided all the necessary documentation had been received.

The first interim dividend of 14 pence in the £ (GBP) was declared on 3 December 2015, and was paid shortly thereafter, to all unsecured creditors with an agreed claim and who had passed the necessary KYC checks.

We did not pay the dividend to creditors with a distributable amount of GBP 100 or less, i.e. creditors with a claim value of GBP 714.29 or less. This was because it is not economical for the body of creditors as a whole to bear the administrative costs of making payments below this level. Unsecured creditors with an agreed claim but with a distributable amount of GBP 100 or less will be paid when the final dividend is declared, which is expected to be later in 2016.

We continue to adjudicate claims and pay catch-up dividends as appropriate.

The timing and amount of further dividends is currently uncertain owing to the commercial sensitivity of a number of variables such as continuing asset realisations and volume of unsecured claims. Further details will be provided as significant developments arise.

## 4 Other matters

### 4.1 Creditors' Committee

As previously disclosed, a Creditors' Committee was elected at the meeting of creditors held on 12 March 2015 comprising three client and two creditor representatives. The elected members are FSCS, Go Markets PTY Ltd, Royal Forex Trading S.A.L, Astrocyte Capital Limited and Mr David Miron.

#### Committee meetings

All committee members have signed a non-disclosure agreement. This allows us to discuss aspects of our work in more detail with them.

Areas of work we discuss with the committee include fixing the basis of remuneration, illustrative financial outcome statements, the cost of allocation mechanism and procedure for the closure of the CMP.

There have been regular meetings and calls with the creditors' committee and it is expected that the next meeting will be held in the next two months.

## 5 Joint Special Administrators' remuneration and disbursements

### 5.1 Joint Special Administrators' remuneration and disbursements

The committee have provided approval that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff according to the charge-out rates included in Appendix 4.  
This resolution was passed with a view to the Special Administrators' fee structure being considered further with the committee.
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4.

Following initial approval to draw a fee on account of £2 million, the committee have since approved the basis of our fees and we have agreed a fee structure with the committee, summarised below

#### House estate

In the House estate it has been resolved that fees can be drawn on the following basis:

- 40% of time costs relating to the House estate can be billed on a quarterly basis
- the balance is dependent on the quantum and timing of unsecured dividends and the value of realisations made.

## Client estate

In the Client estate it has been resolved that fees can be drawn on the following basis:

- 50% of time costs relating to the Client estate can be billed on a quarterly basis
- the balance of fees is dependent on the quantum and timing of distributions to clients.

We have provided a budget for each estate to the creditors' committee.

## Time costs

From 19 July 2015 to 18 January 2016, we have incurred time costs of £3,199,798. These represent 8,135 hours at an average rate of £393 per hour.

From the date of our appointment to 18 January 2016, we have incurred time costs of £10,475,461. These represent 24,370 hours at an average rate of £430 per hour.

Please see the detailed analysis of the time spent and a narrative description of the work performed in Appendix 4 and in our previous progress report.

## Remuneration

During the period, we have drawn remuneration of £2,991,498 which all relates to the prior period.

## Disbursements

During the period, we have incurred disbursements of £5,449.40. None of these have yet been paid.

Disbursements of £40,779.21 have been drawn in the period but relate to the prior period.

## Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 19 July 2015 to 18 January 2016. We have also attached our charging and disbursements policy.

# 6 Future strategy

## 6.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the special administration. This will include but not be limited to:

- Realisation of client debtor balances;
- Co-operating with the FCA and other regulatory bodies;
- Closure of the CMP;
- Agreeing client and creditor claims and supplying information on agreed client claims to FSCS;

- Dealing with ongoing statutory and compliance obligations as well as responding to queries raised;
- Distributions of client money and general estate funds;

## **6.2 Future reporting**

We will provide a further progress report within one month of 19 July 2016.

## Appendix 1 Statutory information

### Company information

Company name	Alpari (UK) Limited
Date of incorporation	11 November 2004
Company registration number	05284142
Present registered office	15 Canada Square, Canary Wharf, London, E14 5GL

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### Special Administration information

Special administration court reference	In the High Court of Justice, Chancery Division, Companies Court, No. 526 of 2015
Appointor	The High Court of Justice, Chancery Division, Companies Court (on application by Directors of the Company)
Date of appointment	19 January 2015
Joint Special Administrators' details	Samantha Bewick, Richard Heis and Mark Firmin
Prescribed Part distribution	The prescribed part is not applicable in this case as there is no qualifying floating charge holder.
Functions	The functions of the Joint Special Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1 to the Act.
Application of the EC Regulations	The EC Regulation on insolvency proceedings (ECIR) does not apply to the special administration as the Company is an investment undertaking providing services involving the holding of funds or securities for third parties and is therefore excluded by Article 1.2 of the ECIR.

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## Appendix 2 Joint Special Administrators' receipts and payments account

Joint Special Administrators' abstract of receipts & payments - client estate										
Statement of Affairs (USD)	USD	GBP (USD equiv)	EUR (USD equiv)	CHF (USD equiv)	AUD (USD equiv)	SGD (USD equiv)	JPY (USD equiv)	ZAR (USD equiv)	Total (USD)	Cumulative total (USD)
									From 19/07/15 to 18/01/16	From 19/1/15 to 18/1/16
<b>ASSET REALISATIONS</b>										
Contribution to Administrators Costs	-	7,429.93	-	-	-	-	-	-	7,429.93	15,534.06
Services to FSCS (agreed consideration)	-	159,444.43	-	-	-	-	-	-	159,444.43	216,366.50
98,989,057.14 Cash at bank	-	-	-	-	-	-	-	-	-	97,478,332.04
									166,874.36	97,710,232.60
<b>OTHER REALISATIONS</b>										
Bank interest, gross	-	24,997.41	-	-	-	-	-	-	24,997.41	39,888.70
eWallet Receipts	(961,568.74)	(365,283.96)	-	-	-	-	-	-	(1,326,852.70)	148,792.39
									(1,301,855.29)	188,681.09
<b>COST OF REALISATIONS</b>										
Currency account transfers - In	(133,135.82)	-	-	-	-	-	-	-	(133,135.82)	19,415,928.02
Currency account transfers - Out										(18,673,648.52)
Hiring of meeting venue										(14,199.74)
IT Suppliers	(47,455.92)	(142,105.57)	(71,925.15)	-	-	-	-	-	(261,486.64)	(455,878.64)
Administrators' fees	-	(3,866,067.34)	-	-	-	-	-	-	(3,866,067.34)	(5,946,816.33)
Administrators' fees (pre-administration)										(58,047.17)
Administrators' disbursements	(1,519.87)	(41,902.31)	-	-	-	-	-	-	(43,422.18)	(44,498.37)
Irrecoverable VAT	(3,805.94)	(384,556.51)	(6,298.32)	-	-	-	-	-	(394,660.77)	(711,590.39)
Professional services	-	(20,138.41)	-	-	-	-	-	-	(20,138.41)	(23,911.63)
Agents'/Valuers' fees	-	(22,142.86)	-	-	-	-	-	-	(22,142.86)	(22,142.86)
Post Admin Client Receipt Refunds	(1,175.00)	-	(2,173.91)	-	-	-	-	-	(3,348.91)	(39,610.68)
Legal fees	-	(501,961.44)	-	-	-	-	-	-	(501,961.44)	(1,772,414.23)
Legal fees (pre-admin)										(150,945.99)
Sundry expenses										(20.19)
Utilities	-	(417.74)	-	-	-	-	-	-	(417.74)	(12,178.99)
Stationery & postage										(358.97)
Call centre costs	-	(59,639.21)	-	-	-	-	-	-	(59,639.21)	(166,251.41)
Storage costs	-	(6,970.11)	-	-	-	-	-	-	(6,970.11)	(6,970.11)
Statutory advertising	-	(1,341.20)	-	-	-	-	-	-	(1,341.20)	(2,871.63)
Rent	-	(27,754.63)	-	-	-	-	-	-	(27,754.63)	(162,443.99)
Other property expenses	-	(5,042.89)	-	-	-	-	-	-	(5,042.89)	(37,751.30)
Insurance of assets										(3,279.31)
Wages & salaries	-	(117,335.07)	-	-	-	-	-	-	(117,335.07)	(1,514,129.21)
PAYE & NIC	-	(72,868.19)	-	-	-	-	-	-	(72,868.19)	(927,380.64)
Bank charges	(3,189.05)	(57.14)	-	-	-	-	-	-	(3,246.19)	(12,232.67)
Rent deposit	-	42,493.61	-	-	-	-	-	-	42,493.61	(12,713.61)
									(5,498,485.99)	(11,356,358.56)





CLIENT CREDITORS											
(96,407,400.45)	Client creditors	(20,516,493.27)	-	-	-	-	-	-	-	(20,516,493.27)	(49,935,596.59)
										(20,516,493.27)	(49,935,596.59)
<b>2,581,656.69</b>										<b>(27,149,960.19)</b>	<b>36,606,958.54</b>
REPRESENTED BY											
	Floating ch. VAT rec'able	(1,583.06)	(8,757.73)	(1,833.87)	-	-	-	-	-	(12,174.66)	(8,757.73)
	Client Distribution Account USD	(17,219,682.32)	-	-	-	-	-	-	-	(17,219,682.32)	352,637.10
	Post Admin Client Account	2,681.74	0.46	(2,173.91)	-	-	-	-	-	508.29	9,245.90
	Floating charge current	(4,400,475.83)	(9,443,657.90)	(2,612.17)	-	-	-	-	-	(13,846,745.90)	36,151,433.12
	Floating ch. VAT payable	1,583.06	-	1,833.87	-	-	-	-	-	3,416.93	-
	Floating ch. VAT control	(1,891.41)	13,588.97	(3,686.14)	-	-	-	-	-	8,011.42	452,065.83
	Due to House Estate	(48,975.80)	4,037,607.00	(71,925.15)	-	-	-	-	-	3,916,706.05	(349,665.68)
										<b>(27,149,960.19)</b>	<b>36,606,958.54</b>



Joint Special Administrators' abstract of receipts & payments - house estate

Statement of Affairs (£)	GBP (£)	USD (£ equiv)	EUR (£ equiv)	CHF (£ equiv)	AUD (£ equiv)	SGD (£ equiv)	JPY (£ equiv)	ZAR (£ equiv)	Total (£) From 19/07/15 to 18/01/16	Cumulative total (£) From 19/1/15 to 18/1/16
<b>FIXED CHARGE ASSETS</b>										
1,449,161.79 Rent deposit	-	-	-	-	-	-	-	-	-	-
<b>FIXED CHARGE CREDITORS</b>										
(1,449,161.79) Fixed charge creditor (Landlord)	-	-	-	-	-	-	-	-	-	-
<b>ASSET REALISATIONS</b>										
60,351.35 Other debtors	1,721.12	-	-	-	-	-	-	-	1,721.12	8,487.92
Uncertain Furniture & equipment	400.00	-	-	-	-	-	-	-	400.00	113,035.86
Contribution to Administrators Costs	2,023.22	-	-	-	-	-	-	-	2,023.22	4,251.99
7,218,155.93 Bad debt provision (clients)	-	-	-	-	-	-	-	-	-	-
Services to FSCS (agreed consideration)	43,849.98	-	-	-	-	-	-	-	43,849.98	59,504.53
Property rights/Patents	-	-	-	-	-	-	-	-	-	4,195,804.20
4,420,686.54 Intercompany loans & receivables	-	-	-	-	-	-	-	-	-	-
39,346.75 Book debts	323,597.28	-	-	-	-	-	-	-	323,597.28	329,532.94
Sale of Subsidiary	1,675,000.00	-	-	-	-	-	-	-	1,675,000.00	1,675,000.00
Sale of Client Details	-	-	-	-	-	-	-	-	-	231,811.15
265,851.26 Global Collect Reserves	-	-	-	-	-	-	-	-	-	-
42,493.45 VAT refunds (pre-appointment)	-	-	-	-	-	-	-	-	-	18,935.83
10,933,584.85 Cash at bank / Prime Brokers	9,629.58	-	-	-	-	-	-	-	9,629.58	8,469,787.33
Insurance refund	35,977.96	-	-	-	-	-	-	-	35,977.96	48,318.95
									2,092,199.14	15,154,470.70
<b>OTHER REALISATIONS</b>										
Bank interest, gross	16,666.06	-	-	-	-	-	-	-	16,666.06	25,022.80
Brokerage receipts	-	-	-	-	-	-	-	-	-	250,443.76
eWallet Receipts	258,139.06	796,540.44	-	-	-	-	-	-	1,054,679.50	1,054,679.50
Sundry refunds	11,229.05	-	-	-	-	-	-	-	11,229.05	11,314.76
Rent deposit refund	23,484.87	-	-	-	-	-	-	-	23,484.87	23,484.87
Software Licenses	16,466.00	-	-	-	-	-	-	-	16,466.00	16,466.00
									1,122,525.48	1,381,411.69
<b>COST OF REALISATIONS</b>										
Currency account transfers - In	-	-	97,232.82	-	-	-	-	-	97,232.82	10,895,705.94
Currency account transfers - Out	(94,629.48)	-	-	-	-	-	-	-	(94,629.48)	(11,639,825.08)
Hiring of meeting venue	-	-	-	-	-	-	-	-	-	(3,905.18)
IT Suppliers	(18,874.23)	(13,038.15)	(17,339.27)	-	-	-	-	-	(49,251.65)	(102,731.76)
Administrators' fees	(285,250.86)	-	-	-	-	-	-	-	(285,250.86)	(857,492.88)
Administrators fees (pre-administration)	-	-	-	-	-	-	-	-	-	(15,963.98)
Administrators' disbursements	(11,447.59)	(417.57)	-	-	-	-	-	-	(11,865.16)	(12,160.83)
Irrecoverable VAT	(65,832.56)	(1,045.67)	(1,737.81)	-	-	-	-	-	(68,616.04)	(155,778.20)



Professional Services	(5,538.41)	-	-	-	-	-	-	(5,538.41)	(6,576.11)
Agents'/Valuers' fees	-	-	-	-	-	-	-	-	(33,903.05)
CCI legal fees	(84,697.25)	-	-	-	-	-	-	(84,697.25)	(85,379.51)
Legal fees	(191,658.50)	-	-	-	-	-	-	(191,658.50)	(541,055.03)
Legal fees (pre-administration)	-	-	-	-	-	-	-	-	(41,512.76)
Sundry Expenses	(105.36)	-	-	-	-	-	-	(105.36)	(110.91)
Utilities	(114.88)	-	-	-	-	-	-	(114.88)	(3,349.43)
Stationery & postage	-	-	-	-	-	-	-	-	(98.72)
Call Centre Costs	(30,990.40)	-	-	-	-	-	-	(30,990.40)	(60,310.60)
Storage costs	(2,561.86)	-	-	-	-	-	-	(2,561.86)	(2,561.86)
Statutory advertising	(368.86)	-	-	-	-	-	-	(368.86)	(789.76)
Rent	(7,782.40)	-	-	-	-	-	-	(7,782.40)	(44,824.30)
Other property expenses	(1,386.88)	-	-	-	-	-	-	(1,386.88)	(10,382.26)
Insurance of assets	-	-	-	-	-	-	-	-	(901.87)
Wages & salaries	(2,224.30)	-	-	-	-	-	-	(2,224.30)	(386,366.89)
PAYE & NIC	(20,040.02)	-	-	-	-	-	-	(20,040.02)	(255,045.75)
Bank charges	(2,779.88)	(260.10)	(296.95)	-	-	-	-	(3,336.93)	(5,998.74)
Rent Deposit	-	-	-	-	-	-	-	-	(15,182.94)
								(763,186.42)	(3,386,502.46)
<b>PREFERENTIAL CREDITORS</b>									
Employees' w age arrears	(171.60)	-	-	-	-	-	-	(171.60)	(171.60)
(69,135.00) Preferential creditors (holiday & w ages)	(100,406.11)	-	-	-	-	-	-	(100,406.11)	(100,406.11)
								(100,577.71)	(100,577.71)
<b>UNSECURED CREDITORS</b>									
(10,017,707.39) Trade & expense (incl. brokers)	-	-	-	-	-	-	-	-	-
Dividend to unsecured creditors	(1,842,161.73)	-	-	-	-	-	-	(1,842,161.73)	(1,842,161.73)
(3,581,023.45) Employees & pension contributions	(90,917.46)	-	-	-	-	-	-	(90,917.46)	(90,917.46)
(7,934,269.21) Shortfall to Fxd Ch. Cred. (Landlord)	-	-	-	-	-	-	-	-	-
(12,198,392.35) Professional clients	-	-	-	-	-	-	-	-	-
(632,439.73) Intercompany balances	-	-	-	-	-	-	-	-	-
(89,079.21) HMRC - general betting duty	-	-	-	-	-	-	-	-	-
								(1,933,079.19)	(1,933,079.19)
<b>DISTRIBUTIONS</b>									
(4,484,532.00) Ordinary shareholders	-	-	-	-	-	-	-	-	-
								-	-
<b>(16,026,108.21)</b>								<b>417,881.30</b>	<b>11,115,723.03</b>



REPRESENTED BY										
Floating ch. VAT rec'able	(28,951.08)	(434.94)	(505.99)	-	-	-	-	-	(29,892.01)	(5,048.30)
Distribution Account GBP	105,710.39	-	-	-	-	-	-	-	105,710.39	105,710.39
Floating charge current	2,466,495.50	748,045.43	28,363.54	-	-	-	-	-	3,242,904.47	10,877,103.55
Floating ch. VAT payable	-	434.94	505.99	-	-	-	-	-	940.93	1,799.00
Floating ch. VAT control	(44,539.24)	(515.29)	(1,017.07)	-	-	-	-	-	(46,071.60)	5,361.63
Inter-case VAT control	(114,147.12)	-	-	-	-	-	-	-	(114,147.12)	(114,147.12)
Due from CMP	(2,826,324.88)	34,248.80	50,512.32	-	-	-	-	-	(2,741,563.76)	244,943.88
									<b>417,881.30</b>	<b>11,115,723.03</b>



## Appendix 3 Schedule of expenses

Schedule of expenses (19/07/2015 to 18/01/2016)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
<b>Cost of realisations</b>			
Currency account transfers - Out	94,629.48	7,729.11	<b>102,358.59</b>
IT suppliers	10,561.36	33,250.13	<b>52,124.36</b>
Administrators' fees	285,250.86	0.00	<b>285,250.86</b>
Administrators' disbursements	11,447.59	0.00	<b>11,447.59</b>
Irrecoverable VAT	65,832.56	0.00	<b>65,832.56</b>
Professional Services	5,538.41	0.00	<b>5,538.41</b>
CCI legal fees	84,697.25	0.00	<b>84,697.25</b>
Legal fees	191,658.50	48,410.32	<b>240,068.82</b>
Sundry Expenses	105.36	0.00	<b>105.36</b>
Utilities	114.88	0.00	<b>114.88</b>
Call Centre Costs	30,990.40	0.00	<b>30,990.40</b>
Storage costs	(-113.27)	0.00	<b>2,561.86</b>
Statutory advertising	368.86	0.00	<b>368.86</b>
Rent	7,782.40	0.00	<b>7,782.40</b>
Other property expenses	1,386.88	0.00	<b>1,386.88</b>
Wages & salaries	2,224.30	30,044.88	<b>32,269.18</b>
PAYE & NIC	20,040.02	0.00	<b>20,040.02</b>
Bank charges	2,779.88	0.00	<b>2,779.88</b>
<b>TOTAL</b>	<b>815,295.72</b>	<b>119,434.44</b>	<b>945,718.16</b>

Please note that there is a difference between the payments made during the period of GDP 763,186 from house account and USD 5,498,485.99 client (per the receipts and payments account) and the expenses incurred and paid in the period of £815,296 (per the schedule of expenses).

This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period.



## Requests for further information and right to challenge our remuneration and expenses

### Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

### Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Deanna Shore at 15 Canada Square, Canary Wharf, London, E14 5GL.

## Appendix 4 Joint Special Administrators' charging and disbursements policy

### Joint Special Administrators' charging policy

The time charged to the special administration is by reference to the time properly given by us and our staff in attending to matters arising in the special administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the special administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees>

If you are unable to access this guide and would like a copy, please contact Deanna Shore on 020 73118993.

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this special administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the special administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the special administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Restructuring		
Grade	From 01 Oct 2014 £/hr	From 01 Oct 2015 £/hr
Partner	795	795
Director	705	705
Senior Manager	615	615
Manager	490	490
Senior Administrator	355	355
Administrator	270	270
Support	135	135

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

## Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

*Category 1 disbursements:* These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

*Category 2 disbursements:* These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements (excluding VAT) during the period 19 July 2015 to 18 January 2016.

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	1,800.78		NIL		<b>1,800.78</b>
Meals	1,656.58		NIL		<b>1,656.58</b>
Professional and legal fees	14.20		NIL		<b>14.20</b>
Sundry	281.65		NIL		<b>281.65</b>
Travel	1,696.19		NIL		<b>1,696.19</b>
<b>Total</b>	<b>5,449.40</b>		<b>NIL</b>		<b>5,449.40</b>

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.



## Narrative of work carried out for the period 19 July 2015 to 18 January 2016

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> <li>■ issuing regular press releases and posting information on a dedicated web page;</li> <li>■ preparing statutory receipts and payments accounts;</li> <li>■ arranging bonding and complying with statutory requirements;</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the special administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;</li> <li>■ briefing of our staff on the special administration strategy and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ meeting with management to review and update strategy and monitor progress;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the special administration;</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews;</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up special administration bank accounts and dealing with the Company's pre-appointment accounts;</li> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks;</li> <li>■ reconciling post-appointment bank accounts to internal systems;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments;</li> <li>■ ensuring the correct allocation of funds in the client and house estates;</li> <li>■ utilising internet banking to ensure client and creditor distributions are made electronically</li> <li>■ currency transfers</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from the Company's records in relation to the taxation position of the Company;</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs;</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ working initially on tax returns relating to the periods affected by the administration;</li> <li>■ analysing VAT related transactions; (including partial exemption rates)</li> <li>■ reviewing the Company's duty position to ensure compliance with duty requirements;</li> <li>■ dealing with post appointment tax compliance.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>■ responding to enquiries from shareholders regarding the special administration;</li> <li>■ providing copies of statutory reports to the shareholders.</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> <li>■ drawing remuneration in accordance with the basis which has been approved by the creditors' committee.</li> <li>■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.</li> </ul>
Systems support and ongoing management	<ul style="list-style-type: none"> <li>■ preparing cash flow statements to monitor the cash position;</li> <li>■ attending to supplier and customer queries and correspondence;</li> <li>■ negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support;</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets;</li> <li>■ liaising with agents regarding the sale of assets;</li> <li>■ reviewing outstanding client debtors and management of debt collection strategy;</li> <li>■ liaising with Contractors (former employees) and communicating with debtors;</li> <li>■ seeking legal advice in relation to client book debt collections;</li> <li>■ establishing the correct allocation of e-wallet funds</li> </ul>

Property matters	<ul style="list-style-type: none"> <li>■ reviewing the Company's leasehold properties, including review of leases;</li> <li>■ communicating with landlords regarding rent, property occupation and other issues;</li> </ul>
Sale of business	<ul style="list-style-type: none"> <li>■ liaising with ETX Capital ("ETX") regarding the deferred consideration post the sale of the client details.</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with;</li> <li>■ liaising with the Health and Safety Executive regarding the special administration and ongoing health and safety compliance.</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets;</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</li> <li>■ assessing the level of insurance premiums.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>■ dealing with queries from employees regarding various matters relating to the special administration and their employment;</li> <li>■ dealing with statutory employment related matters, including statutory notices to employees and making statutory submissions to the relevant government departments;</li> <li>■ holding employee briefing meetings to update employees on progress in the administration and our strategy;</li> <li>■ administering the Company's payroll, including associated taxation and other deductions, and preparing PAYE and NIC returns;</li> <li>■ communicating and corresponding with HM Revenue and Customs;</li> <li>■ dealing with issues arising from employee redundancies, including statutory notifications and liaising with the Redundancy Payments Office;</li> <li>■ managing claims from employees;</li> <li>■ ensuring security of assets held by employees.</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ collating information and reviewing the Company's pension schemes;</li> <li>■ calculating employee pension contributions and review of pre-appointment unpaid contributions;</li> <li>■ ensuring compliance with our duties to issue statutory notices;</li> <li>■ liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment;</li> <li>■ ensuring death-in-service cover for employees remains in place;</li> <li>■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ creating and updating the list of clients and unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the special administration and submission of their claims;</li> <li>■ monitor and maintain the Claims Portal</li> <li>■ reviewing completed forms submitted by clients and creditors, recording claim amounts and maintaining claim records;</li> <li>■ agreeing client, preferential and unsecured creditor claims;</li> <li>■ completing necessary Know Your Client ("KYC") checks;</li> <li>■ arranging distributions to the clients, preferential and unsecured creditor claims;</li> <li>■ liaising with the FSCS to provide updated client details and status of claims;</li> <li>■ drafting our progress report.</li> </ul>
Committees	<ul style="list-style-type: none"> <li>■ dealing with the formation of the Creditor's Committee, arranging and chairing meetings of the Creditors' Committee and providing regular reports.</li> </ul>

## Time costs

SIP 9 –Time costs analysis (19/07/2015 to 18/01/2016)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
<b>Bankrupt/Director/Member</b>			
Reports to OR on conduct	<b>4.20</b>	3,339.00	795.00
<b>Cashiering</b>			
Fund management	<b>4.00</b>	1,960.00	490.00
General (Cashiering)	<b>192.90</b>	76,535.00	396.76
Reconciliations (& IPS accounting reviews)	<b>25.60</b>	11,572.00	452.03
<b>General</b>			
Books and records	<b>48.40</b>	21,959.50	453.71
Fees and WIP	<b>19.60</b>	12,528.50	639.21
<b>Statutory and compliance</b>			
Appointment and related formalities	<b>1.00</b>	705.00	705.00
Checklist & reviews	<b>28.95</b>	9,085.25	313.83
Pre-administration checks	<b>250.75</b>	34,796.25	138.77
Statutory receipts and payments accounts	<b>4.20</b>	3,339.00	795.00
Strategy documents	<b>74.40</b>	41,581.00	558.88
<b>Tax</b>			
Post appointment corporation tax	<b>71.10</b>	34,371.00	483.42
Post appointment PAYE	<b>2.70</b>	2,146.50	795.00
Post appointment VAT	<b>113.85</b>	47,236.25	414.90
<b>Creditors</b>			
<b>Committees</b>			
Formation	<b>0.20</b>	98.00	490.00
Meetings	<b>21.60</b>	16,373.00	758.01
Reports	<b>72.20</b>	44,366.50	614.49
<b>Creditors and claims</b>			
Agreement of claims	<b>10.10</b>	7,419.50	734.60
Agreement of preferential claims	<b>43.10</b>	15,775.00	366.01
Agreement of unsecured claims	<b>706.60</b>	220,210.00	311.65
General correspondence	<b>715.20</b>	280,357.50	392.00
Payment of dividends	<b>14.20</b>	9,386.00	660.99
Pre-appointment VAT / PAYE / CT	<b>0.40</b>	196.00	490.00
Statutory reports	<b>96.70</b>	44,577.50	460.99
<b>Employees</b>			

**SIP 9 –Time costs analysis (19/07/2015 to 18/01/2016)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
Agreeing employee claims	<b>2.00</b>	1,410.00	705.00
Correspondence	<b>105.50</b>	38,390.00	363.89
DTI redundancy payments service	<b>5.60</b>	1,988.00	355.00
<b>General analysis</b>			
<b>Administration and planning</b>			
Engagement management	<b>65.90</b>	32,088.50	486.93
<b>asset realisation</b>			
Cash and investments - client monies	<b>136.90</b>	86,103.50	628.95
cash and investments - company monies	<b>12.30</b>	8,397.00	682.68
Client debtors - professional	<b>4.50</b>	3,172.50	705.00
Client debtors - retail	<b>469.90</b>	199,953.50	425.52
<b>cashiering</b>			
reconciliations - client monies	<b>81.70</b>	40,083.00	490.61
reconciliations - company monies	<b>55.60</b>	27,281.50	490.67
<b>Creditors and claims</b>			
Clients - FSCS	<b>32.80</b>	20,134.50	613.86
Clients - KYC	<b>102.95</b>	40,131.25	389.81
Clients - professional - agreement of account	<b>362.20</b>	126,998.50	350.63
Clients - professional - general correspondence	<b>208.40</b>	66,059.00	316.98
Clients - professional - payment of dividend	<b>0.40</b>	318.00	795.00
Clients - retail - agreement of account	<b>426.80</b>	202,611.50	474.72
Clients - retail - claims portal	<b>438.30</b>	159,563.00	364.05
Clients - retail - general correspondence	<b>1,916.15</b>	624,490.00	325.91
Clients - retail - payment of dividend	<b>124.40</b>	45,038.50	362.05
<b>General</b>			
IT, Systems, cut off and information	<b>156.30</b>	83,656.50	535.23
<b>Investigations</b>			
FCA - investigation	<b>4.80</b>	2,498.50	520.52
Regulatory reports & investigations - other	<b>28.60</b>	14,764.00	516.22
<b>Statutory and compliance</b>			
Communications - FCA	<b>15.10</b>	8,724.00	577.75
Communications - other	<b>1.00</b>	741.00	741.00
Communications - other regulators	<b>19.90</b>	9,751.00	490.00
FCA- regulatory	<b>19.50</b>	9,433.00	483.74
<b>Trading</b>			

## SIP 9 –Time costs analysis (19/07/2015 to 18/01/2016)

	Hours	Time Cost (£)	Average Hourly Rate (£)
HR	<b>13.80</b>	8,487.00	615.00
<b>Investigation</b>			
<i>Investigations</i>			
Correspondence re investigations	<b>0.75</b>	528.75	705.00
Mail redirection	<b>3.50</b>	472.50	135.00
<b>Realisation of assets</b>			
<i>Asset Realisation</i>			
Cash and investments	<b>23.20</b>	11,948.50	515.02
Debtors	<b>621.55</b>	295,238.25	475.00
Freehold property	<b>10.60</b>	6,519.00	615.00
Leasehold property	<b>42.45</b>	24,909.50	586.80
Office equipment, fixtures & fittings	<b>22.40</b>	10,760.50	480.38
Other assets	<b>1.00</b>	595.50	595.50
Pre-appointment tax & VAT refunds	<b>0.50</b>	352.50	705.00
Sale of business	<b>41.40</b>	28,998.00	700.43
Stock and WIP	<b>2.10</b>	1,669.50	795.00
<b>Suppliers and contractors</b>			
<i>Trading</i>			
Purchases and trading costs	<b>31.80</b>	15,625.00	491.35
<b>Total in period</b>	<b>8,134.50</b>	<b>3,199,797.50</b>	<b>393.36</b>

Brought forward time (appointment date to SIP 9 period start date)	16,235.71	7,275,663.70
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	8,134.50	3,199,797.50
Carry forward time (appointment date to SIP 9 period end date)	24,370.21	10,475,461.20

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

## Appendix 5      Glossary

<b>Alpari Shenzhen</b>	Alpari Investment Consulting (Shenzhen) Limited
<b>Alpari UK/Company</b>	Alpari (UK) Limited – in Special Administration
<b>Ashurst</b>	Ashurst LLP
<b>Authorities</b>	The Bank of England and the Financial Conduct Authority
<b>CASS rules</b>	The rules comprised in the Financial Conduct Authority’s Client Assets Sourcebook
<b>CCI Legal</b>	CCI Legal Services Limited
<b>CHF</b>	Swiss Franc
<b>CMP</b>	Client Money Pool
<b>Edwards Symmons</b>	Edward Symmons LLP
<b>FCA</b>	Financial Conduct Authority
<b>FSCS</b>	Financial Services Compensation Scheme
<b>GBP</b>	Great British Pound
<b>GMT</b>	Greenwich Mean Time
<b>HMRC</b>	Her Majesty’s Revenue and Customs
<b>Joint Special Administrators/we/our/us</b>	Samantha Bewick, Richard Heis and Mark Firmin
<b>KPMG</b>	KPMG LLP
<b>KYC</b>	Know Your Client
<b>SNB</b>	Swiss National Bank
<b>UK</b>	United Kingdom
<b>USD</b>	United States Dollar

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986, The Investment Bank Special Administration (England and Wales) Rules 2011 and The Investment Bank Special Administration Regulations 2011 respectively.



## Appendix 6 Notice: About this report

This report has been prepared by Samantha Bewick, Richard Heis and Mark Firmin, the Joint Special Administrators of Alpari (UK) Limited – in Special Administration (the 'Company'), solely to comply with their statutory duty under Rule 122 of the Investment Bank Special Administration (England & Wales) Rule 2011 to report to clients and creditors on the progress of the Special Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for clients and creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for clients and creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Rule 122 of the Investment Bank Special Administration (England & Wales) does so at its own risk. To the fullest extent permitted by law, the Joint Special Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

Samantha Rae Bewick, Richard Heis and Mark Granville Firmin are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

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