



**WorldSpreads Limited
(in Special Administration)**

Joint Special Administrators' Progress Report
for the six month period
18 September 2014 to 17 March 2015

KPMG LLP
16 April 2015

SB/JM/HM/HS/RT

Notice: About this Report

- This Report has been prepared by Samantha Bewick and Jane Moriarty, the Special Administrators of WorldSpreads Limited (in special administration), solely to comply with their statutory duty under Rule 122 of the Investment Bank Special Administration (England and Wales) Rules 2011 to provide creditors and clients with an update on the progress of the special administration and for no other purpose. This Report 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 WorldSpreads Limited (in special administration).
- Any estimated outcomes for creditors and clients included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors, clients or other stakeholders.
- Any person that chooses to rely on this Report for any purpose or in any context other than under Rule 122 of the Investment Bank Special Administration (England and Wales) Rules 2011 does so at its own risk.
- To the fullest extent permitted by law, the Special Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.
- Samantha Bewick is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales. Jane Moriarty is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Ireland.
- The Special Administrators act as agents for the Company and contract without personal liability. The appointments of the Special Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the special administration of WorldSpreads Limited (in special administration).

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Glossary

Act	The Insolvency Act 1986 (as amended)
Authorities	The FCA, the Treasury and the Bank of England
Brokers	Third party brokers (including affiliates)
Company/WorldSpreads	WorldSpreads Limited
Directors	Directors of the Company as at 18 March 2012 included: Dominic Bacon, Michael Foley, Roger Hynes, Geoffrey Langham, Lindsay McNeile and Polly Williams
FCA	The Financial Conduct Authority
FSCS	The Financial Services Compensation Scheme
Hayes	Hayes Solicitors
KPMG	KPMG LLP
Proposals	Statement of Special Administrators' Proposals under Rule 59 of the Rules
ReedSmith	Reed Smith LLP
Regulations	The Investment Bank Special Administration Regulations 2011
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
Secured creditor	Royal Bank of Scotland Plc
Special Administrators	Samantha Bewick and Jane Moriarty of KPMG LLP
Special Administration Order	The Special Administration Order granted by the High Court of Justice, Chancery Division, Companies Court No. 2505 of 2012
Wragge	Wragge & Co LLP

The references in this Report to sections, paragraphs or rules are to 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.

1 **Executive summary**

This Report has been prepared in accordance with Rule 122 and covers the period from 18 September 2014 to 17 March 2015. Form 2.24B is enclosed giving formal notice to this effect.

During this reporting period we have carefully reviewed the proceedings against Ernst & Young. Further detail is provided in section 4.2.

We have now received all client money funds as set out in section 4.1.1.

We advise that there will be a further return to clients in the form of a third and final distribution from the client estate.

We anticipate that preferential creditors will be repaid in full and that there will be a distribution to the secured creditor as well as a small dividend to unsecured creditors. Further information is set out in section 5.

More information on the above matters is set out in this Report. The three creditors' committee members will be kept apprised of key ongoing matters in this special administration.

A copy of this Report, as well as previous reports, is available on the website: www.kpmg.co.uk/worldspreads.

Statutory information is attached at Appendix 1, together with an abstract of the Special Administrators' receipts and payments account for the period 18 September 2014 to 17 March 2015 attached at Appendix 2. Details of costs incurred in the period but not yet paid are shown in Appendix 4. The figures are shown net of VAT, which is irrecoverable as the Company is not registered for VAT purposes.



Samantha Bewick
Special Administrator

2 **Special Administrators' Proposals**

As previously advised the Special Administrators' Proposals were approved, without modification, at a meeting of creditors and clients held on 23 May 2012. A creditors' committee was formed. Membership of the committee is discussed at section 6.1.

A copy of the Proposals is available at www.kpmg.co.uk/worldspreads.

3 **Special administration objectives and strategy**

Regulation 10 sets out the statutory objectives of the special administration:

- a) Objective 1 is to ensure the return of client assets as soon as is reasonably practicable;
- b) Objective 2 is to ensure timely engagement with market infrastructure bodies and the Authorities pursuant to Regulation 13; and
- c) Objective 3 is either to rescue the investment bank as a going concern or to wind it up in the best interests of the creditors.

The Special Administrators continue to pursue all three objectives equally.

With regard to Objective 3, as there was no reasonable prospect of rescuing the Company as a going concern, the Special Administrators are pursuing Objective 3(ii) to wind up the Company in the best interests of the creditors.

Once the objectives have been achieved, the Special Administrators will determine the most appropriate and cost effective exit route from special administration. The most likely scenarios are an application to Court seeking an order for the winding-up of the Company or exit via dissolution.

4 **Progress of the special administration**

4.1 **Asset realisations**

4.1.1 **Client money**

We have received funds of £91,240, paid into the client estate, representing a final dividend from the Special Administrators of MF Global UK Limited. This represents a final return to clients, bringing total dividends received to 90.65 cents in the US dollar. No further realisations are expected.

All client money is held in a trust account set up within the special administration.

4.1.2 **Client assets**

There has been no change in this position since our previous Report. Whilst we have contacted the three remaining clients whose securities we hold, to date they have not supplied any instructions to enable the return/transfer of their securities.

4.1.3 IT equipment, software, office furniture

We have retained some IT equipment to preserve certain Company data. These items will be valued, and if appropriate, sold, once they are no longer required.

4.1.4 Debtors

As previously advised, the directors' Statement of Affairs indicated that the Company had debtors of £2.5 million, mainly comprising monies due from clients and betting duty. A number of clients dispute the balances shown in the Company's records. To date circa £239,000 has been recovered by the Special Administrators.

The majority of the remaining debt is under dispute, accordingly at present future realisations are uncertain. The Special Administrators have initiated recovery proceedings against a large debtor which remain ongoing.

Funds paid as security for costs, as directed by the Court, in these proceedings have been returned, however, we are required to retain these funds whilst the above proceedings remain ongoing.

4.1.5 Foreign employment award

We have received funds of circa £57,000 from the French equivalent of the Redundancy Payments Office, in relation to one of the Company's former employees. These funds have now been transferred to the relevant former employee.

4.1.6 Other realisations

As set out on the attached receipts and payments account, other realisations predominantly relate to bank interest received on balances held in the special administration estate accounts.

4.2 Investigations

The Joint Special Administrators have carefully reviewed the proceedings against the defendant (Ernst & Young). Following this review, a settlement of £2 million inclusive of costs has been reached which the Joint Special Administrators consider is in the best interests of the estate. The settlement was made without any admission of liability.

We have carefully considered our position in relation to other pre-appointment investigation matters. In view of the nature of these investigations, the majority of this work remains confidential, however, we will discuss the position with the creditors' committee and will report further in our next progress report.

4.3 Regulatory matters

4.3.1 The Financial Conduct Authority

We continue to liaise closely with the FCA (previously the Financial Services Authority) in relation to a number of matters which include our work relating to client money and assets, compliance with FCA rules and Know Your Client regulations.

We continue to co-operate with the FCA in all matters where it is necessary or desirable for the purposes of the special administration.

4.3.2 The Financial Services Compensation Scheme

The 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 a regulated entity.

The Special Administrators continue to be in communication with clients in order to agree their final balances. Once final balances are agreed between us and the clients the Special Administrators pass details of the agreed balance to the FSCS. The FSCS has sent out application forms to clients of WorldSpreads who have been identified as having a likely claim for compensation.

The FSCS is contactable on +44 (0) 20 7741 4100 should clients have any queries in this respect.

4.4 Costs of realisations

The payments made in the period of the Report are set out in the receipts and payments account attached as Appendix 2. The schedule of expenses attached at Appendix 4 details the costs incurred, whether paid or unpaid, in the reporting period. All figures are shown net of VAT.

Creditors and clients are advised that, within 21 days of receipt of this Report, a creditor or a client may request additional information about the Special Administrators' remuneration and expenses as set out in this Report. A request must be made in writing, and may be made either by a secured creditor or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself), or by a client with the concurrence of at least 5% in value of the client assets (including himself) or the permission of the Court, in accordance with Rule 201.

In addition, under Rule 202, any secured creditor, any unsecured creditor or any client with either the concurrence of at least 10% in value of creditors or clients respectively, or with the permission of the Court, may apply to the Court to challenge the quantum of remuneration charged, the basis of remuneration or the expenses incurred by the Special Administrators. Any such application must be made no later than eight weeks after receipt of the first report which reports the charging of the remuneration or incurring of expenses in question.

The full text of Rules 201 and 202 can be provided on request by writing to the Special Administrators at KPMG LLP, 15 Canada Square, London E14 5GL.

4.4.1 Special Administrators' remuneration

The statutory provisions relating to remuneration are set out in Rule 196. Further information is given in the Association of Business Recovery Professionals' publication *A Creditors' Guide to Administrators' Fees*, a copy of which can be obtained at: http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf. However, if you are unable to access this guide and would like a copy please contact Lyndsay Burch on +44 (0) 118 9642268.

Attached as Appendix 3 is a detailed analysis of the Special Administrators' time spent, together with charge out rates, for each grade of staff for the various areas of work carried out for the period 18 September 2014 to 17 March 2015, as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No. 9.

In the period 18 September 2014 to 17 March 2015, the Special Administrators and their staff have incurred time costs, at rates agreed by the creditors' committee, of £338,034 representing 802 hours at an average hourly rate of £422. This includes work undertaken in respect of tax, VAT, forensic, health and safety and pension from KPMG in-house specialists.

It is for the creditors' committee to determine the basis on which the Special Administrators' remuneration is to be fixed. As reported, the creditors' committee passed a resolution fixing the basis of the Special Administrators' remuneration, in accordance with Rule 196, by reference to time properly given by them and their staff in attending to matters arising in the special administration at KPMG charge out rates that reflect the complexity of the assignment. These include the costs of KPMG in respect of tax, VAT, forensic, health and safety and pension advice provided to the Special Administrators.

In view of the nature of our ongoing work in this special administration, we subsequently reached a revised agreement with the creditors' committee in relation to remuneration. Full details were set out in our Report dated 22 March 2013, with a summary included in Appendix 3 of this Report.

We have drawn fees of £791,267 from the house estate and fees of £63,656 from the client estate during the period, relating to the period from 1 October 2013 to 31 March 2014.

4.4.2 Legal fees

During this period we paid legal costs including disbursements totalling £270,764. These also include liabilities incurred in the previous period and relate to advice received from ReedSmith, Hayes and Wragge in connection with ongoing matters as described in this Report.

4.4.3 Other costs

Other costs incurred in the period are detailed on the receipts and payments account attached and are self explanatory. The figures are shown net of VAT. It should be noted that the Company is not registered for VAT purposes and therefore the VAT incurred in the period of £238,146 is not recoverable.

All investigation costs have been met from the house estate.

5 Estimated outcome for clients and creditors

5.1 Clients

To date we have agreed final client balances totalling £28.4 million. As at 26 March 2015, of those clients that have an agreed final balance, clients with claims totalling £26.7 million have assigned their claim to the FSCS.

As the majority of client balances have now been agreed, the frequency of our correspondence with clients has reduced significantly, however, we continue to agree balances with clients.

To date the Special Administrators have declared and paid two interim dividends totalling 8p in the £.

We are presently preparing an application to Court to seek directions on the closure of the Client Money Pool and request that a bar date be set for client money claims such that we can make a final distribution from the Client Money Pool. We are unable to comment on timescales at this stage, however, we anticipate the final client money dividend will be in the region of 10p in the £. We will update our website (www.kpmg.co.uk/worldspreads) with any meaningful developments and comment further in our next progress report. Further, we will provide notice of the bar date to all clients of whose claims we are aware.

As previously advised, clients should note that if they have received compensation from the FSCS, all rights to their claim in the special administration are legally transferred to the FSCS. The FSCS will claim in the special administration for the whole of the clients' loss (even if that is over £50,000). When the Special Administrators paid the dividends referred to above, the dividends due on clients' balances who had assigned their claim to the FSCS were paid directly to the FSCS. For those clients who assigned a balance of more than £50,000 the FSCS will pay the dividend on to these clients, up to the client's account balance.

Clients will have an unsecured claim against non-client money and assets for any shortfall in the return to them from client money. Accordingly clients will also receive any dividend available from this source as indicated in section 5.2 below.

5.2 Creditors

Based on present information, we anticipate that there will be a return to creditors, restricted to the prescribed part for unsecured creditors. An overview of the amounts owed to each type of creditor is set out below.

5.2.1 Secured creditor

The Secured creditor holds a valid fixed and floating charge over the Company's assets created on 20 June 2005. The Company's total indebtedness to the Secured creditor as at the date of appointment was £1.6 million.

Whilst we envisage making a distribution to the secured creditor, it will suffer a shortfall in respect of its lending to the Company.

5.2.2 Preferential creditors

Preferential creditors at the date of appointment were made up of employee arrears of wages and holiday pay claims, amounting to approximately £83,500.

We expect preferential creditors to be paid in full.

5.2.3 Unsecured creditors

The Directors' Statement of Affairs shows that the Company has unsecured liabilities of some £32 million. This includes monies owed to the Company's clients. A more detailed breakdown has been provided in earlier Reports.

The prescribed part provisions of the Act apply, being a fund we are required to reserve for unsecured creditors (up to a maximum £600,000) from net floating charge realisations. We presently expect there to be a modest prescribed part distribution, amounting to less than 1p in the £, available to unsecured creditors.

6 Other matters

6.1 Creditors' committee

The creditors' committee remains active in this special administration.

As this is a special administration, the committee is made up of two classes of voters, namely creditors and clients. The committee has three members, with the current composition of the committee being one creditor and two client representatives, the latter including FSCS.

As the committee members have signed a non-disclosure agreement we are able to discuss the findings of our investigation into the Company's pre-appointment affairs in more detail with them.

Additionally, as set out in section 4.4.1 the committee has fixed the basis of the Special Administrators' remuneration and agreed the quantum.

6.2 Communication

The website, www.kpmg.co.uk/worldspreads, continues to be updated with information as well as circulars to clients and creditors.

The dedicated e-mail address for any enquiries is worldspreads-enquiries@kpmg.co.uk.

Due to reduced call volumes, we will shortly close the telephone hotline number presently listed on our website and advise that any clients with queries should contact Rebecca Lewin on 0207 3114878. We will update our website with this information once the current number is no longer active.

7 Future strategy

7.1 Ongoing matters

It is proposed that the Special Administrators will continue to manage the affairs, business and property of the Company in order to achieve the objectives of the special administration. This will include:

- dealing with the return/transfer of the remaining three client assets, namely securities, subject to receipt of instructions from these clients;
- realising the remaining assets, predominantly debtors;
- reviewing our position in relation to any further investigation into pre-appointment matters;
- co-operating with the FCA and other regulatory bodies;
- agreeing client and creditor claims and supplying information on agreed client claims to the FSCS as well as seeking directions from the Court on the closure of the Client Money Pool and the final distribution out of the client estate;
- finalisation of the tax affairs of the Company including completion of corporation tax and settlement of any liabilities;
- distributions to the secured, preferential, client and unsecured creditors (all if and when appropriate);
- payment of administration expenses, including the Special Administrators' remuneration; and
- dealing with ongoing statutory and compliance obligations, including liaising with the creditors' committee as well as responding to queries raised.

7.2 Future reporting

In accordance with Rule 122, the Special Administrators will provide a further progress report within one month of 18 September 2015.

Appendix 1

Statutory information

Company name	WorldSpreads Limited		
Company number	04898762		
FSA registration number	230730		
Special Administration Order	High Court of Justice, Chancery Division, Companies Court, Court case number 2505 of 2012		
Date of appointment	18 March 2012		
Special Administrators' details	Samantha Bewick is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales		
	Jane Moriarty is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Ireland		
Para 100(2) statement	In accordance with Rule 8(3)(e), any acts required or authorised under all enactment to be done by either or all the Special Administrators may be done by any one or all of the persons for the time being holding that office		
EC regulations	The EC Regulation on insolvency proceedings does not apply		
Company Directors		<i>From:</i>	<i>To:</i>
	Dominic C. Bacon	08/02/10	Present
	Michael J. Foley	24/05/10	Present
	Conor M. Foley	15/09/03	13/03/2012
	Roger N. A. Hynes	08/02/10	Present
	Geoffrey J. Langham	08/02/10	Present
	Lindsay J. McNeile	15/09/03	Present
	Niall S. O'Kelly	01/06/08	21/02/12
	Michael I. O'Loan	24/04/10	30/09/11
	Polly A. Williams	07/01/11	Present
Company Secretary	Dominic Bacon	08/02/10	Present
	Quaysecco Limited	24/05/11	Present
Date of incorporation	15 September 2003		

Previous registered office	3 Minster Court, Mincing Lane, London EC3R 7DD And from 27 March 2012: KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB
Present registered office	KPMG LLP, 15 Canada Square, London E14 5GL
Trading address	3 Minster Court, Mincing Lane, London EC3R 7DD
Trading styles/White label agreements	Agincourt Spreads, Alecto Spreads, Alexander David Spread Betting, Alpesh Patel Spreads, Alpha Markets, Aurora Global Markets, BetVictor Financials, Financialspreadbetting.co.uk, Fitzdares Financial Spreads, Guardian Trades, JN Spreads, Ladbrokes Financial Spreads, Oakleaf Markets, Spreads.gr, Squaremile, Star Financials, Sterling Markets, Tam Spreads, TM Fleming Spreads, Tower Spreads, TrendWatch Asset Management (TAM), TwoWaySpreads, Victor Chandler Financials, WorldSpreads Private Client Services

Appendix 2

Special Administrators' receipts and payments account (All items are stated net of VAT)

WorldSpreads Limited (in special administration)
Abstract of receipts and payments for the period from 18 September 2014 to 17 March 2015
Non segregated assets

Statement of Affairs	From 18/09/2014 To 17/03/2015	From 18/03/2012 To 17/03/2015
ASSET REALISATIONS		
	2,000,000.00	2,000,000.00
	NIL	NIL
NIL	NIL	NIL
Uncertain	NIL	NIL
125.00	NIL	NIL
786.00	NIL	NIL
1,469,949.00	NIL	NIL
14,086.00	NIL	23,250.00
Uncertain	2,060.00	238,944.33
	NIL	1.00
NIL	NIL	NIL
	56,977.94	56,977.94
	41,745.93	41,745.93
	NIL	244,425.23
15,072,894.00	NIL	10,656,654.79
	NIL	16,556.97
	2,222.84	2,222.84
	<u>2,103,006.71</u>	<u>13,280,779.03</u>
OTHER REALISATIONS		
	1,659.78	77,441.51
	NIL	3,099.90
	NIL	6,000.00
	NIL	4,086.89
	10.00	10.00
	NIL	13,719.38
	NIL	<u>157,626.44</u>
	<u>1,669.78</u>	<u>261,984.12</u>
COST OF REALISATIONS		
	333.42	50,216.66
	NIL	21,723.20
	NIL	1,138.04
	NIL	2,880,678.24
	NIL	707.99
	NIL	41,681.00
	NIL	947,822.65
	NIL	84,340.09
	NIL	1,968.75
	NIL	46,265.00
	791,267.33	3,591,065.55
	3,711.50	21,822.12
	75,391.14	168,393.44
	225,415.25	1,323,925.03
	NIL	2,443.06
	NIL	10,486.55
	490.25	31,057.15
	95,309.00	788,211.95
	43,871.43	91,004.14
	96,474.92	519,980.28
	35,109.06	93,389.81
	NIL	1,999.60
	NIL	2,836.32
	NIL	17,313.15
	NIL	1,571.50
	NIL	13,259.42
	4,378.94	8,711.99
	NIL	81.72
	NIL	1,351.80
	NIL	25,829.64
	NIL	5,163.35
	NIL	130,637.50
	NIL	952.45
	NIL	127,107.60
	NIL	58,246.32
	130.00	2,054.41
	41,745.93	41,745.93
	<u>(1,413,628.17)</u>	<u>(11,157,183.40)</u>

Non segregated assets (continued)

Statement of Affairs		From 18/09/2014 To 17/03/2015	From 18/03/2012 To 17/03/2015
	PREFERENTIAL CREDITORS		
	Employees' wage arrears	56,977.94	56,977.94
(93,190.00)	Other	<u>NIL</u>	<u>NIL</u>
		(56,977.94)	(56,977.94)
	FLOATING CHARGE CREDITORS		
(1,600,000.00)	Floating charge	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	UNSECURED CREDITORS		
(32,318,192.00)	Trade & expense	NIL	NIL
(351,682.00)	Banks/Institutions	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	DISTRIBUTIONS		
(8,061,898.00)	Ordinary shareholders	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
<u>(25,867,122.00)</u>		<u>634,070.38</u>	<u>2,328,601.81</u>
	REPRESENTED BY		
	Floating charge current		2,370,347.74
	HELD for security costs		<u>(41,745.93)</u>
			<u>2,328,601.81</u>

Notes:

Figures shown are net of VAT. The Company was not VAT registered and accordingly VAT incurred is irrecoverable.

WorldSpreads Limited (in special administration)

Abstract of receipts and payments for the period from 18 September 2014 to 17 March 2015

Segregated assets

Statement of Affairs	From 18/09/2014 To 17/03/2015	From 18/03/2012 To 17/03/2015
OTHER REALISATIONS		
Bank interest, gross	4,373.50	9,730.12
Trust Money	91,240.10	7,274,322.80
	<u>95,613.60</u>	<u>7,284,052.92</u>
COST OF REALISATIONS		
Funds received in error	NIL	3,700.60
Administrators' Fees Relating to Client	63,655.67	1,358,512.20
Irrecoverable VAT	12,731.13	314,280.68
Legal fees	NIL	187,021.20
Legal fees (2)	NIL	48,445.00
Bank charges	NIL	420.00
	<u>(76,386.80)</u>	<u>(1,912,379.68)</u>
DISTRIBUTIONS		
Client Money Distributions	NIL	2,245,379.89
	<u>NIL</u>	<u>(2,245,379.89)</u>
	<u><u>19,226.80</u></u>	<u><u>3,126,293.35</u></u>
REPRESENTED BY		
Client Money Trust GBP 2		530,835.92
Client Money Trust A/c		2,595,457.43
		<u><u>3,126,293.35</u></u>

Notes:

Figures shown are net of VAT. The Company was not VAT registered and accordingly VAT incurred is irrecoverable.

Appendix 3

Analysis of Special Administrators' time costs, overview of fee agreement and schedule of charge-out rates

WorldSpreads Limited (in special administration)
Special Administrators' time and costs analysis from 18 September 2014 to 17 March 2015

Insolvency related work

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Cashiering							
General (Cashiering)		12.00	13.50	0.60	26.10	£7,596.50	£291.05
Reconciliations (& IPS accounting reviews)			3.60	0.40	4.00	£725.00	£181.25
General							
Books and records		0.60	4.40		5.00	£1,370.00	£274.00
Fees and WIP	0.40	2.90	31.90	2.50	37.70	£9,659.50	£256.22
Other office holders		1.50			1.50	£675.00	£450.00
Statutory and compliance							
Checklist & reviews		0.30	2.50		2.80	£760.00	£271.43
Closure and related formalities		0.30			0.30	£135.00	£450.00
Reports to debenture holders				1.00	1.00	£115.00	£115.00
Strategy documents	1.10	1.70			2.80	£1,338.50	£478.04
Tax							
Post appointment corporation tax		3.20	2.20		5.40	£1,575.00	£291.67
Committees							
Formation		0.20			0.20	£90.00	£450.00
Meetings	20.90	41.70	0.30		62.90	£29,976.50	£476.57
Reports	45.20	2.50	18.50	3.50	69.70	£27,579.50	£395.69
Creditors and claims							
General correspondence	2.00	1.10	1.00		4.10	£1,858.00	£453.17
Statutory reports	4.40	4.60	10.70		19.70	£6,943.00	£352.44
Employees							
Correspondence		9.50	0.20		9.70	£3,577.00	£368.76
Asset realisation							
Cash and investments - client monies		0.90			0.90	£405.00	£450.00
Creditors and claims							
Clients - retail - general correspondence	0.30	0.30	13.80		14.40	£2,885.50	£200.38
clients - retail - payment of dividend	0.20				0.20	£97.00	£485.00
Statutory and compliance							
FSA - CAS			3.15		3.15	£582.75	£185.00
FSA - investigation	6.30	14.00	6.00		26.30	£10,380.50	£394.70
FSA - regulatory		0.50	0.10		0.60	£250.00	£416.67
Directors							
Correspondence with directors	0.30	0.20			0.50	£235.50	£471.00
Asset Realisation							
Debtors	6.10	5.25	25.00		36.35	£10,707.25	£294.56
Other assets	6.00		0.30		6.30	£2,985.00	£473.81
Total in period	93.20	103.25	137.15	8.00	341.60	£122,502.00	£358.61

Investigations/Litigation (Note 4)

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Auditor interaction	94.15	28.50	177.11		299.76	£116,334.30	£388.09
Reporting		2.25			2.25	£945.00	£420.00
Claims against 3rd party advisors	34.50				34.50	£25,012.50	£725.00
Correspondence re investigations			0.40		0.40	£122.00	£305.00
Mail redirection				0.40	0.40	£48.00	£120.00
Review of pre-appt transactions	78.90	43.40	0.70		123.00	£73,070.00	£594.07
	207.55	74.15	178.21	0.40	460.31	£215,531.80	£468.23

Notes:

- 1) 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.
- 2) The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the level of charge out rates.
- 3) Time is charged in units of six minutes
- 4) The hourly rates for the costs incurred in dealing with investigations and litigation have been set by the creditors' committee.

WorldSpreads Limited (in special administration)
Summary of charge out rates - Normal insolvency related work

£/hour	From 18 March 2012 to 30 September 2012	From 1 October 2012 to 17 March 2015
Restructuring, Tax, Corporate Finance and Forensic		
Partner	535	565
Director	460	485
Senior Manager	425	450
Manager	345	365
Assistant Manager/ Senior administrator	240	250
Administrator	175	185
Support staff	110	115

Summary of charge out rates - Investigation / Litigation costs

£/hour	From 18 March 2012 to 17 March 2015
Restructuring, Tax, Corporate Finance and Forensic	
Partner	725
Director	635
Senior Manager	525
Manager	420
Assistant Manager/ Senior administrator	305
Administrator	230
Support staff	120

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

Time is charged in units of six minutes

Appendix 3 continued

Overview of fee agreement reached with the creditors' committee

At the first creditors' committee meeting a resolution was passed fixing the basis of the Special Administrators' remuneration by reference to time properly given by them and their staff in attending to matters arising in the special administration.

In view of the nature of the Special Administrators' ongoing work, we subsequently reached a revised agreement with the creditors' committee in relation to remuneration. Our work has been split into two categories: normal insolvency related work and investigation/litigation costs. A change in the Insolvency Rules, with effect from April 2010, has allowed us to adopt this more flexible fee based structure, which, at the committees' request, in relation to our investigation/litigation costs, has resulted in an approach that ensures clients and creditors will share in any recoveries at an earlier stage than would be the case if the Special Administrators were paid on the basis purely of time costs at the agreed rates.

Further information on the agreement reached in relation to each of these two categories is set out below.

More information, together with an illustrative example of the agreement reached in relation to investigation/litigation costs was set out in our Report dated 22 March 2013.

Normal insolvency related work

We have agreed discounted rates to be applied to normal insolvency work from 1 September 2012 onwards. We have the creditors' committee's approval to draw our actual costs, at the discounted rate to November 2012 and the lower of actual and budgeted costs, monthly in arrears, for the period from December 2012 to December 2014.

We propose to seek agreement of our budgeted costs for 2015 with the creditors' committee at our next meeting.

To date we have drawn costs to 31 March 2014. We are in the process of drawing fees for subsequent quarters. Normal insolvency related work includes the following work streams:

- agreement and payment of client and creditor claims;
- reporting and liaison with the FCA and Insolvency Service, including any investigations undertaken by them;
- realisation of remaining (non-investigation) assets;
- identification and recovery of client money;
- tax returns;
- control and maintenance of books and records;
- statutory obligations and reporting.

Investigation / Litigation costs

The committee requested that the proposal for our remuneration for this aspect of our work be structured such that the Special Administrators are incentivised to obtain the maximum recovery from litigation with the minimum of hours spent. The agreement reached is as follows:

- payment of 50% of the investigation time spent (see definition below);
- further payments in respect of time properly given to be a percentage of the value of recoveries from litigation ('uplift payment');

This approach means that clients and creditors will share in the recoveries at a much earlier stage than would be the case if the Special Administrators were paid on the basis purely of time costs at the agreed rates.

These costs will include time incurred in relation to:

- forensic work not related to 3rd party regulators;
- restructuring time relating to investigations.

Special Administrators' fees	Recovery bands	
On amounts recovered	Clients'/Creditors' share of recovery	Special Administrators' share of recovery
if no recovery	0%	0%
up to time costs	80%	20%
up to next 1 million	82.5%	17.5%
up to next 2 million	85%	15%
up to next 2 million	87.5%	12.5%
up to next 5 million	90%	10%
above time costs plus £10 million	92.5%	7.5%

To date we have drawn 50% of investigation/litigation costs to 31 March 2014.

Appendix 3 continued

KPMG Restructuring policy for the recovery of disbursements

Where funds permit the officeholder will look 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 both to 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. Any disbursements paid from the estate are disclosed within the attached summary of disbursements.

Category 2 disbursements that KPMG Restructuring currently charges includes mileage, which 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.

Clearwell e-review system:

The software licence fees relate to the usage of commercially available systems used by KPMG to enable the Special Administrators to efficiently search and review WorldSpreads data, whilst maintaining an audit trail of review activity. The costs are based upon the quantum of data processed but also include associated charges to cover secure web based hosting and secure access to the review system.

WorldSpreads Limited (in special administration)
Reporting period: 18 September 2014 to 17 March 2015

Summary of Disbursements

Category 1

Sundry expenses	363.64
Travel	690.19
Accommodation	693.51
Subsistence	11.78
	<hr/>
	1,759.12

Category 2

Software maintenance	13,757.81
	<hr/>
	13,757.81

Total for the period **15,516.93**

These disbursements have not been paid in this reporting period.

Appendix 4

Schedule of expenses

WorldSpreads Limited (in special administration)
Expenses schedule from 18 September 2014 to 17 March 2015

	Paid (£)	Accrued (£)	Total for period (£)
Costs of realisation			
Legal fees inc disbursements	208,430	75,179	283,610
Professional fees	490	0	490
Administrators' fees	0	338,034	338,034
Administrators' expenses	0	15,517	15,517
Telephone, telex & call centre	333	300	633
Other realisation costs	4,509	0	4,509
Irrecoverable VAT	0	85,806	85,806
	213,763	514,837	728,600

Notes

The figures included in the "paid" column above relate to costs incurred and paid in the period. Accordingly, these figures do not include payments made in the period that relate to accruals notified in our previous reports.

Special Administrators' remuneration and expenses

The Special Administrators' remuneration has been agreed with the creditors' committee, in accordance with Rule 196, as detailed in Appendix 3. Details of the Special Administrators' time costs incurred in this period are set out in the attached Report, supported by an analysis of time costs and expenses also included at Appendix 3.

Creditors' request for further information

Any additional information regarding other expenses charged for the period is available from the Special Administrators upon request by any Secured creditor, any unsecured creditor(s) and any client(s) with at least 5% in value of the unsecured debt in accordance with Rule 201. This request must be made within 21 days of receipt of the Report. In addition creditors and clients are reminded that the quantum can be challenged by any Secured creditor, any unsecured creditor(s) or any client(s) with at least 10% in value (including that creditor's claim/client's assets) of the unsecured debt by making an application to Court in accordance with Rule 202 of the Rules within 8 weeks of receipt of this Report. The full text of these rules can be provided upon request.