

# Dolphin Financial (UK) Ltd (in Special Administration)

Joint Special Administrators' progress report  
for the period from 30 June 2023 to 29 December 2023

Court no: 1111 of 2021

26 January 2024

**evelyn**  
PARTNERS

# Contents

1.	Glossary	1
2.	Introduction and summary	3
3.	Progress of the Special Administration	3
4.	Receipts and payments	8
5.	Costs of the Special Administration	8
6.	Investigations	10
7.	Estimated outcome	10
8.	Outstanding matters	11
9.	Privacy and data protection	12
10.	Duration and exit from the Special Administration	12
11.	Creditors' rights	12
12.	Next report	13

# Appendices

I	Receipts and payments account	15
II	Time analysis for the Period	18
III	Cumulative time analysis	22
IV	Staffing, charging, subcontractor, and adviser policies and charge out rates	23
V	Consultants	26
VI	Professional advisers	27
VII	Category 1 expenses	28
VIII	Category 2 expenses	29
IX	Other expenses	30
X	Statutory information	31

# 1. Glossary

Abbreviation	Description
EP	Evelyn Partners LLP
Bar Date	A deadline for Clients to submit their claims in respect of Client Money and/or Client Custody Assets
Britannia	Britannia Global Markets Limited – a purchaser of certain assets of Dolfin Financial (UK) Ltd
CASS	The FCA's "Client Assets Sourcebook" rules
CASS Reconciliation	A reconciliation of Client Assets undertaken by the JSAs following their appointment
Client	A party for whom the Company held either Client Money and / or Client Custody Assets
Client Assets	Client Custody Assets and Client Money
Client Custody Assets	Securities which the Company held for Clients at 30 June 2021 (whether or not on trust and whether or not the undertaking has been complied with).
Client Money	Cash balances that the Company has received or holds for or on behalf of a Client in the course of, or in connection with any of its businesses as referenced in CASS 7.10.1 and any money that the Company treats as Client money in accordance with the Client Money Rules contained in CASS 7.10. to 7.19
Client Money Rules	CASS 7 and 7A, the provisions for the handling, distribution and transfer of Client Money
Committee	The Clients and Creditors Committee, consisting of the following members: Dolfin Asset Services Limited (represented by Mr T Symes of Stewarts Law) RMS Investment Funds SPC (represented by Mr P Theologites) Mr Shiqi Xu (represented by Mr L Chua of Jackson & Lyon LLP) Mr Ye Li (represented by Mr N Zang) Mr Rob Watts
Client Money Pool / CMP	The pool of Client Money held on trust by the Company in accordance with the Client Money Rules and which has been pooled in accordance with CASS 7A.2.4 for the purpose of returning the Client Money, including by way of a transfer to a subsequently nominated broker(s)
Company / Dolfin	Dolfin Financial (UK) Ltd (in Special Administration)
Court	High Court of Justice, Business and Property Courts of England and Wales
Creditor / unsecured creditor	A party owed an amount from the Company, including i) a Client who is not entitled to participate in the Client Money Pool nor entitled to Custody Assets held by the Company; ii) a Client with a shortfall of either Client Money or Custody Assets; iii) any other creditor, which is neither secured nor preferential, who is owed an amount from the Company.
DP / Distribution Plan	A statutory Distribution Plan, pursuant to the Regulations and the Rules, to facilitate the return of Client Custody Assets
DWF	DWF Law LLP, the JSAs legal advisors, who were previously engaged by Company
EP	Evelyn Partners LLP (formerly Smith & Williamson LLP). Evelyn Partners includes the former Tilney Discretionary Portfolio Management Ltd Investment Operation Team ("Tilney") which provided advice and assistance in relation to the initial CASS reconciliation of Dolfin's Client Assets

Foot Anstey	Foot Anstey LLP, legal advisors to the JSAs since their appointment on certain matters
FCA	Financial Conduct Authority
FSCS	The Financial Services Compensation Scheme
HMRC	His Majesty's Revenue & Customs
House Assets	The Company's own assets
the JSAs / we / us	The Joint Special Administrators, being Adam Henry Stephens and Kevin Ley of EP
Lewis Silkin	Lewis Silkin LLP, employment legal advisors to the Company and, since their appointment, to the JSAs
Objectives	The three statutory objectives of a special administration set out in Regulation 10 of the Regulations, being: Objective 1 – to ensure the return of Client Assets as soon as is reasonably practicable Objective 2 – to ensure timely engagement with market infrastructure bodies, The Bank of England, The Treasury and the FCA pursuant to regulation 13 of the Regulations Objective 3 – to either rescue the Company as a going concern or, alternatively, to wind it up in the best interests of the Company's Creditor
Period	The period of this report, being 30 June 2023 to 29 December 2023
PPE	Primary pooling event
PPM	Post pooling money comprising corporate action income and any other Client Money received after the PPE on 30 June 2021
Preferential creditor	Claims for unpaid wages earned in the four months before insolvency, up to £800, holiday pay of up to 6 weeks, certain unpaid pension contributions and some HMRC liabilities
Prescribed part	The sum set aside for unsecured creditors from floating charge funds, in accordance with s176a of the IA86 and the IA86 (Prescribed Part) Order 2003 as applied by Regulation 15
Proposals	The JSAs' proposals for achieving the Objectives of the Special Administration issued on 17 August 2021 and approved on 2 September 2021
Regulations / IBSA	The Investment Bank Special Administration Regulations 2011 as amended by The Investment Bank (Amendment of Definition) and Special Administration (Amendment) Regulations 2017
Residual Client Book / RCB	Clients and their Client Assets remaining held by Dolfin
RPS	The Redundancy Payments Service, being a government department that pays outstanding entitlements to employees in the event their employer is insolvent (subject to statutory limits)
Rules	The Investment Bank Special Administration (England and Wales) Rules 2011
SAR	The Special Administration Regime, to include the Regulations and the Rules
Secured creditors	Creditors with security in respect of their debt, in accordance with s248 IA86
Special Administration	The Special Administration of the Company following the Court order dated 30 June 2021
SIP	Statement of Insolvency Practice (England & Wales)

## 2. Introduction and summary

This report provides an update on the progress of the Special Administration for the six-month period ended 29 December 2023. It should be read in conjunction with all previous reports and the Proposals. To date, there has been no deviation from the strategy outlined in the approved Proposals.

In summary, during the Period we have formulated a costs model proposal. This proposal was outlined to the Committee in August 2023. In November 2023 the Committee concluded that they were unable to approve the JSAs remuneration, which is key to the costs allocation, without the advice and assistance of a third party fee assessor. In November 2023 the Committee resolved to engage their choice of fee assessor, although the scope of the fee assessor's work is yet to be finalised. We anticipate this will be resolved shortly and the JSAs will be in a position to instruct the fee assessor to undertake their work. We have been advised their work is likely to take approximately three months.

Once the fee assessor's report has been received the JSAs believe we will be in a position to seek Court directions on certain key points, which will enable an application for a DP to be made soon thereafter. This should enable the JSAs to return Client Assets.

In the Period the JSAs have also:

- continued to engage with lawyers and Counsel in relation to the return of Client Assets;
- liaised extensively with the Committee;
- addressed all Client and creditor queries received (which are often from Clients' legal advisors), as well as continued to make contact with Clients who have not yet approved their Client Statement;
- provided assistance to various regulatory bodies in relation to their ongoing queries into the conduct of Dolfin and its office holders;
- continued liaising with Britannia in respect of the payment of deferred consideration due, as well as pursuing sales of Dolfin's few remaining assets;
- continued to safeguard and reconcile all Client Assets; and
- fulfilled all statutory and best practice requirements in relation to the Special Administration.

Further detail in respect of work undertaken to date is detailed below and in the appendices.

## 3. Progress of the Special Administration

This section provides Clients and Creditors with an update on how we have been pursuing the strategy of the Special Administration with a view to achieving the three Objectives and, in particular, progress made during the Period.

### 3.1 Objective 1 – Returning Client Money and Client Custody Assets as soon as reasonably practicable

#### 3.1.1 Return of Client Assets, DP strategy

The JSAs have sought to progress the return of Client Custody Assets. In August 2023 we presented our outline of how the costs of the Special Administration may be apportioned between different classes of Client and House assets. The Committee were unable to approve the proposed costs allocation and the JSAs remuneration and have requested that a fee assessor is engaged to review the JSAs remuneration. See section 3.1.8 for further information.

Once the Committee have approved the JSAs remuneration and the cost allocation model proposed by the JSAs we will make an application to Court for directions. Court directions will enable the Court to consider and decide upon certain key issues that are required to be addressed in advance of distributing the residual assets. The JSAs will also report to the Court on the conduct of the Special Administration to date. Following this hearing, the JSAs will seek approval of the DP from the Committee, which will be followed by an application to Court for approval of the DP.

Once the DP is approved the JSAs will then be in a position to return Client Custody Assets. At present we are unable to provide an estimated time of this return, but once the fee assessor has been engaged and their timeframe is better understood, the JSAs will make further information about timeframes available on the website at:

[www.evelyn.com/services/restructuring-and-recovery-services/dolfin-financial-uk-ltd-in-special-administration](http://www.evelyn.com/services/restructuring-and-recovery-services/dolfin-financial-uk-ltd-in-special-administration)

With regard to the return of Client Monies, the JSAs have been put on notice of a potential claims. Further investigations are ongoing in this regard, but in the meantime the return of Client Monies is delayed until this matter is resolved. The JSAs plan to resolve this matter by undertaking further investigations and reporting on these investigations to the Court as part of the abovementioned Court directions application.

We therefore anticipate that once Court directions have been received we will be in a position to return Client Monies.

### **3.1.2 Client Statements**

The JSAs are continuing to seek engagement from those Clients who have yet to respond to approve their Client Statement.

Whilst there have been a further 8 approvals during the Period, we continue to encounter the following issues, including but not limited to:

- Inconsistencies in the Company's contact database
- Changes in contact information, given the passage of time
- Refusal to engage with the JSAs
- Misunderstanding of the process to verify holdings
- Changes in client advisors

We urge any Client who has not yet completed their form to contact Jack McGinley at [jack.mcginley@evelyn.com](mailto:jack.mcginley@evelyn.com).

### **3.1.3 Safeguarding and reconciling Client Custody Assets and Client Money**

We continue to operate post Special Administration bank accounts, in accordance with CASS rules, to segregate PPM received and perform CASS reconciliations, as required. We regularly liaise with Dolfin's sub custodians and banks to ensure Client Custody Assets and Client Money are safeguarded and correctly reconciled.

All Client Money balances and PPM received are held in originating currencies and balances will be returned to Clients in the currency held. PPM are funds received in relation to Client Custody Assets held, such as dividends and maturity proceeds, with the funds held in segregated bank accounts.

### **3.1.4 Maintaining critical operations**

As at the date of this report, we continue to engage the services of four consultants to assist us to:

- Maintain IT systems;
- Secure and reconcile Client Assets and account for PPM;
- Liaise with the FCA, FSCS and other public bodies
- Communicate with Clients.

In order to maintain Client Assets and historic data we retain a number of IT systems that require ongoing support from a number of IT providers.

We continue to monitor costs and eliminate them when appropriate. These efforts continue to be hampered by historic reliance on the legacy investment management software and historic maintenance of the underlying data.

### **3.1.5 Client communications**

We continue to communicate with Clients, their appointed advisors and Creditors via the Dolfin web page, email accounts and direct contact.

The JSAs will post updates via the designated channels, as and when material issues arise, or when there is material progress to report on. As a reminder, the page address is:

Dolphin web page: [www.evelyn.com/services/restructuring-and-recovery-services/dolphin-financial-uk-ltd-in-special-administration](http://www.evelyn.com/services/restructuring-and-recovery-services/dolphin-financial-uk-ltd-in-special-administration)  
Email: [Dolphin.transfer@evelyn.com](mailto:Dolphin.transfer@evelyn.com)

At this time the JSAs wish to also give notice that all future documents in relation to the Special Administration are to be made available for viewing and downloading at <https://www.ips-docs.com/>.

To access these documents:

- 1) Go to <https://www.ips-docs.com/> and click in the centre of the screen
- 2) At the next screen click the padlock for "Portal Login"
- 3) Enter (case sensitive) login code: Dolf1n2021
- 4) Enter the (case sensitive) password/unique ID: Dolf1n2021
- 5) Click 'LOGIN'
- 6) You will then be presented with case information and a list of documents to choose from and when you choose a document, you will be sent an email link to allow you to open it.

Alternatively, you may choose the option on the left-hand side which provides a link to all available documents.

In undertaking the above, you will receive an automated notification upon publication of all future documents in connection with Dolphin.

### **3.1.6 Client Assets -Britannia**

On 12 July 2021, the JSAs completed a sale of certain Client contracts to Britannia.

All possible transfers have been completed to the extent that valid transfer instructions were provided within a reasonable time frame. Discussions remain ongoing in relation to the recovery of deferred consideration from Britannia. For commercial reasons, we cannot disclose the substance of these negotiations with Britannia. Any further recoveries will be disclosed in future progress reports.

### **3.1.7 Costs of returning Client Assets**

The SAR provides that Objective 1 costs associated with the return of Client Custody Assets are to be paid out of Client Custody Assets and Objective 1 costs attributable to the distribution of the Client Money are to be paid out of the Client Money Pool. CASS Rules further permit that the costs of dealing with CAI may be deducted from CAI balances held.

Should there be surplus House funds, Clients may receive a distribution in relation to unsecured claims in the Special Administration for the costs of returning Client Assets. The JSAs will consider this at the appropriate juncture, based on House realisations available.

FSCS has determined that the conditions are not met for FSCS to exercise its discretion to proactively fund the Objective 1 costs in relation to any of Dolphin's Clients. This means Dolphin's Clients will be required to fund the costs of transferring their own Client Assets.

On 24 August 2023 the JSAs outlined to the Committee their proposal for the apportionment of the costs of the Special Administration between each of the different asset classes. To enable the costs to be finalised the JSAs require that their remuneration is approved by the Committee. The Committee were unable to provide this approval and have asked that a fee assessor is engaged to assess the JSAs remuneration before they make a decision on the apportionment of costs.

Upon receipt of the fee assessors report the JSAs expect to reconvene with the Committee to finalise approvals for their remuneration and how all of the costs of the Special Administration are to be apportioned between different asset classes.

Further information on progress will be provided in advance of the JSAs next statutory progress report and will be published by way of a global update via the designated communication channels. The JSAs request that Clients and Creditors therefore monitor both the webpage and IPS portal, as referenced at 3.1.5 for further updates during the forthcoming reporting period.

### 3.1.8 Consulting with the Committee

As set out in section 2, there has been frequent communication with the Committee in the Period.

In addition to formal meetings, we continue to engage with the Committee via ad-hoc calls, email exchanges and updates (the last of which was issued on 16 January 2024). A summary of meetings and issues discussed with the Committee are set out as follows:

Date	Principle purpose
24 August	A Committee meeting was held at which the JSAs provided a presentation estimating the costs of the Special Administration and how the costs would be apportioned between the different classes of assets. The Committee were invited to approve the JSAs remuneration.
1 September	The JSAs provided a report to the Committee with further information about their remuneration incurred to date.
24 October	Following discussions with various Committee members and letters received from one Committee member, it was clear that further advice would be required to enable the Committee to reach a determination on the costs issues before they felt able to approve the JSAs remuneration.  The JSAs proposed engaging a fee assessor to provide assistance to the Committee. We identified two candidates who had in depth knowledge of the Investment Bank Special Administration regime and CASS rules who would be able to undertake this work to provide a report to the Committee before the end of 2023. A note was circulated to the Committee to highlight issues raised since the last Committee meeting and to propose a way forward.
17 November	A Committee meeting was held to address feedback on the costs modelling and the Court application for directions. One of the Committee members provided details for an alternative fee assessor to the two proposed by the JSAs and we understand some of the Committee members met shortly after this meeting to discuss which fee assessor should be engaged. The Committee agree to engage the third proposed fee assessor, who we have been advised will take approximately three months to undertake their review.
8 December	The JSAs wrote to the Committee members to ask them to respond on key matters discussed at the formal Committee meeting held in November, notably the scope of the work to be undertaken by the fee assessor and whether the Committee required that an agent be engaged to provide their view on the value of Custody Assets that the JSAs had determined were illiquid.

Since the last formal correspondence with the Committee the JSAs have urgently sought to ascertain the views of the Committee members about the scope of the work the fee assessor should be engaged to undertake. Views have since been obtained, albeit post conclusion of the reporting period.

Once the fee assessors work is complete the JSAs anticipate we will be in a position to convene a further meeting of the Committee where we will again seek approval of our remuneration and the apportionment of the costs of the Special Administration.

## 3.2 Objective 2 – Engagement with market infrastructure bodies

### 3.2.1 FCA

We continue to liaise with the FCA in relation to our strategy for achieving the objectives of this SAR, the transfer of Client Assets (development of a DP, transfer agreement and cost allocation model), Client positions, regulatory compliance matters and statutory reporting requirements.

The FCA are aware of the obstacles and challenges faced by the JSAs during the Period, with regards to seeking approval of our remuneration and the apportionment of costs.

### 3.2.2 FSCS

As stated in earlier reports, the FSCS determined that the conditions are not met for FSCS to exercise its discretion to proactively fund the objective 1 costs in relation to any of Dolfin's Clients and that Dolfin's Clients will be required to fund the costs of transferring their own assets.

We remain in continued dialogue with the FSCS in respect of Clients ability to apply for, and receive, compensation in relation to the costs of the Special Administration. Clients may contact the FSCS, as it may consider claims on a case-by-case basis. FSCS may also in due course, and at FSCS's discretion, issue an update on FSCS's Dolfin webpage setting out which categories of Dolfin's Clients who have paid for the transfer of their assets may be eligible to seek compensation from FSCS in respect of the same.

### 3.3 Objective 3 – Rescue the investment bank as a going concern or wind it up in the interests of creditors

As a result of the potential indebtedness of Dolfin and restrictions imposed by the FCA, as a consequence of compliance failures, it was not possible to rescue the Company as a going concern and / or effect a sale of its shares. We continue to focus on winding up the affairs of Dolfin in the best interests of its Clients and Creditors, in accordance with the proposals approved on 2 September 2021.

### 3.4 House Assets

House Assets are those assets owned by Dolfin as opposed to those held on trust for Clients. Proceeds from the sale of House Assets are used to pay, in the following order; the expenses of the Special Administration relating to the pursuit of Objectives 2 and 3, preferential debts and ordinary unsecured creditors.

It's anticipated that funds realised from House Assets will be sufficient to cover the expenses of the Special Administration in full. Any deficiency in House Assets is not recoverable from Client Assets. The JSAs therefore contemplate that there may be sufficient funds to enable a distribution to preferential and, possibly, unsecured creditors.

At the date of this report, we have realised House Assets totalling £5,107,541, as shown in the Receipts and Payments account at Appendix I. Material realisations comprise:

- Cash at bank of £1,840,620;
- Interest earned of £2,083,707;
- Proceeds from the sale of the Client book to Britannia of £600,000;
- Court ordered payment of costs in relation to the remuneration challenge against the JSAs brought by Dolfin Asset Services Limited of £150,000; and
- VAT recoveries of £256,352.

The JSAs continue to pursue further recoveries in relation to business rates refunds, deferred consideration from the sale of the Client book to Britannia, debtor balances owed by Clients and some remaining artwork.

## 4. Receipts and payments

Attached at Appendix I is our receipts and payments account for the Period. This account includes cumulative figures for the whole of the Special Administration from 30 June 2021 to 29 December 2023. The receipts and payments account also includes a comparison with the directors' Statements of Affairs values.

Please note that all balances presented in the Receipts & Payments account at Appendix I are shown inclusive of VAT.

The following monies have been received in the Period:

- gross bank interest of £935,038;
- proceeds from the sale of IT equipment of £1,920;
- interest on late VAT refunds of £10 from HMRC; and
- VAT recoveries of £51,551.

The following payments have been made in the Period:

- payments to consults totalling £111,102, plus expenses of £82, were made. Consultants have been retained to assist the JSAs maintain operations critical for the residual Clients;
- £54,524 was paid to various IT systems providers;
- sub-custody charges of £32,303 and bank charges of £578;
- legal fees of £5,032 and legal expenses of £109,909;
- Corporation Tax of £18,470 for the first year of the Special Administration to 29 June 2022;
- A VAT fine of £400 for late submission was deducted from VAT recoveries; and
- The cost of the LEI renewal of £60

## 5. Costs of the Special Administration

As noted in earlier reports, the professional costs of the Special Administration to date can be split into the following three categories:

- the pre-Special Administration costs incurred by EP and DWF;
- post-appointment remuneration; and
- post-appointment expenses and disbursements (to include category 1 and category 2 disbursements).

Further detail in respect of these costs is provided below.

### 5.1 Pre- Special Administration costs

As previously reported, the committee approved EP's pre appointment costs of £195,694.04 plus VAT, as well as DWF's pre appointment costs of £70,337 plus VAT and disbursements of £17,333 plus VAT. These costs have been drawn/paid in full.

## 5.2 Post-Special Administration costs

### 5.2.1 Basis of the JSAs remuneration

The JSAs are entitled to receive remuneration for services given in respect of:

- Objective 1, which will be paid out of Client Assets; and
- Objectives 2 and 3, which will be paid out of House Assets.

The basis of our remuneration may be fixed:

- As a percentage of the value of the property with which we must deal; or
- By reference to time properly spent by us (when in office) and our staff in attending to matters arising in the Special Administration, or
- As a set amount; or
- By any combination of the above.

The basis upon which we may be remunerated is a matter for the Committee to consider and approve by way of resolution in accordance with the Regulations and Rules.

At present the basis of the JSAs remuneration has not been fixed however, the Committee remain under consultation in this regard.

A guide for creditors on insolvency practitioners' fees in administration is available at [ICAEW SIP 9](#). Please note that this guide is not wholly relevant to the special administration regime for investment banks, such as Dolfin.

We have previously provided our guide for creditors in respect of insolvency practitioners' fees in Special Administration, however, please note that this is now available for download at [SIP 9 SAR](#).

Should you require a paper copy of these documents please email [Dolfin.transfers@evelyn.com](mailto:Dolfin.transfers@evelyn.com) and it will be sent to you at no cost.

### 5.2.2 The JSAs' time costs to 29 December 2023

During the Period we incurred total time costs of £387,602, which represents 659.4 hours at an average charge out rate of £588 per hour.

At Appendix II we provide a detailed analysis of the time costs by reference to the grade of staff used and work done. The information is provided in accordance with SIP 9. A detailed narrative of the tasks undertaken in respect of each work activity is also set out within Appendix II.

Also attached at Appendix III, is a cumulative time analysis for the whole of the Special Administration from 30 June 2021 to 29 December 2023, which provides details of the JSAs' time costs since appointment.

**The JSAs have not yet drawn any post appointment fees, which remain under consideration by the Committee.**

Clients and creditors should be aware that some work is required by statute and may not necessarily provide any financial benefit to Clients and creditors. Examples include dealing with former employees' claims through the Redundancy Payments Service and providing information relating to the Company and its former officers as required by the Company Directors' Disqualification Act 1986.

A copy of "A Creditor's Guide to Administrator's Fees," as produced by R3, is available free on request or can be downloaded from their website [R3 Guide](#).

Details of EP's current charge out rates, as well as policies in relation to the use of staff, are provided at Appendix IV.

The JSAs have no business or personal relationships with the parties who approve our fees. We also have no business or personal relationships with those who provide services to the Special Administration where the relationship could give rise to a conflict of interest.

## 5.3 Expenses

### 5.3.1 Professional advisors' and agents fees and expenses

During the Period we continue to engage a number of professional advisors and agents. At Appendix VI we have detailed the basis on which these advisors were engaged and our fee arrangement with each (which is subject to review on a regular basis) and the costs incurred to date.

### 5.3.2 Disbursements

From time to time it may be necessary for EP to pay certain expenses relating to work being undertaken. The JSAs are permitted to charge and recover such disbursements which are classified as either category 1 or category 2 disbursements.

Category 1 disbursements are expenses paid by EP to third parties and are recoverable without approval. These are detailed at Appendix VII.

Category 2 disbursements are internal expenses incurred by EP that include an element of allocated costs or a profit element. Category 2 disbursements are subject to the same approval as the JSAs' remuneration.

We engaged the services of our Investment Operations Team (Tilney) to assist with our initial reconciliation exercise and ongoing CASS reconciliations. No time costs have been incurred in this Period, as shown at Appendix VIII.

In accordance with the Regulations and the Rules, the drawing of Category 2 disbursements is subject to the approval of the Committee.

## 6. Investigations

Our investigations remain ongoing, and we continue provide information and assistance to certain regulatory authorities, as and when is deemed appropriate. These matters remain confidential.

The JSAs have also been put on notice of a potential fraud / proprietary tracing claim by certain T1 Investor Visa clients. Further investigations are ongoing in this regard.

Clients and creditors are urged to come forward with any other information which might assist us in making recoveries.

## 7. Estimated outcome

### 7.1 Clients

It remains the intention of the JSAs to return Client Assets in full, subject to any deductions that may be required to pay the associated costs of returning them.

The JSAs are committed to distributing Client Assets at the earliest opportunity, however for the reasons set out above, we are presently unable to determine with complete accuracy, the timetable for achieving this.

We remain in regular communication with the Committee, who remain in place to represent the interests of all stakeholders.

It is intended that an interim update to our website will be made available ahead of the next statutory report falling due. The JSAs urge clients to monitor the designated communication channels referenced earlier in the report.

### 7.2 Creditors

#### 7.2.1 Secured creditors

We are not aware of any secured creditors. As part of statutory framework we will issue formal notice to any party who may be in a position to assert security over Dolfin's Client Assets prior to submitting the DP to Court.

## 7.2.2 Preferential creditors

We are aware of the following preferential creditors in respect of:

- Employee claims: RPS submitted a claim of £27,984.40; and
- HMRC: A secondary preferential claim for £170,014.02.

Based on realisations to date, as well as those forecast, the JSAs consider there may be sufficient funds available to pay a distribution to the primary and secondary preferential creditors.

## 7.2.3 Unsecured creditors

We are aware of the following unsecured creditors in respect of:

- Employee claims;
- Trade and expense creditors; and
- HMRC

Creditors who have yet to register their claims may do so by completing and returning the form available at:

[www.evelyn.com/services/restructuring-and-recovery-services/dolfin-financial-uk-ltd-in-special-administration](http://www.evelyn.com/services/restructuring-and-recovery-services/dolfin-financial-uk-ltd-in-special-administration)

# 8. Outstanding matters

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

- The JSAs will continue to pursue the deferred consideration due in relation to the Britannia transaction and realise all remaining assets, such as the artwork and business rates refund;
- Instruct a fee assessor, at the request of the Committee, to review work undertaken by the JSAs to date and the JSAs proposed cost allocation model to enable the Committee to approve the JSAs remuneration and proposed cost allocation model;
- Finalise an application to Court for directions on key matters, including the claims made by certain Tier 1 Investor Visa clients;
- Distribution of Client Money;
- Finalising the DP and receiving Committee and Court approval of the same, which will enable a distribution of Client Custody Assets;
- Distribution of Client Custody Assets to new brokers;
- Tracing the small number of clients who are yet to actively engage in relation to Client statement verification;
- Concluding investigations into the Company's affairs, management and taking action in relation to any potential claims identified;
- Continuing to comply with any information requests, to the extent that the JSAs are obliged to do so;
- Dealing with Dolfin's ongoing Corporation Tax and VAT obligations, and seeking clearance prior to the closure of the Special Administration;
- Seeking Court approval for a Hard Bar Date prior to closure of the Special Administration; and
- Issuing six monthly progress reports, and the final report when the Special Administration can be closed.

## 9. Privacy and data protection

As part of our role as JSAs, we would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at [www.evelyn.com/rrsgdpr](http://www.evelyn.com/rrsgdpr).

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

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

## 10. Duration and exit from the Special Administration

As set out previously, a special administration does not automatically end after 12 months.

Once we consider that the Objectives of the Special Administration have been met, it may be concluded by either:

- making an application to the Court under paragraph 79 of Schedule B1 to the Act and seeking any order necessary (which may include a request to place the Company into liquidation); or
- filing a notice with the Court and Registrar of the Company's dissolution.

As stated previously, there is no prospect of the investment bank being rescued as a going concern. At this stage, it is not possible to provide a definitive timescale for the duration of the Special Administration.

## 11. Creditors' rights

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

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive. These rights apply only to matters which have not been disclosed in previous reports.

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

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

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

## 12. Next report

We remain focused on returning Client Assets as quickly as possible and will notify stakeholders of any material developments on that matter as soon as practicable.

We are required to provide a progress report within one month of the end of the next six months of the Special Administration. In the meantime updates to Clients will also be provided, as and when appropriate, and uploaded to our webpage:

[Dolfin - Evelyn web page](#)

Thank you.



**Adam Henry Stephens and Kevin Ley**

Joint Special Administrators

Date: 26 January 2024

Adam Henry Stephens and Kevin Ley have been appointed as Joint Special Administrators of the Company on 30 June 2021.

The affairs, business and property of the company are being managed by the Joint Special Administrators as agents and without personal liability.

All officeholders are authorised and licensed in the UK by the Institute of Chartered Accountants in England and Wales and are bound by their code of ethics. Further details of their licensing body along with our complaints and compensation procedure can be accessed at: [www.evelyn.com/insolvency-licensing-bodies](http://www.evelyn.com/insolvency-licensing-bodies).

The Joint Special Administrators may act as controllers of personal data, as defined by the UK data protection law, depending upon the specific processing activities undertaken. Evelyn Partners LLP may act as a processor on the instructions of the Joint Special Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Special Administrators' appointment.

The Fair Processing Notice in relation to the UK General Data Protection Regulation can be accessed at [www.evelyn.com/rrsgdpr](http://www.evelyn.com/rrsgdpr).

Should you wish to be supplied with a hard copy of any notice, attachment or document relating to a case matter, please contact the staff member dealing with this matter at any time via telephone, email or by post and this will be provided free of charge within five business days of receipt of the request.

The word partner is used to refer to a member of Evelyn Partners LLP. A list of members is available at the registered office.

Registered in England at Gresham Street, London EC2V 7BG No OC369631.

Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities.

# Appendices



# I Receipts and payments account

## Receipts and payments account to 29 December 2023

Statement of Affairs	From 30/06/21 to 29/06/23	Period: 30/06/23 to 29/12/23	Total
£	£	£	£
<b>RECEIPTS</b>			
	110	-	110
	1,148,669	935,038	2,083,707
	60,633	-	60,633
Uncertain Furniture & equipment	800	1,920	2,720
17,538.00 IT software	-	-	-
2,000.00 Investment in group undertakings	-	-	-
151,472.00 HMRC - VAT & CT Tax repayments	-	-	-
61,708.00 Artwork	-	-	-
NIL Trademarks	-	-	-
	1,646	10	1,656
	4,826	-	4,826
	1,004	-	1,004
	21,078	-	21,078
	1,869	-	1,869
	709	-	709
	40	-	40
	4,399	-	4,399
	150,000	-	150,000
NIL Britannial initial payment	600,000	-	600,000
NIL Deferred consideration	-	-	-
NIL Residual Client book/database	-	-	-
1,802,526.00 Firm's cash at bank	1,840,620	-	1,840,620
1,300,731.00 Inter-company debtors	-	-	-
11,815.00 Employee debts	-	-	-
49,875.00 Other trade debtors	-	-	-
23,906.00 Accrued income	-	-	-
4,518.00 Margin cash at bank	-	-	-
3,566,294.00 Custody fees from Clients	77,819	-	77,819
	204,801	51,551	256,352
<b>Total receipts</b>	<b>4,119,022</b>	<b>988,519</b>	<b>5,107,541</b>

Statement of Affairs	From 30/06/21 to 29/06/23	Period: 30/06/23 to 29/12/23	Total
£	£	£	£
<b>PAYMENTS</b>			
<b>House / Company payments</b>			
Pre-appt legal disbursements	(21,280)	-	(21,280)
Pre-appt legal fees	(84,404)	-	(84,404)
Special administrators' pre-appt expenses	(28,138)	-	(28,138)
Special administrators' pre-appt fees	(234,833)	-	(234,833)
Agents/valuers fees	(8,633)	-	(8,633)
Data room	(1,022)	-	(1,022)
Pre-appt advertising - sale of business	(1,200)	-	(1,200)
PAYE & NI	(6,716)	-	(6,716)
Pension contributions	(7,337)	-	(7,337)
Pension servicing fee	(667)	-	(667)
Wages & salaries	(15,872)	-	(15,872)
Consultants' incentive payments	(278,000)	-	(278,000)
Consultants' expenses	(380)	-	(380)
Consultants' monthly payments	(130,371)	(7,590)	(137,961)
Bank charges	(5,663)	(556)	(6,219)
Interest charged	(110,993)	-	(110,993)
Legal expenses	(33,426)	(34,977)	(68,403)
Legal fees	(302,467)	(5,032)	(307,499)
Agent fees - RPO submission	(1,872)	-	(1,872)
Insurance of assets	(1,333)	-	(1,333)
Post redirection	(321)	-	(321)
Ransom payments	(5,882)	-	(5,882)
Statutory advertising	(6,625)	-	(6,625)
Storage & removals costs	(2,993)	-	(2,993)
Venue hire	(1,042)	-	(1,042)
VAT fine	-	(400)	(400)
Corporation Tax	-	(18,470)	(18,470)
<b>Total House / Company payments</b>	<b>(1,291,468)</b>	<b>(67,024)</b>	<b>(1,358,492)</b>

Statement of Affairs	From 30/06/21 to 29/06/23	Period: 30/06/23 to 29/12/23	Total
£	£	£	£
<b>PAYMENTS</b>			
<b>Payments in relation to Client Assets</b>			
PAYE & NI	(25,264)	-	(25,264)
Wages & salaries	(60,936)	-	(60,936)
Consultants' expenses	(539)	(82)	(622)
Consultants' monthly payments	(597,718)	(103,512)	(701,230)
Custodian charges	(206,061)	(32,303)	(238,365)
Bank charges	(127,795)	(23)	(127,817)
Interest charged	(8,500)	-	(8,500)
LEI renewal	(66)	(60)	(126)
Document notarisation	(975)	-	(975)
Legal expenses	(32,395)	(74,932)	(107,327)
Legal fees	(128,058)	-	(128,058)
IT support	(393,880)	(54,524)	(448,404)
Ransom payments	(62,790)	-	(62,790)
Translation fees	(2,628)	-	(2,628)
Venue hire	(4,166)	-	(4,166)
<b>Total Client Assets payments</b>	<b>(1,651,771)</b>	<b>(265,437)</b>	<b>(1,917,208)</b>
FX differences on transfers	154,316	123,604	277,920
<b>Total payments</b>	<b>(2,788,923)</b>	<b>(208,857)</b>	<b>(2,997,780)</b>
<b>Grand total</b>			<b><u>2,109,761</u></b>
<b>Cash at Bank</b>			<b><u>2,109,761</u></b>

## Notes

- Please note that the above R&P account shows firm money balances only. Client Money and Post Pooling Monies are received into separately designated client accounts and are not included in the above account.
- House balances are held in a number of different currencies. To assist in presenting this information in a readable format all currencies have been converted to GBP at the exchange rate on 30 June 2021. This leads to exchange rate differences due to conversions at other dates, which is represented by the line 'FX differences on transfers'
- Details of payments made to sub-contractors are shown in the body of our report.
- There have been a small number of reallocations of costs between cost accounts which have been applied during this Period, relating to prior periods. These relate to showing pre appointment legal fees and expenses, and pre appointment Special Administrators' fees and expenses as a House cost, rather than Client Assets cost. These changes have had no impact on the net position, nor on the opening or closing cash at bank positions.
- All transactions in the receipts and payments account are presented inclusive of VAT. Recovery is at a proportion of all VAT incurred, and this is shown in the 'post-appointment VAT recoveries' line in the receipts section of the account.

## II Time analysis for the Period

From 30 June 2023 to 29 December 2023

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
<b>Objective 1: Client Assets</b>								
Sale of Client Assets to Britannia	0.1	1.5	-	-	-	1.6	£1,142.90	£714.31
Client communications	9.1	17.9	66.4	-	-	93.4	£48,453.65	£518.68
Reconciliations	0.6	34.2	4.3	-	-	39.1	£26,467.89	£677.22
Post Pooling Monies	0.9	2.7	1.3	-	-	4.9	£3,224.10	£664.76
Storage & backup of data			0.7	-	-	0.7	£287.30	£442.00
Trading matters	4.0	15.6	18.2	3.0	-	40.9	£22,401.25	£548.37
Liaison with the Committee	19.4	55.7	26.6	-	-	101.7	£68,063.90	£669.26
Client statements		0.5	8.1	-	-	8.6	£3,931.70	£457.17
Transfers, returns & sales	10.2	92.5	11.2	-	-	113.8	£78,928.40	£693.57
Strategy & planning	10.0	1.0	17.8	-	-	28.8	£17,388.50	£604.82
Reporting	2.9	16.6	0.7	-	-	20.1	£14,441.35	£720.27
<b>Total</b>	<b>57.1</b>	<b>238.1</b>	<b>155.1</b>	<b>3.0</b>	<b>-</b>	<b>453.4</b>	<b>£284,730.94</b>	<b>£628.06</b>
<b>Objective 2: Liaison with Regulatory Bodies</b>								
Liaison with Regulatory Bodies	4.4	1.2	3.5	-	-	9.1	£6,280.20	£690.13
<b>Total</b>	<b>4.4</b>	<b>1.2</b>	<b>3.5</b>	<b>-</b>	<b>-</b>	<b>9.1</b>	<b>£6,280.20</b>	<b>£690.13</b>
<b>Objective 3: Company ("House")</b>								
Administration & planning	2.0	34.7	38.7	0.6	-	75.9	£43,109.41	£567.73
Investigations	1.9	21.7	45.1	2.7	-	71.4	£31,051.38	£434.79
Realisation of assets	2.3	2.3	10.6	-	-	15.2	£8,076.64	£531.94
Creditors	-	-	2.9	-	-	2.9	£1,281.80	£442.00
Corporate Tax	1.0	6.8	23.1	0.5	-	31.5	£13,072.03	£415.42
<b>Total</b>	<b>7.2</b>	<b>65.6</b>	<b>120.3</b>	<b>3.8</b>	<b>-</b>	<b>196.9</b>	<b>£96,591.26</b>	<b>£490.56</b>
<b>Grand Total</b>	<b>68.7</b>	<b>304.9</b>	<b>278.9</b>	<b>6.9</b>	<b>-</b>	<b>659.4</b>	<b>£387,602.40</b>	<b>£587.86</b>

*This schedule is a record of time costs incurred. What we are paid in respect of these time costs will be a matter for the Committee to decide, on the basis of the information provided above and any other evidence in support, which is reasonably required.*

## Notes and further information on tasks undertaken in the Period

### Objective 1: Client Assets time costs

#### Sale of Client Assets to Britannia

- Engaging with Britannia in respect of the deferred consideration

#### Client communications

- Managing the dedicated email addresses and phone lines for general Client queries and responding to all Client queries received, including a significant quantity of correspondence from Clients' legal advisors
- Maintaining the Dolfin portal and engaging with Clients

#### Reconciliations

- Management of Dolfin's Client Assets, including both Client Monies, Client Custody Assets and accounting for PPM received
- CASS team meetings in respect of reconciliation practicalities and issues arising
- Managing professional contractors engaged to oversee Client CASS requirements are met
- Management and liaison with banks and sub custodians (e.g. Bank of New York, Lloyds etc.)
- Reviewing and determining the correct allocation of Dolfin's debtor ledger as far as this impacts Dolfin's Clients
- Reviewing bank statements and transactions, dealing with bank charges and other issues arising
- Providing updates to various Clients, on request, about certain transactions
- Monitoring foreign exchange issues
- Updating and supporting Dolfin's software management system, IMS

#### Post Pooling Monies

- Managing PPM accounts
- Dealing with funds received in error
- Reconciling and recording all dividends, coupons and corporate actions
- Liaising with sub-custodians and issuers in relation to corporate actions

#### Storage & backup of data

- Maintaining secure copies of paper and electronic Company and Client records
- Liaising with Dolfin's Head of IT and Evelyn Forensic team / Financial Crime Teams

#### Trading matters and continuity of operations

- Administering payments for retained contractors
- Review of critical suppliers and negotiating continuity of supply, managing any undertakings given or reducing hours / terminating contracts where possible
- Ensuring controlled functions, as required by the FCA, are fulfilled to the extent appropriate
- Maintaining / revising contracts with retained contractors

#### Liaison with the Committee

- Convening and holding Committee meetings on 24 August and 17 November
- Preparing reports and presentation packs for the Committee, including minutes of meetings and costs modelling analyses and information relating to the JSAs remuneration

- Providing interim updates by group or individual emails and individual calls, as well as dealing with correspondence received
- Following the committee's request for a fee assessor, identifying suitable candidates to undertake the work, considering the scope of the role of the fee assessor and liaising with Committee members to ensure work undertaken by the fee assessor meets their requirements
- At the request of the Committee, liaising with third parties to determine parameters of engagement valuing selected client custody assets, presently deemed unrealisable

### **Client Statements**

- Issuing reminders to Clients who failed to return statements

### **Transfers, returns & sales**

- Considering and managing the impact of restrictions on Clients and Client Assets (e.g. sanctions, compliance regulations)
- Considering in detail the costs, contents and workable timeline of a DP, including a prior application to Court for directions in relation to the DP
- Forecasting and modelling the costs incurred in relation to Client Assets and the impact on the DP
- Planning and drafting the DP and other associated documents with our legal advisors
- Liaison with the FCA and other interested parties in relation to planning the DP
- Consideration of a wide range of matters that impact upon a DP

### **Strategy & planning**

- Case and file maintenance
- Regular review and if required revision of strategy for dealing with Client Assets
- Managing Client currency accounts in accordance with the prescribed Client Money Rules
- Proactive management of strategy in relation to the ongoing management of Dolfin's functions

### **Reporting**

- Updating Client information schedules and back ups
- Other general reporting and schedules for Clients, as required
- Drafting and making available the JSAs' 5<sup>th</sup> progress report

### **Objective 2: Liaison with Regulatory bodies time costs**

- Correspondence, calls and meetings with the FCA
- Correspondence, calls and meetings with the FSCS and provision of information to it
- Communication with other regulatory bodies

### **Objective 3: Company ("House") time costs**

#### **Administration & Planning**

- Case and file maintenance and periodic compliance review
- Filing of statutory documents in accordance with the Rules and Regulations
- Complying with filing of formal notices etc. to all requisite stakeholders in accordance with statute and relevant timescales
- Review and revision of the Special Administration strategy, including internal and external meetings
- Managing Evelyn staff resource and briefings on the Special Administration strategy
- Managing various agents and advisors assisting with the Special Administration

- Liaising with Evelyn VAT and corporation tax partners regarding tax efficient strategies on the case and the filing of returns
- Statutory reporting, including the information required for progress reports
- Maintenance and reconciliations of estate bank accounts

### **Investigations**

- Ongoing general and targeted review of the Company's books and records, including financial and management accounts and bank statements, Client files and contracts
- Ongoing review of the Tier 1 Visa program and associated payments
- Determining recoverability of aged debtors
- Liaising with public authorities and assisting in other ongoing investigations

### **Realisation of assets**

- Managing ongoing insurance cover requirements for the business and assets
- Engaging with Rabbows, the Company's chattel agents, to obtain payment of final IT assets sold
- Managing the sale / marketing of remaining Company assets (e.g. Recycle Group artwork)
- Managing the assignment of domains

### **Creditors**

- Correspondence and telephone calls with Company Creditors
- Ongoing legal matters pertaining to employment tribunal claims and Subject Access Requests, engaging with solicitors and in house legal

### **Corporate Tax**

- Advising on and providing information for monthly VAT returns
- Liaising with HMRC in respect of VAT queries (e.g. partial recovery)
- Approving and filing VAT returns
- Preparing, submitting and paying the first year's Corporation Tax Return

### **Notes and further information on tasks undertaken**

In addition to the Notes accompanying the time analysis for this Period (above), readers may wish to refer to the detailed narrative of tasks undertaken provided in earlier progress reports. A copy of all progress reports can be found here: [Dolfin - Evelyn web page](#)

# III Cumulative time analysis

From 30 June 2021 to 29 December 2023

Classification of work function	Hours					Total hours	Time cost	Average hourly rate
	Partner / Director	Associate director	Manager/ Assistant Manager	Other professional staff	Assistants & support staff			
<b>Objective 1: Client Assets</b>								
Sale of Client Assets to Britannia	255.6	257.8	37.9	46.9	-	598.3	£363,749.41	£607.99
Client communications	174.3	75.1	368.4	142.3	-	760.0	£399,187.22	£525.21
Reconciliations	63.4	420.1	230.6	144.2	-	858.3	£476,969.77	£555.72
Post Pooling Monies	4.1	29.0	15.7	4.5	-	53.2	£31,183.02	£586.15
Storage & backup of data	7.4	3.8	26.6	33.8	-	71.4	£31,991.83	£447.96
Trading matters	72.6	66.9	181.7	124.7	-	446.0	£215,036.08	£482.09
Liaison with the Committee	116.3	102.4	389.5	81.2	1.3	690.6	£389,810.55	£564.41
Client statements	39.3	11.7	262.9	154.1	-	468.0	£209,249.70	£447.13
Transfers, returns & sales	643.4	405.2	650.0	54.4	-	1,753.1	£1,091,184.70	£622.44
Strategy & planning	51.3	31.4	94.3	95.4	-	272.3	£133,106.56	£488.82
Reporting	18.4	34.3	72.7	60.5	0.8	186.6	£96,799.55	£518.71
<b>Total</b>	<b>1,446.2</b>	<b>1,437.5</b>	<b>2,330.2</b>	<b>942.1</b>	<b>2.0</b>	<b>6,157.9</b>	<b>£3,438,268.38</b>	<b>£558.35</b>
<b>Objective 2: Liaison with Regulatory Bodies</b>								
Liaison with Regulatory Bodies	54.1	27.9	47.4	50.9	-	180.3	£97,689.28	£541.87
<b>Total</b>	<b>54.1</b>	<b>27.9</b>	<b>47.4</b>	<b>50.9</b>	<b>-</b>	<b>180.3</b>	<b>£97,689.28</b>	<b>£541.87</b>
<b>Objective 3: Company ("House")</b>								
Administration & planning	179.8	171.0	415.7	219.7	1.4	987.6	£496,803.04	£503.02
Investigations	21.5	29.1	327.6	46.8	-	425.0	£213,360.38	£502.04
Realisation of assets	86.8	39.5	191.9	90.1	-	408.2	£205,421.19	£503.22
Creditors	5.2	8.2	27.1	46.4	-	86.8	£34,249.40	£394.35
Case specific: legal actions	28.3	19.4	117.8	0.4	-	165.9	£103,137.46	£621.68
Corporate Tax	16.2	12.2	67.2	67.3	-	162.9	£59,944.64	£367.98
<b>Total</b>	<b>337.7</b>	<b>279.3</b>	<b>1,147.4</b>	<b>470.6</b>	<b>1.4</b>	<b>2,236.5</b>	<b>£1,112,916.10</b>	<b>£497.62</b>
<b>Grand Total</b>	<b>1,838.0</b>	<b>1,744.7</b>	<b>3,525.1</b>	<b>1,463.6</b>	<b>3.4</b>	<b>8,574.7</b>	<b>£4,648,873.77</b>	<b>£542.16</b>

# IV Staffing, charging, subcontractor, and adviser policies and charge out rates

## Introduction

Detailed below are:

- Evelyn Partner LLP's policies in relation to:
  - Staff allocation and the use of subcontractors
  - Professional advisers including Evelyn Partners Financial Services Ltd
  - Expense recovery
- Evelyn Partner LLP's current charge out rates

## Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director or consultant as joint officeholders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level. We delegate tasks to suitable grades of staff, considering their experience and any specialist knowledge that is needed, and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

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

It may be necessary to utilise staff from both the regional and London offices, subject to the specific requirements, e.g., geographical location, of individual cases.

This case is predominantly being conducted from the London office.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the Period covered by this report are set out in appendix V.

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

## Use of professional advisers

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

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

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

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

## Expenses

Category 1 expenses do not require approval by creditors. The type of expenses that may be charged as a Category 1 expense to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also, chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 expenses do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Evelyn Partners LLP's policy is to recover only one type of Category 2 expense, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 expenses.

However, on this case we have also sought to recover the costs of Evelyn Partners Special Operations Team to assist with reconciling and handling Client Assets. Details of their costs in the Period covered by this report are set out in the body of this report.

## Charge out rates

The rates applicable to this Period are set out below. For details of rates applicable to earlier periods, please refer to the corresponding report:

<b>Evelyn Partners LLP Restructuring &amp; Recovery Services Charge out rates from 1 January 2023</b>	<b>Rates £/hr</b>
Partner	870-890
Director & Associate Director	560-760
Managers	430-630
Other professional staff	210-360
Support & secretarial staff	120-140

Evelyn Partners LLP	
Corporate Tax	Rates
Charge out rates from 1 January 2023	
Partner / Director	590-950
Associate Director	430-535
Managers	230-460
Other professional staff	105-245
Support & secretarial staff	60-75

Evelyn Partners LLP	
Forensics	Rates
Charge out rates from 1 July 2023	
Consulting Partner	808
Senior Managers	595
Other professional staff (inc. technical support)	196-408

#### Notes

1. Time is recorded in 1-minute units or multiples thereof.
2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. The cashiering function time is reported according to the seniority of staff undertaking the work in our time analyses and is split between 'Other professional staff', 'Managers' and 'Associate Director'.
4. Partner includes a Consultant acting as an officeholder or in an equivalent role.

## V Consultants

Provider / service	Role	Basis of fee arrangement	B/F from previous period £	Costs incurred in current period £	Costs paid in current period £	Cumulative Costs £	Costs outstanding at period end £
Consultants (various)	Reconciliations & CASS Support	Hourly rate / daily rate & expenses	0.00	73,850.00	73,850.00	376,919.92	0.00
Consultants (various)	Other (IT / Client communications & Legal matters)	Hourly rate / daily rate & expenses	0.00	36,493.96	36,493.96	427,831.87	0.00
<b>Total</b>			<b>0.00</b>	<b>110,343.96</b>	<b>110,343.96</b>	<b>804,751.79</b>	<b>0.00</b>

\* Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown as net.

## VI Professional advisers

Name of professional advisor	Basis of fee arrangement	Balance brought forward £	Costs incurred in current period £	Cumulative total £	Costs paid in current period £	Costs outstanding at period end £
DWF LLP (inclusive of counsels' fees settled by DWF) - Legal advice re Clients and transactions	Hourly rate and expenses	358,120.91	193,269.00	947,260.65	67,438.50	483,951.41
Lewis Silkin LLP - Legal advice re employment matters	Hourly rate and expenses	0.00	3,346.01	37,165.67	3,346.01	0.00
Foot Anstey LLP - Legal advice re strategic matters	Hourly rate and expenses	72,455.50	1,753.00	76,958.50	0.00	74,208.50
Rabbow & Co LLP	Hourly rate and expenses	0.00	0.00	2,700.00	0.00	0.00
Birkett Green Lees LLP - Advice and assistance with business rates refunds	Hourly rate and expenses	0.00	0.00	4,544.34	0.00	0.00
Companies House	Filings and charges	0.00	0.00	2,010.00	0.00	0.00
<b>Total</b>		<b>430,576.41</b>	<b>198,368.01</b>	<b>1,070,639.16</b>	<b>70,784.51</b>	<b>558,159.91</b>

\* Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown net of VAT. Total costs outstanding may include costs incurred in prior periods, but not yet paid.

## VII Category 1 expenses

Description	B/F from previous period £	Costs incurred in current period £	Cumulative total £	Costs paid in current period £	Costs outstanding at period end £
Administrators' bonds	140.00	0.00	140.00	0.00	140.00
Travel & subsistence	575.50	0.00	575.50	0.00	575.50
Information Commissioner's Office ("ICO") Renewal Fee	40.00	0.00	40.00	0.00	40.00
<b>Total</b>	<b>755.50</b>	<b>0.00</b>	<b>755.50</b>	<b>0.00</b>	<b>755.50</b>

\* Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown net of VAT. Total costs outstanding may include costs incurred in prior periods, but not yet paid.

## VIII Category 2 expenses

Description	Basis of expenses arrangement	B/F from previous period £	Costs incurred in current period £	Cumulative total £	Costs paid in current period £	Costs outstanding at period end £
Tilney	Time costs & disbursements	54,862.88	0.00	54,862.88	0.00	54,862.88
<b>Total</b>		<b>54,862.88</b>	<b>0.00</b>	<b>54,862.88</b>	<b>0.00</b>	<b>54,862.88</b>

\* Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown net of VAT. Total costs outstanding may include costs incurred in prior periods, but not yet paid.

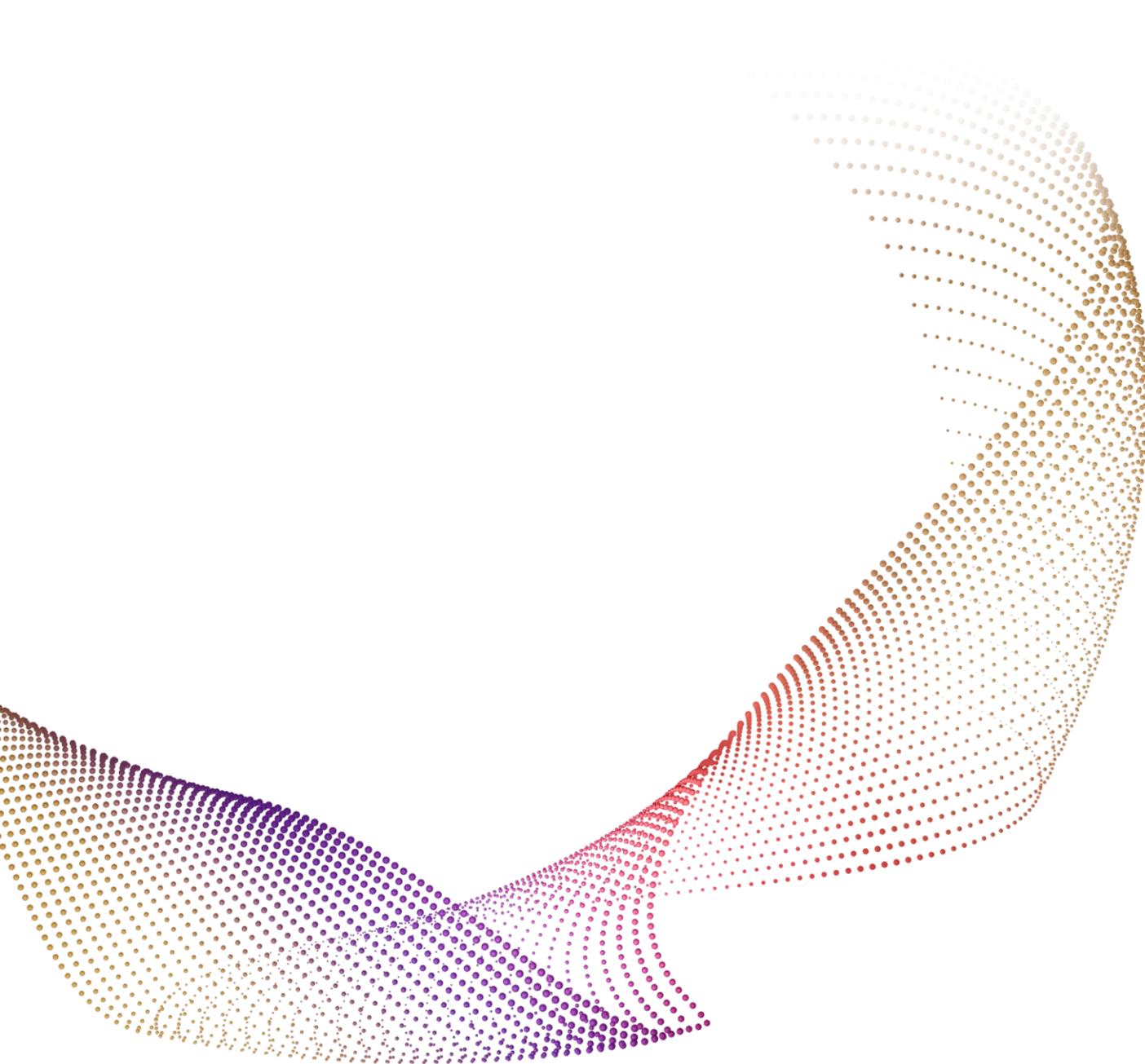
## IX Other expenses

Supplier/service provider and nature of expenses incurred	B/F from previous period £	Costs incurred in current period £	Costs paid in current period £	Cumulative total £	Costs outstanding at period end £
Techrelate Ltd - manage the IT infrastructure and supply the various licenses required to run the systems	0.00	13,072.40	13,072.40	77,152.49	0.00
CorelX Ltd - data centre, where all the backups are maintained	0.00	11,364.42	11,364.42	46,154.95	0.00
Dashro Solutions Ltd - assisting JSAs with the Company's bespoke software and migrating data, as well as producing the Client statements	0.00	21,000.00	21,000.00	206,633.33	0.00
Profile system & software (Cyprus) Ltd (CASS client database software)	0.00	0.00	0.00	52,345.00	0.00
Grants Storage Ltd (Storage and removals)	0.00	0.00	0.00	900.54	0.00
Courts Advertising (Bar Date Notice)	0.00	0.00	0.00	5,379.40	4,379.40
<b>Total</b>	<b>0.00</b>	<b>45,436.82</b>	<b>45,436.82</b>	<b>388,565.71</b>	<b>4,379.40</b>

\*Please note that all balances presented in the Receipts & Payments account at Appendix I are shown gross of VAT. The balances listed above are shown net of VAT. Total costs outstanding may include costs incurred in prior periods, but not yet paid.

# X Statutory information

Relevant Court	High Court of Justice, Business & Property Courts of England & Wales Company & Insolvency List			
Court Reference	1111 of 2021			
Incorporated on	5.11.10			
Trading Name(s)	Dolfin			
Trading Address & former registered office	77 Coleman Street, London EC2R 5BN			
Former Name(s)	RMS Fingroup Limited (23.4.14 – 4.10.16) Structured Investment Group Limited (5.11.10 – 23.4.14)			
Registered Office	45 Gresham Street, London, EC2V 7BG			
Registered Number	07431519			
Joint Special Administrators	Adam Henry Stephens (IP No 9748) & Kevin Ley (IP No 25090) Evelyn Partners LLP, 45 Gresham Street, London EC2V 7BG In accordance with P100 (2) Sch B1 IA 86, a statement has been made authorising the Joint Special Administrators to act jointly and severally			
Date of Appointment	30 June 2021			
Appointor	Order made on the application of the directors			
Directors (current)	<u>Name</u>	<u>Appointed</u>	<u>Resigned</u>	<u>Shareholding</u>
	Rodney Baker-Bates	29.5.20	20.1.22	-
	Amir Nabi	16.9.16	8.9.21	-
Directors (last 3 years)	Stephen Kingsley	19.5.20	31.3.21	-
	Sanjay Maraj	30.9.13	30.9.20	-
	Denis Nagy	20.9.13	30.4.20	-
Company Secretary	None recorded at Companies House			
Shareholders	<u>Name</u>	<u>No. shares held</u>	<u>Voting rights</u>	
	Semen & Marina Linovich	563,634 - Preference	3.08 %	
	Semen & Marina Linovich	563,634 - Ordinary	3.08 %	
	Dolfin Group (UK) Ltd	17,160,001- Ordinary	93.84 %	
Cross-border insolvencies and EU Regulation	<p>The Recast EC Regulation on Insolvency Proceedings (2015/848) does not apply since it does not apply to insurance undertakings, credit institutions and investment undertakings. Dolfin is an investment undertaking providing services including the holding of funds or securities for third parties.</p> <p>The JSAs have been advised that the Retained Insolvency Regulation will not apply to insolvency proceedings opened in respect of the Company. These proceedings are 'centre of main interest' proceedings to which the EU Regulation as it has effect in the law of the United Kingdom.</p>			



[www.evelynpartners.com](http://www.evelynpartners.com)

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

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

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

**evelyn**  
PARTNERS