

Keydata Investment Services Limited (in Administration)

Six monthly report to creditors

7 January 2010

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Executive summary

Introduction

Keydata Investment Services Limited (“the Company”) was placed into Administration, a formal insolvency procedure, on 8 June 2009.

We, Dan Schwarzmann and Mark Batten of PricewaterhouseCoopers LLP, were appointed as Joint Administrators of the Company. In our role as Joint Administrators we act as officers of the Court and are granted powers to control the finances and operations of the Company.

As Administrators, we have to complete certain statutory duties, as prescribed by the Insolvency Act 1986, and follow guidance provided in Statements of Insolvency Practice issued by professional bodies responsible for the authorisation and regulation of Insolvency Practitioners.

Our statutory duties include providing all known creditors with an update on the progress of the Administration every six months following the date of our appointment. This is in accordance with Rule 2.47(3)(a) of the Insolvency Rules 1986. This is our first six monthly report to creditors.

You are advised to refer to the document containing our proposals (dated 29 July 2009) which was circulated to creditors, and is available on our website www.pwc.co.uk/KIS, for background information on the relevant sections of this report. A copy of this document is available on request.

A copy of this report is available on our dedicated website for the benefit of interested stakeholders.

Creditors of the Company

We consider any individual or company who has received a copy of this report to possibly be a creditor of the Company. This includes Independent Financial Advisors (“IFAs”), former employees who are owed monies by the Company and trade creditors.

Investors in products administered by the Company are only creditors if they have suffered a loss caused by the Company. We consider that if you invested in Secure Income Bonds 1, 2 or 3 you may be a creditor.

Investors who invested through an ISA wrapper in products backed by Lifemark S.A (“Lifemark”), which are now known not to be ISA eligible, may be creditors of the Company too. This includes investors in five year versions of Secure Income Plans, Defined Income Plans and Secure Income Bond 4.

Objective of the Administration

The statutory objective of the Administration is:

- to achieve a better result for the Company’s creditors as a whole than would be likely if the Company were wound up, without first being in Administration.

Our specific objectives in this case include:

- to protect all client accounts; and
- to deal with investors, IFAs and trade and other creditors regarding their claims against the Company.

Next reports

Our next report will be distributed to creditors in six months’ time. In the interim, we will continue to update our website with matters of significance.



Dan Schwarzmann
Joint Administrator
Keydata Investment Services Limited

Overview of the Administration

The Company administers its own structured (blue chip backed) investment products, life settlement products, income property bonds and also administers products on behalf of third party clients.

The Company services approximately 260,000 investors with investments totalling some £2.85 billion.

As detailed in our proposals document dated 29 July 2009, the Financial Services Authority Client Money Rules require investors' funds to be held in segregated client accounts. They are deemed to be protected client monies which cannot be used to settle the costs of trading the Company or our remuneration.

Our responsibility is to ensure these client accounts are operated in accordance with relevant financial services regulations and we retain control over them for this purpose.

Investment processing

At the date of our appointment, the Reading office employed 107 individuals across client service, finance, IT and HR functions.

The Reading team continues to process income payments, maturities and surrenders and has been invaluable in maintaining dialogue with investors. The team is supervised by several members of my staff.

Although a sale of the business as a whole became no longer feasible following the discovery of the misappropriation of assets held by SLS Capital S.A. ("SLS") underpinning Secure Income Bonds 1, 2 and 3, we still hoped to keep the administration function in tact and sought to pursue an outsourcing solution. This would have required ongoing funding by the Company's third party clients and also a continued revenue stream by way of commissions due from Lifemark which supports the majority of the Company's life settlement products.

During November 2009 it became clear that Lifemark was encountering liquidity issues (see page 7 below). In view of the uncertainty caused in relation to Lifemark's ability to pay ongoing commissions, the outsourcing proposition also had to be aborted and we are now seeking to facilitate the transfer of all third party administration and also the Company's own structured product book to alternative managers.

Whilst we were pursuing the outsourcing solution natural attrition negated any need for us to make redundancies.

However, at the end of November we made 19 redundancies in order to reduce operating costs. This has brought the number of employees to 57 at a monthly gross cost of £152,000 to the Administration.

To date the Reading office has processed the following transactions since our appointment:

	Total	£
New product investments	44	163,706,366
Surrenders	1,997	35,764,027
Income	60,781	13,811,006
Maturity Payments	11,912	134,222,184
Cancellations	2,200	30,335,435
Commissions	54	7,749,009

In addition, the client services team continues to receive and service approximately 12,000 calls a month from investors.

Loan agreement with Credit Suisse

We prepared our initial cashflow projections on the basis of trading the Company pending a sale of its business and assets. However, as noted above, due to the discovery that the assets of SLS had been misappropriated, a sale was unachievable.

In addition the main source of ongoing revenue, commissions from Lifemark, ceased (see page 7 below). As such, by early September we recognised that additional funding was required to meet the ongoing trading expenses of the Reading office.

We therefore approached the Company's main client in relation to third party administrative business, Credit Suisse, for their assistance. They agreed to enter into a non-recourse loan for £3,200,000. This loan was offered on commercially favourable terms to the Company.

We continually monitor the level of our cashflow and potential future funding requirements.

London office

Immediately following our appointment, all sales and marketing activity of the Company was suspended.

It was initially hoped this could be resumed following a share sale of the Company. However, once we identified the misappropriation of some of the underlying assets it was evident this was no longer achievable.

Accordingly, the majority of the London employees resigned, leading us to make the remaining five employees redundant and close the office in mid-July.

Glasgow office

The Glasgow office employed three individuals with responsibility for the finance function of the Company, including one of the directors. All of the directors were made redundant immediately following our appointment.

In September one of the remaining two employees resigned. We carefully considered the Company's position and, at the end of October, we took a decision to close the Glasgow office and make the remaining employee redundant.

We have now vacated this office.

Future prospects

It is currently envisaged that blue chip backed products and all investment products administered on behalf of third parties will transfer to other managers, leaving us with responsibility for the Company's life settlement products and income property bonds only.

SLS backed products

Investment products backed by SLS

In 2005 the Company decided to promote bonds which were backed by a portfolio of “Key Man”/senior life insurance policies which insured the lives of senior citizens in the USA. The basic structure of these products was such that the investors’ funds purchased a corporate bond issued by a Luxembourg special purpose vehicle, which in turn would invest in a portfolio of life insurance policies and cash. The first of these types of products were called Secure Income Bonds and issues 1, 2 and 3 of the Secure Income Bonds were issued between late 2005 and early 2006 by SLS.

In the course of our investigations into the Company we identified that a substantial debt of some £4m had become due from SLS. Upon further enquiry it appeared that this debt had arisen because income payable by SLS to investors in the Secure Income Bonds issues 1, 2 and 3 had in fact not been paid since late 2008 and had instead, been funded from the Company’s own corporate funds. This put us on notice of a potential issue with the underlying assets held by SLS. Over the weekend of 27/28 June 2009 we became aware of information which suggested that the underlying assets of SLS had been liquidated and may have been misappropriated.

All of these products were also promoted as complying with the requirements for a product to be an ISA as set out in the Individual savings Accounts Regulations 1998 SI 1998/1879 (the “ISA Regulations”). However, the Company had failed to ensure that the investments were properly structured to fulfil ISA eligibility criteria required by HMRC as set out in the ISA Regulations. This issue was identified by the Financial Services Authority (“FSA”) as part of an ongoing Enforcement Investigation and the full extent of the problem became clear when it became apparent that it was going to prove difficult, if not practically impossible, to rectify the defects in the ISA eligibility of the underlying products.

Financial Services Compensation Scheme (“FSCS”)

In November 2009, the FSCS confirmed the Company to be in “default” and wrote to all investors in Secure Income Bonds 1, 2 and 3 inviting them to submit a claim for compensation.

Before confirming the Company to be in default, the FSCS had to consider complex legal issues associated with this case in order to establish the categories of claim that it was able to consider and the correct approach to assessing those claims.

As a result, the FSCS has distinguished between SLS investors who elected for their funds to be invested in ISA products and those who have direct investments.

The FSCS has indicated that, whilst it must consider claims on a case by case basis, the vast majority of investors in Secure Income Bonds 1, 2 and 3, who held investments through an ISA, will be entitled to compensation. Investors who hold a direct investment in Secure Income Bonds 1, 2 and 3 will also be able to bring claims for compensation to the FSCS and these will be considered on a case by case basis in light of an investor’s dealings with the Company.

The maximum compensation available to each individual investor will be £48,000, calculated as 100% of the first £30,000 loss suffered and 90% of the next £20,000 loss suffered.

If you are a Secure Income Bond 1,2 or 3 holder and you have not received a compensation form, please contact the FSCS on 020 7892 7300 or alternatively 0800 678 1100.

ISA wrapper

HMRC have confirmed in their announcement of 13 November 2009 that Keydata investors investing in Secure Income Bonds 1, 2 and 3 in an ISA wrapper (but now found to be non compliant with ISA regulations) will be allowed to invest in a new ISA any amount up to the total originally invested in the Secure Income Bond 1, 2 or 3.

A new investment does not depend on receiving compensation from the FSCS and investors can opt to make their single reinvestment at any time up to the deadline HMRC have imposed of 5 April 2011. This is in addition to the ISA allowance available to all individuals during the year of reinvestment.

Lifemark backed products

Investment products backed by Lifemark

The structure of Lifemark products was such that the investors' funds purchased a corporate bond issued by a Luxembourg special purpose vehicle (Lifemark), which in turn invested in a portfolio of life insurance policies and cash.

Investors were able to elect for these products to be either ISAs or direct investments, over a fixed term of usually 5, 7 or 10 years.

Income payment position

A provisional administrator, Eric Collard of KPMG, has been appointed by the Luxembourg Court to Lifemark. I wish to emphasise that a provisional administrator in Luxembourg is not equivalent to an Administrator in the UK and Lifemark is not subject to any insolvency proceedings such as bankruptcy (faillite), controlled management (gestion contrôlée), a procedure of suspension of payments (sursis de paiement) or judicial liquidation (liquidation judiciaire). The provisional administrator within the limited scope provided by the Court order does not deprive the board of directors of its statutory powers. The board of directors must however inform the provisional administrator of all future decisions before they can validly be taken by the board.

Lifemark also owes the Company some £3 million in respect of outstanding commission payments to the end of October 2009.

We are in continuing dialogue with the directors of Lifemark through Colm Smith, and Eric Collard in his capacity as provisional administrator. They have informed us that Lifemark has encountered some short term liquidity issues. However they assure us that the position will be regularised soon and all arrears of income payments and an agreed commission will be paid to us by the end of January 2010.

The payment of income to investors has been delayed over recent weeks by various issues beyond our control.

I assure you that we will robustly protect the interest of investors and communicate developments on this matter through our website www.pwc.co.uk/KIS.

Surrender restrictions

Prior to our appointment investors were able to surrender Lifemark backed products and encash their investment.

This was possible because when an investor wished to surrender their investment it would be offered to the market and another party would purchase it. However, there is no longer an active market for these investments and surrenders are not presently occurring.

Unless a market can be established, investors will have to hold their investments until maturity.

ISA status

Lifemark products with a term of 5 years do not meet ISA eligibility requirements and ISA investors in these products therefore risked losing the ISA wrapper on their products and, incurring a tax liability in respect of historic and future interest payments.

HMRC announced in mid-November that they would not pursue individual ISA investors for any tax liability arising prior to our appointment but would instead lodge a claim against the Company for tax owed to them.

In respect of post-Administration income, the FSCS is currently developing a mechanism with HMRC to facilitate the direct payment of compensation in respect of any accrued post-appointment tax liability incurred by investors eligible for compensation from the FSCS. This will negate the need for individual investors to pay HMRC and subsequently, claim compensation from the FSCS.

HMRC has also confirmed that affected investors will be able to reinvest their money in a new ISA without losing their tax-free allowance, once their investment is redeemed or matures.

Lifemark backed investments with a term of more than 5 years are not affected by this issue.

Hometrak backed products

Investment products backed by Hometrak

These products were structured such that investors' funds purchased a corporate bond issued by Hometrak S.A. ("Hometrak"), a Luxembourg special purpose vehicle.

The proceeds of the bonds were then invested by Hometrak in promissory notes issued by a US property development company, Miles Properties Inc. which subsequently invested in two apartment complexes in the United States:

- Regency Pointe which prior to acquisition by Miles Properties Inc. on 21 August 2006 was called Cambridge Commons, in Forrestville, Maryland; and
- Royal Summit which prior to acquisition by Miles Properties Inc. on 15 September 2006 was called Madison Pointe, in Orlando, Florida.

We understand Miles Properties Inc. is a privately-owned specialist property investment company and we received confirmation early in the Administration from the Hometrak custodian that they hold three promissory notes issued by Miles Properties Inc. (each paying a 10% coupon) for a total principal amount of \$7.2m, as well as a current account holding £455,500 in cash.

We also received confirmation from the custodian that these notes are in default with regard to interest payments, the last payment having been received in July 2008.

Payments to investors continued to be made however, using the Company's own funds to finance any shortfalls. As a result, affected investors remained unaware of the underlying position.

We have confirmed that Miles Properties Inc., through its subsidiaries MPI Cambridge LLC and MPI Madison Pointe LLC, is the registered owner of both specified apartment complexes, but that it acquired the complexes with a mixture of investors' funds and mortgage finance secured on the developments.

Current position

We understand that both complexes are now effectively in negative equity due to the downturn in the US property market and that Miles Properties Inc. was unable to complete refurbishment plans for the sites. Furthermore, we have been advised that the banks which have security over the properties have appointed receivers.

In respect of the Regency Pointe property, Wachovia Bank appointed Realty Management Services as receivers on 9 May 2009.

In respect of the Royal Summit property, Regions Bank appointed Carl Marks as receivers on 8 June 2009.

As at this point in time Miles Properties Inc. does not have any intention of reacquiring possession of the properties. Their view is that it is highly probable that investors in these properties will not receive any return on, or return of, equity.

We will communicate any developments on this matter through the website.

Financial Services Compensation Scheme

The FSCS will only consider claims for compensation for losses attributable to the Company as opposed to poor performance of an investment product.

On this basis, we understand that, as matters currently stand, Hometrak backed investment products are unlikely to give rise to valid claims for compensation. However, the FSCS will consider claims brought to it on a case by case basis to determine whether they are eligible for compensation.

Tax aspects

Tax position on investment products

Prior to our appointment as administrators HMRC had been in correspondence with the Company regarding irregularities concerning certain ISA products, specifically products backed by Lifemark and SLS bonds. As a result of these irregularities the company was facing potentially significant liabilities for tax and penalties.

In addition to concerns about ISA eligibility, uncertainty also existed in relation to the Company's obligation to deduct income tax at source ("withholding tax") from payments to investors. Due to the complexity of the case with many hundreds of products involved and in the absence of a statutory basis for applying a blanket withholding tax, it proved impossible to reach an across the board agreement with HMRC which would give investors or the Company sufficient certainty on the tax position. Instead, it became clear the tax position of products would have to be considered individually.

Payments to investors had been on hold pending the outcome of these discussions. In order to allow payments to investors to resume, while at the same time protecting the tax position of the Company, a product review protocol was agreed with HMRC. Appropriate due diligence checks were carried out on each of the Company's products, including obtaining tax confirmations from dozens of underlying product providers. Based on our due diligence work HMRC agreed not to pursue the Company for tax liabilities on payments to investors made post-administration.

Regular updates for investors were posted on the website as products were gradually cleared for gross payment and, where appropriate, as being ISA eligible. As a result of this review a small number of additional products were identified with tax issues. This review is now complete.

Separately, detailed discussions were held with both the FSCS and HMRC concerning the tax position of ISA investors holding ISA-ineligible SLS and Lifemark backed products. The outcomes of these discussions are detailed in the relevant sections of this report.

Corporation tax

The tax compliance of the group has been outstanding for 2008 and 2009 with a small amount of tax paid in prior years. Given the significant potential tax claim HMRC has with regards to PAYE, tax and penalties arising from the irregularities (as noted above) any repayment would be set off. Accordingly, in order to minimise future work, we are in discussion with HMRC to reach a no profit no loss agreement for all pre and post administration periods and hence minimise the future tax compliance cost.

PAYE

HMRC has raised concerns regarding the pre-appointment payroll and potential under payments. Any additional exposure would be an unsecured claim.

VAT

As the activities were VAT exempt there is no scope for VAT recoveries pre-appointment and costs and fees post-appointment will be subject to VAT, and not recoverable.

Asset realisations

Pre-appointment bank accounts

At the date our appointment, we transferred pre-appointment balances totalling £2,951,992, held in the Company's corporate accounts, into our Administration account.

Debtor ledger

The total agreed debtors figure as at the date of our appointment was £1,191,724, of which £1,189,821 has been collected to date.

We have not sought to recover the balance of £1,903 due to the Company, as the cost of doing so outweighs any benefit. We do not anticipate any further collections.

Intercompany debtor

The Company's accounts record a debt of £6,607,082 due from its dormant holding company, Keydata UK Limited.

This company is insolvent and we were appointed as Joint Liquidators of Keydata UK Limited on 19 November 2009.

We do not expect any asset recoveries to be made from Keydata UK Limited.

Fundworks UK Limited loan

The Company provided a loan for £1 million to Fundworks UK Limited, on 27 September 2007.

On 30 January 2009, Fundworks UK Limited was placed into Administration. We are in communication with the Administrators and expect a nominal dividend may be paid to the Company.

We are presently reviewing the personal affairs of the director, who provided a personal guarantee in respect of the loan from the Company, to assess whether any further sums may be recoverable.

Arsenal box

We are seeking to realise the value in a corporate box at Arsenal which was acquired by the Company prior to our appointment.

Prepayments

As we have continued to trade the business since our appointment, we have used the benefit of any prepayments and where possible, continued to use the services of existing suppliers to minimise costs.

Dividend prospects

The level of dividend available for preferential and unsecured creditors is dependent upon receipt of commission payments from Lifemark.

On a worse case basis, if we do not receive any commission payments there will be no dividend for preferential or unsecured creditors.

However, if commission payments are received it is possible that preferential creditors will receive a 100p in £ and unsecured creditors may receive a nominal dividend, after Credit Suisse's loan is repaid in full.

Forensic investigation and litigation review

The PwC Forensic Services team has undertaken a range of tasks. This has included the preservation, storage and analysis of electronic data and conducting various investigations surrounding SLS, Lifemark and Hometrak.

In a subsequent phase of work, the Forensic team has been working in conjunction with our legal advisers Freshfields Bruckhaus Deringer LLP to seek to establish what potential claims the Company may have against various third parties to recover funds owed to the Company by SLS.

Before pursuing any litigation on behalf of the Company we will, having gathered further factual information and conducted formal interviews with various individuals (both internal and external to the Company), need to be satisfied that, on a cost-benefit analysis, such litigation is in the best interests of the Company's creditors as a whole.

Creditors' Committee

A Creditors' Committee was elected at the meeting of creditors held on 14 August 2009. The elected members were:

- Credit Suisse
- HM Revenue and Customs
- John Joseph Financial Services Limited
- Peter Magowan
- Vintage Financial Limited.

We, and the Creditors' Committee, have agreed for the following parties to be observers:

- Bruce Hattersley
- Financial Services Authority
- Financial Services Compensation Scheme
- HFM Columbus.

The observers are able to contribute to the meetings, however, they are not able to vote on proposed resolutions.

Members and observers of the Creditors' Committee are unremunerated for their time and other than receiving travel expenses, they receive no payment from the Company.

Function and role of the Committee

The statutory function of the Creditors' Committee is to assist us in discharging our responsibilities as set out in the Insolvency Act 1986.

The responsibility of the Creditors' Committee is to represent the interests of the unsecured creditors as a whole, rather than the interests of certain parties or individuals.

Committee meetings

Following the election of the Creditors' Committee there has been;

- A first formal meeting spanning two full days
- A second formal meeting
- Informal telephone calls with members and observers of the Committee to address specific matters.

The Creditors' Committee members and observers continue to commit substantial time to matters arising in the Administration and we wish to express our immense gratitude to them for their input during the last four months.

Our statutory report under the Company Directors Disqualification Act

In addition to providing all known creditors with six monthly reports, we also have a statutory obligation to consider the conduct of the directors under the Company Directors Disqualification Act and the Companies Act.

The purpose of this review is to establish whether any matters, in respect of a director's trading of a company, make him unfit to act as a director of another entity.

The reportable matters to be considered in preparing the submission are outlined in Statement of Insolvency Practice 4.

Six months after the appointment of an Administrator the findings on the conduct of the directors are sent to the Department of Business, Enterprise & Skills in one of the following submissions:

- D2 return to advise there are no reportable matters which should be brought to the attention of the Department for Business, Enterprise & Skills;
- D2 interim return to request more time to complete investigations into the directors' conduct; or
- D1 adverse report to provide evidence on matters in support of the disqualification of one or more of the directors.

In the event that a D1 adverse report is submitted, it is for the Department of Business Enterprise & Skills to decide on whether disqualification of a director is appropriate.

The interim and final submissions are not public documents and we are, therefore, unable to share our findings with creditors or other stakeholders. It is essential for these documents to remain confidential to promote an open exchange with the Department of Business, Enterprise & Skills.

Statutory information

Full name:	Keydata Investment Services Limited
Registered number:	3714989
Registered address:	Plumtree Court, London EC4A 4HT
Court details:	High Court of Justice, Chancery Division, Companies Court
Court case:	14997 of 2009
Company directors:	Mr Stewart Ford, Mr Craig McNeill and Mr Mark Owen
Company secretary:	Mr Craig McNeill
Shareholdings held by directors and secretary:	Less than 1%
Date of the Administration:	08 June 2009
Administrators' name and address:	Dan Schwarzmann and Mark Batten of PricewaterhouseCoopers LLP, Plumtree Court, London, EC4A 4HT
Appointer's name and address:	The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London, E14 5HS
Objective being pursued by the Administrators:	To achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, without first being in Administration
Division of the Administrators' responsibility:	During the period for which the Administration is in force, any act required or authorised under any enactment to be done by either or both of the Joint Administrators, may be done by any one or more of the persons for the time they hold office
Proposed end of the Administration:	The Administrators may use any, or a combination of, exit route strategies in order to bring the Administration to an end
Estimated dividend for preferential creditors:	Not currently estimated
Estimated dividend for unsecured creditors:	Not currently estimated
Estimated value of the prescribed part:	A prescribed part is not applicable in this case
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000) does not apply to this Administration as the Company is an investment undertaking for the purposes of Article1(2) of those regulations	

Exiting the Administration

We may use any, or a combination of exit route strategies in order to bring the Administration to an end.

If it is possible to distribute a dividend to unsecured non-preferential creditors, we will seek to move the Company into Creditors' Voluntary Liquidation. In these circumstances, we propose to act as Joint Liquidators of the Company.

However, if a dividend distribution is not possible we will file notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986, three months after which the Company will be dissolved.

We will approach the Creditors' Committee to be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 of The Insolvency Act 1986.

Administrators' remuneration

Our remuneration

As detailed earlier in this report, the Financial Services Authority Client Money Rules specifies investors' funds should be held in segregated client accounts. They are, therefore, deemed to be protected client monies which can not be used to settle the costs of trading the Company or our remuneration.

We can only draw our final remuneration, after all trading costs have been paid in full, from the balance in hand in the Administration. The balance in hand to 7 December 2009 is £1,931,820, as detailed in the receipts and payments section of this report.

Approval of our remuneration by the Creditors' Committee

At the first Creditors' Committee meeting we provided the Creditors' Committee with a comprehensive disclosure of information in respect of our remuneration, in accordance with the Statement of Insolvency Practice 9.

The Creditors' Committee has approved the following resolution in respect of our remuneration.

THAT, the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration and that the Joint Administrators be authorised to draw their fees on account to the end of December.

To 7 December 2009, we have drawn fees of £1,740,000 million plus VAT at 15% in relation to our accrued time costs of £4,679,506. This comprises of 13,283 hours at an average charge out rate of £352.31.

We have not drawn our time costs to date in full to ensure there are sufficient funds available to continue to trade the Reading office.

Extracts

We set out below our analysis of our time costs accrued to 7 December 2009, including details of the number of hours spent on this case by each grade of staff and by activity.

Relevant considerations

Our time costs to date should be considered with reference to:

- The complexity of managing a Company which administers client monies of approximately £2.85 billion and has over 260,000 investors;
- The resources required to deal with some 27,000 investors affected by the loss of ISA wrapper on their investments and the likely misappropriation of funds;
- The resources required to explore sale options for the business and assets of the Company and to complete due diligence requests;
- The agreements reached with HM Revenue and Customs in respect of the tax position of the Company; and
- The progression of our investigations into the affairs of the Company and its counterparties.

The extract below provides an analysis of the total hours and the associated cost by grade:

Grade	Hours	£
Partner	556	389,310
Director	2,518	1,582,830
Senior Manager	1,822	727,249
Manager	932	314,970
Senior Associate	4,370	1,167,553
Associate	2,941	483,715
Support staff	144	13,879
Total	13,283	4,679,506

The following extract provides an analysis of the total hours and associated cost by activity:

Activity		Hours	£
Strategy and planning	Strategy and planning	673	362,799
	Team management	57	16,937
Statutory and compliance		542	143,977
Sale of business		825	482,920
Assets	Asset realisations	226	65,842
	Retention of title	10	2,512
	Insurance	16	5,761
Forensic investigations		782	247,505
Tax		657	480,910
Trading	Employees	183	48,103
	Trading supervision	4,520	1,711,218
Creditors	Creditor enquires	3,847	887,462
	Creditors' Committee	260	79,526
Support services	Accounting and treasury	491	117,475
	Secretarial	194	26,559
Total		13,283	4,679,506

Receipts and payments account to 7 December 2009

Receipts and payments account to 7 December 2009

Receipts	
Cash at bank	2,951,992
Third party funding	1,800,000
Bank interest	3,225
	4,755,217
Payments	
Trading deficit	401,691
Administrators' fees	1,740,000
Statutory meeting expenses	34,417
Statutory advertising	1,234
Creditors' Committee expenses	81
Legal fees and disbursements	384,383
VAT	261,591
	2,823,397
Balance in hand as at 7 December 2009	1,931,820

Note: Some of the funds labelled in the Administrators' proposal document as 'balance transferred from pre-appointment accounts' have been reclassified as book debts, such funds having been received between the date of our appointment and the transfer of funds by the Company's bank to our account. The corrected balance is described as cash at bank above.

Trading account

Receipts	
Book debts	1,189,821
Trading income	458,880
	1,648,701
Payments	
Net wages	1,051,539
PAYE and NIC	386,709
Healthcare and pension payments	17,736
Employee expenses	16,971
Rent	32,955
Rates	14,587
Custodian fees	109,653
Trading expenses	122,336
Telephone, fax and IT services	64,263
Postage, stationery and printing	87,440
Storage costs	4,138
Security	1,703
Insurance	7,319
Bank charges	42,079
VAT	90,964
	2,050,392
Trading deficit	(401,691)

Note: This account is prepared on a cash basis. It takes no account of income earned but not yet received or accrued expenses.

Appendices

Appendix 1 – Form 2.24B

Rule 2.47

The Insolvency Act 1986

Form 2.24B

Administrator's progress report

2.24B

Name of Company Keydata Investment Services Limited	Company Number 03714989
In the High Court of Justice, Chancery Division, Companies Court <small>(full name of court)</small>	Court case number 14997 of 2009

We Mr Dan Yoram Schwarzmann and Mr Mark Charles Batten of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT, Administrators of the above company, attach a progress report for the period

from 8 June 2009 to 7 December 2009



Signed: Joint Administrator

Dated: 07.01.2010

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Victoria Keefe of PricewaterhouseCoopers LLP, Plumtree Court, London EC4A 4HT	
Fax: 020 7212 6744	Tel: 020 7212 6744
DX Number:	DX Exchange:

Companies House receipt date barcode

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

www.pwc.co.uk/KIS

Dan Schwarzmann and Mark Batten of PricewaterhouseCoopers LLP were appointed Joint Administrators of Keydata Investment Services Limited on Monday 8 June 2009, to manage its affairs, business and property as agents without personal liability. Dan Schwarzmann and Mark Batten are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

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