



**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)**

CR-2022-001095

Hearing Date: 22 Apr 2022 10:30

**IN THE MATTER OF PHILIPS TRUST CORPORATION LIMITED
AND IN THE MATTER OF THE INSOLVENCY ACT 1986**

or as soon thereafter. To be heard remotely by MS Teams unless filed otherwise by the Court not less than 1 week prior to the hearing.

APPLICANT: Kay Collins, being the Director of Philips Trust Corporation Limited (the Company”)

APPLICATION FOR ADMINISTRATION ORDER

1. This Application is made by Kay Collins of Suite B, 11th Floor, 5 Exchange Quay, Salford, England, M5 3EF being the Director of the Company (“the Applicant”) under Paragraph 12(1)(b) of Schedule B1 to the Insolvency Act 1986.
2. The Company is registered at Companies House under number 11099933 and its registered office is at Suite B 11th Floor, 5 Exchange Quay, Salford, England, M5 3EF.
3. The issued and called-up share capital of the Company is £250,000 divided into 250,000 ordinary shares with a nominal value of £1 each, all of which is paid up or treated as paid up.
4. The principal business carried on by the Company is that of a trust corporation that provides estate-planning services. The Company is the corporate trustee of approximately 2,345 trusts.
5. The Company is not an undertaking within Article 1.2 of the EU Regulation on Insolvency Proceedings as it has effect in the law of the United Kingdom.
6. For the reasons set out in the witness statement of Kay Collins dated 8 April 2022 filed in support hereof under rule 3.6 of the Insolvency (England and Wales) Rules 2016 (“the 2016 Rules”), it is considered that the EU Regulation on Insolvency Proceedings as it has effect in the Law of the United Kingdom will apply and these proceedings will be COMI proceedings as defined in the EU Regulation on Insolvency Proceedings as it has effect in the Law of the United Kingdom.
7. The Applicant believes, for the reasons set out in the witness statement of Kay Collins in

support of the Application that the Company is, or is likely to become, unable to pay its debts.

8. The names and address of the proposed joint administrators are Geoffrey Bouchier of Kroll Advisory Limited, The Shard, 32 London Bridge St, London SE1 9SG and James Saunders of Kroll Advisory Limited, The Chancery, 58 Spring Gardens, Manchester, M2 1EW.
9. The address for service of the Applicant is Glaisyers Solicitors LLP, One St James's Square, Manchester, M2 6ND;
10. The Applicant respectfully requests the court:-
 1. To make an administration order in relation to the Company;
 2. To appoint Geoffrey Bouchier and James Saunders to be joint administrators of the Company ("the Joint Administrators"); and
 3. To make such ancillary order as the Applicant may request, and such other order as the court thinks appropriate, and in particular:-
 - (1) The appointment of the Joint Administrators shall take effect from the time and date on which the Order is made.
 - (2) During the period for which the administration order is in force the affairs, business and property of the Company is to be managed by the Joint Administrators appointed to it.
 - (3) During the period for which the administration order is in force, any act required or authorised under any enactment to be done by either or all of the Joint Administrators in respect of the Company, may be done by any one or more of the persons for the time being holding that office with respect to the Company.
 - (4) The Joint Administrators be permitted to pay for the following categories of work, from the Trust Assets (as that expression, and the capitalised expressions below, are defined in the Report of the Joint Administrators exhibited to the evidence in support of this Application ("the Report")):
 - (a) The post-administration costs and expenses incurred by the Company, acting by the Joint Administrators, engaging Company

employees to provide future Trust Administration Services (or of such alternative service provider should the Joint Administrators so determine).

- (b) The remuneration of the Joint Administrators for:
 - i) The Trust Administration Supervision Tasks.
 - ii) Dealing with Client related matters, in particular dealing with enquiries from Clients.
 - iii) Dealing with issues concerning the Financial Conduct Authority.
 - iv) Court applications relating to Trust Assets and/or Client matters.
 - v) Collecting PTC Fees and Costs payable from the Trust Assets to the Company.
 - (c) Legal costs incurred by the Joint Administrators dealing with Trust Assets.
 - (d) One-half of the costs incurred (including the remuneration of the Joint Administrators) in establishing and conducting the affairs of the creditors' committee (as defined in the Report).
- (5) Subject to paragraph (6) below, the work done pursuant to the powers of the Joint Administrators under the Insolvency Act 1986 ("the 1986 Act"), the 2016 Rules and any relevant practice direction relating to the estate of the Company, including but not limited to:
- (a) the preparation of the reports required by the 1986 Act, including the proposals to creditors, the progress reports, the report to the insolvency service on the conduct of directors;
 - (b) the collection of the Company's assets and the adjudication of creditors' claims if there is a distribution; and,
 - (c) responding to creditors' enquiries;

be paid for in accordance with the provisions of payment of office-holders' remuneration, costs and expenses in the 2016 Rules from the PTC Assets,

save that one-half of the costs of establishing and running the creditors' committee (as defined in the Report) be paid from the Trust Assets.

- (6) If and to the extent that the PTC Assets are insufficient to pay any categories of work falling within paragraph (5) above in full, the Administrators are permitted to pay for that work from the Trust Assets.
- (7) The costs of and incidental to the Application be paid as an expense of the administration.
- (8) The Joint Administrators have liberty to apply.
- (9) The Joint Administrators do provide notice of this Order to the Clients (as defined in the Report) by 14 days.
- (10) The Clients have liberty to apply to vary (but not discharge) paragraph 4 of this Order on application to be issued no later than 35 days.

Signed: *Glaisyers Solicitors LLP*

Dated: 12 April 2022

Glaisyers Solicitors LLP, solicitors for the Applicant, whose address for service is One St James's Square, Manchester, M2 6ND (Ref: VAS/144285-0005)

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)**

**IN THE MATTER OF PHILIPS TRUST CORPORATION LIMITED
AND IN THE MATTER OF THE INSOLVENCY ACT 1986**

WITNESS STATEMENT OF KAY COLLINS

I, KAY COLLINS of Suite B, 11th Floor, 5 Exchange Quay, Salford, England, M5 3EF WILL SAY as follows:

Introduction

1. I am the sole director of Philips Trust Corporation Limited (“the Company”).
2. The matters set out in this witness statement are true and within my own knowledge except where I indicate otherwise. Where I rely on information which is not within my own knowledge, I have explained the basis and source of that information and believe it to be true. This statement has been prepared with the assistance of the Company’s solicitors, Glaisyers Solicitors LLP, through exchange of drafts, emails, telephone calls and meetings via Microsoft Teams.
3. There is now produced and shown to me a bundle consisting of true copies of the documents I will refer to in this witness statement marked “KC1”. Where I refer to page numbers in this statement, I am referring to page numbers in “KC1”.
4. I am making this witness statement in support of an application made by me, as director of the Company (the “Application”) seeking:
 - 4.1 An order pursuant to paragraph 13(1)(a) of Schedule B1 to the Insolvency Act 1986 (“IA86”) appointing Geoffrey Bouchier of Kroll Advisory Ltd of The Shard, 32 London Bridge Street, London, SE1 9SG and James Saunders of Kroll Advisory Ltd of The Chancery, 58 Spring Gardens, Manchester, M2 1EW (“the Proposed Administrators”) to be Joint Administrators of the Company (“the Order”); and

- 4.2 certain other directions incidental to the Proposed Administrators' appointment ("the Directions").
5. For completeness, I am authorised to make this witness statement by a resolution passed on 11 April 2022, pages 1 to 2.

Background information about the Company and its centre of main interests

6. The Company was incorporated on 6 December 2017. The registered office of the Company is at Suite B, 11th Floor, 5 Exchange Quay, Salford, England, M5 3EF ("the Registered Office").
7. From the Registered Office, the Company carries on the business of a trust corporation that provides estate-planning services, as such, the consumers are typically older people, with the youngest being 60 years old. The Company acts as the corporate trustee of approximately 2,345 trusts.
8. As the Registered Office is located within England and Wales and the main administrative functions of the Company are carried out within England and Wales, I believe that the Company's centre of main interests is within England and Wales. Consequently, I believe that these proceedings will be "COMI proceedings" (as that term is defined by rule 1.2(2) of the Insolvency (England and Wales) Rules 2016).

The financial position of the Company

9. Shown at pages 3 to 11 is a copy of the most recent financial accounts for the Company as filed at Companies House for the year-ending 31 December 2019, approved, by me, on 31 March 2021. Parker Whitwood Ltd prepared these accounts, which record a net asset position of £498,033.
10. These accounts are inaccurate and cannot be relied on because they record trust investments, as an asset of the Company, under 'debtors' and trust monies, as being a loan repayable by the Company, under 'creditors: amounts falling due within one year' which is incorrect.
11. The Company should have filed accounts for the year ending 31 December 2020 at Companies House by 30 September 2021. In late 2020, the Company appointed Champion Accountants, to replace Parker Whitwood, as its accountant. The Company instructed Champion Accountants to prepare amended year-end accounts for 2019 and year-end accounts for 2020. Unfortunately, Champion have been unable to complete the amended 2019 or the 2020 accounts due to the unresolved reconciliation issues.
12. Parker Whitwood also prepared management accounts for the Company for the years 2019 – 2020, but again, these cannot be relied upon due to the incorrect way in which Parker Whitwood had recorded trust investments and trust monies in the accounts.
13. At pages 12 to 39 is a report produced by the Proposed Administrators ("the Report") which provides their understanding of the financial position and their proposed

methodology for acting as Administrators of the Company. I have read the Report and to the best of my knowledge, information and belief the position in respect of the Company's assets and liabilities, including contingent and prospective liabilities are accurately described in the Report.

Secured creditors of the Company

14. At pages 40 to 41 is a copy of the mortgage register for the Company maintained at Companies House. I set out in the table below the outstanding security over the assets of the Company of which I am aware and identify which of that security contains provisions allowing for the appointment of an administrator or administrative receiver:

Date	Nature of security	Holder of security	Ability to appoint administrator or administrative receiver?
4 March 2021	Debenture	Barclays Security Trustee Limited	Yes

15. As far as I am aware, there is no receiver or administrative receiver appointed to the Company or its assets.

Insolvency proceedings

16. As far as I am aware, no other insolvency proceedings have been commenced against the Company.

The Proposed Administrators

17. By the Application, I propose that the Proposed Administrators be joint administrators of the Company.

18. It is intended that during the period for which the administration order is in force, any act required or authorised under any enactment to be done by either or all of the Proposed Administrators in respect of the Company, may be done by any one or more of the persons for the time being holding that office with respect to the Company.

Conditions for making the Order

19. I refer the Court to pages 42 and 43, which are copies of the statements and consent to act of the Proposed Administrators, to act as administrators of the Company. The Court will note that the Proposed Administrators state that their prior relationship with the Company was limited to my initial enquiry with them on and around 27 January 2022. I subsequently consulted with another firm before formally engaging with the Proposed Administrators on 23 February 2022.

20. The Company's solicitors inform me that pursuant to paragraph 11 to Schedule B1 to the IA86, the court may make an administration order only if satisfied that *"the Company is,*

or is likely to become unable to pay its debts” and that “an administration order is reasonably likely to achieve the purpose of administration”.

21. The Report also sets out the reasons why the Proposed Administrators think that there is no prospect of rescuing the Company, that the Company is or is likely to become unable to pay its debts and that administration would achieve a better outcome for creditors as a whole than a winding up.
22. For the reasons set out in the Report and based upon my own conclusions, I believe that the Company is, or is likely to become, unable to pay its debts.

The Order and the Directions

23. The Company has sought advice from various insolvency practitioners, including most recently from the Proposed Administrators as to its options. For the reasons set out herein and in the Report:-
 - 23.1 on consideration of that advice, I, as director of the Company, concluded that the Company should be placed into an insolvency procedure with a view to completing an orderly wind down of the Company’s business and the Trusts; and
 - 23.2 I believe that an Administration Order is in the interests of the Company’s creditors as a whole and is also in the interests of the settlors and beneficiaries to the Trusts.
24. The Company’s solicitors inform me that, as director, I could seek to appoint administrators to the Company using the out of court procedure provided by paragraph 22 to Schedule B1 to the IA86.
25. The reason a court order is preferable in this matter is because no insolvency practitioner is willing to consent to act as an office-holder of the Company without first obtaining the Directions and to ensure that the Court is satisfied that administration is preferable to the winding up of the Company.
26. In essence, the reason why the Directions are considered necessary is because the assets held by the Company on trust (“the Trust Assets”) (described in more detail below), are not assets of the Company. However, the main asset of the Company is its entitlement to payment from the Trusts for managing the Trusts and the Trust Assets.
27. The level of fees and costs payable to the Company from the Trusts depends on (i) the contractual provisions in place between the Company and the individual settlors (“the Clients”) entered into when creating the Trust, (ii) the Trust and (iii) the value of Trust Asset Realisations.
28. In the meantime, in order for there to be any Trust Asset Realisations, for the benefit of the beneficiaries to the Trusts and the Company, certain work (defined as the Trust Administration Services and explained in more detail below) must be attended to.
29. Accordingly, as the Proposed Administrators will be concerned not only with the administration of the Company’s estate but also with managing the Trusts and the Trust

Assets, should the court decide to appoint administrators, the Directions are required to ensure that the Trust Administration Services and the work to be done by the Proposed Administrators can be paid out of the Trust Assets. The Proposed Administrators' consent to act as administrators of the Company is dependent on appropriate directions being given.

30. This is explored in further detail below.

Background

31. In 2017, Richard Wells, purchased two companies, namely The Family Trust Corporation Limited ("FTC") and DeedBank (Document Storage) Limited ("DeedBank"). Following which Mr Wells incorporated the Company. Under Mr Wells' control, the three companies operated on a group basis as follows:-

FTC: Traded as a trust corporation. It acted as corporate trustee for a number of trusts but only charged a one-off set-up fee. FTC received referrals from The Will Writing Company Limited.

DeedBank: Provided storage facility services for FTC client documents, such as wills, lasting power of attorneys and trusts. According to the administrator's proposals in respect of The Will Writing Company Limited dated 9 April 2018, shown at page 44, in or around February 2018, it appears that DeedBank purchased the client ledger of The Will Writing Company Limited.

The Company: Incorporated on 6 December 2017 as a trust corporation to take over as the corporate trustee from FTC. I understand that FTC's intention was to retire from its trusteeships, the Company was willing to take over as trustee on the basis that its future fees and costs in respect of its duties as trustee were payable under the trusts. In or around late 2018/ early 2019 approximately 2,200 trusts were moved from FTC to the Company. Not all of the trusts transferred across to the Company – I believe FTC remains the trustee of the trusts not transferred.

32. In or around mid-2018 I was approached by a contact of mine, David Copeland, who at the time, was working with the Company as a trust consultant. My background is in bookkeeping and I was asked to join the Company, as a consultant, to assist it with setting-up an in-house accounting and finance function – at the time, Charnwood Accountants was the Company's accountant and book-keeper.

33. In August 2018, I joined PTC on a consultancy basis. At this time, Mr Wells owned and controlled the Company. In my role as a consultant, I was tasked with trying to source an accountant to work, in-house, for the Company and to create a log of the Clients who had transferred from FTC to the Company. I had no access to, or understanding of, the Company's finances or accounts, the book-keeping and accountancy function remained with Charnwood Accountants until Parker Whitwood took over in 2019. In addition, I had no understanding of the Trusts as Paul Niland was overseeing this in his role as head of operations.

34. In early 2019, Mr Wells asked me to join the management team of the Company and on 1 February 2019, I was appointed director of the Company. Around the same time, Mr

Wells approached me, Mr Niland and Amber Gormanly, both of whom had recently been appointed as directors of FTC and DeedBank respectively, to see if we wanted to buy him out of the group. I perceived the offer to be a good business opportunity and a way to increase my income.

35. In March 2019, I, along with Ms Gormanly and Mr Niland, incorporated After Today Limited (“After Today”). As at the date of incorporation, we all held 1/3rd of the shares in After Today. On or around 5 April 2019, via After Today, we purchased Mr Wells’ shares in DeedBank, FTC and the Company for consideration of £1million (£500k payable upon completion and £500k payable at a future date – this remains outstanding).
36. On 11 March 2019, following the resignation of Mr Wells, I became the sole director of the Company. Ms Gormanly was appointed director of DeedBank on 29 January 2019, and became its sole director on 18 April 2019 following Mr Wells’ resignation. Mr Niland was appointed director of FTC on 1 February 2019 and became its sole director on 11 March 2019 following Mr Wells’ resignation. At this time, the three companies still operated on a group basis.
37. When I took over control of the Company, I believed the Company had been operating properly and profitably for a number of years. Mr Niland remained as head of operations of the Company and I relied on Mr Niland’s previous experience in this role. At this point, the business continued to operate in the manner it always had.
38. From 2020 onwards there was a breakdown in the relations between me, Ms Gormanly and Mr Niland and following extensive discussions relating to those issues, coupled with the legal advice that the Company should seek Financial Conduct Authority (“FCA”) approval (discussed in more detail below), we decided to separate the three companies. Accordingly, on or around 18 October 2021, I became the person with significant control of After Today (albeit Ms Gormanly and Mr Niland hold class B shares) but After Today ceased to be the shareholder of DeedBank and FTC (“the De-Merger”). At pages 80 to 81 are copies of the relevant Companies House documents confirming the same.

The Business

39. The Company primarily offers services to arrange and administer trusts and acts as a sole or co-trustee in relation to these trusts. This is in addition to ancillary services such as will writing, lasting powers of attorney, inheritance tax planning, probate and estate administration. Secure document storage is also provided, via DeedBank but is paid by the client directly to DeedBank.
40. The majority of the Company’s revenue is generated by the provision and administration of trust services. The Client agrees to place an asset into a trust and, in its role as trustee, the Company manages this trust and the trust assets for the benefit of the beneficiaries, which can also include the Client (“the Beneficiaries”). These trust assets can include property, cash and investments.
41. Whilst the terms of each trust are individual by nature, generally speaking, decisions relating to the management of the trusts and trust assets may be made at the trustees’ discretion. The trustee will have regard to any express rights of the Beneficiaries as set out in the trust. When exercising any discretionary powers the trustee will consider, but is

not obliged to follow, any preferences or non-binding instructions recorded in any expression of wishes created by the Client or recorded in the contractual documents governing the relationship between the Company and the Clients. Such decisions typically include:-

- To withdraw or transfer trust assets out of the trust;
- To invest trust monies;
- To make income payments from trust assets to Clients.

42. The Company currently acts as a trustee to approximately 2,345 trusts (“the Trusts”), the majority of which were originally FTC trusts. Of the Trusts:-

- 1,500 include property and investments;
- 808 include property only; and
- 37 include investments only.

For ease of reference, I will refer to the (i) property and investments and (ii) investments only trusts as, “the Wet Trusts” and the (iii) property only trusts as, “the Dry Trusts”. At pages 82 to 92 is an example of a typical Trust.

43. The costs associated with running the business, including managing the Trusts are borne by the Company. The Company’s main source of income is the fees charged to the Trusts in respect of (i) the Company’s own fees and (ii) reimbursement of other professional costs it has incurred on behalf of the Trusts (“the PTC Fees and Costs”).

44. Some PTC Fees and Costs are payable upon specific events, while other PTC Fees and Costs accrue regularly during the lifetime of the Trust. By its terms and conditions (shown at pages 93 to 95), price list (shown at page 96]) and pursuant to the terms of the Trusts, the Company is entitled to charge the following PTC Fees and Costs to the Trusts:-

Type of Work	PTC Fees and Costs
To remove a property out of a Trust	
To open a client matter	£80.00 plus VAT
Instructing legal professionals to prepare the transfer	£360.00 plus VAT
Prepare a trustees’ resolution	£90.00 plus VAT
To remove an investment out of a Trust and assign it to the settlor(s)	
Instructing legal professionals to prepare a deed of assignment	£360.00 plus VAT
Prepare a trustees’ resolution	£90.00 plus VAT
To sell a property held in a Trust	1.75% of the sale price plus all marketing and sale costs

Withdrawal of monies out of the Trust	
Surrender of funds above £15,000.00	1.75%
Singing of Documents excluding TR1	£200 plus VAT
Annual management charge (“AMC”)	
Classic client	0.75% plus VAT of the gross value of the Trust’s investment
Premium client	1.5% plus VAT of the gross value of the Trust’s investment
Private Client Wealth	2.1% plus VAT of the gross value of the Trust’s investment
Non-Company affiliated investments	1.5% plus VAT of the gross value of the Trust’s investment
Tax related work	
Prepare/ commission a tax report	£180.00 plus VAT
Prepare/ commission a tax return	£250.00 plus VAT
Register the Trusts with HMRC	£150.00 plus VAT

The Trust Assets

A. Investments

45. From my understanding of the history the Business, when the Company took over the Trusts from FTC, the Company (under the control of Mr Wells) approached Clients and outlined a range of investment options setting out how the Trust proposed to invest their cash. These option, broadly speaking, were:-

- Defensive: 20% invested in stocks and shares investments and 80% in bonds
- Cautious: 40% invested in stocks and shares investments and 60% in bonds
- Balanced: 50% invested in stocks and shares investments and 50% in bonds
- Growth: 100% invested in stocks and shares investments

46. However, in October 2019, I became aware that the Company appears to have represented to the Clients that it would manage the investments in line with an investment policy statement (“the IPS”). The IPS essentially states that 2% of cash transferred into a Trust would be kept as cash or near cash investments and decision-making on investment matters were to be delegated to the investment committee and the trustee’s external advisors. At pages 97 to 98 is a copy of the IPS.

47. The Clients have not been provided with financial advice - neither at the date their cash was transferred into trust or prior to that cash being invested. Instead, when deciding

where to invest the cash, the trustee should have had regard to the investment option selected by the Client (as mentioned above) and, it appears, the IPS.

48. The majority of the investment decisions were made by the trustee (initially FTC and thereafter the Company) prior to my involvement. Unfortunately, these decisions may not have been the most appropriate due to the age demographic of the Clients and their need to access the cash invested more regularly – this is an underlying cause of a lot of the ‘key issues’ discussed in more detail below. In addition, I cannot say whether the representations made under the IPS have been complied with.
49. It should be further noted that whilst the Clients had previously been informed that the cash would be invested in stocks and shares investments, investments of this type ceased in 2020 - this has not been communicated to the Clients.
50. For the avoidance of any doubt, despite the accountancy errors mentioned at paragraphs 9 – 12 above, in my opinion, the investments are trust assets, not Company assets. The Company simply has the right, on the anniversary of the creation of each respective Wet Trust, to charge the AMC. However, I cannot attest to what Mr Wells understands the position to be.
51. The Company currently holds investments, with various investment management companies, on behalf of the Wet Trusts, totalling £44,443,168.00. It is unclear to me at this stage whether and to what extent this figure includes interest or any returns on capital. The respective investment management company, not the Company, manages the investments as such; the Company has no visibility on the bonds. As I understand it the bonds are not restricted to any particular type and they have maturity dates between 2022 and 2025.
52. Below is a table showing the total investments by reference to the relevant investment management company. Also shown at pages 99 to 105 is a breakdown of the individual investments held which each investment management company, showing the term, expected return and maturity date.

Investment Management Company	Number of Investments	Current value of cash invested
CX Wealth	39	£17,572,920.70
Float Capital	24	£9,974,970.26
Berkley Rutherford	12	£3,676,000.00
Woodville Litigation Funding	4	£13,219,277.00
Total	79	£44,443,168.00

53. I have set out below an overview of the investments by reference to the investment management company.

CX Wealth

54. A total of c.£17.6million is currently invested across a number of bonds, with maturity dates spanning across 2023 and 2024. The bonds were originally entered into between 2018 and 2019 and have a fixed 5-year term. The bonds offer a fixed 10% interest rate

per annum, which is repayable upon maturity or encashment. Shown at pages 106 to 125 is a copy of CX Wealths' prospectus. At pages 126 to 209 are copies of the bond certificates for CX Wealth.

55. Under my ownership and control, the Company has made investment decisions relating to these investments. In order to unlock cash tied up in the investments, to enable the Company to deal with Client withdrawal requests and complaints (discussed in more detail below), the Company has redeemed £2.1million of original cash invested. Consequently, some of the bonds have been converted from a 10% interest rate to a 6% interest rate with additional financial penalties, to reflect the bonds being cashed early.
56. The Company now receives 3% of accrued interest on the bonds on a monthly basis, with the balance to be received on maturity. As a result of concerns raised by CX Wealth to the Company regarding the utilisation of the funds, the last monthly interest payment received was in January 2022 for approximately £23,000. Although I understand that the unpaid monthly interest payments are being held by CX Wealth on behalf of the Company.
57. As far as I know, the clients were not expressly informed of these investment decisions nor the ones which involve Float Capital which I now turn to.

Float Capital

58. A total of c.£10million is currently invested across a number of bonds, with maturity dates spanning across 2023 and 2024. The bonds were originally entered into between 2018 and 2019 and have a fixed 5-year term. The bonds offer a fixed 6% interest rate per annum, which is repayable upon maturity. Shown at pages 212 to 237 are copies of the bond certificates for Float Capital and at page 210 to 211 is copy of quarterly update from Float Capital dated 30/09/2021.
59. Under my ownership and control, the Company has made investment decisions relating to these investments. In order to unlock cash tied up in the investments, to enable the Company to deal with Client withdrawal requests and complaints, the Company has redeemed £1million of original cash invested. Consequently, penalties have been incurred and this has reduced level of interest available.

Berkley Rutherford

60. A total of c.£3.6million is currently invested across a number of bonds, with maturity dates, spanning 2022 (largely). The bonds were originally entered into between 2018 and 2019 and have fixed terms ranging between 2-6 years. The bonds offer varying interest rates (with an average of 6.5% interest rate per annum), which is payable monthly. At pages 238 to 240 are copies of the bond certificates for Berkley Rutherford.
61. As a result of concerns raised by Berkeley Rutherford to the Company regarding the utilisation of the funds, the last interest payment received was in November 2021. Although I understand that the unpaid monthly interest payments are being held by Berkeley Rutherford on behalf of the Company.

Woodville Litigation Funding

62. A total of c.£13.2million is currently invested across a number of bonds, with maturity dates spanning across 2024 (largely). The bonds were originally entered into in 2021 and have a fixed term of between 2-3 years. The bonds offer a fixed interest rate of 6% per annum, which is payable upon maturity.
63. Woodville is a litigation funder, providing funding to solicitors and individuals in the consumer finance and personal injury sectors. Shown at page 241 to 281 are copies of the Woodville Loan Notes. A further update from Woodville is expected to be received in April 2022.

Non-Affiliated Investments

64. In addition to the four investment management companies, there are 43 Wet Trusts where cash has been invested with external providers that include Aviva, Prudential and Legal and General.
65. When the Trusts were transferred from FTC to the Company, some Clients chose not to invest their funds with the Company but rather elected to have the Company administer the investment with their external provider. The aggregate value of these external investments is c.£2.2million.

B. Properties

66. Where a Client has decided to transfer a property into a trust, the Company, in its capacity as trustee, is registered as the legal proprietor of that property with HM Land Registry.
67. The Company is currently the legal proprietor of 447 properties with an estimated total value of £94million.
68. The Company, in its capacity as trustee, assumes responsibility for the property on behalf of the beneficiaries of the trust. However, from a practical sense, the Client usually resides in the property, until death, and is responsible for the repair, maintenance and insurance of the property during their period of occupation.
69. There is an obligation on the Company, in its capacity as trustee, to ensure that the Client maintains their responsibilities. This is done via annual visits to the Client/ the property to ensure that the property remains occupied, insured (with the Company named as a beneficiary on the insurance policy) and well maintained. The ability of the Company to effectively undertake these reviews have been adversely impacted by a number of factors. There has been a combination of staffing shortages and an inability to access Client data and the Company in common with many businesses has, since March 2020 also had to deal with the after effects of the global pandemic.
70. Whilst the terms of each trust are individual by nature, generally speaking, upon a Client's death or entry in to permanent residential care, subject to there not being any remaining occupier with a right to occupy, the Company, in its capacity as trustee, has the right to sell the property. Unless the trust period ends on the Client's death causing a required distribution of capital between Beneficiaries, the trustees will have discretionary powers to retain the net sale proceeds and either invest them or distribute them in whole or in part for the benefit of the Beneficiaries. Once the property is sold, the Company has a right to

charge a fee of 1.75% of the sale price plus all marketing and sale costs to be deducted from the proceeds of sale.

C. Bank Accounts

71. The Company operates the following bank accounts with Barclays Bank plc, all of which hold Trust monies:-

Account Number	Name of the account	Current balance (£)
63629058	New Account (not been used)	0.00
43182673	CX10%	0.00
06695174	CX 6%	1,237.02
73966771	Disbursements account	0.00
73726258	FTC holding account	796.35
33350207	HMRC Client payment	2,582.06
93495272	Woodville	712.40
63438880	MAIA	0.00
03973301	New Client account	95,196.89
63808793	Client income	16,513.60
33447359	Prepaid Probate	8,558.21
43599884	PTC Pool income	0.00
33950972	Redemption account	0.00
73204413	Client income monthly	1,957.27
03121836	Probate	0.14

Trust Administration Services

72. It is anticipated that the following categories of work will need to be undertaken by an appointed Administrator in order to manage the Trusts and the Trust Assets:

- Deal with all tax related matters to include, procure and file annual tax returns, ensure registration with HMRC, carry out a 10 year anniversary review and procure and file IHT Form 100 with HMRC (where applicable);
- Carry out anniversary based reviews of the Trusts to ensure contact details up to date, properties sufficiently insured and in good repair (where applicable), confirm needs of settlor, confirm status of settlor, obtain RICS valuations for properties (where applicable), record the estimated value of Trust Assets;
- (Wet Trusts only) Prepare an anniversary trust account report which is sent to the client outlining the current balance of their investment, any deductions made, estimate return on investment and an update regarding changes in any applicable law/ rules which may impact on their trust;
- Sell/ transfer properties (where applicable);
- Account to beneficiaries for Trust Asset Realisations;
- Take steps to close trusts; and
- Deal with the general day-to-day client enquiries.

Key Issues

A. The FCA Investigation

73. Since 2018, the Company has been in correspondence with the FCA regarding the investments and the Company's role in making investment decisions.
74. The FCA's queries stem from the Company being responsible for making investment decisions with regards to cash transferred into the Trusts. The Company has never provided financial advice however, in its role as trustee, it is responsible for investment decisions.
75. I only became aware of the FCA's interest in June/ July 2019. In an attempt to try and resolve any concerns that FCA may have had, the Company instructed solicitors and applied for authorisation. Unfortunately, on or around 15 October 2021, the FCA rejected the Company's application. The Company's solicitors, Slater Heelis, wrote to the FCA on 22 October 2021 accepting that the trustee exemption may not be available to the Company. In those circumstances, I understand that it is possible that the Clients and others may have (unsecured) claims against the Company for breach of the requirements of the Financial Services and Markets Act 2000.
76. At this stage, the FCA has not made any formal findings against the Company but the FCA's investigations remain ongoing.

B. Trust monies and investment reconciliation

77. The Company is unable to reconcile incoming Client payments into the Company's client bank accounts with transactions out of the Company's client bank accounts (i) to the investment management companies or (ii) as required under the Trusts – the reasons for this is because, from inception, the Company never set-up or operated a client account ledger.
78. Whilst the Company uses a client management system, WEMS, to record all client data including communications and contracts, this system was not, and has not been, used to record the monetary transactions.
79. In addition, when the initial investments were made, prior to my involvement with the Company, all of the cash that was invested was pooled. The Company has no visibility on the bonds, meaning it has not been possible to match any changes made to the investments and any income generated from the investments, through to the relevant Wet Trusts.
80. Furthermore, due to the Company's attempts to try and deal with requests from Clients and/ or Beneficiaries to withdraw assets from the Trusts and support requests from Clients for regular withdrawals, the Company has had to utilise the accessible cash in the Company's client bank accounts (whether that was accrued interest from investments,

redeemed investments, new cash transferred from Clients or funds from property sales), without any reference as to who is beneficially entitled to those monies.

81. Specifically, three properties held on trust were sold in 2019 and 2020, for a value of around £800,000, with the proceeds used to repay holders of Wet Trusts wishing to remove their funds from their trusts, as opposed to accounting to the Beneficiaries of the relevant property trusts.
82. The reason I caused or authorised the Company to utilise client monies in this manner is that, at the time, I felt I had no choice. The illiquidity issues caused by the nature of the initial investments and the lack of client ledger meant it was impossible to account to Clients and/ or Beneficiaries properly but at the same time, the Clients and Beneficiaries were forcefully demanding their money and staff were being persecuted by email and phone. Adopting what might, in hindsight, be considered an overly simple mind-set, I truly believed that the investments would perform as expected and ultimately the reconciliation issues would resolve themselves.
83. I only became fully aware of the reconciliation issues following the replacement of Parker Whitwood with Champion Accountants in late 2020. Shortly after their appointment Champion informed me that the Company did not operate a client ledger and there had been various instances of co-mingling, pooling and mistreatment of client monies.
84. Champion started a reconciliation process but after a few months they advised that the Company would need to instruct a forensic accountant. In July/ August 2021, the Company instructed Dains Forensic LLP (“Dains”), to analyse and try to reconcile Client payments into the Company’s client bank accounts with transactions out of the Company’s client bank accounts to the investment management companies.
85. Dains has attempted to put together a list of incoming client monies, by Client name, using an analysis of the Company’s client account bank transactions and investigative work around this. Dains’ analysis has identified 1,078 Clients who have paid monies to the Company, with the intention of onward investment.
86. Dains’ work is incomplete but as I understand it from Dains, with some further work a client ledger list is possible. To reconcile (i) the client ledger list with the investments and (ii) payments out of the Company’s client bank account to the Trusts will however require further forensic analysis. At pages 282 to 289 is a copy of Dains’ (incomplete) report.

C. Client complaints and the Company’s inability to access Client data

87. There are a rising number of complaints from Clients due to the Company’s performance issues and its inability to deal with their requests appropriately.
88. The majority of these complaints stem from the illiquidity issues caused by the nature of the initial investments. Over the past 5 years, I estimate that the Clients have asked to withdraw c.£10million of cash from the Trusts but because the cash has been locked up in the investments, the Company has been unable to deal with all of these requests.

89. Over the last 2 years, the Company's staffing levels have also dropped from 35 to 7 employees. When the Company, DeedBank and FTC operated as a group, the Company, along with FTC, shared 35 employees.
90. In addition, in March 2020, the country was forced into lockdown as a result of the global pandemic and the Company like many other business was faced with challenges that adversely impacted upon us. There were difficulties in terms of our IT function; remote working; the furlough of employees and with staffing when we did return to the office.
91. Towards the end of 2020, the second lockdown happened but only the estate planning team had the ability to work from home, all other staff needed to be in the office. All eligible staff were furloughed. Following the relaxing of lockdown rules, in or around 2021, employees were encouraged to return to the office. At this point, further resignations were received and the Company and FTC were left with around 16 employees. Following the De-Merger, 13 employees became employees of the Company. Since then, employee have resigned and the Company has struggled to recruit.
92. The above issues have been compounded by the Company's inability to access its entire Client data held on WEMS following the De-Merger. The Client data is required in order to manage the Trusts effectively, for example, to provide the Client with copies of wills, trusts etc and to ensure cash is being distributed in accordance with the terms of the Trusts.
93. The Company has been in extensive correspondence with DeedBank, FTC and TD Software Services, the IT company that hosts WEMS, to enable it to gain the appropriate access. Very recently, TD Software Services has transferred some, but not all, of the relevant client data to the Company.
94. As a result of all of the above, the Company has been unable to deal with the sheer volume of Client queries that arrive daily and is overwhelmed with calls. The current level of Client queries /complaints is running at approximately 101. Additionally, the FCA has informed me that it is receiving regular, and increasing complaints as well.
95. With the agreement of the FCA, the Company's website is being used to provide a message to clients explaining that it is, at present, unable to respond to client queries and informing them that their queries and complaints are being logged.

D. Illiquidity of the Dry Trusts

96. Upon the sale of a property held on trust, the Company is entitled to charge a fee of 1.75%, which is deducted from the proceeds of sale.
97. However, where the Company, in its capacity as trustee, has a right to sell a property held on trust, from this point until the point of sale, the Company becomes responsible for ensuring the property is secured, insured and utility and council tax liabilities are met.

98. Furthermore, as part of the sales process the Company will take steps to prepare the property for sale (cleaning, clearance etc) and arrange for the property to be valued, marketed and sold.

99. The Company, in its capacity as trustee, is entitled to deduct these costs and expenses from the proceeds of sale but in some circumstances, these costs need to be paid by the Company prior to sale taking place.

Work to be done by the Proposed Administrators

100. As a result of the key issues identified above and, in order to manage the Trusts and the Trust Assets and produce Trust Asset Realisation, for the benefit of the Clients or the beneficiaries of the Trusts and the Company (i.e. the Company's ability to charge the PTC Fees and Costs), the Trust Administration Services will need to be attended to until the Proposed Administrators are in a position to realise the Trust Assets or close down the Trusts. The Report outlines the administration methodology, costs and most cost effective way of achieving this.

Notice of the Application

The FCA

101. The Company is not regulated by the FCA but given the ongoing investigations, the Company has been in consultation with the FCA over recent weeks. The FCA has seen a draft of the Application, this witness statement, and the Report in substantially the same form as issued. The FCA has confirmed that it does not intend to attend the hearing of the Application.

The Shareholder

102. At page 290 is a letter from After Today Limited, the sole shareholder of the Company, confirming that is aware of, and has no objection to, the Application and waiving its right to be served.

The Proposed Administrators

103. Geoffrey Bouchier, one of, and on behalf of, the Proposed Administrators, has confirmed that the Proposed Administrators waive their right to be served with a copy of the Application.

The Qualifying Floating Charge Holder

104. Pursuant to paragraph 12(2) of Schedule B1 to the IA86, notice of the Application will be given to Barclays Security Trustee Limited as a person who is, or may be, entitled to appoint an administrator under paragraph 14 of Schedule B1 to the IA86.

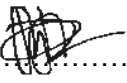
Conclusion

105. In the circumstances, I respectfully ask the Court to make the Order and to grant the Directions.

106. In the event that the court is not satisfied that it is appropriate to make the Order, given that the Company is unquestionably insolvent, I would respectfully invite the court treat the Application as a winding-up petition and make a winding up order against the Company in accordance with paragraph 13(1)(e) of Schedule B1 to the IA86.

Statement of Truth

I believe that the facts stated in this witness statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed 
Kay Collins
Dated 12 of April 2022

Report of Proposed Administrators

11 April 2022

Philips Trust Corporation Limited

Kroll
The Shard
32 London Bridge Street
London
SE1 9SG

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A Introduction

1. Kroll Advisory Ltd. ("**Kroll**") was engaged by Philips Trust Corporation Limited ("**the Company**") through an engagement letter dated 22 February 2022. Kroll was engaged to assist the director of the Company ("**Ms Collins**" or "**Director**") in understanding the Company's financial position with a view to assisting the Director take steps to place the Company into an insolvency process. It should be noted that the Company has not been in a position to make a payment towards the professional fees as per our engagement letter and as such those fees are to be regarded as pre-appointment costs in accordance with Rule 3.52 of The Insolvency (England and Wales) Rules 2016. At the date of this report, these costs amount to £120,192 plus VAT.
2. The events which have led to the preparation of this Report, as well as the nature of the Company's relationships with its stakeholders and the documents which we have considered, are described in Section B "**Background to the Business, Overview and Current Issues**".
3. We have reviewed Ms. Collins's Witness Statement dated 11 April 2022 ("**the Witness Statement**") and are in agreement with her conclusions that:
 - The Company is, or is likely to become, unable to pay its debts within the meaning of section 123 (1)(e) of the Insolvency Act 1986 ("**the 1986 Act**") and paragraph 11 (1)(a) of Schedule B1 to the 1986 Act.
4. Additionally, and having considered the circumstances facing the Company, Kroll are of the view that:
 - Whilst there appears to be no real prospect of a rescue of the Company as a going concern, we believe that if Administrators were appointed to the Company, then there is a real prospect of a better result for those clients of the Company on whose behalf assets are held in trust by the Company ("**Trust Clients**", the assets held in trust being "**Trust Assets**") and its creditors as a whole than would be likely if the Company were wound up (without first being in administration) pursuant to paragraph 3(1)(b) of Schedule B1 to the 1986 Act.
 - Whilst prima facie Trust Clients do not have unsecured creditor claims against the Company, for the reasons expressed below, this may not be the case.
 - An administration order in respect of the Company is reasonably likely to achieve the purpose of administration.
5. The reasons why we have reached these conclusions are described under Section B "**Business, Overview and Current Issues**", Section C "**Wet Trust Investments**", Section D

“Solvency”, Section E “Administration Methodology” and Section F “Advantages of an Administration as compared with Liquidation”.

6. For the reasons described in this Report, we believe that an Administration Order is in the interests of the Company’s creditors as a whole as well as the Company’s Trust Clients, whose assets are held on trust by the Company. Administrators of the Company will necessarily be concerned not only with the administration of the Company’s general (or house) estate but also with administering the Trust Clients’ Assets. If the Court decides to appoint administrators, directions will be sought concerning the work to be done in relation to the Trust Assets and payment for that work in accordance with *Berkeley Applegate* principles. Our consent to act as Administrators is dependent on appropriate directions being given.
7. Whilst the Company is not regulated by the Financial Conduct Authority (“**the FCA**”), the FCA have expressed concern regarding the nature and conduct of the Company’s business activities and consequently have been in regular dialogue with the Director for some time and are aware that the Director is seeking to take steps to place the Company into Administration.
8. Where we refer to legal advice in this Report, we do not intend to waive privilege save to the extent the advice is set out in the Report.

B Background to the Business, Overview and Current Issues

Background

9. Our understanding of the history and current business of the Company is described in the Witness Statement in paragraphs 31 to 38.

Business Overview

10. An overview of the Company’s operations is set out in the Witness Statement in paragraphs 39 to 44. Those paragraphs detail the business of the Company and the services it offers, and the fees charged, including revenue accruing over the life of the Trusts in the form of Annual Management Charges (“**AMC**”).
11. The majority of the revenue generated by the Company relates to the provision and administration of trust services, which are a legal arrangement where an asset is transferred to the Company by a Settlor (“**Client**”) and managed by the Company in its capacity as Trustee on behalf of the Trust’s beneficiaries (“**Beneficiaries**”). In most circumstances, the Client will not be entitled to exercise any control over the asset placed on Trust; however, we understand that the Company at times has applied discretion in acting in accordance with a Client’s requests, and for some trusts, the Client is also a

beneficiary. Accordingly, the reference to Beneficiaries throughout this report is extended to Clients in applicable instances.

12. As described in the Witness Statement, the Company currently acts as a Trustee to approximately 2,345 Trusts, each of which holds either residential property settled by the Client (totalling 808 Trusts) ("**Dry Trusts**"), cash investments (totalling 37 Trusts) or both property and cash investments (totalling 1,500 Trusts) (both scenarios referred to herein as "**Wet Trusts**").
13. A total of £44.4m is currently invested by the Company on behalf of Clients, albeit it is currently unclear whether this amount includes interest as well as capital. We understand that the aggregate market value of the properties held on Trust is £94 million based at January 2022 and relates to 447 properties.

Summary of Issues

14. A summary of the key issues faced by the Company is set out in the Witness Statement in paragraphs 73 to 99. A summary of the pertinent issues is set out below.
15. When we were consulted in February 2022, we were made aware that the Company was already in discussion with the FCA, had retained forensic accountants to investigate and reconcile the trust accounting and asset position and was exploring restructuring or wind-down strategies with its legal advisors and other restructuring advisory firms, including Mazars and Interpath.
16. We understand that the conclusion reached was that the Company cannot continue its current business activities and steps should be taken to affect an orderly wind-down of the business.
17. As detailed in paragraphs 73 to 76 of the Witness Statement, the FCA is continuing its investigations into the Company with regard to allegations that it is carrying out regulated business whilst it is unregulated. We understand that the FCA has not presented formal findings against the Company or issued any proceedings.
18. In addition, concerns have been raised that certain Trust Assets have been co-mingled and/or pooled with other Trust Assets or the Company's own assets.
19. As detailed in paragraphs 87 to 95 of the Witness Statement, the Company has faced an increasing number of complaints from clients for issues such as poor service and the inability to provide an update on the value of investments held on trust. This is driven by the limited employee resource and data access issues. The situation is exacerbated by the nature and timeframe of the investments made by the Company of Trust Assets, which provides an inherent inability to access cash and account to Beneficiaries. Accordingly, the Company has used interest receipts from investments made, new capital investments

from Clients and funds from property sales to account to Beneficiaries who wish to withdraw assets from trust as well as to support regular withdrawal requests.

20. Kroll has had limited time to investigate in detail the Company's accounting books and records or to develop a complete understanding of all of the issues which the Company faces. Further, Kroll has been informed that information is limited in its availability, its robustness and its accuracy. Kroll has been advised that this stems from a number of key investment decisions being taken prior to Ms. Collins's involvement with the Company, the recent lack of employee resource (with employees reducing from 35 in 2020 to currently 7), which has resulted in the Company's inability to maintain up to date accounting ledgers, and the temporary loss of access to client data.
21. Nevertheless, in this Report, and particularly in Section E, we describe the tasks which we anticipate will be necessary to be undertaken to deal with the Company's general estate and, importantly, to continue to administer the Trust Assets and initiate appropriate communication with Trust Clients.

Overview of Wet Trusts

22. Paragraphs 45-52 of the Witness Statement set out the investment methodology as to how the Trust Assets would be invested. An overview of the investments currently held by the Company is set out in Section D.

Wet Trust Issues

23. As detailed in the Witness Statement in paragraphs 84-86, the Company engaged Dains Forensic LLP ("**Dains**") to analyse and reconcile cash invested by clients and held as Trust Assets to that held by the investment management companies. This includes interest accrued and any repayments of cash to clients. Dains' work is currently on hold but if continued the objective would be to prepare a client ledger which lists where funds have been invested and the current carrying value of the investment, plus accrued interest. However, we are aware that substantial further work is required for this to be achieved.
24. At a high level, the Dains' interim report and representations of the Company indicate that the current funds invested by Clients broadly corresponds to the current capital value of funds held in investments made by the Company. However, the report advises that "it is too early to assume" that the above reconciles, given that there are a significant number of transactions which are yet to be verified and the comparison does not reflect gains or losses made on investments.
25. From a review of Dains' report, we understand that the Company does not maintain Client ledgers for cash/investment trust accounts and neither does it prepare regular reconciliations between cash invested with third party providers and funds forwarded by Clients/paid out to Beneficiaries.

26. Furthermore, all Client monies which have been invested and associated interest have been pooled and, as a result, the Company is unable to determine on a Trust-by-Trust basis the current level of capital invested and associated interest, or which investments have been made on behalf of particular Trusts.
27. The position is further complicated by the Company using Client monies (and accrued interest) to account to Beneficiaries following the request to withdraw funds held on trust without any reference to those entitled to these funds.
28. Although not done for the last 12 months, the Company previously produced annual statements for clients with an estimate of interest accrued on the sums invested. However, given the aforementioned issues concerning client ledgers not being maintained and changes to investment strategies, there is a risk that estimated returns advised to clients may not reflect actual returns. Moreover it appears that the statements may have been calculated using the stated target return from each investment rather than being based on the investments themselves.
29. The Company has not raised invoices for AMCs on the Wet Trusts for over 12 months and instead during this period has deducted cash on account of AMCs in order to fund the costs of the Company. We have not been advised of the level of accrued income that requires to be invoiced and whether payments on account are aligned to this. Accordingly, we would anticipate that the financial statements for the Company may be understated from a revenue perspective.

Overview of Dry Trusts

30. Paragraphs 66-70 of the Witness Statement set out the process behind which properties are settled by the Client and the obligations of the Company in its capacity as Trustee.
31. The Company in its capacity as Trustee assumes responsibility for the property on behalf of the Beneficiaries of the Property Trust.
32. Upon the decision being made to sell a property held on trust, the Company will be entitled to 1.75% fee as a deduction from the gross proceeds of sale. Given that this fee is dependent upon specific future events occurring, it is challenging to quantify the level of future revenue the Company may generate.
33. The Company will also be responsible for arranging for the property to be valued, marketed and sold, and conveyancing, as well as property holding costs such as utilities, council tax and costs to ready the property for sale such as clearance and cleaning. These costs will be paid from gross sale proceeds, albeit in certain circumstances the Company may be obliged to make upfront payments and to be reimbursed upon completion.

Dry Trust Issues

34. We have been advised by the Company's Director that three properties held on trust (aggregate market value of c.£0.8m) were sold in 2019/20, with the proceeds utilised to repay holders of Wet Trusts wishing to remove their funds from their trusts, as opposed to accounting to the Beneficiaries of the applicable property trusts.
35. The Company has recently implemented a trial on 200 trusts to charge an AMC of £500 per property and the intention is to roll this out to all applicable trusts. This was driven by the Company's current financial position. We understand that Clients will be required to pay this charge directly to the Company, albeit the Company is yet to receive any such funds. We have not looked into the contractual entitlement of the Company to impose this charge on Clients.
36. The Company is currently marketing 16 properties for sale on behalf of the Beneficiaries with an aggregate market value of £3.2m. We understand that the marketing and sale process for these properties is currently on hold due to liquidity issues faced by the Company where it cannot fund selling/property occupation costs, as well as due to a number of Clients requesting that their properties be removed from Trust.
37. In addition, the Company has a backlog in confirming that properties held on trust have valid buildings insurance policies and that the Company is a named beneficiary on those policies.

C Wet Trust Investments

38. Kroll understands that, since its incorporation, the Company has used Trust Assets (specifically cash) to make "investments" into certain privately owned UK entities ("investment management companies"). It has been described to us that those investments (which we understand to be unsecured loans) are in the form of corporate / investment bonds. Those investments were usually for a fixed duration of 2-6 years and offered a return of between 6%-10% with interest generally paid at maturity. The Company has previously invested into stocks and shares investments with AJ Bell, albeit, we understand that, with the exception of investments described in paragraph 53, no such investments currently exist and funds have been re-invested with the four providers detailed in this section.
39. We have not had full sight of all contractual documentation available for each bond and our summary in this section is based on the representations of Ms. Collins and limited information seen and requires comprehensive further investigation.

40. The Director has explained to Kroll that these investments may not have been aligned to the Trust Clients circumstances and therefore may not have been suitable investments. We understand that this is one of the areas of concern expressed by the FCA.

41. We have been advised by Ms. Collins that the current balance invested with the four investment management companies is £44.4m. A summary of those investments is as follows:

Investment Management Company	Initial Investment Date	Latest Investment Date	Term	Interest Range	Interest Paid	Repayment Profile	Number of Investments	Total value sums invested (£m's)
CX Wealth	20-Jul-18	10-Jul-19	5-6 years	6%	Monthly/Maturity	Various, all bonds to have matured by 2/7/24	39	£17.57
Float Capital	10-Oct-18	18-Jun-19	5 years	6%	Maturity	Various, all bonds to have matured by 18/6/24	24	£9.97
Berkeley Rutherford	16-Mar-18	20-Sep-19	2-6 years	6.5%	Monthly	Various, all bonds to have matured by 20/8/22	12	£3.68
Woodville	06-Apr-21	22-Jul-21	2-3 years	4-6%	Maturity	Various, all bonds to have matured by 22/7/24	4	£13.22
Total							79	£44.44

42. We have set out below an overview of each investment management company. The use of funds differs by each company, as does the risk and return of each underlying investment. This includes lending direct to individuals, small to medium enterprises as well as crowd funding platforms.

CX Wealth

43. An overview of the funds invested with CX Wealth and the current position of the investments entered into is set out in the Witness Statement in paragraphs 54 to 57.

44. We understand from sight of CX Wealth's investment prospectus that they offer two types on onward lending, being lending to small businesses over terms of 3-9 months and loans to employees via payroll lending over typical terms of 1 month.

45. It is currently unclear how the onward lending is performing, and the Company has no visibility of whether CX Wealth will redeem the bonds upon maturity as per its contractual obligations. Whilst a small number of bonds have been redeemed by the Company to date, these were prior to maturity dates and at the Company's request and resulted in the Company being penalised financially for doing so.

Float Capital

46. An overview of the funds invested with Float Capital and the current position of the investments entered into is set out in the Witness Statement in paragraphs 58 to 59.

47. From sight of a quarterly update dated 30/9/2020 issued by Float Capital and provided to the Company, Float Capital provide loans to a variety of businesses and sectors, which includes After the Event insurance providers, crowd funding platforms, property and asset developments as well as stock and plant and machinery loans. Based on the September 2020 quarterly update, we understand that a total of £12.3m in loans has been provided

by Float Capital across 15 investments. It appears that one loan for £1.7m is in default as a result of the borrower entering administration, albeit steps are being taken to recover this amount through security obtained by Float Capital.

Notwithstanding the above, the Company has no visibility as to whether Float Capital is on track to redeem the bonds upon maturity as per its contractual obligations. Whilst a small number of bonds have been redeemed by the Company to date, these were prior to maturity dates and at the Company's request and resulted in the Company being penalised financially for doing so.

Berkeley Rutherford

48. An overview of the funds invested with Berkeley Rutherford and the current position of the investments entered into is set out in the Witness Statement in paragraphs 60 to 61.
49. We have not been provided with any underlying documents regarding Berkeley Rutherford's investment strategy, where funds are invested and the financial health of these investments.
50. We understand from Berkeley Rutherford's website that it has recently ceased all FCA regulated activity and is no longer accepting new investments. This is following announcements made by the FCA to propose permanent changes of the mass marketing of speculative illiquid securities. The website additionally states that all existing investments are unaffected and remain valid.

Woodville Litigation Funding ("Woodville")

51. An overview of the funds invested with Woodville and the current position of the investments entered into is set out in the Witness Statement in paragraphs 62 to 63.
52. We have not been provided with any underlying documents detailing where Woodville's funds are invested and the financial health of investments but we understand that Woodville are a litigation funder, providing funding to solicitors and individuals in the consumer finance and personal injury sectors. Based on contractual documentation received, the performance of Woodville's investment strategy is to be notified annually, the next update being due in April 2022.

Other Investments and Summary

53. In addition to the four investment management companies described above, there are 43 trusts where funds are invested with external providers which include Aviva, Prudential and Legal & General. The Clients of these trusts chose not to invest their funds with the Company but rather have the Company administer the investment with their external provider. However, we understand that certain Clients have agreed for their properties to be held in trust by the Company. The aggregate value of these external investments is

c.£2.2m. We understand that the Company charges an AMC of 1.5% on funds invested with external providers, albeit these fees have not been levied for a significant number of months.

54. In summary, further work is required to understand the loans made to the investment management companies, their own financial performance, and an assessment of the likely returns (both capital and interest) upon the maturity of the investments. Given this uncertainty, the estimated costs (which are detailed in Paragraphs 93 to 105 and in the first instance will be funded via the Wet Trusts) likely to be incurred to initially understand and resolve the issues detailed in this Report may not be recoverable or returnable.
55. It also appears that there are connections between Float Capital, CX Wealth and Berkeley Rutherford with regard to both personnel and investments made.

D Solvency

Financial Accounts

56. The current financial position of the Company is set out in the Witness Statement in paragraphs 9 to 12.
57. We have been unable to form a reliable view of the Company's current balance sheet and determine the solvency position and so our assessment has focused on the cash position of the business and its current liabilities.
58. Further substantive work will be required to understand the asset and liability position of the business which will include a review of source documentation and further discussions with Company staff to prepare an up to date and reliable current balance sheet.

General Estate

Fixed Assets

59. Assets are deemed to be minimal and of little value and include fixtures and fitting, office equipment and computer equipment.

Current Assets

60. Key assets include cash at bank and debtors (which are split between trade debtors and other debtors).

61. We have been advised that current cash balances for the Company are c.£1k. Whilst there is c.£95k in other Company bank accounts, we understand that these relate to Trust Assets.
62. The most recent trade debtor ledger we have had sight of is at August 2021 and reflected a negative collectible (credit) balance of £108k. However, this includes two negative debtor balances totalling £539k and relates to paragraph 34 where the proceeds of Trust property sales have not been accounted to the Beneficiaries, creating a liability. By reversing these two amounts, the re-stated debtors ledger is £431k. We are uncertain as to the collectability of these amounts, firstly due to the age of the ledger provided and secondly, because of the failure of the Company to service its clients and meet its ongoing obligations.
63. We would expect the debtor ledger to be understated given that the Company has a backlog in processing AMCs for the last 12 months, albeit it is unclear what this amount would be and its recoverability.

Current Liabilities

64. We have been provided with a creditors ledger as at 7 March 2022, which states liabilities of £198k. These are broadly made up of:
- a. Liabilities to HMRC of £95k relating to overdue PAYE/VAT and penalties
 - b. Liabilities to general trade creditors of £83k
 - c. Liabilities to the Company's landlord of £20k, relating to rent arrears for the last 12 months
65. The Company is receiving threats of legal action from a number of trade creditors if debts continue to be unpaid.
66. In addition to the above amounts, the Company's gross payroll of £20k for the month of March 2022 was payable on 25 March 2022 and remains unpaid as at the date of this report.

Secured Liabilities

67. We understand that Barclays Security Trustee Limited ("**Barclays**") is currently owed £300k relating to a CBILS loan provided to the Company in March 2021. Barclays holds a qualifying floating charge over the Company's assets.

Summary

68. Given that there is uncertainty over the collectability of trade debtor balances and the current level of client complaints which is likely to hinder any recovery process in the short term, the Company currently cannot pay its debts as they fall due. We understand from documentation prepared by the Company and assisted by Interpath that they formed the

view that the Company had no ability to trade its way out of its current difficulties and we concur with this view.

69. In addition, the Director is aware that there may in future be additional contingent creditor claims arising from complaints / claims by Trust Clients regarding the management of Trust Assets.

E Administration Methodology

70. We address in section F why we believe that Administration will produce a better result for creditors, as a whole, than a winding up. In this section, we explain how we would, if appointed, conduct the Administration of the Company.
71. We believe that although the Company / its director is able and willing to make an out-of-court appointment under paragraph 22 of Schedule B1 to the 1986 Act, the circumstances of this matter are such that the making of an Administration Order is preferable because of the need to seek appropriate directions at the commencement of administration and to ensure that the Court is satisfied that administration is preferable to a winding up of the Company.
72. In an administration scenario, we envisage that the work areas will fall into two parts (or estates): the Company's General Estate, and then the Trust Estate and dealing with Trust Clients and Trust Assets which have been referred to in Sections C, D and E. We set out below the proposed methodology with regard to each of these estates.
73. Given the inherent inadequacies in the data received and the issues the Company is currently facing, we have proposed that our work is undertaken under two discrete phases.
74. Phase 1 is detailed in this section and is expected to cover a 16-week period from the appointment of Administrators. This phase would be focused on obtaining a better understanding of the Company's position and issues, both with regard to the General Estate and the Trust Estate.
75. We propose that Phase 2 would be based upon the findings of Phase 1 and would comprise a remediation of any issues identified and providing options for the insolvent estate. Such options could include a sale of the trust assets, transfer of trusts to alternative trustees, redemption of funds held on investment, termination of trust agreements or any other applicable options.

76. Given the uncertain position of the Company and the issues faced, we are unable to comment upon the scope of work entailed within Phase 2 or likely costs until Phase 1 has been completed. Accordingly, the forecast costs detailed within this report are limited to Phase 1 only.
77. We would propose to update the Court upon the conclusion of Phase 1 and report our key findings and outline the workstreams and likely costs of Phase 2.

Phase 1

General Estate and Administration Trading Methodology

78. We would anticipate stabilising all operations post-appointment and retaining all Company staff and services throughout the period of Phase 1 in order to make the process cost effective and utilise the skills and knowledge of Company staff. This will include a supervisory process to ensure that the Company's obligations as a Trustee are carried out. This includes completing the Trust administration services carried out by the Company which includes dealing with tax related matters and annual reviews for applicable trusts.
79. We are of the view that the business should continue to trade whilst in Administration to maximise realisations for both unsecured creditors and Beneficiaries and to realise the general estate assets and unlock cash invested with the investment management companies. In the absence of such an approach, we would consider that returns to unsecured creditors and Beneficiaries will be diminished. Furthermore, given that funds invested with the investment management companies have been pooled, Beneficiaries have no ability to determine where the funds to which they are entitled to have been invested without a detailed reconciliation exercise.
80. Our initial focus over Phase 1 will be to obtain or prepare an up-to-date trial balance and balance sheet and undertake investigative enquiries to obtain an understanding of significant balances and their collectability.
81. Whilst we are not aware of any assets with material value on the Company's balance sheet, a key area of focus will be on computing and assessing amounts due to the Company from its clients as trade debts, as well as the basis of other debtors.
82. Trade debtor balances largely relate to AMCs as well as fees payable by clients on specific events. It is noted that certain payment on accounts have already been taken by the Company, which would need to be factored into our analysis as well as current client concerns and complaints, which may serve as a counterclaim against sums payable. A review and reconciliation process of trade debtors would be required to determine collectable balances.

83. In addition, we have been advised that AMCs have not been applied for at least 12 months and the Company had intended to invoke an AMC on dry trusts of £500. Consideration will be given to the revenue that can generated from this, the Company's legal entitlement to do so and any potential challenges.
84. Costs will be incurred in operating the business on day-to-day basis which include payroll and ongoing service costs as well as potential ransom payments to key IT service providers. These costs are further detailed below.
85. It should be noted that the revenue streams previously discussed as well as the additional charges noted in the Witness Statement could create Post Administration revenue which would be used towards meeting the day-to-day costs of managing and operating the business and mitigate the requirement for funding to be drawn from the Trust Assets.
86. In addition, the statutory requirement of the Administration would be conducted which will include notifying all creditors and relevant stakeholders, preparing reports to creditors as well as undertaking investigations into the affairs of the Company. We would anticipate this being undertaken via the establishment of a creditors' portal with an initial letter being issued to unsecured creditors and Beneficiaries providing login details for the portal. Relevant documents will be uploaded to the portal which will include the Administrator's proposals, voting forms to seek approval of the Administrator's proposals and resolutions to agree the Administrator's costs and expenses as well as detailed FAQs to assist unsecured creditors and Beneficiaries in determining the current position of the Company and debts owed to them and the Administrator's methodology. In addition, consideration will be given to providing parties with additional means to communicate which may include the operation of an inbound call centre and the option to request all documentation in written form as opposed to access via the portal.

Trust Assets and Methodology

87. Our work will be focused on understanding and obtaining clarity on the current position of the Wet and Dry Trusts to obtain a formative view on the value of each trust, an assessment of any deficiencies and the steps required to resolve issues.
88. Our work during Phase 1 will be focused on the following areas:
- a. Gain an understanding of how trust assets and liabilities are reflected in the general ledger and reconcile balances per each trust to investments made.
 - b. Confirm the listing of current trusts and associated capital investments and/or properties and validate Company records.
 - c. For each property, validate estimated values, where necessary, assess the current status of the property (including insurance, occupancy and upkeep) and

where properties are to be sold, re-engage with agents and determine a sale strategy.

- d. For investments made, obtain documentary details of each investment, confirm the balance and terms with each investment management company, perform due diligence on each investment management company, consider the risk of default/impairment and consider the potential for early redemption/sale.
 - e. For investments made, trace inflows and outflows into each investment, determine the level of interest accrued and paid and / or any withdrawals made (capital and interest), consider how these funds have been used by the Company.
 - f. For Wet Trusts, calculate the current notional value of each trust based on capital inflows and redemptions, interest paid or accrued and fees/charges deducted or accrued. This will include a computation of which investments have been made on the behalf of clients, on a client-by-client basis.
 - g. Take steps to recover both interest and capital payable based on investments made with the Investment Management Companies.
 - h. Consideration of the form of a reconciliation exercise to be completed in Phase 2 to ensure that no one Client is disproportionately disadvantaged and the ability for the re-imburement of Trust Assets utilised should there be sufficient recoveries from the General Estate.
89. It is likely that we will utilise the output prepared by Dains' in completing the above tasks and consider their engagement to support certain of these workstreams.

Unsecured creditors

90. Beneficiaries will be unsecured creditors only to the extent they suffer loss caused by a breach of duty or breach of trust by the Company.
91. Apart from the debts detailed in paragraphs 64 to 67, the level of creditors will be known once further investigative work is carried out and the underlying value of the Trusts is determined.
92. If it will be possible to make a distribution to unsecured creditors, those claims will have to be adjudicated with reference to any loss suffered as a consequence of the actions of the Company and any loss pursuant to the Berkeley Applegate order which is being sought.

Costs and expenses of Administrators

93. It is unlikely that any insolvency practitioners would consent to act as Administrators of the Company unless confident that there will be sufficient funds available to meet their anticipated remuneration and expenses.
94. We have had considerable experience in dealing with insolvent estates with a large number of investor stakeholders or creditors (recent examples being The Connaught

Income Fund, Series 1 (in Liquidation), Business Loan Network Limited (in Administration), Wellesley Finance Limited (CVA), Crown Currency Exchange Limited (in Administration) and Crown Holdings (London) Limited (in Administration). We know that substantial and disproportionate costs tend to be incurred dealing with enquiries, some of which will inevitably constitute criticism concerning the manner in which the insolvency is being conducted.

95. Apart from the cost of dealing with enquiries, any Administrators appointed will have to comply with their statutory obligations, having regard to the affairs of the Company, such as to make proposals to creditors, report to the Insolvency Service regarding directors' conduct, provide progress reports, realising the Company's Assets (together with responding to enquiries, ("**the General Estate**")).
96. As the Company is likely to be in a terminal insolvency process the trusts themselves will need to be correctly dealt with as will the assets vesting in both the Wet and Dry Trusts. Furthermore, given the absence of client ledgers, the reconciliation and allocation of the pooled investments will also need to be undertaken as referenced above ("**the Trust Estate**").
97. Attached in Appendix 1 is a matrix which separately estimates our costs for the General Estate and costs related to the Trust Estate. These costs amount to £1.763m plus VAT for a period of 16 weeks. This reflects the volume of trusts, the complexity of the work that needs to be undertaken to obtain an accurate position of the assets within the General Estate, the position of the Trust Estate with regards to the funds available and a reconciliation of funds due to each Beneficiary as well as seeking to address the issues faced by the Company and evidenced in the Witness Statement. We have taken steps to ensure that the budget has been prepared on a reasonable and efficient basis and have sought to mechanise all aspects of the proposed scope of work to reduce the level of costs.
98. Based upon the value of the Trust Assets understood to be approximately £144m, this equates to 1.2% of their value or 3.9% of the value of the Wet Trusts Investments. Our costs budget has been prepared as a best estimate based upon our experience and knowledge of the known issues, however there remains a risk that following the appointment of Administrators further issues come to light which may vary the level of resource and costs required. We would propose to update the Court with regard to any material adverse deviation from the costs budget.
99. We estimate the legal and Counsel's costs that will be incurred during the 16 week process will be £100k plus VAT and will relate to preparing for future court applications and advice provided on issues identified as the proposed scope of work progresses. This is in addition to legal and Counsel's costs of c.£45k plus VAT in relation to the

preparation and hearing of the Administration application. It is also estimated that c.£40k of expenditure will be required to re-engage with Dains' to determine the status of their work and seek their support to progress the proposed workstreams as well as c.£30k to operate a call centre to support inbound inquiries from Clients.

100. In addition, we have detailed in Appendix 2 an estimated profit and loss and cash flow forecast for the 16 week period. The profit and loss forecast reflects a trading loss of £157k, albeit this does not reflect the cash benefit of any revenue that can be generated from administering / realising AMC's and other revenue streams, which at this point is uncertain.
101. Given the uncertainties noted above, in the initial 16 week period, we would propose to retain all current client funds and accrued and future interest/redemptions payable on the applicable investments. This will include applicable property sales to ensure there is sufficient cover for costs and to enable a further detailed review into the likely return to the Beneficiaries. As detailed in Appendix 2 and based upon the information we have to date (and which is subject to review, analysis and validation), this would provide an estimated pool of funds of up to £1,029k ("**Retention Monies**") which is made up of £95k of current client monies and the balance being accrued interest and future interest/redemptions payable on the CX Wealth and Berkeley Rutherford investments, which would provide short term liquidity to the Administration. We would propose to revert to Court after 16 weeks with a view on the financial position and a more detailed assessment of what the funding requirement of the process and timings is likely to be.
102. For this difficult issue to be managed during the course of the administration, the proposed administrators, if appointed, would seek to establish a committee that would meet at regular intervals and report to all creditors thereafter.
103. The FCA would be invited to attend committee meetings as an observer.
104. The costs and expenses of the Administrators will be subject to approval (in the usual way) by the creditors' committee, creditors generally or the Court.
105. Until the value of asset and potential recoveries and costs actually incurred are known, and it can be determined whether the Trusts can be accurately reconciled to the investments, a fair system of allocation of costs cannot be undertaken. It is proposed that all withdrawals of trust assets are suspended for an initial period of 16 weeks whilst this work is undertaken.

F Advantages of Administration as compared with Liquidation

106. The proposed Administrators would not be prepared to consent to act as Liquidators because, without the directions sought by the Company (in support of which this Report has been produced), we would not be confident that we could perform the

aforementioned reconciliation and asset verification work, discharge all anticipated liquidation costs and expenses, and comply with our statutory duties as Liquidators.

107. Liquidators appointed in a creditors' voluntary liquidation would need to consent to act and be appointed before being in a position to apply for directions. Additionally, there would be a need to notify all creditors and convene a creditors meeting. Given the uncertainty over the position of Trust Beneficiaries and their likely returns, they would need to be included in this notification which would result in the need to contact in excess of 3,000 individuals and entities, which would be prohibitive from a time and cost perspective.
108. We have considered the possibility of the Company presenting a winding up petition and seeking the appointment of provisional liquidators and an order in similar terms to the directions sought by the proposed administrators. This is likely to be prohibitive from a time perspective. Furthermore, there would need to be a hearing of the petition, adding to the costs.
109. It is, in our view, doubtful that any insolvency practitioner would consent to act as Liquidator, because although they would have the opportunity to apply to the Court for relief, they would be unable to resign if the relief sought was not granted.
110. Further, any Order of the Court for the appointment of liquidators would result in the appointment of the Official Receiver and potentially an appointment of a Special Manager and it would then be incumbent on the Official Receiver to call a meeting of creditors to seek the appointment of a private practice Liquidator, or to consider the making of a Secretary of State appointment; both of which are likely to run into several weeks, during which time the Company's business activities will have ceased given the impending cash flow difficulties and inability to meet payroll costs resulting in both clients and creditors interests not being served.
111. While the Official Receiver might consider engaging the services of a suitable professional to conduct the trust funds reconciliation and asset identification exercise, the Official Receiver would be in the same position as administrators in terms of responsibility to creditors and to the Trust Clients. Given the substantial number of Trust Clients to deal with the Official Receiver may also require special managers to assist with the Client Trust Handling, again with consequential delay and cost.
112. Even if an insolvency practitioner were prepared to consent to act and the Company was placed in voluntary liquidation:

- a. This would be achieved by convening a shareholders meeting and convening a deemed consent decision procedure for creditors in order to pass resolutions for the appointment of Liquidators.
- b. Written notice (3 clear business days) would be required to be provided to creditors of the decision procedure and an online portal established to enable creditors to participate and submit claims forms and associated documentation.
- c. The identity of the appointed Liquidators will not be known until the outcome of the decision procedure which could in itself result in creditors calling for a virtual meeting to take place.
- d. No order would have been made by the Court giving directions concerning the tasks that can properly be paid for from the Trust Assets.
- e. Pending the appointment of Liquidators, there would be a hiatus during which there would be no communications with Trust Beneficiaries or consideration of how Trust Assets are safeguarded. Such an uncontrolled process is likely to be to the detriment of unsecured creditors and Trust Beneficiaries.
- f. While the reporting regime in Liquidation is marginally less onerous than in Administration, the enhanced and more frequent reporting regime in Administration will serve to better inform the creditors and Trust Beneficiaries of progress than in a Liquidation, contributing to a reduction in enquiries and complaints and an overall cost saving.
- g. We recognise that Administrators have an obligation to lay Proposals before creditors which is not required in Liquidation. The existence of Proposals can reduce the extent to which creditors have the need to make enquiries of officeholders. In addition, the additional costs incurred in presenting proposals would be far exceeded by the effects of Liquidation described above.

In summary, if the proposed Administrators are appointed and the directions sought are made by the Court the administration order is reasonably likely to achieve the purpose of administration. There is a real prospect of achieving 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 because in all the circumstances:

- a. There is a real prospect of higher Trust Asset recoveries being achieved in administration as compared with liquidation, given the continuation of trade and that a controlled process will be run to determine the value of the Trust Assets and prevent withdrawals whilst doing so to preserve value.
- b. Continuation of trade is likely to generate income which can be utilised to offset the costs of trading the business.

G Conclusion

113. In all the circumstances, the Proposed Administrators have produced this Report for the purposes of supporting the Director's application for:

(a) An order appointing the Proposed Administrators to be Administrators of the Company;

(b) Directions in the following terms:

(1) The appointment of the Joint Administrators shall take effect from the time and date on which the Order is made.

(2) During the period for which the administration order is in force the affairs, business and property of the Company is to be managed by the Joint Administrators appointed to it.

(3) During the period for which the administration order is in force, any act required or authorised under any enactment to be done by either or all of the Joint Administrators in respect of the Company, may be done by any one or more of the persons for the time being holding that office with respect to the Company.

(4) The Joint Administrators be permitted to pay for the following categories of work, from the Trust Assets (as that expression, and the capitalised expressions below, are defined in the Report of the Joint Administrators exhibited to the evidence in support of this Application ("the Report")):

- The post-administration costs and expenses incurred by the Company, acting by the Joint Administrators, with the continuation of the Company's staff to provide future Trust Administration Services (or of such alternative service provider should the Joint Administrators so determine).

- The remuneration of the Joint Administrators for:

- The Trust Administration Supervision Tasks.
- Dealing with Client related matters, in particular dealing with enquiries from Clients.
- Dealing with issues concerning the Financial Conduct Authority.
- Court applications relating to Trust Assets and/or Client matters.
- Collecting PTC Fees and Costs payable from the Trust Assets to the Company.

- Legal costs incurred by the Joint Administrators dealing with Trust Assets.

- One-half of the costs incurred (including the remuneration of the Joint Administrators) in establishing and conducting the affairs of the creditors' committee (as defined in the Report).

(5) Subject to paragraph (6) below, the work done pursuant to the powers of the Joint Administrators under the Insolvency Act 1986 ("the 1986 Act"), the 2016 Rules and any relevant practice direction relating to the estate of the Company, including but not limited to:

- the preparation of the reports required by the 1986 Act, including the proposals to creditors, the progress reports, the report to the insolvency service on the conduct of directors;
- the collection of the Company's assets and the adjudication of creditors' claims if there is a distribution; and,
- responding to creditors' enquiries;
- be paid for in accordance with the provisions of payment of office-holders' remuneration, costs and expenses in the 2016 Rules from the Company's Assets, save that one-half of the costs of establishing and running the creditors' committee (as defined in the Report) be paid from the Trust Assets.

(6) If and to the extent that the Company's Assets are insufficient to pay any categories of work falling within paragraph (5) above in full, the Administrators are permitted to pay for that work from the Trust Assets.

(7) The Joint Administrators have liberty to apply.

(8) The Joint Administrators do provide notice of this Order to the Clients (as defined in the Report) by 14 days.

(9) The Clients have liberty to apply to vary (but not discharge) paragraph 4 of this Order on application to be issued no later than 35 days.



Geoff Bouchier
Managing Director
Kroll Advisory Ltd.

Appendix 1 (Administrators Estimated Costs Summary)

Philips Trust Corporation Limited
Estimated Administration Time Costs

Classification of Work Function

		Weekly Analysis															
		Week 1	Week 1	Week 2	Week 2	Week 3	Week 3	Week 4	Week 4	Week 5	Week 5	Week 6	Week 6	Week 7	Week 7	Week 8	Week 8
		25/04/2022	25/04/2022	02/05/2022	02/05/2022	09/05/2022	09/05/2022	16/05/2022	16/05/2022	23/05/2022	23/05/2022	30/05/2022	30/05/2022	06/06/2022	06/06/2022	13/06/2022	13/06/2022
Notes		Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
General Estate																	
1	Assets	32	20,485	32	20,485	22	13,835	26	16,410	14	8,300	20	12,375	5	2,400	9	5,280
2	General	18	10,020	11	5,550	11	5,550	11	5,550	11	5,550	11	5,550	35	15,735	35	16,855
3	Trading	17	7,708	25	12,588	20	9,263	24	12,143	19	8,818	24	12,143	17	8,118	9	3,860
4	Creditors	9	4,730	7	3,400	11	5,813	7	3,400	11	5,813	8	4,150	6	3,300	11	6,715
5	Investigations	18	6,950	18	6,950	18	6,950	18	6,950	18	6,950	18	6,950	33	16,000	34	16,665
	Total General Estate Time Cost / Hours	94	49,893	93	48,973	82	41,410	86	44,453	73	35,430	81	41,168	96	45,643	98	49,195
Trust Estate																	
6	All Trusts	37	16,753	32	13,760	37	17,085	27	10,255	32	13,580	27	10,255	19	7,655	19	7,655
7	Investments	48	30,785	63	40,795	63	40,713	65	42,213	49	31,730	52	33,393	44	29,090	43	28,373
8	Wet Trusts	51	24,438	76	36,545	72	34,133	74	35,258	56	28,020	51	24,483	49	24,745	36	18,258
9	Dry Trusts	30	15,550	33	17,213	35	18,875	34	17,658	36	19,320	34	17,658	31	15,995	27	14,215
10	Other	8	5,625	5	3,750	5	3,750	3	2,250	3	2,250	2	1,500	6	3,828	5	3,183
	Total Trust Estate Time Cost / Hours	173	93,150	208	112,063	212	114,555	201	107,633	176	94,900	166	87,288	148	81,313	129	71,663
	Total Time Cost / Hours	267	143,043	301	161,035	293	155,965	287	152,085	248	130,330	246	128,455	244	126,955	227	120,858

		Weekly Analysis														Totals				
		Week 9	Week 9	Week 10	Week 10	Week 11	Week 11	Week 12	Week 12	Week 13	Week 13	Week 14	Week 14	Week 15	Week 15	Week 16	Week 16	Total Hours	Total Cost	Average Hourly Rate (£)
		20/06/2022	20/06/2022	27/06/2022	27/06/2022	04/07/2022	04/07/2022	11/07/2022	11/07/2022	18/07/2022	18/07/2022	25/07/2022	25/07/2022	01/08/2022	01/08/2022	08/08/2022	08/08/2022	£		
Notes		Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£			
General Estate																				
1	Assets	3	1,205	3	1,205	2	825	2	825	2	825	2	825	2	825	2	825	178	106,930	601
2	General	12	6,485	12	6,485	12	6,485	10	5,155	9	3,740	9	4,405	9	4,405	9	4,405	225	111,925	497
3	Trading	12	4,380	12	4,380	15	4,380	15	6,375	15	4,380	15	6,375	15	6,375	15	6,375	265	117,478	444
4	Creditors	7	4,055	6	3,305	6	3,305	4	1,805	6	3,305	4	1,805	6	3,305	4	1,805	112	60,100	537
5	Investigations	30	11,995	32	13,410	17	6,200	20	8,195	20	8,195	20	8,195	18	6,695	20	8,195	352	145,445	413
	Total General Estate Time Cost / Hours	64	28,120	65	28,785	52	21,195	51	22,355	52	20,445	50	21,605	50	21,605	50	21,605	1,132	541,878	479
Trust Estate																				
6	All Trusts	19	6,480	19	6,480	19	5,590	19	6,480	19	6,480	19	6,480	19	6,480	19	6,480	380	147,948	389
7	Investments	35	23,130	30	19,805	29	19,055	23	14,980	24	15,645	19	12,320	19	12,320	19	12,320	623	406,665	653
8	Wet Trusts	44	21,150	39	18,375	38	17,445	38	17,445	37	16,760	37	16,760	37	16,760	37	16,448	769	367,080	478
9	Dry Trusts	27	14,215	27	14,215	28	4,533	27	14,215	27	7,565	27	14,215	27	14,215	27	14,215	478	233,870	492
10	Other	7	4,825	1	750	6	4,075	1	750	1	750	16	12,000	16	12,000	6	4,500	90	65,765	172
	Total Trust Estate Time Cost / Hours	132	69,800	116	59,625	120	50,698	108	53,670	108	47,220	118	61,795	118	61,795	108	53,963	2,337	1,221,328	2,183
	Total Time Cost / Hours	195	97,920	180	88,410	172	71,893	159	76,225	160	67,665	168	83,400	168	83,400	157	75,568	3,468	1,763,205	2,682

Notes

Reference	Area	Work to be undertaken
General Estate		
1	Assets	Relates to preparing an accurate balance sheet and investigating the asset base of the Company as well as reviewing trade debtors and their collectability
2	General	Relates to statutory matters including creditor meetings and reports, cashing and accounting, case setup and management
3	Trading	Relates to reviewing accrued income and future revenue streams and discussions with trade suppliers and the Company's landlord
4	Creditors	Relates to communication with unsecured creditors, employees and forming and liaising with a creditors committee
5	Investigations	Undertaking a financial review and investigations into the Company's affairs and preparing CDDA reports to The Insolvency Service
Trust Estate		
6	All Trusts	Includes communications with clients with regard to notification of the Administration appointment, their current position and proposed strategy
7	Investments	Investigations and analysis of the investments entered into with the Investment Management Companies. Includes: Confirming the terms of the investments and amounts invested Identify options for early redemption/sale Trace capital flows into each investment and determine interest paid/accrued Trace receipts to the Company and how funds have been used
8	Wet Trusts	Relates to calculating the current value for each trust, current values, where investments are held, the level of interest paid/accrued as well as fees paid/accrued and redemptions made to date
9	Dry Trusts	Relates to confirming the status and value of properties currently held on Trust as well as progressing property sales
10	Other	Relates to dialogue with the FCA and future Court applications/directions

Appendix 2 (Profit and Loss and Cashflow Forecast)

**Philips Trust Corporation Limited
Estimated Profit and Loss Account**

Profit and Loss Account					
	Month 1	Month 2	Month 3	Month 4	Total
	£	£	£	£	£
General Estate (Revenue)					
Revenue	-	-	-	-	-
Total General Estate Revenue	-	-	-	-	-
General Estate (Costs)					
Gross Employee Wages	(20,000)	(20,000)	(20,000)	(20,000)	(80,000)
Accrued Gross Employee Wages	(20,000)				(20,000)
Rent	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)
Utilities	(500)	(500)	(500)	(500)	(2,000)
IT Services	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)
HR Support	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)
Ransom Costs	(25,000)				(25,000)
Provision for Costs	(3,000)	(3,000)	(3,000)	(3,000)	(12,000)
Total General Estate Costs	(73,000)	(28,000)	(28,000)	(28,000)	(157,000)
Profit/Loss	(73,000)	(28,000)	(28,000)	(28,000)	(157,000)

Notes

Reference	Area	Comments
General Estate Revenue		
1	Revenue	Relates to AMC's and fees related to property sales. The ability to generate revenue is currently uncertain and requires investigation
General Estate Costs		
2	Gross Employee Wages	Gross wages for current employees
3	Accrued Gross Employee Wages	Unpaid wages relating to March 2022
4	Rent	In relation to the Company's leasehold premises in Salford
5	Utilities	Relate to electricity and telephones
6	IT Services	Hosting services and server support
7	HR Support	Costs to administer monthly payroll
8	Ransom Costs	Provision for ransom payments to reflect the need for the continuation of services/support and the need to pay creditor arrears
9	Provision for Costs	General provision for unknown costs

Philips Trust Corporation Limited
Estimated Administration Cash Flow

		Cash Flow				
		Month 1	Month 2	Month 3	Month 4	Total
		£	£	£	£	£
Notes						
	Balance b/f	95,000	587,000	602,000	617,000	95,000
	Receipts					
	General Estate Receipts	-	-	-	-	-
	Berkeley Rutherford Interest Receipts	20,000	20,000	20,000	20,000	80,000
	Berkeley Rutherford Accrued Interest Receipts	80,000				80,000
	CX Wealth Interest Receipts	23,000	23,000	23,000	23,000	92,000
	CW Wealth Accrued Interest Receipts	46,000				46,000
	Berkeley Rutherford Investment Redemptions	436,000			200,000	636,000
	Total Receipts	605,000	43,000	43,000	243,000	934,000
	Payments					
	Gross Employee Wages	(20,000)	(20,000)	(20,000)	(20,000)	(80,000)
	Accrued Gross Employee Wages (March 2022)	(20,000)				(20,000)
	Rent	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)
	Utilities	(500)	(500)	(500)	(500)	(2,000)
	IT Services	(1,500)	(1,500)	(1,500)	(1,500)	(6,000)
	HR Support	(1,000)	(1,000)	(1,000)	(1,000)	(4,000)
	Ransom Costs	(25,000)				(25,000)
	Provision for Costs	(3,000)	(3,000)	(3,000)	(3,000)	(12,000)
	Dains Forensic	(40,000)				(40,000)
	Total Payments	(113,000)	(28,000)	(28,000)	(28,000)	(197,000)
	Balance c/f	587,000	602,000	617,000	832,000	832,000

Notes

Reference	Area	Comments
	General	VAT is not accounted for in our workings, albeit amounts are anticipated to be insignificant Workings exclude the payment of professional fees relating to Administrator and legal costs The cash flow reflects Trust and General Estate assets and liabilities being dealt with on an aggregated basis (on the basis that the only source of funding is assumed to be Trust Assets)
	Receipts	
1	General Estate Receipts	Relates to AMC's and fees related to property sales. The ability to generate revenue is currently uncertain and requires investigation
2	BR Interest Receipts	We have been advised that £20k of interest is received monthly in relation to funds invested with BR. It is assumed that this continues but is subject to confirmation and receipts are at risk
3	BR Accrued Interest Receipts	BR have not paid interest since November 2021 and it assumed that accrued interest for 4 months (Dec-Mar) is received in month 1 It is assumed that these amounts are received but is subject to confirmation and receipts are at risk
4	CX Wealth Interest Receipts	We have been advised that £23k of interest is received monthly in relation to funds invested with CW Wealth. It is assumed that this continues but is subject to confirmation and receipts are at risk It is assumed that these amounts are received but is subject to confirmation and receipts are at risk
5	CX Wealth Accrued Interest Receipts	CX Wealth have not paid interest since January 2022 and it assumed that accrued interest for 2 months (Feb-Mar) is received in month 1
6	BR Investment Redemptions	We have been advised that a number of the BR investments are due to mature. This is subject to confirmation and receipts are at risk
	Payments	
7	Gross Employee Wages	Gross wages for current employees
8	Accrued Gross Employee Wages	Unpaid wages relating to March 2022
9	Rent	In relation to the Company's leasehold premises in Salford
10	Utilities	Relate to electricity and telephones
11	IT Services	Hosting services and server support
12	HR Support	Costs to administer monthly payroll
13	Ransom Costs	Provision for ransom payments to reflect the need for the continuation of services/support and the need to pay creditor arrears
14	Provision for Costs	General provision for unknown costs
15	Dains	Costs related to the engagement of Dains to support in the Wet Trust reconciliation exercise