

**Joint Administrators
G Bouchier
First
Exhibit GB1
4 July 2022**

Case No: CR-2022-001095

**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 GEOFFREY BOUCHIER

I, GEOFFREY BOUCHIER, of Kroll Advisory Limited of The Shard, 32 London Bridge Street, London, SE1 9SG, a licensed insolvency practitioner, will say as follows:

1. I, together with James Saunders (“the Joint Administrators”), was appointed Joint Administrators of Philips Trust Corporation Limited (“the Company”) by order of this court on 22 April 2022 (“the Order”).
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 my solicitors, Glaisyers Solicitors LLP, through exchange of drafts, emails and conference calls.
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 “GB1”. Where I refer to page numbers in this statement, I am referring to page numbers in “GB1”.
4. I am making this witness statement pursuant to paragraph 12 of the Order, setting out details of: -
 - a. the Joint Administrators’ progress to date; and
 - b. objections to paragraphs 6 to 8 of the Order, raised by, or on behalf of, settlors and beneficiaries of trusts of which the Company is the trustee (“the Objections”).

Progress to date

5. Shown at pages 1 to 109 is a report setting out the Joint Administrators' progress to date.

Objections received

6. Shown at pages 4 to 5 is a summary of the Objections received. The Objections will be filed with the Court but for GDPR reasons, I have not exhibited these objections to this witness statement.

Conclusion

7. The Joint Administrators remain of the view that the orders granted at paragraph 6 to 8 of the Order are appropriate and necessary because:-

- a. There has been pooling, co-mingling and misapplication of the trust assets and a failure, by the Company, to keep any or sufficient client or accounting records. Until the Joint Administrators have carried out a full reconciliation exercise it is not going to be possible to ascertain which of the trust assets are held for which of the trusts.

It is fair that the costs of this exercise, and all other trust estate costs, be paid from the trust assets.

- b. The Company is insolvent it was therefore necessary for the Company to be placed into a formal insolvency process. At the hearing on 22 April 2022, the Court deemed administration to be the most appropriate insolvency process as this allowed the Company to continue to administer the trusts whilst carrying out the reconciliation exercise and identifying an appropriate exit strategy. It remains the Joint Administrators' view that by allowing the Company to continue to administer the trusts this will (i) preserve the value in the trust assets for the benefit of the beneficiaries and (ii) potentially allow the Company to generate income for the benefit of the general body of creditors.

As a result of the administration process, the Joint Administrators are however under various obligations and duties to carry out certain works relating to the insolvent estate of the Company. The Joint Administrators were unwilling to accept the appointment as administrators of the Company if we were not able to be paid for this work.

As the administration process will preserve value in the trust assets for the benefit of the beneficiaries, it is fair that where there is insufficient funds in the insolvent estate to cover these costs, any shortfall should be paid from the trust assets.

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:.....

GEOFFREY BOUCHIER

Dated: 4 July 2022

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

**WITNESS STATEMENT OF GEOFFREY
BOUCHIER**

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EXHIBIT GB1

This is Exhibit "GB1" referred to in the witness statement of Geoffrey Bouchier dated 4 July 2022.

Joint Administrators' Update Report

4 July 2022

Philips Trust Corporation Limited
(In Administration)

Kroll Advisory Ltd
The Chancery
58 Spring Gardens
Manchester
M2 1EW

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Appendix 2 – Joint Administrators' Report to Creditors and Statement of Proposals dated 15 June

Appendix 3 - FAQs

Appendix 4 – Breakdown of Kroll's Pre-Administration Time Costs for the Insolvency Estate

Appendix 5 – Breakdown of the Joint Administrators' Time Costs for the Trust Estate

Appendix 6 - Breakdown of the Joint Administrators' Time Costs for the Insolvency Estate

Appendix 7 – Fee Estimate for the Insolvency Estate presented to Creditors

1. Background and Proposals

Philips Trust Corporation Limited (“the Company” or “PTC”) was incorporated on 6 December 2017 with its primary purpose being to provide corporate trustee services to clients for estate planning purposes. The current sole director of the Company is Ms Kay Collins (“the Director”).

Following the Director’s application to place the Company into administration and which was heard by the Court on 22 April 2022, James Saunders and I (“the Joint Administrators”) of Kroll Advisory Ltd were subsequently appointed Joint Administrators of the Company on the same date.

As requested by the Court, the purpose of this report is to primarily provide an update to the Court on whether any objections have been received by the Joint Administrators to the Berkeley Applegate order granted by the Court.

In addition, this report also provides an update on the work undertaken by the Joint Administrators’ team since the appointment date. I append to this document the Joint Administrator’s Proposals, which were circulated to the Company’s creditors and Clients on 15 June 2022, as well as a Frequently Asked Questions (“FAQ”) document which was first published on 22 April 2022 and then last updated on 24 June 2022.

In this update report I will make reference to the Trust Estate and the Insolvency Estate. The former being the Trusts and associated assets held within those Trusts; the latter being the Company and all its assets and liabilities.

2. Objections Received to Berkeley Applegate Order

Summary

In accordance with paragraph 12 of the Order of Deputy ICC Judge Agnello QC dated 22 April 2022 (“the Order”), I have set out below a summary of the written objections received from Clients and beneficiaries to the terms of paragraphs 6 to 8 of the Order.

At the date of finalising this report, the Joint Administrators have received a total of 53 written objections to the Order (“the Objections”) from 63 objectors which relates to 56 Trusts.

A tabulated summary is included in this Report at Appendix 1.

As noted in the summary, all of the Objections were submitted prior to the Joint Administrators circulating their Report to Creditors and Statement of Proposals (“the Proposals”).

The Joint Administrators solicitors, Glaisyers Solicitors, have provided the court with the relevant email addresses which were received from Clients who expressed a wish to attend and/or be represented at the hearing.

It should be noted that with the exception of two which are discussed further below, all of the Objections are similar in format (save for the addition of specific personal circumstances), and appear to have followed a template letter that one client circulated on a social media forum and encouraged other clients to use.

Objection – Group 1 (totalling 48 objections from 55 objectors)

In summary, the basis of all of the objections in this group is that the Trust Estate should not have to meet the costs of the Administration as the Clients are stating they were “mislead [sic] into investing into the Philips Trust Corporation” and “this is not an ordinary Insolvency matter and the people who stand to lose financially are elderly people who were introduced by their building society to third parties, namely The Will Writing Company and The Family Trust Corporation.”

The Objections stipulate that the Clients “...fully understand that the Administrators be paid for the work they have done to do to realise the assets of the company” and it is submitted that “...any of these costs should be funded by The Family Trust Corporation...”

“In the alternative the Professional Indemnity Insurers of Taylor Rose TTKW should fund the Administration costs of the Company.”

“In addition the Building Societies who recommended these products to their clients should be responsible.”

The Objections further state that “[i]f and only if any of the above are insufficient should the clients’ monies be utilised. If that were to be the case then these costs should be capped to no more than £500-£1,000 per Trust.”

Finally, the Objections state that “...the client’s properties should be transferred back to them and a firm of Solicitors appointed to transfer the properties back to the clients at a fixed fee.”

Objection – Group 2 (Requested that a redacted copy be filed – 1 objection from 2 objectors)

A letter dated 27 June 2022 has been received from Mitchell Wilde Solicitors (“MWS”) representing two Trusts for one family.

The nature of this objection is based upon MWS outlining their interpretation of the general legal position in respect of the application of a Berkeley Applegate Order and in particular the use of the Trust Estate to fund the Insolvency Estate process. In the Company’s case it is noted however that Trust Estate Clients may in the future become creditors themselves and therefore represent the majority of Insolvency Estate creditors.

Objection – Group 3 (totalling 4 objections from 6 objectors)

A further four objections have been received and they have been grouped together as their overriding objection is that the costs of the Administration should not be met from Trust Assets.

A key area of the Objections is the manner in which the costs and expenses of the Administration are to be treated and I have therefore set out below an extract from the Proposals in relation to this;

Pre-Administration Costs and Expenses

The total pre-Administration costs incurred and detailed in the Proposals was £266,315 (plus VAT). £211,427 of this relates to costs incurred by Kroll.

Post Administration – Joint Administrators’ Fees – Trust Estate

The Joint Administrators’ total time costs incurred from the Appointment Date to 12 June 2022 in respect of Trust Estate matters was £377,263 (plus VAT).

Post Administration – Joint Administrators' Fees – Insolvency Estate

The Joint Administrators' total time costs incurred from the Appointment Date to 12 June 2022 in respect of the Insolvency Estate was £120,375 (plus VAT).

Statement of Proposals

On 15 June 2022, the Joint Administrators issued their Proposals and a copy is attached at Appendix 2.

The Joint Administrators sought approval to the Proposals by way of deemed consent, pursuant to Rule 3.38(3) of the Insolvency (England and Wales) Rules 2016 ("the Rules").

Because at this juncture it is not possible to estimate contingent Client creditor claims against the Insolvency Estate, for the sole purpose of voting on the Proposals and/or establishing a Creditors Committee, the Administrators determined that Clients could vote for a nominal 1% of the value of their capital invested (per Company records as they stand). Furthermore, Clients with Properties would be permitted to vote for a fixed figure of £2,750 per property.

The Proposals were deemed approved on 30 June 2022 and no formal objections were received to them.

Section 11.2 of the Proposals outlined the process for considering the formation of a Creditors' Committee. As explained, we outlined that Clients will be considered contingent creditors, thereby enabling them to nominate a representative for the membership of the Creditors' Committee.

I can advise that as at the deadline on 30 June 2022, the Joint Administrators had received written nominations from 3 Clients who wished to be part of a Creditors Committee (if formed). The Administrators will shortly follow up with those Clients directly to discuss the process in more detail and proceed towards formally constituting the committee. A further update on this will be provided to the Court at the next hearing.

3. Joint Administrators' Approach to Trusts Estate Matters

A key function of the Joint Administrators' work is enabling the Company, under their supervision to continue to act as Trustee of the Trusts.

This has initially been focused on undertaking a reconciliation exercise to collate a definitive and complete register of current active Trusts and Clients; and detailing the assets held on a trust-by-trust basis. Our initial work concluded that the records kept by the Company were poor and did not accurately reflect either the exact number of trusts the Company acted as corporate trustee for or a complete record of client names, addresses, contact details and assets held on trust on behalf of each client. This has been, and continues to be, an important exercise so that I can properly ascertain the number of trusts and derive a complete client list.

As the Company's books and records of the Company are inaccurate and incomplete; I am drawing on the following sources to complete the exercise:

- 1) Information contained within WEMS, the Company's CRM system;
- 2) Physical files held on Company premises;
- 3) Spreadsheets provided to my team by employees and by third party anonymous sources;
- 4) Information on Client transfers provided by The Family Trust Corporation Limited;

- 5) Information provided by Clients;
- 6) Information held at the Land Registry; and
- 7) The Clients identified during Dains' reconciliation of the Company's client bank accounts.

This reconciliation exercise has taken substantially longer than the four weeks originally anticipated due to the fragmented and inaccurate state of the Company's records, but it is now mostly complete.

To further compound the poor state of the Company's records a service provider who hosted the WEMS CRM system had a software outage for a number of weeks and as such we are informed by the Director that 6-12 months of data was lost. This included file notes, Client requests, electronic copies of documentation and other general details about Trust activity including telephone notes.

In building a picture of the Trust Estate, it does appear that all or most of the existing Clients transferred across from The Family Trust Corporation Limited pursuant to a Deed of Retirement and Appointment.

From a review of documentation, it is apparent that a number of the transfers either of the Trusts or the underlying assets appear from The Family Trust Corporation Limited to PTC have been improperly executed. This is currently being reviewed by the Joint Administrators' legal advisors.

Four employees were retained to assist with the wider review exercise and their salary arrears as at the Appointment Date have been met in full to secure their support and services. The Director was retained until 31 May 2022 at which point her employment with the Company ceased.

Several parties have been written to by my team to request the delivery up of records pursuant to Section 234 of the Insolvency Act 1986 as we have been made aware that they have in their possession or control, books, papers, or records to which the Company appears to be entitled. I am also in dialogue with the main database provider, TD Software, to facilitate release of Company information held by them.

As part of the above reconciliation exercise, 55 clients have been identified who deposited funds with the Company pursuant to a Pre-Paid Probate plan sold by the Company. The values taken from clients vary from £2k to £4k and my enquiries continue in this regard. I have notified this class of Clients of the Administration accordingly.

The Director, in her witness statement, stated that there were approximately 2,345 Trusts. I am in the process of reconciling the information available to me and have so far identified 2,101 Trusts. A breakdown of the Trusts, as we understand it currently, can be summarised as follows:

Type	Number of Trusts
Wet Trust (investment only)	76
Dry Trust (property only)	963
Hybrid Trust (both property and investment)	796
Uncategorised Trusts	266
Total	2,101

Further work is being undertaken to identify the Trust Assets within those uncategorised trusts to then enable them to be categorised correctly.

It appears that the Company has additionally provided services to around a further 2,000 clients in respect of services such as pre-paid probate, lasting power of attorney and will writing. Pre-paid probate is discussed later in this report.

Communications to date with Trust Clients

Initial Communications and FAQs

Notice of the Joint Administrators appointment was made to Clients on 25 April 2022. The initial notification was sent by the Joint Administrators to those clients whose details were initially provided by management.

Subsequent to this and as part of the ongoing reconciliation exercises, further persons have been identified as Clients of the Company. Notice of the appointment has been sent to those clients also.

In addition to the notice of appointment, the Joint Administrators have also prepared a FAQ document which was first published on 22 April 2022 and last updated on 24 June 2022 and is attached at Appendix 3.

In addition to this, I referred Clients to an online Portal, to which relevant documents have been uploaded throughout the Administration process. Moreover, the Portal has proved useful in allowing Clients and their authorised representatives to update their contact information, enhancing the accuracy and completeness of the data available. The principal method of communication is via the Portal however where requested, communications have also been sent to clients by post.

My team also set up a designated Call Centre and Mailbox to assist with client queries. As at the date of this document we have received in excess of 500 calls into the Call Centre and over 550 emails. These numbers exclude calls directly made into our offices and correspondence sent by post.

I have also had regular dialogue with a social media group called the Philips Trust Action Group which has more than 300 members and whose administrators have been extremely helpful in ensuring that my communications are addressing the most common concerns.

4. Client Account Reconciliation Exercise

The Company does not hold an accurate record of its Client account transactions and balances and is presently unable to provide a reconciliation of Client monies to cash investment Trust Assets.

The witness statement of Kay Collins, dated 12 April 2022, stated (at paragraphs 77 and 79) that:

“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 [...].”

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.”

Dains Accountants Limited (“Dains”) were previously retained by the Company to assist with the reconciliation of trust client account balances, including in relation to investments made on behalf of clients. Dains’ work had included performing an analysis of transactions passing through the Company’s client accounts since inception up to 30 September 2021. In February 2022 Dains was instructed by the Company to stop work and, consequently, as at the date of the Administration, Dains’ work was incomplete.

On 5 May 2022, the Joint Administrators appointed Dains to provide the following forensic accounting services:

- Completion of the reconciliation of the client account balances to 30 September 2021 and extending this work up to the date of Administration; and
- Providing myself with background information regarding the Company as and when required to assist me and my team in our work.

Dains’ work is now well advanced and a significant number of receipts and payments have now been reconciled. Dains has shared a draft of their output with forensic accountants from my team. I anticipate that Dains’ work will be essentially complete by the end of July 2022, albeit Dains may be requested to assist with ad hoc queries regarding specific transactions.

The output from Dains’ work will be a client-by-client analysis of cash transactions passing through the Company’s client accounts, showing the net cash position for each client, taking account of initial capital invested, any fees drawn by the Company, and any withdrawals. For the avoidance of doubt, while Dains’ work has also analysed transfers of client funds to and from the investment providers, Dains has not traced specific client monies to specific investments. I will review Dains’ work in detail in order to ensure a thorough understanding of the transactions affecting the clients. I anticipate that the resultant client ledger will provide a sound basis for the reconciliation of investments to trust clients.

Since the date of appointment, my team and I have held numerous meetings with employees and former-employees or officers of the Company, as well as representatives of current and previous investment management entities with which the Company invested client money. From doing so, my team has developed a more complete understanding of the process by which client monies were transferred to the Company. In the vast majority of cases the funds had previously been invested via trusts of which FTC was trustee. Upon change of trustee from FTC to PTC, the funds were redeemed to FTC and then transferred to PTC for investment by PTC on behalf of the trust clients. My team has also examined the Company’s records regarding allocation of client funds between various investments, in particular between equities and bonds. I expect that those records, validated by reference to the bank statements and Dains’ detailed review, will be important in determining the destination of funds invested by trust clients. This, in turn, will assist in the reconciliation of trust investments.

In the course of this work, instances have been identified where funds have been transferred from a client account to one of the Company’s office accounts. My team continues to review those transfers to determine their purpose.

Furthermore, during the course of the reconciliation process I have found evidence of a variety of commissions being paid to various connected parties to the Company which I understand relate to the

placing of investment monies with the bond providers and, to a lesser extent, historic stocks and shares investments. Whilst it is too early to comment upon the contractual basis of these commission payments, it is worth noting that unusually many of these commission payments were paid directly out of the Company's client bank account. That is to say where 100% of client monies were to be invested, an amount of up to 20% was paid by the Company from the client bank account to the 'introducer' and the balance (i.e. 80%) was transferred to the bond provider or direct to the underlying borrower. The full 100% was, nevertheless, recognised as the principal invested, on which interest accrues and which is ultimately repayable. Cognisant of Deputy ICC Judge Agnello QC's Directions in the 22 April 2022 hearing I have not undertaken any detailed investigation at this stage.

5. Trust Assets – investments in Investment Management Companies

You will recall that the Company has used Trust Estate assets (specifically cash) to invest into four privately owned UK entities (being the Investment Management Companies or "IMCs") via unsecured corporate / investment bonds.

The investments are in the form of unsecured corporate / investment bonds. Those investments were usually for a duration of 2-6 years and initially offered returns of up to 10% per annum. All investments were made in the name of the Company and not in the name of specific Trusts.

My team's work in this area has focused on liaising with the IMCs and other external parties to confirm the existence and value of the investments as well as gain an understanding of each IMCs position in relation to redeeming the bonds at the various maturity dates.

Whilst the Company previously invested into stocks and shares investments with both AJ Bell (via MAIA) and St James Place Wealth Management, these investments were redeemed and re-invested in their entirety into bonds with the IMCs.

My team has entered into direct discussions with the four IMCs to obtain an understanding of when the investments were made, the basis of the investments and the terms attached, the level of return on each investment as well as clarification around bond maturity dates. The aggregate value of the capital currently invested as confirmed by the IMCs is c.£44.25m.

A summary of these investments is set out in the table below as well as narrative on the position with each IMC. The table shows interest accruing on each investment bond until maturity, which in most cases, is payable upon maturity and the narrative for each IMC includes interest received to date. Realisation of the value of the investments is subject to the IMCs fulfilling their contractual obligations to redeem the bonds upon maturity.

IMC	Number of current bonds	Funds Invested (£m's)	Funds Redeemed (£m's)	Current Capital Invested (£m's)	Total Future Interest Payable (£m's)
Berkley Rutherford	13	5.15	(1.45)	3.70	0.15*
CX Wealth	60	18.20	(2.10)	17.60**	3.20
Float Capital	24	11.00	(1.00)	10.00	2.99
Woodville Consultants	2	13.20	(0.25)	12.95	2.23
Total	99	47.55	(4.80)	44.25	8.57

Note: *Includes unpaid interest as at 30 June 2022 of £124k plus future interest of £31k. This does not reflect additional interest that may accrue from 1 July 2022 for bonds that were due to be redeemed prior to this date

Note: ** As a result of the conversion of certain CX Wealth bonds and the capitalisation of accrued interest (see CX Wealth section below) the totals reflected in the above table will not cast as they are not reflective of an injection of new capital.

Redemption Profile of Investments (Capital Only)						
IMC	Current Capital Invested	2022 (£m's)	2023 (£m's)	2024 (£m's)	2025 (£m's)	
Berkley Rutherford	3.70	3.65*	0.05	-	-	
CX Wealth	17.60	-	4.80	11.10	1.70	
Float Capital	10.00	-	0.90	9.10	-	
Woodville Consultants	12.95	-	0.50	12.45	-	
Total	44.25	3.65	6.25	32.65	1.70	

Note: *includes amounts investments which were due to be redeemed over the course of 2021 in addition to those due to be redeemed in 2022.

Berkeley Rutherford

The Company invested £5.15m with Berkeley Rutherford and affiliated companies (via common ownership) during the course of March 2018 to September 2019. Investments were made into 21 bonds with terms ranging from 1 year to 6 years. In addition, interest applicable on the bonds ranged from 5.5% to 7.25% and was payable on a monthly basis.

Berkeley Rutherford have advised the Administrators that the funds invested have been utilised by Berkeley Rutherford to lend onto to a variety of UK based businesses.

In the period prior to my appointment, a total of 8 bonds were redeemed in full which resulted in the repayment of capital of £1.45m, alongside interest of c£0.25m.

A total of 13 bonds remain active, which reflects a total capital value of £3.70m. Interest has been paid on these bonds to December 2021, however no payments have been received for the 6 months to June 2022. The total sum owing is £124k (which amounts to c.£20.5k per month). We are in discussions with Berkeley Rutherford for this to be re-commenced from July 2022.

In addition, 8 bonds were due to be redeemed in the period prior to date of this report and maturity dates have passed without redemptions being made. The capital element of these bonds amounts to £2.1m. I have been advised by a statutory director at Berkeley Rutherford that their underlying borrowers have faced financial difficulties as a result of the pandemic and Berkeley Rutherford are considering their options in this regard. I am seeking legal advice to determine the options available to the Joint Administrators including enforcement action if this is considered to be in the best interest of the clients.

Of the remaining 5 bonds, which reflect a capital amount of £1.6m, all of them bar a single bond for £50k are due to mature by September 2022.

CX Wealth

The Company invested £18.2m with CX Wealth during the course of July 2018 to July 2019. The investments were made as follows:

- £9.4m invested across 27 bonds which yield a return of 10% and were for a period of 5 years. Interest is calculated on a simple basis and payable on the maturity of the bond, alongside the capital invested.
- £8.8m invested across 18 bonds which yield a return of 6% and were for a period of 5 years. Interest is calculated on a simple basis and payable on the maturity of the bond, alongside the capital invested.

The funds invested have been utilised by CX Wealth to lend to a variety of businesses with sectors ranging from property development, hotels and leisure to payroll lending and stocking loans.

During the course of September 2019, the Director approached CX Wealth to seek to redeem bonds early to ease liquidity issues within the business and meet requests from clients to withdraw cash assets held in trust. CX Wealth agreed to the early redemption of 3 bonds (within the 10% interest bracket) and repaid £0.3m in capital alongside £35k interest to the date of redemption. Further requests for redemptions were made during the course of November 2020 to August 2021, where CX Wealth agreed to redeem a further 3 bonds totalling £1.2m of capital, however at the cost of a 9.5% early redemption charge and the Company foregoing interest accrued as at the date of redemption. Total cash received by the Company was £1.1m. A further partial redemption of a single 6% bond was made during the course of November 2021 for £0.6m, however this did not attract an early redemption fee and accrued interest of £96k was paid on early redemption.

As a consequence of redeeming bonds early, CX Wealth required (which the Company agreed) a conversion of the current 2021 10% bonds on the following basis and effective from 1st October 2020:

- Each bond would be split into two, with capital and accrued interest from the date of investment to 1st October 2020 being capitalised and split equally across each new bond;
- The first bond's maturity date would be 5 years and 1 month from the date of the original investment with the second bond's maturity date being 6 years and 1 month from the date of original investment;
- Interest from the conversion date to maturity would be reduced to 6%, with 3% being paid on an annual basis and 3% accrued and paid on redemption, for each of the two bonds.
- The 2018 6% bonds were unaffected.

CX Wealth has paid interest on the 2020 converted bonds since 1st October 2020 at a monthly rate of £23k and the Company has received a total of £375k to the period to January 2022, which has been verified against Company bank statements. A total of £117k has been received by the Company since the appointment of Administrators, which covers the period February 2022 to June 2022. Based on the information provided by CX Wealth, a total of £3.20m in future interest will be payable (split between that which is rolled up and that paid monthly) up until when the final bond matures in May 2025.

Of the £17.6m capital currently invested (which included the aforementioned capitalised interest), £4.8m is due to be redeemed during 2023, £11.1m during 2024 and £1.7m during the first half of 2025, alongside the accrued rolled up interest. This is on the basis that CW Wealth continue to fulfill their contractual obligations to redeem the bonds upon maturity. A statutory director of CX Wealth has advised that he is confident that all remaining bonds will be redeemed in full along with accrued interest on agreed maturity dates.

Float Capital

The Company invested £11.0m with Float Capital during the course of October 2018 to September 2019. The investments were made as follows:

- £11.0m invested across 26 bonds which yield a return of 6% and were for a period of 5 years. Interest is calculated on a simple basis and payable on the maturity of the bond, alongside the capital invested.

The funds received have been utilised by Float Capital to lend to a variety of businesses with sectors ranging from the film industry, property development to trade finance and payroll lending.

During the period January 2020 to December 2021, early redemptions were requested by the Director. Float Capital agreed to the early part/full redemption of 4 bonds and repaid £1.0m in capital alongside £10k interest to the date of redemption. In certain instances, Float Capital, charged a 4.5% early redemption charge with the Company foregoing interest accrued as at the date of redemption. These charges totalled £40k and this was deducted from amounts redeemed.

There are currently 24 active investment bonds with a current capital value of £10.0m and excluding accrued interest. Based on the information provided by Float Capital, a total of £2.99m in future interest will be payable as and when bonds mature and up until when the final bond matures in September 2024.

Of the £10.0m capital currently invested, £0.9m is due to be redeemed during 2023 and £9.1m during 2024, alongside accrued interest. This is on the basis that Float Capital continue to fulfill their contractual obligations to redeem the bonds upon maturity. A statutory director at Float Capital has stated that he is confident that all remaining bonds will be redeemed in full along with accrued interest on agreed maturity dates.

Woodville Consultants

The Company invested £13.2m with Woodville Consultants during the course of April 2021 to July 2021. The investments were made as follows:

- £12.7m invested across 3 bonds which yield a return of 6% and were for a period of 2 years. Interest is calculated on a simple basis and payable on the maturity of the bond, alongside the

capital invested. At the request of the Director, this was changed to 1 bond in April 2021, with the term extended by an additional 1 year to 3 years.

- £0.5m invested in 1 bond which yields a return of 4% and was for a period of 2 years. Interest is calculated on a simple basis and payable on the maturity of the bond, alongside the capital invested.

Woodville Consultants is a litigation funder and provide short term loans to solicitor practices across the UK to fund litigation cases such as personal injury, housing disrepair and mis-selling claims and loans provided are typically supported by an After the Event insurance policy.

During the course of September 2021, early redemptions were requested by the Director and Woodville Consultants agreed to redeem £0.25m from the larger investment, with the penalty being the Company having to forego interest accrued on this amount.

There are currently 2 active investment bonds with a current capital value of £12.95m and excluding accrued interest. Based on the information provided by Woodville Consultants, a total of £2.23m in future interest will be payable as and when bonds mature and up until when the final bond matures in May 2024.

Of the £12.95m capital currently invested, £0.5m is due to be redeemed during 2023 and £12.45m during 2024, alongside accrued interest. This is on the basis that Woodville Consultants continue to fulfill its contractual obligations to redeem the bonds upon maturity. A statutory director at Woodville Consultants has stated that she is confident that all remaining bonds will be redeemed in full along with accrued interest on agreed maturity dates.

Other Investments

We have been advised by the Director that there are c.43 trusts where funds are invested with external providers which include Aviva, Prudential and Legal and General. The clients of these trusts chose not to instruct the Company to invest these monies but rather have the Company in its capacity as Trustee administer the investment with their external investment manager. I understand that the aggregate sum of the investments held in this regard is c£2.2m and we are liaising with the external providers to confirm this position.

6. Dry Trusts Update

The Director previously stated that there were 808 Dry Trusts being Trusts where the assets of the Trust is a property only. I am in the process of reconciling the information available to me and have so far identified 963 Dry Trusts. In addition, a further 796 Hybrid Trusts (being Trusts with both properties and investments) have been identified based on information available to me.

I have identified a number of instances where the PTC has replaced FTC as Trustee but legal ownership of the property within that Trust has not been updated at the Land Registry. I am liaising with FTC with a view to agreeing a proposed solution to resolve these matters.

Dry Trusts can be broadly categorised as follows:

- Where the Settlor is still in occupation of Trust Property

- Alternative Trustee Appointed but Land Registry records still show the Company as the registered proprietor
- Settlor is Deceased, actions pending

Settlor still in occupation

Trusts in this category require no current action however, as part of the wider strategy, I am reviewing, and seeking legal advice on, the Company's responsibilities as Trustee.

Alternative Trustee Appointed

In the majority of Trusts administered by the Company, it is possible for the Settlor to take steps to replace the Company as Trustee without further recourse to the Company. However, registering this change of ownership at the Land Registry usually requires Company involvement.

Where the Settlers are deceased, there are certain challenges in appointing an alternative Trustee without the support of the Company.

Trust properties to be marketed for sale

Through the work undertaken to date, the Joint Administrators have identified 31 Trust properties that are either (1) vacant due to the Settlor's passing or incapacity, or (2) subject to a request from the settlor to sell the property for downsizing purposes.

I am seeking to substantiate this directly with the relevant executors/beneficiaries, and the settlors, where applicable.

Furthermore, I have written to all of the Trust property addresses that we are aware of to establish whether there are any further instances.

My team and I will also be ensuring all obligations under the respective Trusts are met including dealing with all insurance and property inspection requirements as well as meeting any liabilities relating to the property such as Council Tax and utilities.

Dry Trusts where properties have been sold but the net proceeds have not been paid across to the beneficiaries

In the Director's witness statement made in support of the Administration application, she detailed that three properties held in Trust (with an aggregate market value of c.£0.8m) were sold in 2019/2020 but the full proceeds had not been fully accounted for.

The Joint Administrators have been working alongside Dains to establish an audit trail relating to these funds as part of the ongoing reconciliation exercise. Initial findings have indicated that whilst the monies were received into the Client accounts, rather than then being reinvested or distributed to the respective Clients, the funds were used to facilitate other client withdrawal requests or utilised by the Company to meet operational costs.

This exercise is important in establishing the net Client position on a Trust by Trust basis. It does not necessarily mean that there will be a loss to those Clients identified as the funds may, in due course, be determined to have been re-invested and our analysis in this respect is ongoing.

7. Insolvency Estate - Progress on the general estate, identification and realisation of Company assets

As is the case with the Trust Estate, the accounting records of the Company (ie Insolvency estate) are similarly incomplete. Further, as at the date of this report, the Director has failed to provide the Joint Administrators with a completed statement of affairs relating to the Company.

I have therefore re-engaged Champion Accountants, the Company's external accountants to assist in bringing the Insolvency Estate accounts up to date and in particular I will be working alongside them to ensure the correct designation of all funds transferred from the Client Accounts into the Company's Office Account.

In addition to ensuring that the transactions between the Client Accounts and Office Account are reconciled and correctly accounted for, this exercise should also assist in identifying any transactions / payments out of the Office Account which upon further investigation may lead to claims / recoveries being made into the Insolvency Estate.

It is expected that Champion will have completed this exercise in the two to three weeks.

The Company records indicate that circa £402,430 is due to the Company on account of undrawn AMC's however, due to the quality of the Company's books and records, we are at this stage unable to verify this balance.

According to the latest available trial balance extracted from the Company's records held on Sage, being the Company's accounting software, there appears to be a Directors Loan Account balance due from the Director of £134,224. This balance may change as the Company's accounting records are being posted and brought up to date. The Joint Administrators will also be looking to review any other "loan account" balances of former directors and/or connected parties that are detailed within the Company's records.

8. Pre and Post Administration Costs

Pre-Administration Costs

As detailed in the Proposals, the total pre-Administration costs incurred were £266,315 plus VAT. A summary table is set out below:

Pre-Administration Costs	Paid (£)	Unpaid (£)	Total (£)
Kroll	0.00	£211,427	£211,427
Guildhall Chambers (Counsel)	0.00	£8,300	£8,300
Glaisyers	0.00	£46,588	£46,588
Total	0.00	£266,315	£266,315

The costs incurred by Kroll from engagement (22 February 2022) to the Appointment Date (22 April 2022) total £211,427. A detailed breakdown of the time costs incurred pre-Administration is attached at Appendix 4 of this report.

The Joint Administrators will be seeking approval of these costs from the Creditors' Committee (or creditors generally if a Creditors' Committee is not constituted) in due course. This will then enable those costs and expenses to be drawn from the Insolvency Estate to the extent there are any funds available in the future.

As there is unlikely to be sufficient asset realisations in the Insolvency Estate, the Joint Administrators will be relying on paragraphs 7 and 8 of the Court Order and asking the Court to assess these costs. Once assessed, they will be paid from the Trust Estate as and when funds are available.

Post Administration - Trust Estate

A summary of the work conducted by the Joint Administrators in relation to the Trust Estate is detailed in this report.

The Kroll report filed in support of the Application] included an estimate of the Joint Administrators' fees in dealing with Trust matters for the initial 16 week period. The estimate was £1,221,328.

Total time costs incurred from the Appointment Date to 12 June 2022 (being approximately a 7 week period) in respect of Trust Estate matters totals £377,263, representing 808 hours at an average hourly rate of £467. Time is charged in six-minute units. A breakdown of time costs can be found at Appendix 5.

The costs have accrued at a slower rate than initially estimated due to a number of factors, in particular the Joint Administrators have a number of critical path items which are reliant upon provision and reconciliation of third-party information, for example establishing an exhaustive Client and property list, before further phases of work can be commenced, Furthermore the communications strategy and the statement that operations were temporarily suspended has minimised the levels of inbound enquiry.

I will be asking the Court to assess these costs together with other Trust Estate costs. Once assessed, they will be drawn from the Trust Estate as and when there are funds available.

Post Administration – Insolvency Estate

The Joint Administrators' total time costs incurred from the Appointment Date to 12 June 2022 relating to the Insolvency Estate totals £120,375, representing 302 hours at an average hourly rate of £399. Time is charged in six-minute units.

Further information regarding the work conducted by the Joint Administrators in relation to the Insolvency Estate can be found at Section 5 and Appendix 5 of the Proposals.

A breakdown of the Joint Administrators' time costs can be found at Appendix 6.

As part of the Proposals, the Joint Administrators provided a Fee Estimate to the Company's creditors. This Fee Estimate totalled £770,735 and quantifies the total amount of time and therefore cost anticipated to

be spent over the duration of the insolvency process (an estimated 2 years). This Fee Estimate can be found at page 40 of the Proposals and at Appendix 7.

Further narrative regarding the work anticipated to be undertaken by the Joint Administrators in relation to the Insolvency Estate can be found at page 41 of the Proposals, the Fee Narrative.

The Joint Administrators point out that the Fee Estimate is an estimate, and is based on a number of assumptions, some of which will be accurate and some of which may not be, thereby resulting in future costs differing from the estimate.

The Joint Administrators will be seeking approval from the Creditors' Committee (or creditors generally if a Creditors' Committee is not constituted) in due course. The purpose of this is to enable the drawing of costs from the Insolvency Estate to the extent there are any future realisations.

As there are unlikely to be sufficient asset realisations in the Insolvency Estate, the Joint Administrators will be relying on paragraphs 7 and 8 of the Court Order and asking the Court to assess these costs. Once assessed, they will be paid from the Trust Estate as and when funds are available.

9. Wet Trust Summary

Outline Methodology

As explained previously, over time, all of the Client monies taken into Trust to be 'managed' by the Company, which initially included investments in stocks and shares, became pooled investments in Corporate Bonds issued by the four IMCs. Each bond investment is held in the name of the Company.

The work being undertaken by the Joint Administrators and with the assistance of Dains will in due course identify the outstanding capital balance understood to be due to each Trust.

We expect that this first phase of work in reconciling the Client accounts will be completed by the end of July 2022. There will then need to be a validation exercise in which I write to Clients setting out the value of Investments on a Trust by Trust basis and inviting objections and/or provision of further evidence. This is likely to take several weeks.

Following that, we will then be able to compare the total sum of investments held in Bonds (as confirmed by the IMCs) with the balances due to Client Trusts. This will then determine whether there is any shortfall in Trust investments.

Given the deficiencies in the Company's record keeping, this exercise as it currently stands is unlikely to result in an ability to trace the investment holdings in each IMC to each specific Trust.

Further, given the intermingling of Trust investments and monies, we also expect that we will not be in a position to allocate the Corporate Bonds themselves against specific risk portfolios (Defensive, Cautious, Bond, Balanced or Growth) that Clients may have selected when establishing their Trusts with the Company.

In many cases Clients themselves may not necessarily know where those investments had been placed in terms of the specific equities, bonds or risk portfolios.

As has been detailed above, there do not appear to be material differences between each of the IMCs and the interest rate earned on each of the bonds; therefore the risk profile of each different bond is broadly similar.

Once this first exercise of identifying capital balances held on a Trust-by-Trust basis is completed, we will then return to Court to provide an update as well as our proposed strategy for the allocation of the actual investments in bonds across each Trusts. This may include allocating the investments in bonds (and the future realisations of both capital and interest) on a pro-rata basis across all Wet Trusts.

Role of PTC beyond that of Corporate Trustee

As noted above, as the investments themselves are in the name of the Company and are not divisible, the Company will have an ongoing role beyond its role as Trustee in collecting in the Bond monies as they mature and ensuring that the monies are appropriately allocated. The Company may also be required to bring legal enforcement action on behalf of the Trusts.

10. Dry Trust Summary

Outline Methodology

My team is continuing to undertake a complete review of the Client records, and where necessary reconstructing records, to ensure that I have an accurate schedule of Trusts which include a Property trust asset.

In the meantime, I am in communication with Clients regarding specific queries or requests relating to the properties and will seek to accommodate those wishes where I am able.

Settlor still in occupation

The Company's day to day responsibilities include ensuring that the occupier of the Trust property meets obligations to maintain and keep the property insured and I have written to all of the occupiers accordingly enclosing a short questionnaire to support this and my wider review of the property portfolio.

Trust properties to be marketed for sale

There are currently 31 properties that are (1) vacant due to the Settlor's passing or incapacity, or (2) subject to a request from the settlor to sell the property for downsizing purposes.

In accordance with the Trust Deeds, it is incumbent on the Trustee to take steps to sell the property and either re-invest the proceeds or distribute funds to beneficiaries in accordance with the Trust Deeds.

As explained in the Kroll report included in the Administration Application documents, due to its own liquidity issues, the Company had ceased carrying out work relating to the marketing and sale of those properties.

The Joint Administrators team are currently undertaking a review of each property that falls into this category and seeking to ensure that the Company fulfils its obligations to maintain the property and ensure adequate insurance is in place.

Steps will then be taken to discuss this situation with the settlors and/or beneficiaries of the Trust to determine appropriate next steps regarding either sale or transfer of the property.

Upon completion of any sale, the Joint Administrators will be referring to the Trust Deed and, if necessary, seek directions from the Court on how, in the future, to deal with the net sale proceeds after the deduction of agreed costs.

Client requests to appoint an Alternative Trustee

The Joint Administrators will support the Clients with their wishes assuming it aligns with the Company's responsibilities as Trustee and will be following this up directly on a trust by trust basis.



Geoffrey Bouchier
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Geoffrey Bouchier and James Saunders, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

Appendix 1 – Summary of Objections Received to the Berkeley Applegate Order

Name	Settlor or Beneficiary	Dated	Date Received	Group
Karen Middleton	Beneficiary	10/05/2022	11/05/2022	1
Alan Cawood	Settlor	12/05/2022	12/05/2022	1
Andrea Hindley	Beneficiary	10/05/2022	12/05/2022	1
Carol Gayton	Beneficiary	10/05/2022	12/05/2022	1
David Cross	Beneficiary	10/05/2022	12/05/2022	1
Gillian Dabell	Settlor	11/05/2022	12/05/2022	1
Mavis Cawood	Settlor	12/05/2022	12/05/2022	1
Susan Harrigan	Beneficiary	10/05/2022	13/05/2022	1
Alan & Heather Gelsthorpe	Settlor	12/05/2022	16/05/2022	1
George Hilton	Settlor	12/05/2022	16/05/2022	1
Nita Wilson	Beneficiary	11/05/2022	16/05/2022	1
Paul & Joann Hilton	Settlor & Beneficiary	13/05/2022	16/05/2022	1
Shirley Moscrop	Settlor	13/05/2022	16/05/2022	1
Eileen Nichols	Settlor	15/05/2022	17/05/2022	1
Susan Whelan	Settlor	13/05/2022	17/05/2022	1
Thomas Dunwoodie	Settlor	14/05/2022	17/05/2022	1
Jennifer & William Howard	Settlor	18/05/2022	19/05/2022	1
John & Carol Bell	Settlor	Unsigned	19/05/2022	1
David Office	Settlor	16/05/2022	23/05/2022	1
Desmond Kaye	Settlor	20/05/2022	23/05/2022	1
Dorothy Hitcham	Settlor	14/05/2022	23/05/2022	1
Helen Sedgwick	Beneficiary	20/05/2022	23/05/2022	1
Ian Hitcham	Beneficiary	14/05/2022	23/05/2022	1
Shelia Kaye	Settlor	20/05/2022	23/05/2022	1
Glennys Smedley	Settlor	21/05/2022	24/05/2022	1
Dr David Richards	Beneficiary	22/05/2022	25/05/2022	1
Denise Milligan	Beneficiary	29/05/2022	29/05/2022	1
Adele Clark	Beneficiary	31/05/2022	06/06/2022	1
Jean Haley	Settlor	31/05/2022	06/06/2022	1
Norma Smith	Settlor	04/06/2022	07/06/2022	1
Christopher Gibson	Beneficiary	06/06/2022	09/06/2022	1
Michael Gibson	Beneficiary	06/06/2022	09/06/2022	1
Elizabeth Proctor	Beneficiary	06/06/2022	10/06/2022	1
Karen Cawood	Beneficiary	11/06/2022	12/06/2022	1
C & J Henderson	Settlor	09/06/2022	13/06/2022	1
Marilyn Halpin & Anne Ball	Beneficiary	03/06/2022	13/06/2022	1
Chloe Annabel Proctor	Beneficiary	13/06/2022	14/06/2022	1
Dawn Ford	Settlor	09/06/2022	15/06/2022	1
Doreen Mowforth	Settlor	13/06/2022	15/06/2022	1
Peter Ford	Settlor	09/06/2022	15/06/2022	1
Elaine Jackson	Beneficiary	30/06/2022	30/06/2022	1
Katherine Cairns	Beneficiary	30/06/2022	30/06/2022	1
Oliver Hindley	Beneficiary	Unsigned	30/06/2022	1
Stephen & Sally-anne Gamble	Settlor	30/06/2022	30/06/2022	1
John & Shelia Manning	Settlor	01/07/2022	01/07/2022	1
Peter & Frances Gouldsbro	Settlor	03/07/2022	03/07/2022	1
Doreen Robinson	Settlor	10/05/2022	Not date stamped	1
Stephanie Robinson	Trustee	02/06/2022	Not date stamped	1
Redacted	Settlor	27/06/2022	27/06/2022	2
LCF Law acting on behalf of				
Jennifer Bice, Claire Tait & Steven Bice	Settlor / Beneficiary	11/05/2022	11/05/2022	3
Anita Smith	Settlor	13/05/2022	16/05/2022	3
Joyce & Joanne Baylis	Settlor / Beneficiary	12/05/2022	16/05/2022	3
Maureen Howes	Settlor	08/06/2022	08/06/2022	3

Appendix 2 – Joint Administrators' Report to Creditors and Statement of Proposals dated 15 June

Statement of Proposals

Philips Trust Corporation Limited (In Administration)

15 June 2022

The Joint Administrators' Report to Creditors and Statement of Proposals
for the period from 22 April 2022 to 15 June 2022

Kroll Advisory Ltd.
The Chancery
58 Spring Gardens
Manchester
M2 1EW

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1. Introduction

The Joint Administrators were appointed on the Appointment Date by the Court, following an application by the Director.

The Order was made by the High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (Chd), Companies Court, Number 001095 of 2022.

This report is the Joint Administrators' statutory Statement of Proposals. It sets out the circumstances leading up to their appointment and their strategy for achieving the purpose of the Administration. This document should be read alongside the supplementary information provided at www.philipstrust.co.uk.

You will find other important information in this report such as the proposed basis of the Joint Administrators' remuneration.

A glossary of the abbreviations and definitions used throughout this document is attached at Appendix 11.

Please also note that an important legal notice about this Statement of Proposals is attached at Appendix 12.

These Proposals are being delivered via the Portal (www.ips-docs.com) and are deemed delivered on the date they are first uploaded to the Portal, being 15 June 2022.

There are statutory forms within this document, Clients (and other creditors) are advised that it is not mandatory to return these forms and it will not affect any of their future rights to claim in the Administration if they choose not to do so.

2. Creditor Summary

Background

The Company was incorporated on 6 December 2017 under company registration number 11099933.

The Company carries out the business of a trust corporation that provides estate planning and corporate trustee services.

The Company's registered address as at the Appointment Date was Suite B, 11th Floor, 5 Exchange Quay, Salford, M5 3EF.

Detailed information in relation to the Company's history, background and the main events leading up to the appointment of the Joint Administrators is provided in Section 3 and Section 4 of this report.

Statutory information on the Company is included at Appendix 1.

Events Leading up to Administration

The Joint Administrators understand that for some time, the Company had suffered increasing operational challenges and was operating on a loss-making basis. Further details surrounding the events leading up to the Administration can be found in Section 4.

Appointment

The Joint Administrators were appointed on the Appointment Date by the Court, following an application by the Director.

A copy of the Order has been made available to view on the Portal and on the Company's website.

Trading

Upon their appointment, and having regard to the difficulties being faced, the Joint Administrators immediately suspended the ability for Clients to withdraw or transfer from the Trust Estate. The rationale behind this decision was to enable the Joint Administrators and their staff to complete a full reconciliation of client information using the Company's books and records.

Undertakings have been provided by the Joint Administrators to key suppliers to enable the reconciliation exercise to be undertaken and certain employees have been retained to assist with this and in trading the business on a limited basis.

The reconciliation exercise is ongoing, and clients will be kept apprised of any developments.

Asset Realisations

The Company has few tangible assets available to realise. The main assets of the Company are its book of clients, the associated book and records and the Company's contractual right to raise certain charges for services provided to its clients.

Client assets are described separately in this report and do not feature on the Balance Sheet of the Company.

Investigations

Detailed investigations into the Company's affairs will be undertaken to assess whether there are causes of action which could be taken by the Joint Administrators to generate potential recoveries for creditors.

Fees and Expenses

The basis of the Joint Administrators' remuneration and expenses acting in relation to the Company and its estate assets and liabilities will be subject to the approval by the duly appointed Creditors' Committee (or creditors generally if a Creditors' Committee cannot be constituted). To the extent that there are insufficient assets available in the Company's estate to meet those costs and expenses, approval will be

sought from the Court to deduct these from Trust Assets, pursuant to the Court Order, further details of which are within this report.

The Joint Administrators' remuneration in managing the Trusts and reconciling Trust Assets will be subject to approval from the Court, again pursuant to the Court Order.

Dividend Prospects

Based on the current information available to the Joint Administrators, it is uncertain whether there will be sufficient asset realisations to enable a distribution to be paid the Secured, Preferential, or Unsecured Creditors of the Company.

Anticipated Exit from Administration

Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office to be extended for a specified period.

Based upon findings to date, it is anticipated that the Administration will be extended beyond one year given the complexity of the issues and timing of certain asset realisations.

At the date of these Proposals, it is anticipated that the most likely exit route will be via dissolution, however, this will be kept under review and alternative exit routes may be considered. The types of exit routes are detailed in Section 10.

A further update will be provided to creditors in future Progress Reports.

Approval of Proposals

The Joint Administrators are seeking approval to their Proposals via a deemed consent decision procedure. Further details can be found at Section 11.

This document in its entirety is the Joint Administrators' Statement of Proposals. A summary list of the Proposals is included in Section 11, together with the relevant statutory information by way of appendices.

Unless otherwise stated, all amounts in these Proposals are stated net of VAT.

3. Background

Statutory information on the Company is included at Appendix 1. This section should be read in conjunction with the Director's Witness Statement dated 12 April 2022 and the Kroll Report to Court dated 11 April 2022, (both of which were included in the Application Documents filed in support of the Administration Application) and both can be found at <https://www.philipstrust.co.uk/>.

This section provides an update on the disclosures made in both documents.

The Company was incorporated on 6 December 2017. The Company was founded and wholly owned by Richard Wells ("Former Director") and who at the time of incorporation, acted as the sole director of the Company.

The Joint Administrators understand that the original intention for the incorporation of the business was to offer corporate trustee services to clients of the Former Director's other business interests. The Former Director resigned as a director of the Company in March 2019, following which his shareholding in the Company was sold to After Today.

After Today was incorporated in March 2019 and was used as a vehicle to purchase the shares of the Company. It is now wholly owned by Kay Collins ("Director") who is also the sole director of the Company.

Prior to the incorporation of the Company, various building societies based in the North of England had a relationship with The Will Writing Company Limited ("WWC") whereby the building societies advised customers of an option to obtain a free will by utilising the services of WWC. This often resulted in the customers engaging WWC to arrange the drafting of wills and lasting power of attorneys. It is understood that approximately 95,000 clients were introduced to WWC by the various building societies.

As an additional service, clients were introduced to The Family Trust Corporation Limited ("FTC"), which was an associated company to WWC and shared common ownership via The Estate Planning Group (Holdings) Limited ("EPG"). FTC was a trust corporation which acted as a corporate trustee and engaged with clients to arrange trust agreements and provided advice on the benefit of such an arrangement. The Joint Administrators are informed that approximately 6,500 clients entered into a trust agreement, which stemmed from the original introduction by the building societies and WWC.

It is understood that clients were charged an initial fee to setup and arrange the trust agreement, with no further fees being applicable. As a result of FTC's inability to generate ongoing revenue, FTC was reliant upon WWC to provide financial and operational support. WWC entered into Administration in February 2018.

Considering the uncertain financial position of FTC, its shareholders agreed a sale of the shares in FTC to Luxor Wells Limited in April 2018, a holding company wholly owned by the Former Director. Soon after the acquisition, Richard Wells became the sole director of FTC.

Immediately following the acquisition and in light of FTC's financial position and inability to generate further revenue from existing clients, FTC's director notified its clients of its intentions to retire as corporate trustee and offered Clients three options, being:

- Appoint the Company as a replacement trustee with an alternative fee structure; or
- Appoint a third party as a replacement trustee; or
- Remove the asset(s) from the trust.

A large number of Clients opted to appoint the Company, PTC, as their replacement trustee. Following this, steps were taken by FTC to transfer Clients' Trust Assets (which included properties and existing retail investments) across to the Company. With regard to retail investments held by FTC on behalf of its

trust clients, these were realised and the funds forwarded to the Company in its capacity as Corporate Trustee for investment on behalf of its Clients.

As at the Appointment Date, the Director advised the Joint Administrators that the Company acted as the Corporate Trustee for approximately 2,345 trusts. These trusts hold assets which the Director states has an estimated value of £138m and include a mixture of Trust property, interests in investment bonds and other financial investments. It is understood that the existing current client base were all former clients of FTC and no new clients have been onboarded by the Company.

It should be noted that the Joint Administrators are currently in the process of reconciling the number of trusts the Company acts as corporate trustee for as well as the value of the trust assets held.

At the Appointment Date, the Company employed 7 members of staff and was headquartered at Suite B, 11th Floor, 5 Exchange Quay, Salford, M5 3EF.

4. Events Leading up to the Administration

4.1 Summary of Key Events

Following the transfer of clients from FTC to the Company as detailed in the above section, the Company made decisions to invest the majority of Trust monies on behalf of its Clients into privately owned UK entities ("Investment Management Companies") in the form of unsecured corporate / investment bonds.

Those investments were usually for a duration of 2-6 years and at the time offered returns of up to 10% per annum. All investments were made in the name of the Company and not in the name of specific Trusts.

The nature of these investments did not provide the Company with a mechanism to access cash easily and to redeem their investments early without financial penalty if liquidity was required by either the Trust clients or the beneficiaries of a Trust. In the event that funds were accessible, this was on a limited basis given the nature of the investments made and pursuant to the terms of the investment bonds. This was largely because the funds invested into the Investment Management Companies were utilised to support onwards lending to third party borrowers and as such, they were reliant upon these borrowers to repay funds ahead of agreed repayment dates before it was in a position to repay the Company early.

A small proportion of Trust monies were invested into readily tradeable stock and shares investments with AJ Bell and subsequently St James Place Wealth Management, which provided liquidity in the Trusts. These investments were subsequently redeemed by the Company and the funds were additionally invested into the above detailed corporate / investment bonds.

The Company's inability to redeem funds invested into the corporate bonds resulted in it resorting to utilising interest receipts from Trust Asset investments made, new capital investments from Clients and in a few instances funds from Trust property sales to account to clients and beneficiaries who wished to withdraw assets from Trust.

The Company has been unable to service the requests of the Clients in the months leading up to the Appointment Date. This includes requests for the withdrawal of Trust assets, the provision of an update on the value of investments held on trust as well as general administration requests.

Whilst this has in part been a result of the investment decisions made by the Company and the inability to redeem funds held in investments with ease, it has been compounded by operational challenges faced by the Company. These include:

- the loss of key employees since July 2020 without their replacement. In all, employee numbers reduced from around 60 as at July 2020, down to only 7 as at the Appointment Date;
- the temporary loss of access to data relating to Trusts administered on behalf of Clients;
- the failure to maintain adequate client accounting records;
- the inability to access client funds to pay annual management charges incurred and payable to the Company and which created working capital constraints; and
- the methodology used to invest Clients' cash assets, including the pooling of funds, which has made it problematic for the Company to determine the current holding and value of assets on a trust-by-trust basis.

These issues have significantly impeded the Company's ability to administer the Trusts or provide any ancillary services and resulted in service level deterioration.

Whilst the Company is not and has never been authorised by the FCA, between January 2020 and November 2020 it was an IAR of St. James's Place Wealth Management Plc. An IAR is a firm or person who can carry out limited financial promotions and effect introductions under the responsibility of an authorised financial services firm. An IAR does not need to seek authorisation from the FCA to carry on these activities.

The FCA had been carrying out enquiries about certain activities of the Company due to the concern that it had been undertaking regulated activity when it was not authorised to do so.

In an effort to deal with these concerns, the Company sought to become FCA authorised, however the application was declined in October 2021.

In light of these factors and the fact that the Company has been operating at a loss and exhausted its own cash reserves, the Director of the Company took the decision to seek professional advice.

The Company had retained forensic accountants to investigate and reconcile the trust accounting and asset position and was exploring insolvency or wind-down strategies with its legal advisors and other restructuring advisory firms, including Mazars and Interpath.

Kroll were consulted in February 2022 during which time the Company was in active dialogue with the FCA.

The conclusion reached by the Director was that the Company could not continue its current business activities and steps should be taken to initiate an insolvency process.

At that time, the FCA was continuing its enquiries into the Company on whether it was carrying out regulated business whilst unregulated. The Joint Administrators understand that the FCA has not made definitive findings or issued any proceedings at this stage.

4.2 Pre-Administration Work

A summary of the work undertaken in the two months prior to the Administration was set out in the Report to Court. A copy of the Report to Court has been made available for viewing on the Portal and the PTC website. This report provides further details into the work undertaken by Kroll prior to the appointment of the Joint Administrators.

This work was necessary to place the Company into Administration. Kroll carried this out under an engagement letter signed by the Director of the Company dated 22 February 2022.

The Joint Administrators are satisfied that the work carried out by Kroll prior to their appointment, including the pre-Administration work detailed above, has not created a conflict of interest or threat to our independence.

Prior to appointment, the Joint Administrators had limited opportunity to investigate in detail the Company's affairs; or to develop a complete understanding of all the issues which the Company faces.

As detailed earlier in this report, the Joint Administrators, with the assistance of retained employees are conducting a detailed reconciliation exercise to ascertain the current position of each category of Trust Client.

At all times prior to Administration, the Director remained responsible for, and in control of, the Company's affairs. During this time, the insolvency practitioners took their own steps to prepare for their potential appointment as Joint Administrators.

4.3 Appointment of Joint Administrators

Geoffrey Bouchier and James Saunders of Kroll were appointed Joint Administrators of the Company at 12:22 pm on 22 April 2022 by order of the Court following an application made by the Director.

The application to Court was made because, in the circumstances, the Administrators required certain powers and permissions to enable them to carry out their functions, which required the Court's approval.

The Joint Administrators considered their position prior to accepting the appointment, having regard to the Insolvency Practitioners Association's ethical guidelines.

The Joint Administrators detailed Kroll's prior involvement with the Company in the Report to Court. The consent to act forms were also filed in Court in support of the Administration application and shared with the FCA in advance of that hearing. The Joint Administrators formed the view that there were no circumstances preventing them from accepting the appointment as Joint Administrators.

As part of the Administration Application, the Joint Administrators suggested that the Court set a return date for a follow up hearing to allow the Joint Administrators to provide an update on their progress. The Court agreed with this suggestion and Ordered that a Progress Hearing be held on 6 July 2022.

5. Strategy and Progress of the Administration to Date

5.1 Purpose of the Administration

The purpose of an Administration is to achieve one of the following hierarchal objectives:

- Rescuing the Company as a going concern;
- 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); or
- Realising property in order to make a distribution to one or more Secured or Preferential Creditors.

The Joint Administrators believe that the first objective will not be achievable as there were insufficient funds and assets to enable the Company to be rescued as a going concern. Similarly, the operations of the business had effectively been suspended for some time and as such Clients were taking steps to secure the removal of the Company as Trustee which would continue to erode the Company's key revenue stream. Furthermore, the Company faced reputational problems and was not considered to be in a position to accept new Clients.

The Report to Court contains the Joint Administrators views as to why they consider there is a real prospect of achieving the second objective, namely 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.

The Joint Administrators' duties are as follows:

- To realise assets for the benefit of the Administration estate of the Company;
- To carry out an investigation into the Company's affairs to determine whether any claims may be brought against third parties which would benefit creditors of the Administration estate; and
- To distribute funds to the creditors of the Company in the order of priorities set out under UK insolvency legislation

The Joint Administrators' Proposals for achieving the purpose of the Administration are set out in the remainder of this report.

5.2 Progress of the Administration

The manner in which the affairs and business of the Company have been managed since the appointment of Joint Administrators, and will continue to be managed and financed, are set out below.

5.2.1 Administration Strategy

As outlined in the Report to Court, the Joint Administrators' initial strategy was to:

- Undertake a forensic accounting reconciliation exercise to collate a complete register of current active trusts, detailing the assets held on a trust-by-trust basis;
- Understand the current position of investments made by the Company utilising Trust Assets, as well as seeking to establish an estimate of the current value of those investments (including capital and interest) and likely investment maturity dates;
- Facilitate the transfer of Trustee and / or withdrawal of Trust Assets, in accordance with the Trust Deeds and subject to the direction of the Court, as part of a strategy to wind-down the Company's business.
- Realise Company assets that form part of the general Insolvency estate and distribute these to creditors where funds allow.

Trust Estate

This section deals with the Trust Estate which includes proprietary rights of the Clients.

The Trust Estate does not form part of the Insolvency Estate, however a summary update has been included in this Proposal document given the close relationship between them.

5.2.2 Trust Estate Administration and Activity Suspension

The Company continues to act as the Trustee of the client Trusts, however this is now being conducted under the supervision of the Joint Administrators.

As explained in the Director's Witness Statement dated 12 April 2022, filed in support of the Administration application, the Company has maintained inadequate Client accounting records and does not have accurate records of the Trust Estate on a trust-by-trust basis.

The Joint Administrators understand that the Company had engaged the services of Dains to undertake a forensic reconstruction of the Company's client ledger; however, this exercise remained incomplete at the time of the Administration appointment.

As a consequence of this, upon their appointment, the Joint Administrators immediately suspended the ability for Clients to withdraw or transfer from the Trust Estate.

The suspension of the ability for Clients to withdraw or transfer from the Trust Estate was considered a necessary step to ensure that no Client's interests are promoted at the expense of others whilst an investigation and reconciliation exercise of the Trust Estate is being performed, as detailed below.

5.2.3 Trust Estate Reconciliation Exercise

As explained above, the Company does not hold an accurate record of its Client account transactions and balances, and at the Appointment Date was unable to provide a reconciliation of Client monies to the Trust Estate.

Following their appointment, the Joint Administrators immediately commenced a detailed review of both the Company's financial position and that of the Trust Estate which includes:

- Establishing the current financial position of the Company as at the date of Administration;
- Undertaking a forensic accounting reconciliation exercise to collate a complete register of current active Trusts, detailing the assets held on a trust-by-trust basis; and
- Liaising with external parties to confirm the current position of investments made by the Company utilising the Trust Assets, as well as seeking to establish an estimate of the current value of those investments (including capital and interest) and likely investment maturity dates.

The Joint Administrators have re-engaged the services of Dains to assist with the reconciliation of Client assets.

At this stage, whilst the reconciliation process is ongoing, the Joint Administrators are unable to provide Clients with an up-to-date value of their investments held within the Trust Estate.

5.2.4 Trust Estate Assets

At the date of Administration, the Joint Administrators understood that the Trust Estate included residential property settled by the Client (Dry Trusts), cash investments or both property and cash investments (both referred to as Wet Trusts). The Director estimated that £44m of client monies is invested by the Company on behalf of the Trust Estate, and that the aggregate market value of the properties held by the Trust Estate was around £94m.

Dry Trust Estate Assets

In addition to the general role of realising assets for the benefit of its creditors, a key role of the Administrators will be to administer the Trust Estate on behalf of the Clients.

As included in the Report to Court, it was understood from representations made by the Director that there were 808 Trusts which were residential Property Settled trusts i.e. Dry Trusts.

However, the reconciliation work that has been undertaken by the Joint Administrators to date has identified 942 Dry Trusts.

The reconciliation exercise is ongoing as the books and records of the Company are inaccurate and incomplete; however, the Joint Administrators are drawing on multiple sources to complete the exercise.

The Joint Administrators aim is to have a definitive list of Dry Trust Clients to enable them to deal with each line of enquiry and fulfil trust obligations to the extent possible.

It is the intention of the Joint Administrators as a result of the reconciliation of the legal titles and the status of each property, to then classify each property into different categories in which the Joint Administrators will then look to deal with each category of property appropriately.

Where required, the Joint Administrators will then look to market any vacant properties so that realisations can be achieved for the benefit of the individual trusts.

Wet Trust Estate Assets

The Company has used Trust Estate assets (specifically cash) to invest into four privately owned UK entities (being the IMCs).

The investments are in the form of unsecured corporate / investment bonds. Those investments were usually for a duration of 2-6 years and initially offered returns of up to 10% per annum. All investments were made in the name of the Company and not in the name of specific Trusts.

The Joint Administrators are in direct contact with the four IMCs who have each confirmed the existence of investments held by the Company. The confirmed capital value of Trust Estate monies invested by PTC is circa £44m. At the Appointment Date, the investment with the highest rate of return was 7.25% per annum.

The value of these investments is subject to the IMCs fulfilling their contractual obligations to redeem the bonds upon maturity. The Joint Administrators will continue to seek regular updates from the IMCs.

During the Reporting Period, the Joint Administrators have received £93,729 from one of the IMCs representing interest on investments.

A further receipt of £83,155 was received from the same IMC however the Joint Administrators have been notified that those funds may relate to FTC or its Clients. This is currently being reviewed.

5.2.5 Trust Estate - Cash at Bank

The Company held various bank accounts with Barclays prior to the appointment of the Joint Administrators.

The Joint Administrators wrote to Barclays to ascertain the position of each bank account upon their appointment. Barclays confirmed that they held 18 separate bank accounts, 15 of which were understood to be Client accounts, and provided a breakdown of the funds held in each account.

The aggregate sum held in those accounts was £127,554, and this sum has been received from Barclays. The Joint Administrators consider these monies relate to the Trust Estate, and as such, these monies have been transferred into the Trust Estate clients' account operated by the Joint Administrators.

No further funds are anticipated from the Barclays bank accounts.

5.2.6 Transfer from Trust Estate to Insolvency Estate

As referred to in Section 5.3, and in accordance with the Court Order, an initial sum of £34,145 has been transferred from the Trust Estate to the Insolvency Estate to meet operational expenses including wages and salaries. Details are shown on the attached Receipts & Payments Accounts at Appendix 2.

Insolvency Estate

This section deals with Company assets which belong to the Company or to which it is entitled.

Company Assets are assets included within the Insolvency Estate and are available for distribution to creditors after the costs and expenses of the Administration have been deducted.

5.2.7 Insolvency Estate - Income / Debtors

The Company's principal form of revenue was generated from fees earned in the administration of the Client Trusts. The Company was contractually entitled to draw fees in respect of matters such as, but not limited to, revenue accruing over the life of the Trusts in the form of Annual Management Charges and the sale of properties held on Trust by the Company on behalf of its beneficiaries.

The Company records indicate that circa £402,430 is due to the Company on account of undrawn AMC's however, due to the quality of the Company's books and records, we are at this stage unable to verify this balance. In light of this the Joint Administrators consider that the quantum of fees due to the Company, whether invoiced or otherwise, remains uncertain and as such the Joint Administrators continue to work to ascertain the value of funds due to the Company from the Trust Estate as part of their ongoing review and reconciliation exercise.

A further update will be provided to creditors in the Joint Administrators' first Progress Report to creditors.

5.2.8 Insolvency Estate - Leasehold Premises

The Company operated from offices at Building 5, Exchange Quay, Salford. There was no executed lease in place at the date of appointment and the Joint Administrators have agreed to enter a short-term rolling licence to occupy the Leasehold Premises.

5.2.9 Insolvency Estate - Tangible Assets

The Company has a limited tangible asset base given the nature of the business. The tangible assets consist of office furniture, fixtures and fittings and IT equipment.

As above, the Joint Administrators continue to use the Company's Leasehold Premises and have retained Company staff to continue to administer the Trusts. Therefore, the Joint Administrators still require the use of the Company's tangible assets and are not currently in a position to realise these.

The Joint Administrators will engage third-party asset agents at the appropriate time to value and realise the assets for the benefit of the Insolvency Estate. At this stage, an estimated to realise value has not been attributed to tangible assets but the Joint Administrators do not expect any significant realisations in this regard.

A further update will be provided in the Joint Administrators' first Progress Report to creditors.

5.2.10 Insolvency Estate - Cash at Bank

There was a nominal sum held in the Company's office account at the date of appointment and Barclays has retained this to set off against its loan account balance. No further funds are anticipated from the Barclays bank accounts.

5.2.11 Insolvency Estate - Other Assets

The Joint Administrators will investigate all assets on the Statement of Affairs once received from the Director to ensure that any realisable assets are recovered for the benefit of the Insolvency Estate.

Creditors will be kept apprised in future progress reports should any further assets become known.

5.2.12 Transfer from Trust Estate to Insolvency Estate

As noted above, and in accordance with the Court Order, an initial sum of £34,145 has been transferred from the Trust Estate to the Insolvency Estate to meet operational expenses including wages and salaries.

5.3 Cost of Realisations

Appendix 2 contains Receipts and Payments Accounts for both the Insolvency Estate and the Trust Estate.

The payments made from the Insolvency Estate will include those related to maintaining the trust administration services conducted by the Company. The most significant cost to date is wages payments totalling £30,544 made to the employees retained to assist the Joint Administrators with their tasks. This amount includes the unpaid arrears for March 2022.

Further wages and salaries will be paid to the retained employees until such a time that their services are no longer required.

6. Statement of Affairs

In accordance with Paragraph 47 of Schedule B1 to the Act, the Joint Administrators requested a SOA for the Company as at the Appointment Date from the Director. To date this has not been received.

In the absence of a SOA, the Joint Administrators attach at Appendix 3 an estimate of the Company's financial position and a schedule of known creditors' names and addresses as at the Appointment Date.

The information has been collated from the Company's books and records and is subject to ongoing review. The Joint Administrators have not carried out any audit or detailed verification work on the information provided and the figures do not include the costs of the Administration.

7. Investigations

The Joint Administrators have a statutory obligation to file a report with the BEIS regarding the conduct of any director that has held office in the three years prior to the Administration (including any shadow directors). This report must be filed within three months from the Appointment Date and the content of this report is confidential.

The Joint Administrators also have a duty to investigate the Company's affairs in order to maximise the return to creditors. This includes conducting investigations to identify any antecedent transactions which include (but are not limited to):

- Transactions at an undervalue, under Section 238 of the Act;
- Preferences, under Section 239 of the Act;
- Wrongful Trading, under Section 214 of the Act; and
- Transactions to defraud creditors, under Section 423 of the Act.

The purpose of undertaking these detailed investigations into the Company's affairs is to assess whether there are potential causes of actions against third parties which could be taken by the Joint Administrators to generate potential recoveries for creditors. As part of this, the Joint Administrators may engage specialist legal advisors to assist with the investigations and the formulation of legal claims.

If any creditor has any information concerning the Company's affairs that they would like to bring to the Joint Administrators' attention, please do so by writing to PTC@kroll.com or by post to Philips Trust Corporation Limited (In Administration) c/o Kroll, The Chancery, 58 Spring Gardens, Manchester, M2 1EW.

In addition to the above general duty, and as part of the client account reconciliation exercise, the Joint Administrators are also reviewing all transactions conducted via the Clients' account bank accounts and any unusual and / or unexplained transactions will be investigated. Details of findings in this regard will be reported as and when appropriate.

8. Joint Administrators' Pre-Administration Costs, Remuneration and Expenses

The Joint Administrators remuneration and costs falls into two categories; those incurred in relation to the Trust Estate, and those incurred in relation to the Insolvency Estate.

Trust Estate

This section deals with the Joint Administrators' remuneration and the costs and expenses incurred in relation to the Trust Estate.

8.1 Time Costs, Remuneration and Expenses

As noted above, as part of the application to Court for the making of the Order, the Director also sought ancillary relief from the Court to order that the Joint Administrators be permitted to use the Trust Assets

to meet the costs and expenses of the Administration. A copy of the sealed Order, together with the Report to Court has been made available to Clients via the Portal and the Company's website.

The Court did grant the relief sought and ordered that the Administrators be permitted to utilise the Trust Assets to meet the following costs and expenses incurred in the Administration:

- 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 FCA;
 - iv. Court applications relating to Trust Estate and/or Client matters
 - v. Collecting PTC Fees and Costs payable from the Trust Estate to the Company
- c. Legal costs incurred by the Joint Administrators dealing with Trust Estate; and
- 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 to Court).

Further to the above, the Court has ordered that the work done pursuant to the powers of the Joint Administrators under the Act and the Rules and any relevant practice direction relating to the estate of the Company, including but not limited to:

- a. any unpaid pre-Administration costs approved for payment in accordance with r.3.52 of the Rules;
- b. the preparation of the reports required by the Act, including the Proposals to Creditors, the progress reports, the report to the insolvency service on the conduct of directors;
- c. the collection of the Company's assets and the adjudication of creditors' claims if there is a distribution; and
- d. responding to creditors' enquiries

be paid for in accordance with the provisions of payment of officeholders' remuneration, costs, and expenses in the Rules from the Company's Insolvency Estate assets, save that one-half of the costs of establishing and running the Creditors' Committee (if established) be paid from the Trust Assets.

If and to the extent that the Insolvency Estate assets are insufficient to pay any categories of work falling within the above in full, the Joint Administrators are permitted to pay for that work from the Trust Assets, subject to the subsequent approval of the Court as to the amount so paid.

For the purposes of the Administration Application, the Report to Court, included an estimate of the costs which they then considered may be incurred in dealing with Trust Estate matters over the first 16 weeks of the Administration. That estimate, which was based on the limited knowledge at that time and many assumptions regarding the timings of tasks to be undertaken, was £1.22m.

The Joint Administrators' total time costs incurred from the Appointment Date to 12 June 2022 (being approximately 7 weeks) in respect of Trust Estate matters totals £377,263, representing 808 hours at an average hourly rate of £467.

The Joint Administrators will provide further details relating to their actual costs incurred and estimated future costs and expenses in dealing with the Trust Estate at the Progress Hearing on 6 July 2022.

Insolvency Estate

This section details the Joint Administrators' remuneration and the costs and expenses of the Administration in accordance with the Act and Rules, as appropriate.

8.2 Statement of Pre-Administration Costs

Pre-Administration costs are fees, charges and expenses incurred by the Joint Administrators before the Company entered Administration but with a view to it doing so.

The agreement under which the pre-Administration costs were incurred was via an engagement letter dated 22 February 2022 in which the Company engaged Kroll to assist the Director in formulating and assisting with implementation of an insolvency strategy which would best protect the interests of Clients and creditors.

The pre-Administration time costs incurred by Kroll from engagement to the Appointment Date total £211,427 representing 334 hours at an average charge out rate of £633 per hour. The time costs incurred by Kroll relate to the work summarised in Section 4.2 above, which was necessary to place the Company into Administration as well as obtain the necessary directions and ancillary relief from Court as mentioned earlier.

A detailed breakdown of the time costs incurred pre-Administration is detailed at Appendix 4.

A summary of the total pre-Administration costs incurred are set out below:

Pre-Administration Costs	Paid (£)	Unpaid (£)	Total (£)
Kroll	0.00	£211,427	£211,427
Guildhall Chambers (Counsel)	0.00	£8,300	£8,300
Glaisyers	0.00	£46,588	£46,588
Total	0.00	£266,315	£266,315

The Company had insufficient monies to pay any of the pre-Administration costs prior to the Administration appointment.

The Joint Administrators confirm that payment of the unpaid pre-Administration costs, as an expense of the Administration, is subject to approval under Rule 3.52 of the Rules, and is not part of the Proposals, subject to approval under Paragraph 53 of Schedule B1 to the Act.

The Joint Administrators are seeking approval of payment of these costs from the Creditors' Committee (or creditors generally if a Creditors' Committee is not constituted) in due course.

In the event that there are insufficient asset realisations in the Insolvency Estate, the Joint Administrators will also be seeking Court approval to the drawing of these costs and expenses from the Trust Estate.

8.3 Time Costs and Remuneration

The Joint Administrators' total time costs incurred from the Appointment Date to 12 June 2022 relating to the Insolvency Estate totals £120,375, representing 302 hours at an average hourly rate of £399. Time is charged in six-minute units.

A breakdown of the Joint Administrators' time costs can be found at Appendix 4, and a summary of the tasks undertaken from the Appointment Date to 12 June 2022 can also be found at Appendix 4.

The Joint Administrators' Fee Estimate for the Insolvency Estate is included at Appendix 5. The Fee Estimate, which quantifies the total amount of time and therefore cost currently anticipated to be spent over the duration of the insolvency process.

Also attached at Appendix 6 is the Fees Narrative, a summary of key issues, to assist creditors in understanding the strategy of the Joint Administrators, the associated costs and expenses of the related activities and the financial benefit to creditors.

The Joint Administrators acknowledge that the Fee Estimate is that an estimate, and is based on a number of assumptions, some of which will be accurate and some of which may not be, thereby resulting in future costs differing from the estimate.

The Joint Administrators are seeking approval from the Creditors' Committee (or creditors generally if a Creditors' Committee is not constituted) in due course.

In the event that there are insufficient asset realisations in the Insolvency Estate, the Joint Administrators will also be seeking Court approval to the drawing of these costs and expenses from the Trust Estate.

8.4 Expenses

Expenses are any payments from the Administration which are neither an Administrator's remuneration nor a distribution to a creditor or member. Expenses also include disbursements. Disbursements are payments which are first met by the Administrator and then reimbursed to the Administrator from the Administration. Expenses are divided into those that do not need approval before they are charged to the Administration (Category 1 Expenses) and those that do (Category 2 Expenses).

Category 1 Expenses are payments to persons providing the service to which the expense relates who are not an associate of the Administrator.

Category 2 Expenses are payments to associates or which have an element of shared costs and require approval from creditors in the same manner as the Administrator's remuneration, whether paid directly from the estate or as a disbursement.

The Joint Administrators have prepared an estimate of the expenses likely to be incurred during the Administration and these total £261,061, as detailed at Appendix 7.

This illustrates the estimated expenses for the whole of the Administration and is for information purposes only. This estimate may change over the course of the Administration, but creditors will be informed of any variations with associated reasons in future progress reports.

During the Reporting Period, the Joint Administrators have incurred Category 1 Expenses of £23,085 of which £15,066 has been paid.

During the same period, the Joint Administrators have incurred Category 2 Expenses of £14,500 of which none have been paid to date.

A breakdown of the Joint Administrators' Category 1 and Category 2 Expenses incurred and paid in the Reporting Period are detailed at Appendix 4.

In the event that there are insufficient asset realisations in the Insolvency Estate, the Joint Administrators will also be seeking Court approval to the drawing of these costs and expenses from the Trust Estate.

9. Dividend Prospects

9.1 Secured Creditor

According to the records maintained at Companies House, the Company granted a debenture in favour of Barclays dated 10 March 2021 which confers fixed and floating charges over all the assets of the Company.

The debenture was created following a restructure of the CBILS loan which was subsequently granted to the Company on 1 April 2021.

The Joint Administrators have received a claim from Barclays of £301,334 in respect of the principal amount of the CBILS loan being £300,000, accrued interest totalling £962 and unauthorised overdraft charges of £372.

The Joint Administrators are currently reviewing the circumstances relating to the loan and the use of those monies.

A further update will be provided in the Joint Administrators' first Progress Report to creditors.

9.2 Preferential Creditors

The Preferential Creditors consist of employee claims for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the BEIS following payment to the employees by the RPS and secondary preferential claims from HMRC which include claims for VAT, PAYE income tax and employee NIC.

Secondary preferential claims are paid after the other preferential claims are settled in full.

Creditors should note that two former employees of the Company resigned prior to the appointment of the Joint Administrators. As at the Appointment Date, these two employees had arrears of wages for the entirety of March 2022 and as such, have submitted a claim to the RPS in respect of their arrears of wages and unpaid holiday pay.

The Joint Administrators are yet to receive a claim from the RPS but expect this to be received in due course.

According to the Company's books and records, the total indebtedness to HMRC totals circa £95,000. This is in relation to unpaid VAT and PAYE and as such, will rank as a secondary preferential claim behind the employee claims.

The Joint Administrators are yet to receive any claim from HMRC to date.

On current information, it is considered likely that there will be insufficient asset realisations in the Insolvency Estate to enable a dividend to be paid to Preferential Creditors; however, investigations are ongoing.

9.3 Prescribed Part

The Prescribed Part is calculated as a percentage of net property, as follows:-

Net property less than £10,000:	50% unless the Joint Administrator considers that the costs of making a distribution to the unsecured creditors would be disproportionate to the benefits.
Net property greater than £10,000:	50% up to £10,000 plus 20% thereafter to a maximum of £800,000.

The Company granted a floating charge to Barclays on 10 March 2021 and therefore, the Prescribed Part provisions will apply.

On current information, It is considered unlikely that there will be sufficient asset realisations in the Insolvency Estate to enable a dividend to be paid to non-preferential Unsecured Creditors via the Prescribed Part; however, investigations are ongoing.

9.4 Unsecured Creditors

According to the Company's records, non-preferential Unsecured Creditors can be summarised as follows:

Creditor Category	£
HMRC	Unknown
Trade and Expense Creditors	56,058
Employees (unsecured element)	TBC
Other Creditors	Unknown
Total	TBC

Whilst it is possible that Clients may assert to have unsecured creditor claims against the Company, at present it is not possible to establish whether such claims exist at this time.

On current information, it is considered unlikely that there will be sufficient asset realisations in the Insolvency Estate to enable a dividend to be paid to non-preferential Unsecured Creditors. It should however be noted that the Joint Administrators are continuing their investigations.

A further update will be provided to creditors in the Joint Administrators' first Progress Report to creditors.

10. End of Administration

10.1 Exit from Administration

The options available to the Joint Administrators for the exit from the Administration are as follows:

- Compulsory Liquidation
- Creditors' Voluntary Liquidation (CVL)
- Company Voluntary Arrangement
- Return of Control to the Director
- Dissolution of the Company

You will note from the Proposals at Section 11 below that the Joint Administrators have left the choice of exit route from Administration open so that the most appropriate route may be pursued.

This will largely depend on whether there may be sufficient funds available to enable a distribution to unsecured creditors and whether this is done via the Prescribed Part or not. Should this be the case, a CVL would likely be pursued or an extension of the Administration for that purpose, or alternatively if there are not sufficient funds available then the most appropriate exit route may be dissolution.

10.2 Discharge of Liability

The Joint Administrators propose to seek approval from the Court and / or to the extent necessary any Creditors' Committee or creditors generally that they will be discharged from liability in respect of any

actions as Joint Administrators upon filing their final Receipts and Payments Account with the Registrar of Companies or their appointment otherwise ceasing.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against the Joint Administrators.

11. Joint Administrators' Proposals

11.1 Approval of Proposals

The Joint Administrators are seeking approval to this Statement of Proposals by deemed consent.

A notice of seeking a decision by deemed consent is attached at Appendix 15.

The Joint Administrators will seek approval of resolutions found at sections 11.4.4 to 11.4.5 from the Creditors' Committee (or creditors generally if a Creditors' Committee is not constituted) in due course.

Quantification of Client Creditor Claims for Proposals' Purposes

The Joint Administrators will accept, for the purposes of the process for approval of these Proposals and establishment of a Creditors' Committee, that Clients are contingent creditors of the Company.

The Joint Administrators recognise that Clients will not possess sufficient information to be in a position to quantify what, if any, loss they believe they may suffer; and even more so, what amount of that loss, if any, may qualify as an unsecured claim against the Company.

Accordingly, the Joint Administrators consider that the most appropriate approach for present purposes (and without making any admissions that Clients will have claims of this or any value against the Company for future distribution purposes) is to allow all Clients to carry a provisional claim calculated as:

- a sum equal to 1% of the net funds invested into the Trust as at the date of the Joint Administrators' appointment; and
- where the Trust holds property, £2,750 (for each property) being approximately 1% of the value of an average property in the UK.

It is important to note that should Clients wish to either object to the approval of the Joint Administrators' Proposals or nominate themselves or a representative to participate in the formation of a Creditors' Committee, upon receipt of the completed forms (found in the Appendices of this report); the value of each Clients' claim for this purpose will be determined by the Joint Administrators (in their sole discretion) utilising the latest information available to them. This is likely to include information received as part of the ongoing Client account reconciliation exercise.

In taking the approach above, the Joint Administrators wish to make clear that:

- (a) the 1% does not represent the value of any loss which may eventually be incurred by each Client, which will be dependent upon a number of variables;
- (b) no representation is being made by the Joint Administrators about the past, current, or future value of assets held in Trust; and

- (c) there is no suggestion that any Client will have an unsecured claim against the Company in any amount.

Quantification of Trust Client Claims for Distribution Purposes

As stated, please note that the Joint Administrators will not address adjudication of proofs of debt for distribution purposes until or unless it appears that there will be a distribution available to non-preferential Unsecured Creditors of the Company from the Insolvency Estate.

11.2 Creditors' Committee

11.2.1 Invitation to Form a Creditors' Committee

In accordance with Rule 3.38(4) of the Rules, the Joint Administrators are required to invite nominations for membership of a Creditors' Committee any time they seek a decision from creditors (if a Creditors' Committee has not already been formed), such as the decisions sought at Section 11.1.

As noted above, for this purpose, Clients will be considered contingent creditors, thereby enabling them to nominate a representative for the membership of the Creditors' Committee.

It is not mandatory for Clients to nominate themselves or a representative for membership of a Creditors' Committee and it will not impact Clients or creditors' right to claim in the Administration if they are not a member of the Creditors' Committee.

The Joint Administrators are currently seeking nominations for creditors who wish to participate. At Appendix 13 and 14 are:

- Notice of Invitation to Form a Creditors' Committee ("Notice of Committee"); and
- Nomination for Membership of the Creditors' Committee and Consent to Act Form ("Nomination Form").

If you wish to nominate a representative to become a member of the Creditors' Committee, please complete the Nomination Form at Appendix 13 and return the completed Nomination Form to the Joint Administrators as instructed in the Notice of Committee by 30 June 2022.

11.2.2 Formation of a Creditors' Committee

Following the passing of the deadline stated above, the Joint Administrators will collate a list of those creditors who have nominated a representative for membership of the Creditors' Committee.

If the Joint Administrators receive considerably more nominations than the permitted maximum of five Creditors' Committee members, we will communicate with those nominated with a view to attempting to reduce the number and/or identify a shortlist of nominees.

The Joint Administrators will be aiming for the establishment of a Creditors' Committee which is representative and balances the interests of creditors and Clients. The Joint Administrators will also be

considering the relevant experience of nominees to assess their ability to assist the Joint Administrators in discharging their duties.

Therefore, when speaking to nominees, as well as establishing the amounts owed to nominees and their eligibility to act, the Joint Administrators will also be seeking details of the experience of nominees and what they believe they may be able to contribute to Creditors' Committee.

The Joint Administrators may also ask the nominees to produce, by a certain date, a short statement for circulation to creditors describing why they wish to be a member of the Creditors' Committee and the reasons why creditors might wish to vote for them.

If there are more nominations than can form the Creditors' Committee after the abovementioned process, it is likely the Joint Administrators will provide all creditors with the shortlist of nominees (via the Portal: www.ips-docs.com (see earlier communications regarding how to access same)) together with a copy of the short statement describing why they wish to be a member of the Creditors' Committee and the reasons why creditors might wish to vote for them.

The Joint Administrators will then likely ask all creditors and Clients to vote upon those they wish to make up the Creditors' Committee. Again, the Joint Administrators will utilise the methodology referred to in Section 11.1 above for determining Clients' provisional claims to be used for voting purposes in this regard.

If however there are sufficient nominations without the need to conduct a further vote, a Creditors' Committee will be formed.

11.2.3 Role of a Creditors' Committee

A Creditors' Committee represents the interest of the creditors as a whole, rather than the interests of individual creditors.

The main function of the Creditors' Committee is to assist the Joint Administrators in discharging their duties in respect of the Insolvency Estate. This may include assisting the Joint Administrators in key decisions, representing the main body of unsecured creditors, or providing information relating to the Company, its business, and affairs.

The Creditors' Committee will also be responsible for approval of the following:

- The basis of the Joint Administrators' remuneration out of the Insolvency Estate;
- The payment of Category 2 Expenses out of the Insolvency Estate;
- The payment of unpaid pre-Administration costs out of the Insolvency Estate; and
- The discharge from liability of any actions taken as Joint Administrators.

The minimum number of committee members is three and the maximum is five.

In order to enable creditors to make an informed decision, a guidance note on the rights, duties and the functions of the Committee entitled 'A Guide for Creditors – March 2017' can also be found at the

following link: <https://www.kroll.com/-/media/assets/pdfs-international/uk/creditors-guide/a-guide-for-creditors-march-2017.ashx?la=en-gb&hash=33FCAF379D2B3977216E2D41DB2FFC2F762522E1>

11.2.4 Eligibility of a Member

A creditor is eligible to be a member of the Creditors' Committee if:

- the person has proved for the debt;
- the debt is not fully secured; and
- neither of the following apply (i) the proof has been wholly disallowed for voting purposes; or (ii) the proof has been wholly rejected for the purpose of distribution or dividend.

As discussed above, the Joint Administrators will allow nominations from both Unsecured Creditors and Clients to become members of the Creditors' Committee.

11.2.5 Establishment of the Creditors' Committee

The Creditors' Committee is not established (and accordingly cannot act) until the membership of the Creditors' Committee has been established and the Joint Administrators have delivered notice of the membership to the Registrar of Companies.

11.3 Statement of Creditors' Rights

Creditors who meet one of the thresholds set out in the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the proposed decisions. The statutory thresholds for requesting a meeting are 10% in value of creditors, 10% in number of creditors, or 10 creditors.

If creditors fulfil the requirements set out above, the deemed consent procedure will terminate without any decisions being made.

Further information on creditors' rights to request a decision or physical meeting and the relevant procedures required is provided at Appendix 9.

In addition, the statement also sets out information on the remuneration and expenses of the Joint Administrators.

11.4 Summary of Proposals

In addition to the specific itemised proposals detailed below, this document in its entirety constitutes the Joint Administrators' Proposals.

The Joint Administrators propose the following:

11.4.1 General

- To continue to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect;
- To do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion, consider desirable or expedient in order to achieve the purpose of the Administration;
- To investigate and, if appropriate, pursue any claims the Company may have for the benefit of the Company's creditors;
- Seek an extension to the Administration period if considered necessary; and
- Enable the Company to continue to act as Trustee of the Trusts under the supervision of the Joint Administrators.

11.4.2 Distributions

- To make distributions to the Secured and Preferential Creditors where funds allow;
- To make distributions to the Unsecured Creditors from the Prescribed Part, where applicable; and
- To make further distributions to the Unsecured Creditors over and above the Prescribed Part, if funds become available and apply to Court for authority to do so, where applicable.

11.4.3 End of Administration

That the Joint Administrators might use any or a combination of the following exit route strategies to bring the Administration to an end:

- Apply to Court for the Administration order to cease to have effect from a specified time and for the return of control to the Director;
- Place the Company into Creditors' Voluntary Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Geoffrey Bouchier and James Saunders of Kroll would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. The creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these Proposals. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;
- Petition to the Court for a winding-up order placing the Company into Compulsory Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Geoffrey Bouchier and James Saunders of Kroll would act as Joint Liquidators should the Company be placed into Compulsory Liquidation without further recourse to creditors. Any action required or authorised

under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them;

- Take the necessary steps to give notice of move from Administration to dissolution with the Registrar of Companies because (1) the Company has no remaining property which might permit a distribution to its creditors, and (2) all outstanding matters have been satisfactorily completed.

Alternatively, the Joint Administrators may allow the Administration to end automatically.

The Joint Administrators will be seeking specific agreement to the following resolutions that do not form part of the Proposals, from the Creditors' Committee (or creditors generally in the event that a Creditors' Committee is not duly constituted) in due course.

11.4.4 Remuneration and pre-Administration Costs

- That the Joint Administrators' remuneration in connection with the Insolvency Estate be fixed by reference to the time properly given by them and their staff in attending to matters arising in the Administration;
- That the Joint Administrators' Fee Estimate provided in Appendix 5 in the total sum of £770,735, is approved;
- That the Joint Administrators be authorised to pay the following expenses to associates in dealing with the Administration ("Category 2 Expenses"):
 - Mileage allowance payments to staff at the rate of 45p per mile
 - Travel, accommodation, and subsistence payments for staff
- That the unpaid Pre-Administration costs totalling £266,315 plus VAT as detailed in the Joint Administrators' Statement of Pre-Administration costs and fees is approved for payment as an expense of the Administration.
- Where a Creditors' Committee is formed, the Joint Administrators' will seek to obtain approval from the Creditors' Committee.

11.4.5 Discharge of Liability

- That the Joint Administrators be discharged from all liability in respect of any actions as Joint Administrators upon filing their final Receipts and Payments Account with the Registrar of Companies or their appointment otherwise ceasing.
- Where a Creditors' Committee is formed, the Joint Administrator's will seek to obtain approval from the Creditors' Committee.

If you require further information or assistance, please do not hesitate to contact the Joint Administrators at PTC@kroll.com.

Yours faithfully
For and on behalf of
Philips Trust Corporation Limited



Geoffrey Bouchier
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators, Geoffrey Bouchier and James Saunders, who act as agents for the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

Appendix 1 – Statutory Information

Company Information

Company and Trading Name	Philips Trust Corporation Limited	
Date of Incorporation	6 December 2017	
Registered Number	11099933	
Company Director	Kay Collins	
Company Secretary	N/A	
Shareholder	After Today Limited - 100%	
Trading Address	Suite B 11th Floor 5 Exchange Quay Salford M5 3EF	
Registered Office	Current: c/o Kroll Advisory Ltd. The Chancery 58 Spring Gardens Manchester M2 1EW	Former: Suite B 11th Floor 5 Exchange Quay Salford M5 3EF

Administration Information

Administration Appointment	The Administration appointment granted in High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (Chd), Companies Court 001095 of 2022
Appointor	Court Order
Appointment Date	22 April 2022
Joint Administrators	Geoffrey Bouchier and James Saunders
Original Purpose	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)
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2) of Schedule B1
Current Administration Expiry Date	21 April 2023
Prescribed Part	The Prescribed Part is applicable in this case
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.

Appendix 2 – Joint Administrators' Receipts and Payments Accounts

Philips Trust Corporation Limited (In Administration)

Joint Administrators' Receipts and Payment Account for the Trust Estate for the Reporting Period

	For the Reporting Period
	22 April 2022 to
	15 June 2022
	(£)
Receipts	
Client Funds (Cash at Bank)	127,554.37
Investment Income : CX Wealth	176,883.92
	<u>304,438.29</u>
Payments	
Funds Transfer to Philips Trust Corporation Limited - Insolvency Estate	(34,144.77)
	<u>(34,144.77)</u>
Net Receipts / (Payments)	<u>270,293.52</u>
Trust Account	
Philips Trust Corporation Limited (In Administration) Clients' Account	270,293.52
Total	<u>270,293.52</u>

Philips Trust Corporation Limited (In Administration)

Joint Administrators' Receipts and Payment Account for the Insolvency Estate for the Reporting Period

SOA, Estimate to Realise	For the Reporting Period 22 April 2022 to 15 June 2022
(£)	(£)
Asset Realisations / Receipts	
Funds Transfer from Philips Trust Corporation Limited - Trust Estate	34,144.77
-	34,144.77
Insurance	(523.02)
IT Costs	(1,143.25)
Mail re-direction	(519.00)
Stationary and Postage	(798.90)
Statutory Advertising	(103.50)
Wages and Salary Expenses	(30,544.17)
-	(33,631.84)
Net Receipts / (Payments)	512.93
Represented By	
VAT Receivable	512.93
Joint Administrators' Floating Charge Bank Account	-
Total	512.93

Appendix 3 – Schedule of Creditors and Estimated Financial Position

The Joint Administrators have requested that the Director provides a SOA. To date this has not been received.

Once received the SOA will be filed with the Registrar of Companies. Please note that disclosure of the content of the SOA may be restricted with the Court's permission if it is considered that disclosure would be adverse to the interest of creditors.

In the absence of a SOA, the Joint Administrators attach a schedule detailing the currently known details of the Company's estimated financial position including a schedule of known creditors names and addresses.

The information has been extracted from the Company's books and records and relates to the Insolvency Estate only. The Joint Administrators have not carried out any audit or detailed verification work on the information provided and the figures do not include the costs of the Administration.

The actual level of asset recoveries and claims against the Company might differ materially from the amounts included in the financial information in this statement.

Philips Trust Corporation Limited (In Administration)
Estimated Financial Position as at 22 April 2022

	Notes	Book Value (£)	Estimated to Realise (£)
Assets Subject to Fixed Charge			
Goodwill		0	Uncertain
Leasehold Property		0	Uncertain
Less: Barclays Bank Plc	1	(300,000)	(300,000)
Surplus/Deficiency as regards fixed charge holder			<u>(300,000)</u>
Assets Subject to Floating Charge			
Accrued Income not yet Invoiced	2	Nil	Uncertain
Book Debts	3	402,430	Uncertain
Office Equipment, Fixtures and Fittings			Uncertain
Directors' Loan Accounts			Uncertain
Estimated total assets available for preferential creditors			<u>(300,000)</u>
Primary Preferential Creditors		Nil	(1,600)
Secondary Preferential Creditors		(96,000)	Unknown
Net property available for Prescribed Part			NIL
Estimated total assets available for floating charge holders			<u>(301,600)</u>
Less: Barclays Bank Plc	1	(300,000)	(300,000)
Estimated deficiency of assets after floating charges			<u>(361,600)</u>
Add back Prescribed Part			N/A
Available for Unsecured Creditors			N/A
Unsecured Creditors			
Trade Creditors	4	(56,058)	Uncertain
Other Trade Creditors			Uncertain
Directors' Loan Accounts			Uncertain
HMRC			Uncertain
Estimated deficiency as regards Unsecured Creditors			<u>Uncertain</u>

Notes

- The Company granted a debenture in favour of Barclays Bank which confers fixed and floating charges over all of the assets of the Company.
- The Company was contractually entitled to draw fees in respect of matters such as, but not limited to, revenue accruing over the life of the Trusts in the form of Annual Management Charges and the sale of properties held on Trust by the Company on behalf of its beneficiaries. The Joint Administrators are continuing, as part of the ongoing reconciliation, to establish the level of fees due to the Company that has not yet been invoiced.
- The Company records indicate that c£402,430 is due to the Company however, due to the quality of the Company's books and records, the veracity of this amount is unknown. In light of this the Joint Administrators consider that the quantum of fees due to the Company, whether invoiced or otherwise, remains uncertain and as such the Joint Administrators continue to work to ascertain the value of funds due to the Company
- The value of the Trade Creditors has been taken from a schedule available from the Company's books and records. The figures provided do not affect creditors' rights to submit a claim for a different amount.

Philips Trust Corporation Limited - Creditors Listing

Name	Address 1	Address 2	Address 3	Address 4	Address 5
Awareness Software Limited	Unit B5 Rhino Court	Station View	Stockport	SK7 5ER	
CBRE	Asset Services	Pacific House	70 Wellington St	Glasgow	G2 6UA
Champion Accountants	IWorsley Court	High St	Worsley	M28 3JU	
DRA Conveyancing Ltd	138 Huddersfield Road	Mirfield	WFL4 8AN		
Dains LLP	Etruria Office Village		2 Forge Ln	Stoke-on-Trent	ST1 5RQ
FP Mailing	Suite 105-107 Lovell House	Birchwood Park	WA3 6FW		
HM Revenue & Customs	Enforcement & Insolvency Service (EIS)	Durrington Bridge House	Worthing	West Sussex	BN12 4SE
HM Revenue and Customs (PAYE)	Accounts Office Cumbernauld	ST Mungo's Rd	Cumbernauld	Glasgow	G67 1YZ
HM Revenue and Customs (CT)	Mid-Size Businesses	Corporation Tax Services	HM Revenue and Customs	BX9 1AX	
HM Revenue and Customs (VAT)	Alexander House	21 Victoria Avenue	Southend-on-Sea	SS99 1BF	
Home2Office Water	Unit 3B	Arbour Court	Knowsley Ind. Park	Knowsley	L33 7XE
Minshred	96 Manor Road	Haughton Green	M34 7SN		
Octopus	Unit 10 Enterprise Centre 2	Stockport	SK3 0BR		
Parity Legal	Parity House	19a Church St	Oadby	Leicester	LE2 5DB
Peninsula	Victoria Place	Manchester	M4 4FB		
Redundancy Payments Service	P O Box 16685		BIRMINGHAM		
Reginald Boagey Statham	4 Lingfield Drive	Eaglescliffe	Stockton	TS16 0NX	
Slater Heelis	86 Deansgate	Manchester	M3 2ER		
TD Software Services Limited	49 Greenward Lane		Hockley		
Telcom	Hilton House	Hilton St	Manchester	M1 2EH	
The Talent Crowd	ABC Building	21-23 Quay Street	Manchester	M3 4AE	
Total Energies	Bridge Gate	55-57 High St	Redhill	Surrey	RH1 1RX
Waterlogic	1 Grenfell Road	Maidenhead	Berkshire	SL6 1HN	
Wolters Kluwer	145 London Road	Kingston Upon Thames	KT2 6SR		
Stockton on Tees Borough Council	Municipal Buildings		Church Road	Stockton-on-Tees	TS18 1LD
Sure Will Writer	The Society of Will Writers	Chancery House	Whisby Way	Lincoln	LN6 3LQ

Appendix 4 – Analysis of Time Charged Incurred for the Insolvency Estate

Analysis of the Joint Administrators' pre-Appointment Time Costs

Philips Trust Corporation Limited (In Administration)

Analysis of the Joint Administrators' Pre-Appointment Time Costs

	Managing Director	Hours			Total Hours	Time Cost (£)	Avg Hourly Rate (£)
		Manager	Senior	Analyst			
Case Specific Matters							
Business Background Analysis & Research	18.00	10.00	0.00	12.60	40.60	23,419.50	576.83
Correspondence With Company Re Engagement	0.00	0.50	0.00	0.00	0.50	222.50	445.00
General Case Administration	0.00	0.50	0.00	3.50	4.00	1,202.50	300.63
Meetings With / Reporting To The Company	23.00	0.00	0.00	0.00	23.00	17,217.00	748.57
Research Re Engagement Business / Industry	0.00	8.00	0.00	2.50	10.50	6,020.00	573.33
Review / Analysis Of Financial Info	28.10	0.00	0.00	0.00	28.10	21,075.00	750.00
Strategy Planning	87.80	100.35	0.50	23.60	212.25	132,736.75	625.38
Writing Report / Output To Engaging Party	0.00	14.00	0.00	0.80	14.80	9,534.00	644.19
Total Hours:	156.90	133.35	0.50	43.00	333.75		633.49
Total Time Costs: (£)	116,019.50	83,177.75	190.00	12,040.00		211,427.25	

Analysis of the Joint Administrators' Time Costs to 12 June 2022

Philips Trust Corporation Limited (In Administration)

Analysis of the Joint Administrators' time costs for the Insolvency Estate

	Hours				Total Hours	Time Cost (£)	Avg Hourly Rate (£)
	Managing Director	Manager	Senior	Analyst			
Administration and Planning							
Case Review & Case Diary Management	0.00	0.90	3.35	0.40	4.65	1,829.50	393.44
Cashiering & Accounting	0.00	2.90	0.65	7.65	11.20	4,139.50	369.60
Dealings with Directors & Management	1.40	3.55	3.50	4.45	12.90	5,846.75	453.24
Insurance	0.00	0.00	1.80	0.10	1.90	712.00	374.74
IPS Set Up & Maintenance	0.00	0.00	0.25	0.00	0.25	95.00	380.00
Statement of Affairs	0.00	0.40	0.00	0.00	0.40	266.00	665.00
Statutory Matters	0.00	10.40	8.35	17.40	36.15	12,871.00	356.04
Strategy Planning & Control	13.10	54.50	22.35	77.00	166.95	63,906.00	382.79
Tax Compliance & Planning	0.00	0.00	0.45	0.00	0.45	171.00	380.00
Creditors							
Dealings with Creditors & Employees	0.20	9.55	1.60	3.30	14.65	7,894.75	538.89
Non-Pref Creditors / Employee Claims Handling	0.00	0.00	0.35	5.45	5.80	1,659.00	286.03
Secured Creditors	1.50	0.40	0.00	0.00	1.90	1,308.50	688.68
Investigations							
CDDA & Reports & Communication	0.00	1.80	0.00	0.00	1.80	1,197.00	665.00
Financial Review & Investigations (S238/239 etc)	4.10	3.90	5.70	5.30	19.00	8,565.00	450.79
Realisation of Assets							
Freehold & Leasehold Property	0.00	1.90	0.00	0.00	1.90	1,263.50	665.00
Hire Purchase & Lease Assets	0.00	1.00	0.00	0.00	1.00	665.00	665.00
Trading							
Employees	0.80	2.30	0.00	3.35	6.45	3,045.50	472.17
Operations	0.00	0.00	0.00	2.70	2.70	756.00	280.00
Discussions with Suppliers & Landlord	0.00	0.00	8.80	3.00	11.80	4,184.00	354.58
Total Hours:	21.10	93.50	57.15	130.10	301.85		398.79
Total Time Costs: (£)	14,686.50	50,759.50	21,717.00	33,212.00		120,375.00	

Narrative of work carried out for the period to 12 June 2022

The key areas of work have been:

SIP 9 Narrative for the period to 12 June 2022	
Administration and Planning	<ul style="list-style-type: none"> • Monitoring and reviewing the Administration strategy; • Briefing staff on the Administration strategy and matters in relation to workstreams; • Regular case management and reviewing of process including regular team update meetings and calls; • Meeting with management to review and update strategy and monitor progress; • Reviewing and authorising junior staff correspondence and other work; • Dealing with queries arising during the appointment; • Reviewing matters affecting the outcome of the Administration; • Allocating and managing staff/ case resourcing and budgeting exercises and reviews; • Liaising with legal advisors regarding various instructions, including agreeing content of engagement letters; and • Complying with internal filing and information recording practices, including documenting strategy decisions.
Creditors	<ul style="list-style-type: none"> • Updating the list of Unsecured Creditors; • Responding to enquiries from creditors regarding the Administration and submission of their claims; • Reviewing completed forms submitted by creditors, recording claim amounts, and maintaining claim records; • Providing written and oral updates to the Secured Lenders regarding the progress of the Administration and cases strategy; and • Filing notice of the extension of the Administration.
Investigations	<ul style="list-style-type: none"> • Managing and reviewing the Company books and records; • Investigating the affairs of the Company to identify any actions available to the company against third parties in respect of antecedent transactions or other litigation; • Obtaining records from third parties; • Conducting interviews with counterparties and officeholders; • Enquiring with counterparties who has raised disputes against the Company; • Reviewing pre-appointment transactions; and • Documenting investigations.

Statutory and Compliance	<ul style="list-style-type: none"> • Ensuring compliance with all statutory obligations within the relevant timescales; • Uploading information to the Portal/Company Website; • Drafting and publishing Statement of Proposals; • Running decision procedures; • Reviewing time costs to date and producing analysis of time incurred which is compliant with SIP 9; • Monitoring the fees estimate; and • Monitoring the expenses estimate.
Cashiering	<ul style="list-style-type: none"> • Preparing statutory Receipts and Payments Accounts; and • Renewing bonding and complying with statutory requirements;
Asset Realisations	<ul style="list-style-type: none"> • Collating information from the Company's records regarding assets; • Liaising with finance companies in respect of assets subject to finance agreements; • Liaising with key suppliers; • Reviewing outstanding debtors and management of debt collection strategy; • Communicating with landlords regarding rent; property occupation and other property issues; • Liaising with third parties regarding costs incurred; • Reviewing and agreeing invoices; • Reviewing costs incurred to ensure recorded accurately; and • Arranging payments to agents and key suppliers in a timely manner.
Trading	<ul style="list-style-type: none"> • Attending to supplier and Client queries and correspondence; • Reviewing invoices to ensure they correspond with the relevant purchase orders; • Raising payments to suppliers in respect of Administration costs; and • Contacting all suppliers to obtain invoices for the trading period.
Tax	<ul style="list-style-type: none"> • Working on tax returns relating to the periods affected by the Administrator; • Analysing VAT related transactions; reviewing the Company's duty position to ensure compliance with duty requirements; and • Dealing with post appointment tax compliance.

Joint Administrators' Expenses to 12 June 2022

The Joint Administrators have incurred the following expenses during the Administration Period.

Category 1 Expenses			Current period	
Company	Activity	Fee Basis	Incurred (£)	Paid (£)
Royal Mail Group Ltd	Re-direction of Mail	Fixed fee	519	519
Courts Advertising Ltd	Statutory Advertising	Fixed fee	104	104
Glaisyers	Legal advice on trusts and the Administration	Time costs	7,794	0
Guildhall Chambers	Counsel advising upon Court Application	Time costs	0	0
Dains Accountants	Forensic Accounting	Time costs	13,920	13,920
Aon	Statutory bond premium	Fixed fee	225	0
AUA Insolvency Risk Services	Asset insurance	Fixed fee	523	523
Total			23,085	15,066

Category 2 Expenses			Current period	
Company	Activity	Fee Basis	Incurred (£)	Paid (£)
Kroll	Travel to and from site	Fixed fee	1,493	0
Kroll	Subsistence	Fixed Fee	322	0
Khadija	Litigation Support Fees	Time Costs	12,685	0
Total			14,500	0

Notes

The above costs exclude VAT.

The Joint Administrators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee.

Kroll, being the employer of the Joint Administrators and the staff working on the Administration, is considered an associate of the Joint Administrators.

It is considered that these expenses are fair and reasonable and proportionate to the Administration.

The Joint Administrators have the authority to pay Category 1 Expenses without the need for any prior approval from the creditors of the Company.

Category 2 Expenses are to be approved in the same manner as the Joint Administrators' remuneration.

Appendix 5 – Fee Estimate for the Insolvency Estate

Philips Trust Corporation Limited (In Administration)

The Joint Administrators' Fee Estimate for the Administration

	Managing Director	Manager	Hours			Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
			Senior	Analyst					
Administration and Planning									
Case Review & Case Diary Management	10.00	25.00	5.00	40.00	0.00	80.00	32,950.00	411.88	
Cashiering & Accounting	30.00	35.00	1.00	55.00	0.00	121.00	50,730.00	419.26	
Dealings with Directors & Management	0.00	40.00	5.00	0.00	0.00	45.00	28,500.00	633.33	
Insurance	0.00	5.00	2.00	10.00	0.00	17.00	5,885.00	346.18	
IPS Set Up & Maintenance	0.00	0.00	1.00	10.00	0.00	11.00	2,100.00	190.91	
Statement of Affairs	2.00	2.00	0.00	5.00	0.00	9.00	3,695.00	410.56	
Statutory Matters	20.00	20.00	10.00	40.00	0.00	90.00	38,750.00	430.56	
Strategy Planning & Control	100.00	300.00	25.00	25.00	0.00	450.00	264,250.00	587.22	
Tax Compliance & Planning	3.00	10.00	1.00	15.00	0.00	29.00	10,615.00	366.03	
Creditors									
Dealings with Creditors & Employees	5.00	15.00	2.00	100.00	0.00	122.00	34,210.00	280.41	
Non-Pref Creditors / Employee Claims Handling	0.00	5.00	1.00	35.00	0.00	41.00	10,305.00	251.34	
Secured Creditors	2.00	3.00	0.00	5.00	0.00	10.00	4,305.00	430.50	
Investigations									
CDDA & Reports & Communication	8.00	13.00	0.00	40.00	0.00	61.00	20,470.00	335.57	
Financial Review & Investigations (S238/239 etc)	60.00	120.00	80.00	40.00	0.00	300.00	160,750.00	535.83	
Realisation of Assets									
Freehold & Leasehold Property	2.00	10.00	0.00	5.00	0.00	17.00	6,760.00	397.65	
Hire Purchase & Lease Assets	0.00	5.00	0.00	5.00	0.00	10.00	4,245.00	424.50	
Company Income / Debtors	2.00	25.00	5.00	25.00	0.00	57.00	20,725.00	363.60	
Trading									
Employees	4.00	40.00	0.00	20.00	0.00	64.00	28,745.00	449.14	
Operations	0.00	40.00	0.00	20.00	0.00	60.00	25,800.00	430.00	
Discussions with Suppliers & Landlord	0.00	25.00	10.00	5.00	0.00	40.00	16,945.00	423.63	
Total Hours:	248.00	738.00	148.00	500.00		1,634.00		471.69	
Total Time Cost: (£)	177,405.00	444,570.00	56,240.00	92,520.00			770,735.00		

Appendix 6 – Fee Narrative for the Insolvency Estate

Philips Trust Corporation Limited (In Administration)

The Joint Administrators' Fee Estimate for the whole period of the Administration

Geoffrey Bouchier and James Saunders were appointed Joint Administrators of the Company on 22 April 2022.

Introduction

The following information is provided to creditors to enable them to consider and approve the Joint Administrators' remuneration in relation to the Company. It is a summary of key issues, to assist creditors in understanding the strategy of the Joint Administrators, the associated costs, and expenses of the related activities, and the financial benefit to creditors.

This document should be read in conjunction with the Joint Administrators' Statement of Proposals, which provides further details of the assets, liabilities, progress to date and estimated return to creditors, if any. Particular reference is made to the Appendices entitled 'Fee Estimate', 'Estimated Expenses' and 'Analysis of the Joint Administrators' Time Costs'.

The Joint Administrators acknowledge that the Fee Estimate and therefore the supporting narrative is an estimate and is based on a number of assumptions, some of which will be accurate and some of which may differ from the eventual costs incurred. The Fee Estimate effectively acts on a cap as to the value of fees which the Joint Administrators are entitled to draw.

The Fee Estimate provides an estimate of the Joint Administrators' time costs in relation to their management of the business, assets affairs and of the Insolvency Estate.

Note that the Joint Administrators costs and expenses incurred in dealing with the Trust Estate is subject to separate Court approval and is excluded from this Fee Estimate.

To the extent that time costs detailed in this Fee Estimate cannot be met out of the Insolvency Estate, the Joint Administrators will also be seeking Court Approval to draw those costs from the Trust Estate.

Estimated Fees and Expenses

It should be noted that in the Report to Court, the Joint Administrators anticipated their fees in relation to the Insolvency Estate to total £541,878 for the first 16 weeks of the Administration. At present the Joint Administrators do not expect their time costs to reach this level due to a number of factors:

Firstly, the Court confirmed to the Joint Administrators that in the first instance focus must be upon the Client Trusts and general statutory duties and obligations must be kept to a minimum pending further Court Hearings.

Secondly, there are certain critical path items and information requests to third parties which has resulted in less time being incurred in the initial period of the Administration.

The Joint Administrators now therefore estimate the fees in the Administration relating to the Insolvency Estate to total £770,735 as shown in the Fee Estimate at Appendix 5. This estimate may change over the course of the Administration, but creditors will be informed of any variations with associated reasons in subsequent progress reports.

Estimated Return to Creditors

Please see Section 7 of the Proposals for further information in this regard.

Joint Administrators' Estimated Time Costs

Statutory Compliance, Planning, Formal Reporting and Case Administration

An Administrator is highly regulated, being required to conform to insolvency legislation, industry Best Practice policies (Statements of Insolvency Practice) and relevant case law. Consequently, Administrators are obliged to undertake many activities that do not provide a financial benefit to creditors. Such matters will include, but are not restricted to: Anti Money Laundering, Bribery Act and Ethical considerations and checks, statutory advertising, regular reporting to creditors including fee agreement procedures, obtaining, and securing company books and records, pension review and liaison with the Pension Protection Fund, Companies House filing, completion and release of insolvency bond and various Treasury functions.

The Joint Administrators have incurred £89,837 since the Appointment Date in respect of 'Administration and Planning', representing 235 hours at an average charge out rate of £383.

Total time, including future costs, are anticipated to be £437,475, which includes but is not limited to the following:

- Complying with Anti-Money Laundering Checks, Bribery Act and ethical checks;
- Monitoring and reviewing the Administration strategy;
- Setting up the Administration on our internal systems and on the Portal;
- Companies House and Court filings;
- Calculating and obtaining the Insolvency Practitioners' bond;
- Undertaking treasury functions in setting up the Administration;
- Internal strategic discussions and meetings and completing case reviews;
- Advertising the Joint Administrators' appointment and notifying relevant stakeholders;
- Opening Administration bank accounts and facilitating a transfer of funds to the Administration;
- Dealing with the interaction and co-ordination as between the Client Estate and the Insolvency Estate;
- Discussions with management and legal advisors following Administration Order;
- Completing internal compliance reviews and checklists;
- Preparing the Joint Administrators' Statement of Proposals and Progress Reports;
- Performing periodic and strategic case reviews;
- HMRC statutory notifications;
- Undertaking ongoing cashiering and accounting functions;

- Dealings with the directors and management;
- Ensuring that all insurance and bonding requirements are appropriate; and
- Internal strategic discussions and meetings.

Creditors

The Joint Administrators will incur time costs in dealing with creditor correspondence.

Total time incurred in relation to creditors total £10,862 representing 22 hours at an average charge out rate of £486. Work undertaken to date has included explaining the background to the Joint Administrators' appointment and the Company's financial difficulties and handling claims.

Total time, including future costs, are anticipated to be £48,820, which includes but is not limited to the following:

- Creditor correspondence, emails and telephone conversations regarding claims in the Administration;
- Maintaining up to date creditor information and claims status on the case management system;
- Maintaining the Portal;
- Adjudicating and agreeing creditor claims if there are sufficient funds to enable a distribution to be paid to creditors; and
- Reviewing and recording potential Client creditor claims.

Investigations

It is a statutory requirement that the Joint Administrators provide reports to the Secretary of State on the conduct of the Director in their management of the Company to determine their unfitness to act in such roles. These reports will entail a broad level of investigation to ensure that best practice standards are met, and the Fee Estimate reflect this standard. If the Secretary of State then instigates Directors' Disqualification proceedings, further time may be expended in providing supporting documents, witness statements etc. Such investigations may or may not lead to further asset recoveries, so creditors should not assume that this activity will provide monetary benefit to the Administration estates.

Initial fact gathering will be undertaken by lower level staff but the nature of the investigations requires more experienced (and hence high cost) staff to review the information.

Total time incurred in relation to investigations totals £9,762, representing 21 hours at an average charge out rate of £469. This includes obtaining and reviewing the Company's books and records, writing to the Bank to request historic bank statements, and reviewing these statements.

Total time, including future costs, are anticipated to be £181,220, which includes but is not limited to the following tasks:

- Seeking the completion of a questionnaire by the Director;
- Completing a detailed bank statement analysis noting that there are 18 bank accounts that we are currently aware of;
- Investigation of any potential claims in respect of antecedent transactions;

- Investigation of the conduct of the current and former directors and officers of the Company;
- Completing a detailed review of all the Company's financial accounts available;
- Companies House searches;
- Logging and reviewing creditor complaints and concerns regarding director conduct; and
- Statutory investigations and reporting requirements to the Secretary of State in respect of directors' conduct and any resulting correspondence with the BEIS.

The Fee Estimate assumes a diligent but basic investigation into the Company's affairs. However, should circumstances prove more difficult it is likely that the Fee Estimate may need to increase. Creditors will be consulted as appropriate.

Realisation of Assets

The fundamental duty of an Administrator is that of the recovery and realisation of the Company's assets, the Joint Administrators' powers are designed to ensure the effective execution of this duty. The Joint Administrators must recover the assets of the Company for the benefit of the creditors and ultimately the members and must realise the same to affect the best possible distributions.

The Joint Administrators' actions and ongoing strategy in respect of the Company's assets is detailed below. The Joint Administrators have incurred £1,929 in relation to realisation of assets of the Company, representing 3 hours at an average charge out rate of £665. This includes reviewing the Company's records to understand what tangible and intangible assets are owned by the Company which may be of benefit to the Administration estate.

Total time, including future costs, are anticipated to be £31,730 which may include but is not limited to the following:

- Collating information from the Company's records regarding assets;
- Correspondence to the landlord regarding the Leasehold Premises and obtain details of rent deposit held;
- Liaise with legal advisors regarding the potential legal recovery in relation to future legal claims;
- Realising any other unencumbered tangible and intangible assets, where possible.

Appendix 7 – Expenses Estimate for the Insolvency Estate

**Philips Trust Coporation Limited (In Administration)
 Joint Administrators' Estimated Expenses for the Duration of the Administration**

Notes	Company	Activity	Fee Basis	Anticipated Total Cost (£)
Expenses				
1	Category 1			
2	Courts Advertising	Statutory Advertising	Fixed Fee	103.50
3	AON	Bordereau Fee	Fixed Fee	225.00
4	Total Data Management	Storage Fee	As Incurred	500.00
5	Glaysiers Solicitors	Solicitors Fees & Expenses	As Incurred	150,000.00
6	Guildhall Chambers	Counsel	As Incurred	15,000.00
7	Dains Forensics LLP	Forensic Accountants Fees	Fixed Fee	60,000.00
8	Champion Accountants	Accountants Fees	Fixed Fee	10,000.00
9	AUA Insolvency Risk Services	Insurance	Fixed Fee	1,500.00
10	Yet to be engaged	Agents Fees	As Incurred	750.00
11	Royal Mail Group Ltd	Re-Direction of Mail	As Incurred	519.00
12	Spreckley Partners Limited	Public Relations	As Incurred	2,975.00
		Total Category 1 expenses		£241,572.50
13	Category 2			
14	Mileage @ 45p per mile			2,000.00
15	Travel & Subsistence costs			3,000.00
16	Khadija	Relativity		14,488.00
		Total Category 2 expenses		£19,488.00
	Total Estimated Expenses		TOTAL	£261,060.50

The above costs exclude VAT

Notes to Expenses Schedule

- 1 Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the Administrator.
- 2 Statutory advertising in the London Gazette is required under insolvency legislation
- 3 The Joint Administrators are required to have sufficient insurance in place
- 4 Books and records of the Company will be stored offsite with an external provider for at least the duration of the Administration plus one year. In addition, it is a statutory requirement that books and records of the Joint Administrators must be kept for six years after the conclusion of the Administration
- 5 Solicitors fees and expenses in relation to ad-hoc post-appointment legal advice provided throughout the duration of the Administration
- 6 Counsel fees and expenses in relation to any Court attendance
- 7 Forensic Accountants Fees incurred in respect of preparing a client ledger
- 8 Accountants Fees incurred in respect of general accountancy services provided pertaining to corporation tax compliance matters
- 9 Insurance costs for unsold assets
- 10 Valuation and Selling agents fees may be incurred should there be a requirement to value the assets of the Company
- 11 Redirection of mail was required to ensure that this was received to the Joint Administrators offices
- 12 Costs relating to media relations on behalf of the Joint Administrators
- 13 Category 2 expenses are payments to associates or which have an element of shared costs and require approval from creditors in the same manner as the Administrator's remuneration, whether paid directly from the estate or as a disbursement.
- 14 Mileage is the reimbursement of staff expenses, at a specified rate, travelling by car to attend the Company's premises
- 15 Travel and subsistence costs are the reimbursement of staff expenses travelling by public transport to attend the Company's premises
- 16 Litigation Support Fees

The total anticipated expenses is an estimate based on information at the commencement of the appointment.

The estimate should therefore be treated with caution as matters are likely to change over the life of the Administration

Appendix 8 – Analysis of Time Charged for the Trust Estate

Philips Trust Corporation Limited (In Administration)

Analysis of the Joint Administrators' time costs for the Trust Estate

	Hours				Total Hours	Time Cost (£)	Avg Hourly Rate (£)
	Managing Director	Manager	Senior	Analyst			
All Trusts							
Client Communications	12.20	44.50	4.90	28.75	90.35	41,240.50	456.45
Call Centre Dealings	0.00	23.00	0.00	20.20	43.20	17,141.00	396.78
Dealings with FCA	1.30	2.95	0.00	0.00	4.25	2,645.25	622.41
Trust Registration & Other Regulatory Matters	0.00	1.00	0.30	5.50	6.80	2,319.00	341.03
Trust Strategy, Planning & Control	39.60	54.45	6.30	6.75	107.10	68,312.25	637.84
Client Reconciliation / Verification	9.40	25.70	5.00	162.45	202.55	56,481.50	278.85
Future Court Application / Directions	1.00	0.00	0.00	0.00	1.00	750.00	750.00
Wet Trusts							
Client Communications	0.00	0.65	0.00	0.55	1.20	553.25	461.04
Dealings with FCA	1.00	0.00	0.00	0.00	1.00	750.00	750.00
Dealings with Investment Houses	6.30	42.50	0.00	0.00	48.80	32,382.50	663.58
Preparation of Client Account Summaries / Reports	0.00	12.55	0.00	0.55	13.10	8,499.75	648.84
Reconciliation of Investments to Trusts	61.00	84.45	42.00	0.20	187.65	99,346.25	529.42
Review of Investment Strategy and Investment Valuation	0.00	13.80	0.00	4.80	18.60	9,945.00	534.68
Strategy Planning & Control	5.00	6.60	0.25	0.30	12.15	8,318.00	684.61
Dry Trusts							
Call Centre Dealings	0.20	0.00	0.00	0.00	0.20	139.00	695.00
Client Communications	1.80	1.35	0.00	1.45	4.60	2,301.75	500.38
Property Management & Sales	2.40	0.00	0.00	0.00	2.40	1,695.50	706.46
Reconciliation of Property Assets to Trusts	0.80	1.75	0.00	34.90	37.45	7,248.75	193.56
Strategy Planning & Control	5.30	19.90	0.00	0.00	25.20	17,098.50	678.51
Tax Matters	0.00	0.00	0.25	0.00	0.25	95.00	380.00
Total Hours:	147.30	335.15	59.00	266.40	807.85		467.00
Total Time Costs: (£)	108,506.00	190,002.75	22,420.00	56,334.00		377,262.75	

Appendix 9 – Statement of Creditors' Rights

Rule numbers refer to *Insolvency (England & Wales) Rules 2016* (as amended)

Section or paragraph numbers refer to *Insolvency Act 1986*

If you require a copy of any relevant rule or section, please contact PTC@kroll.com

Information for creditors on remuneration and expenses of Administrators

Information regarding the fees and expenses of Administrators, including details of the expense policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "Administration: A Guide for Creditors on Insolvency Practitioner Fees". This can be viewed and downloaded from Kroll's website at:

<https://www.kroll.com/en-gb/services/restructuring-advisory/creditor-guides-and-employee-fact-sheets>

Should you require a copy, please contact this office.

Creditors may requisition a physical meeting of creditors for approval of the Joint Administrators' Proposals under Rule 15.6 of the Insolvency (England and Wales) Rules 2016

The Joint Administrators shall summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company or (b) 10% in number of creditors, or (c) 10 creditors, and (2) if the following procedures are followed:

The request for a requisitioned physical meeting must be made within five business days of the date on which the Joint Administrators' Proposals were delivered and include either:

- (22) a statement of the requesting creditor's claim together with—
- a list of the creditors or contributories concurring with the request and of the amounts of their respective claims or values, and
 - confirmation of concurrence from each creditor; or

(b) a statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors

Creditor(s) may be requested to meet the costs of a requisitioned decision and a deposit will be required for this purpose. These costs may be ordered to be paid as an expense of the Administration if the creditors so resolve.

If you wish to request a physical creditors' meeting, please complete and return the physical meeting requisition form available on Portal.

Creditors may requisition a decision to be made by all of the creditors for approval of the Joint Administrators' Proposals under para 52(2) Schedule B1 Insolvency Act 1986

The Joint Administrators shall seek a decision from the Company's creditors as to whether they approve the Proposals if requested by creditors of the Company, whose debts amount to at least 10% of the total debts of the Company. Such a request must be received by the Joint Administrators within eight business days of the date on which the Joint Administrators' Statement of Proposals is delivered.

The request for a requisitioned decision must include a statement of the purpose of the proposed decision and either—

- (22) a statement of the requesting creditor's claim together with—
- a list of the creditors or contributories concurring with the request and of the amounts of their respective claims or values, and
 - confirmation of concurrence from each creditor; or

(b) a statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors

Creditors may be requested to meet the costs of a requisitioned decision and a deposit will be required for this purpose. These costs may be ordered to be paid as an expense of the Administration if the creditors so resolve.

A requisitioned decision must be made within 28 days of receiving the deposit or the expiry of 14 days without the Administrators informing the requesting creditor of the deposit sum.

Appendix 10 – Proof of Debt Form

PROOF OF DEBT - GENERAL FORM

Philips Trust Corporation Limited - in Administration Company Registration No. 11099933	
Date of Administration: 22 April 2022	
1.	Name of Creditor (If a company please also give company registration number and if non-UK, country of registration)
2.	Address of Creditor for correspondence
	Contact telephone number of creditor
	Email address of creditor
	REF
3.	Total amount of claim, including any Value Added Tax, as at the date of administration, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25
4.	Details of any documents by reference to which the debt can be substantiated (please attach)
5.	If amount in 3 above includes outstanding uncapitalised interest please state amount
	£
6.	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)
7.	Particulars of any security held, the value of the security, and the date it was given
8.	Particulars of any reservation of title claimed, in respect of goods supplied to which the claim relates
9.	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	DATE
	Are you the sole member of the creditor?
	YES / NO
	Position with or in relation to creditor _____
	Address of person signing (if different from 2 above)
	Admitted to vote for £
	Admitted for dividend for £
	Date
	Date
	Administrator
	Administrator

Appendix 11 – Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Administration Period	The period from the Appointment Date to the date of this report
After Today / the Shareholder	After Today Ltd, the sole shareholder of the Company (Company Number: 11911944)
the Application	The application to the Court by the Director for the appointment of the Joint Administrators heard on 22 April 2022
the Appointment Date	22 April 2022, being the date of appointment of the Joint Administrators
Barclays / the Bank	Barclays Bank plc, with whom the Company banked
BEIS	Department for Business, Energy & Industrial Strategy
Category 1 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to persons providing the service to which the expense relates and who are not an associate of the Administrator. These expenses can be paid without prior approval
Category 2 Expenses	The Joint Administrators' expenses, in dealing with the Administration, to associates or where there is an element of shared costs. Such expenses require approval by creditors before payment
Clients	The settlor(s) of each of the trusts of which the Company is the trustee, as defined by the Order
the Company / PTC	Philips Trust Corporation Limited (In Administration) (Company Number: 11099933)
the Court	High Court of Justice, Business and Property Courts of England and Wales
Dains	Dains Accountants Limited, independent third party accountants instructed, initially by the Company and then the Joint Administrators, to undertake a forensic reconstruction of the Company's client ledger
the Director	Kay Collins, the sole director of the Company
Deedbank	Deedbank (Document Storage) Limited (Company Number: 03333688)

Dry Trust	Property investment trust scheme
EC Regulation	EC Regulation on Insolvency Proceedings 2000
EPG	The Estate Planning Group (Holdings) Limited (dissolved) (Company Number: 07430415)
Estate Planner	An Estate Planner is an individual who assists in the preparation of tasks that serve to manage an individual's asset base in the event of their incapacitation or death
FCA	Financial Conduct Authority
the Former Director	Richard Wells
FTC	The Family Trust Corporation Limited (Company Number: 07430382)
Glaisyers	Glaisyers Solicitors LLP, solicitors engaged to provide legal assistance with the Administration and trust matters
HMRC	HM Revenue and Customs
Hybrid Trust	Combination of a Dry Trust and Wet Trust which contains both properties and investments
IAR	Introducer Appointed Representative - A non- authorised firm that has been appointed by an FCA authorised firm to perform limited regulated activity
IMC	Investment Management Company
Insolvency Estate	The assets and liabilities of the Company in Administration, which exclude the Trust Estate
the Joint Administrators	Geoffrey Bouchier of Kroll, The Shard, 32 London Bridge Street, London, SE1 9SG and James Saunders of Kroll, The Chancery, 58 Spring Gardens, Manchester, M2 1EW
Kroll	Kroll Advisory Ltd.
Leasehold Premises	The Company's leasehold premises at Suite B 11th Floor, 5 Exchange Quay Salford, M5 3EF
LPA	Lasting Power of Attorney
NBS	Newcastle Building Society

the Order	The Court Order dated 22 April 2022 obtained in the High Court of Justice, Business and Property Courts of England & Wales (ChD) (Court Number: CR-2022-001095)
the Portal	The online portal where documents issued to Clients and creditors of the Company have been uploaded
Preferential Creditor(s)	A creditor with a claim that ranks in priority to other unsecured creditors, to floating charge holders and the prescribed part. Preferential debts are either 'ordinary', such as certain employee claims, or 'secondary', such as HMRC's claims for VAT and PAYE income tax, which will rank for payment after the ordinary preferential claims are paid in full.
the Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of the Company's net property (floating charge assets less costs of realisation) shall be made available to unsecured creditors
the Progress Hearing	The Court hearing set for 6 July 2022 whereby the Joint Administrators will update the Court on their key findings including their proposed methodology of how they plan to deal with the ongoing management of the Trusts and a proposal for distributing Trust assets to Clients
the Report to Court	The Proposed Administrators' Report to Court dated 11 April 2022 contained in the Administration application
RPS	Redundancy Payments Service
the Rules	The Insolvency (England & Wales) Rules 2016 (as amended)
the Secured Creditor / BSTL	Barclays Security Trustee Limited, the holder of a debenture conferring of fixed and floating charges over the Company's assets
SIP 9	Statement of Insolvency Practice 9 – Industry best practice for Insolvency Practitioners in relation to disclosure of remuneration and expenses
SOA	Statement of Affairs, documentation to be supplied by the Director outlining the Company's financial position as at the Appointment Date
SRA	Solicitors Regulation Authority
Terms & Conditions	Being the Terms & Conditions published on the Company's website and available to Lenders

Trust	A legal arrangement created by a settlor whereby a person (a trustee) holds property as its nominal owner for the benefit of one or more beneficiaries
Trust Estate	The assets subject to Trust and which are under the control, and supervision, of the Company
Wet Trust	Cash investment trust scheme
WWC	The Will Writing Company Limited (dissolved) (Company Number: 03616406)

Appendix 12 – Notice about this Statement of Proposals

This Statement of Proposals has been prepared by Geoffrey Bouchier and James Saunders, the Joint Administrators of the Company, solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their Proposals for achieving the purpose of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purposes, or in any other context.

Furthermore, whilst every effort has been made to ensure that the information contained within this Statement of Proposals is reliable; in particular in relation to historic events, predecessor and associated businesses, the Joint Administrators have relied heavily upon interviews with current and former employees and Directors and information available in Company books and records. The Joint Administrators have not in many instances been able to validate the information provided.

These Proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of any financial interest in the Company or any other company in the same group.

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

Any person that chooses to rely on these Proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.

Geoffrey Bouchier and James Saunders are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

The Joint Administrators are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agent for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Kroll Advisory Ltd. does not assume any responsibility and will not accept any liability to any person in respect of these Proposals or the conduct of the Administration.

Appendix 13 – Notice of Invitation to Form a Creditors' Committee

Philips Trust Corporation Limited (In Administration)

Company number: 11099933

High Court of Justice, Business and Property Courts of England and Wales, Insolvency and Companies List (Chd), Companies No. 001095 of 2022

NOTICE OF INVITATION TO FORM A COMMITTEE

The primary purpose of a Committee is to assist the Administrators in fulfilling their duties. Further detail on the rights, duties and the functions of the Committee can be found here:

<https://www.kroll.co.uk/assets/pdfs-international/uk/a-guide-for-creditors.pdf>

This is a link to the R3 (Association of Business Recovery Professionals) booklet '**Liquidation / Creditors' Committees and Commissioners: A Guide for Creditors**' issued in conjunction with the Recognised Professional Bodies.

This notice is an invitation to creditors to decide whether a Committee should be established if sufficient creditors are willing to be members of the Committee.

Nominations are therefore invited for membership of the Committee: if you wish to be considered please complete the attached Nomination for Membership of the Committee form. Nominations (plus a completed Proof of Debt if not already provided) must be delivered to:

Geoffrey Bouchier - Joint Administrator
The Chancery
58 Spring Gardens
Manchester
M2 1EW

Email: PTC@kroll.com
By 30 June 2022

Nominations will only be accepted if the Joint Administrator is satisfied as to the creditor's eligibility.

Therefore, the creditor must have submitted a Proof of Debt, the debt is not fully secured and the proof has not been wholly disallowed for voting purposes, or the proof has not been wholly rejected for the purpose of distribution or dividend.

* A Committee is a

- Creditors' Committee in an Administration, an Administrative Receivership, and a Bankruptcy
- Liquidation Committee in a Creditors' Voluntary Liquidation and a Winding Up by the Court

Signed: 

Geoffrey Bouchier – Joint Administrator

Dated 15 June 2022

Appendix 14 - Nomination for Membership of the Creditors' Committee and Consent to Act Form

Nomination for Membership of the Committee and Consent to Act

Philips Trust Coporation Limited (In Administration)

Company registration number: 11099933

A Creditor can act in person as a Committee member or appoint a representative to act on their behalf on the Committee.

PART A: Creditor details

..... (Name of creditor),

consent to act as a member of the Committee in respect of Philips Trust Corporation Limited – In Administration

Address of Creditor:

.....

.....

Reference:

I consent further to Committee business being conducted by electronic communication as and when appropriate and for this purpose my/my representative's designated email address is:-

.....

(leave blank if consent is not given)

Part B: Creditor's Representative

The following person is duly authorised by proxy to act as the creditor's representative on the Committee:

Name of Representative:

Address of Representative:

.....

.....

.....

Signature of Representative:

Representative's Tel:

Signature of Creditor or authorised person.....

Name in block letters..... Date.....

Position or relationship with creditor/other authority for signature

.....

Appendix 15 – Notice of Seeking Decision by Deemed Consent of the Proposals

Notice of seeking a decision of creditors by deemed consent

Name of Company Philips Trust Corporation Limited (In Administration)	Company Number 11099933
In the High Court Justice. The Business and Property Courts in of England and Wales, Insolvency and Companies List (Chd)	Court Case Number 001095 of 2022

We,

Geoffrey Bouchier of Kroll, The Shard, 32 London Bridge Street, London, SE1 9SG and James Saunders of Kroll, The Chancery, 58 Spring Gardens, Manchester, M2 1EW

hereby give notice to the creditors of (b) Philips Trust Corporation Limited,
The Chancery, 58 Spring Gardens, Manchester, M2 1EW

That, pursuant to Rule 15.7 we are seeking decisions using deemed consent. We consider that the deemed consent procedure is the most appropriate method for seeking a decision of creditors in this instance for the following reasons:

- The decisions to be made are not contentious;
- It is the most cost effective and efficient way of obtaining a decision; and
- We believe it is in the best interests of creditors to do so.

The decisions being sought using deemed consent are:

Proposed Decision 1

That the Joint Administrators may continue to deal with such outstanding matters in relation to the Company as the Joint Administrators consider necessary until such time as the Administration ceases to have effect.

Proposed Decision 2

That the Joint Administrators may do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Act, as they, in their sole and absolute discretion, consider desirable or expedient in order to achieve the purpose of the Administration.

Proposed Decision 3

That the Joint Administrators may investigate and, if appropriate, pursue any claims the Company may have for the benefit of the Company's creditors.

Proposed Decision 4

That the Joint Administrators may seek an extension to the Administration period if considered necessary.

Proposed Decision 5

Enable the Company to continue to act as Trustee of the Trusts under the supervision of the Joint Administrators.

Proposed Decision 6

That the Joint Administrators may make distributions to the Secured and Preferential Creditors where funds allow.

Proposed Decision 7

That the Joint Administrators may make distributions to the Unsecured Creditors from the Prescribed Part, where applicable.

Proposed Decision 8

That the Joint Administrators may make further distributions to the Unsecured Creditors over and above the Prescribed Part, if funds become available and apply to Court for authority to do so, where applicable.

Proposed Decision 9

That the Joint Administrators may apply to Court for the Administration order to cease to have effect from a specified time and for the return of control to the Director.

Proposed Decision 10

That the Joint Administrators may place the Company into Creditors' Voluntary Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Geoffrey Bouchier and James Saunders of Kroll would act as Joint Liquidators should the Company be placed into Creditors' Voluntary Liquidation. The creditors may nominate a different person as the proposed Liquidator, provided the nomination is received at this office prior to the approval of these Proposals. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them.

Proposed Decision 11

That the Joint Administrators may petition to the Court for a winding-up order placing the Company into Compulsory Liquidation if deemed appropriate. It is proposed that the Joint Administrators, currently Geoffrey Bouchier and James Saunders of Kroll would act as Joint Liquidators should the Company be placed into Compulsory Liquidation without further recourse to creditors. Any action required or authorised under any enactment to be done by the Joint Liquidators is to be done by all or any one or more of them.

Proposed Decision 12

That the Joint Administrators may take the necessary steps to give notice of move from Administration to dissolution with the Registrar of Companies because (1) the Company has no remaining property which might permit a distribution to its creditors, and (2) all outstanding matters have been satisfactorily completed.

Proposed Decision 13

That the Joint Administrators may allow the Administration to end automatically.

Proposed Decision 14

That a Creditors' committee will be established if there are sufficient creditors willing to act as members of the committee.

The decision date will be 30 June 2022.

If the decision date expires without 10% in value of creditors objecting to deemed consent, or one of the thresholds for requisitioning a physical meeting being met, the creditors will be treated as having made the proposed decisions at 23:59 hours on the decision date.

If you agree with the proposed decisions, no further action is required.

A creditor may appeal a decision in accordance with Rule 15.35 by applying to Court not later than 21 days after the decision date.

What you need to do if you wish to object to the deemed consent decisions

Creditors who wish to object to the proposed decisions must do so, in writing, by sending notice stating their objection together with a proof of debt form, not later than the decisions date detailed above, failing which the objection will be disregarded.

Any creditor whose debt is treated as a small debt (i.e. £1,000 or less) must still deliver a proof of that debt, not later than the decision date detailed above, if they wish to object to deemed consent, failing which the objection will be disregarded.

Any creditor who has opted out from receiving notices may still object to deemed consent, provided they provide a proof of debt not later than the decision date, failing which the objection will be disregarded.

Please note, if objecting to no Creditors' Committee being formed, please also provide any nominations for membership of the committee. Such nominations for membership must be delivered to the Joint Administrators by the decision date and can only be accepted if we are satisfied as to the creditors' eligibility under Rule 17.4.

It is our responsibility to aggregate any objections to see if 10% or more in value of creditors have objected to deemed consent.

If this threshold is met, the deemed consent procedure will terminate without a decision(s) being made. If a decision(s) is sought on the same matter(s), it/they will be sought by a decision procedure.

What you need to do if you wish to request a physical meeting to consider the proposed decisions

Creditors who meet one of the thresholds set out in the Insolvency Act 1986 may, within five business days from the date of delivery of this notice, require a physical meeting to be held to consider the decision(s). In order to do so a creditor must complete and return the physical meeting requisition form, available at the Portal.

The relevant thresholds are 10% in value of creditors, 10% in number of creditors, or 10 creditors.

If one of these thresholds is not met, the deemed consent procedure will continue as outlined above.

If you require any further details, wish to lodge an objection or want to request a physical meeting, please contact my office at the details shown.

Signed



Geoffrey Bouchier
Joint Administrator

Dated

15 June 2022

Administrators' postal address: Kroll Advisory Ltd., The Chancery, 58 Spring Gardens,
Manchester, M2 1EW

Alternative contact name and details:

Max Spolverato

PTC@Kroll.com

+44 (0) 161 827 9000

Appendix 3 – FAQs

FREQUENTLY ASKED QUESTIONS

Philips Trust Corporation Limited (In Administration) (“the Company”)

Issue Date: 24 June 2022

This document has been prepared by the Joint Administrators of the Company to assist clients and beneficiaries (collectively “**Clients**”) who have entered into or are party to a trust deed where the Company is the sole or co-trustee.

It should be noted that the content of this document may be updated as further information comes to light and to reflect the nature of Client enquiries.

This document has been prepared by the Administrators to assist Clients in answering questions they may have in relation to the Company and / or the Administration. This document is not intended to provide any form or legal advice, and therefore Clients should consult their own professional advisors as they consider necessary.

We appreciate that the recent uncertainty regarding the Company’s business operations will be distressing for Clients, and we wish to assure you that the Administrators will be working hard to protect the interests of the Company’s Clients.

As explained further below, in order to enable the Administrators to gain as complete an understanding of the Company’s state of affairs as possible, the Administrators will be undertaking a detailed review all Trusts and reconciliation of the position in respect of Trust Assets. During this period the Company will be unable to meet Client withdrawal requests.

The Administrators have expanded on their original FAQ documents provided to Clients on 22 April 2022 and 1 June 2022. Any new questions that have been answered are dated 24 June 2022 and coloured in blue.

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2. How long is the Administration likely to last?
3. Who are the Administrators / Kroll?
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5. What involvement has the FCA had with the Company?
6. What led to the Company entering Administration?
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28. Will Clients be entitled to become a member of a Creditors' Committee?

FAQs

1. What is Administration?

An Administration is a UK insolvency process governed by the Insolvency Act 1986 in which the affairs, business and property of a company are managed by the Administrators. Upon the Administrators' appointment, the Directors' executive powers cease, although there is a statutory duty on the Directors to assist the Administrators.

The process is designed to protect a company whilst the Administrators seek to either, rescue the company as a going concern, achieve a better result for the creditors as a whole than would be likely if the company were wound up, or realise property in order to make a distribution to one or more secured or preferential creditors.

In this case, the Administrators anticipate that it is unlikely that the Company will be able to continue as a going concern and, therefore, the Administrators will be looking to best protect the interests of both Client stakeholders and Company creditors by taking control of the Company's affairs and conducting an orderly wind-down of operations.

In order to do this, the Administrators must first ascertain the true financial position of the business. This will include a reconciliation of all trusts. The Administrators are afforded extensive statutory powers which they can use to assist in gaining access to the Company's books and records and information concerning the Company's affairs which they believed is held or known by other third-parties.

2. How long is the Administration likely to last?

Under UK insolvency legislation, an Administration automatically ends after a period of 12 months but can be extended for further periods, which the Administrators believe is likely to be the case here due to the complexity of the issues which are required to be dealt with.

The Court has directed that the Administrators attend a further hearing on 6 July 2022 and shortly prior to that they file with the Court a witness statement providing an update on their progress (the "**Progress Hearing**").

The Administrators will make a copy of that witness statement available to Clients via the Portal discussed further below by no later than 4 July 2022. At this point, the Administrators will have a better understanding of the Company's position and potential issues, with a view to providing Clients with a firmer indication on timescales and the Administrators' proposed future strategy.

3. Who are the Administrators / Kroll?

Geoffrey Bouchier and James Saunders of Kroll Advisory Ltd. ("**the Administrators**"), were appointed by the Court following an application by the Director of the Company. The appointment date was 22 April 2022.

The Administrators are qualified insolvency practitioners, licenced and regulated by the Insolvency Practitioners Association.

The Administrators are officers of the Court, act independently of the Company and the Director for the benefit of all creditors, Clients and other stakeholders. The Administrators act as agents to the Company and act without personal liability.

In addition, the Administrators have a responsibility to investigate the affairs of the Company prior to Administration and the conduct of the Company's management team, including the reasons for the failure of the business. This extends to an examination of transactions which occurred prior to the Administrators' appointment.

The Administrators are supported by a team at Kroll who draw on different specialisms which will be utilised during the Administration process. Kroll is a global professional services advisory firm with over 80 offices. Services include restructuring, investigations and disputes, regulatory compliance, valuation and corporate finance.

4. What was Kroll's prior professional relationship with the Company?

Kroll was initially engaged by the Company on 22 February 2022 to assist the director of the Company in understanding the Company's financial position with a view to assisting the Director take steps to place the Company into an insolvency process.

Mindful of the potential future appointment of their insolvency practitioners as Joint Administrators, Kroll made clear that its role was not to advise any director personally and Kroll has maintained independence at all times.

At all times prior to Administration, the Board of Directors remained responsible for and in control of the Company's affairs. During this time, the insolvency practitioners took their own steps to prepare for their potential appointment as Joint Administrators.

5. What involvement has the FCA had with the Company?

The Company is not and has never been authorised by the Financial Conduct Authority ('FCA'). The FCA has been carrying out enquiries about certain activities of the Company due to the concern that it has been undertaking regulated activity when it is not authorised to do so.

As the directors applied to Court to appoint the Joint Administrators, the FCA's consent was not required for the Administration process to commence. However, the FCA was provided with a copy of the Court application to appoint the Administrators and supporting documents.

6. What led to the Company entering Administration?

The Company carries on the business of a trust corporation that provides estate planning services and acts as the corporate trustee for approximately 2,345 trusts. These trusts hold assets which are understood to have an estimated value of £138m and include a mixture of Trust property, interests in investment bonds and other financial investments (“**Trust Assets**”).

The Administrators are required to investigate the affairs of the Company and the conduct of the Company’s management team prior to the commencement of the Administration. That investigation will provide the Administrators with an understanding of the Company’s difficulties.

The Administrators understand that for some time now, the Company has suffered increasing operational challenges and has been operating on a loss-making basis. Detailed below is a summary of some of those operational challenges:

- the loss of key employees;
- the temporary loss of access to data relating to trusts administered on behalf of Clients;
- maintaining inadequate client accounting records;
- the methodology used to invest Clients’ cash assets, including the pooling of funds, which has made it problematic for the Company to determine the current holding and value of assets on a trust-by-trust basis;
- an increasing level of customer complaints and requests for Trust Assets to be transferred or for the Company to retire as trustee, neither of which the Company has been able to respond to; and
- the fact that investments made by the Company on behalf of Clients and using Clients’ cash assets have fixed maturity dates some time in the future, meaning that they are not easily accessible without incurring potential financial penalties.

These issues have significantly affected the Company’s ability to administer the trusts or provide any ancillary services.

In light of these factors and the fact that the Company has been operating at a loss and exhausted its own cash reserves, the Director of the Company, having regard to its present and likely future financial position, took the decision to apply to the Court for an Order placing the Company into Administration to protect the interests of both the Company’s Clients and its creditors as a whole.

The application to Court was made because, in the circumstances, the Administrators required certain powers and permissions to enable them to carry out their functions, which required the Court’s approval.

Further detail can be found in the Application Notice to the Court, which was supported by a witness statement from the Director and included within the exhibits a Report of the Proposed Administrators (“**the Application Documents**”).

A copy of the Application Documents can be viewed at the following www.philipstrustcorps.co.uk/application-documents/

A copy of the sealed Court Order (“**the Order**”) can be viewed at the following www.philipstrustcorps.co.uk/sealed-court-order/

7. What happens next - following the appointment of Administrators?

In the case of the Company, in addition to the general role of realising assets for the benefit of its creditors, a key role of the Administrators here will be to administer the Trust assets on behalf of Clients.

However as mentioned above, the Company does not hold an accurate record of its Client account transactions and balances, and is presently unable to provide a reconciliation of Client monies to Trust Asset investments.

The Administrators will therefore immediately commence a detailed review of both the Company's financial position and that of the Clients' estate which will include:

- Establishing the current financial position of the Company as at the date of Administration;
- Undertaking a forensic accounting reconciliation exercise to collate a complete register of current active trusts, detailing the assets held on a trust-by-trust basis; and
- Liaison with external parties to confirm the current position of investments made by the Company utilising Trust Assets, as well as seeking to establish an estimate of the current value of those investments (including capital and interest) and likely investment maturity dates.

At the Progress Hearing (6 July 2022), the Administrators will provide the Court with an update on their key findings, including their proposed methodology of how they plan to deal with the ongoing management of the Trusts and a proposal for distributing Trust assets to Clients.

The Company staff will initially be retained to assist and work under the supervision of the Administrators.

8. How are the Trusts affected by the Administration?

Whilst the Company in Administration continues to be the trustee of your trust, this will now be conducted under the supervision of the Administrators.

The Administrators' primary role is to safeguard both the Company's assets and the Trust Assets and will conduct their activities with the objective of ensuring any diminution in value which may negatively impact on Clients is mitigated as far as possible.

The Administration of the Company has no bearing on the trust deed and the terms of the trust deed will continue, as will the rights and obligations of all persons party to the deed. All applicable charges accruing under the terms of the trust and your contract with the Company will continue to accrue and be payable.

Accordingly, all assets will continue to be held in trust and for the benefit of the Clients, subject to the matter of costs referred to at Q17 below.

9. Where have Client monies been invested? (1 June 2022)

As detailed in the Kroll report included within the Application Documents, the Company has used Trust Assets (specifically cash) to make “investments” into four privately owned UK entities (“investment management companies”). It is understood that those investment are in the form of unsecured corporate / investment bonds. Those investments were usually for a duration of 2-6 years and offered returns of up to 6% per annum. All investments were made in the name of the Company and not in the name of specific Trusts.

The Administrators are in direct contact with the four investment management companies who have each confirmed the existence of investments held by the Company. The confirmed total value invested is in the region of £44m. The realisation of these investments is subject to the investment management companies fulfilling their contractual obligations to redeem the bonds upon maturity. We will seek regular updates from the investment management companies on their ability to redeem the bonds on the agreed maturity dates.

10. Can I receive an up-to-date value of investments held within my Trust? (1 June 2022)

As explained previously, Company has maintained inadequate Client accounting records and does not have accurate records of Trust Assets on a trust-by-trust basis.

Consequently, the Administrators are in the process of carrying out a detailed confirmatory and reconciliation exercise of the Client monies to Trust Asset investments. This will include a review of any previously issued statement.

This exercise is ongoing and an update will be provided at the Progress Hearing.

11. Will the Administrators take steps to sell properties held in Trust? (1 June 2022)

As mentioned above, the Company continues to act as Trustee of client Trusts, however this is now conducted under the supervision of the Administrators.

The Administrators will only take steps to sell properties where it is required in accordance with the provision of the Trust Deed and in conjunction with the Trustee’s obligation to the Trust Beneficiaries. In such instances, the Administrators will work closely with the client stakeholders to facilitate the sale and will ensure that the sale proceeds are separately accounted for the benefit of the individual Trust, subject to any deduction for costs (referred to later at Q17).

12. Is my property held on Trust insured by the Company? (1 June 2022)

In most instances, the Trust Deeds place a responsibility on the occupier of a property to ensure that the property sufficiently maintained and insured to the Trustee’s satisfaction.

Clients should ensure that valid insurance is in place and that the interests of the Trustee (i.e., the Company) are noted on the insurance policies.

Should you have any concerns regarding insurance, please immediately contact the Administrators at PTC@kroll.com.

13. Can I transfer Assets out of my Trust?

While the investigation and reconciliation exercise of the trusts and Trust Assets is being performed, the withdrawal or transfer of Trust Assets will be suspended.

The Administrators first need to ensure that the interests of all Clients are protected and, because of the accounting policies and record keeping of the Company, the essential exercise of reconciling trust positions to assets held must be completed to ensure that no Client's interests are promoted at the expense of others.

The Administrators will provide an update on this position at the Progress Hearing.

We sympathise with Clients for the distress and inconvenience that this may cause however this is considered and important and necessary action.

14. I am taking (or have taken) steps to replace the Company as Corporate Trustee with a new Trustee - how do I transfer the Trust Assets to the new Trustee? (1 June 2022)

In the case of many Clients, the Trust Deed provides a mechanism enabling the appointment of a replacement trustee.

In cases where a replacement Trustee has been appointed but the assets have not been transferred across, the Company continues to hold those assets (generally investments in corporate bonds or properties) in capacity as a bare trustee.

As previously discussed, the Company pooled Client monies for the purpose of making investments in corporate bonds. These investments were recorded in the name of the Company and not in the name of any individual trusts. The Administrators are currently undertaking detailed reconciliation of these investments in an attempt to determine the current holding and value of investments on a trust-by-trust basis.

Certain Trust Assets, for example properties will be readily identifiable; however, there may be additional filing requirements at the Land Registry to change the registered proprietor of the property to the new Trustee for which the assistance of the Company may be necessary.

As discussed above, while the investigation and reconciliation exercise of the trusts and Trust Assets is being performed, the withdrawal or transfer of all Trust Assets remain suspended.

In cases where the appointment of a replacement Trustee is being considered or a replacement Trustee is in the process of being appointed, Clients should be aware that the Company will not allow the withdrawal or transfer of assets until the abovementioned reconciliation exercise has been completed.

The Administrators will provide an update on this at the Progress Hearing.

In the meantime, Clients can be assured that the Administrators continue to act in the interest of Clients and to seek to preserve the value of Trust Assets.

The Administrators encourage any Clients wishing to transfer their Trust and/or the Trust Assets to seek legal advice before doing so.

15. Can I get a copy of my Trust Deed or other ancillary documents? (1 June 2022)

Clients will be aware that the Company utilised the services of Deedbank Document Storage Ltd for the physical storage of Client documents.

We are also aware that a number of Clients have a direct agreement with Deedbank for the storage of their own important documents.

Deedbank have confirmed that Clients of the Company (or their representatives) may directly contact Deedbank to request copies of Trust Deeds or ancillary documents. Please make requests by email to storage@deedbank.co.uk.

Please note that Deedbank will undertake ID verification checks before releasing any copy documents. Deedbank will also directly charge clients for these services – a standard fee is £25 + VAT per document.

16. Who is The Family Trust Corporation Limited (“FTC”) and what relationship does it have to the Company? (1 June 2022)

The Administrators understand that the majority clients initially established their Trusts with FTC appointed as Trustee.

Then during 2018 it was communicated to Clients that the operations of FTC were being wound down and Clients were encouraged to appoint a replacement Trustee. The Company (which had then only recently been formed and was an associated entity) was recommended by FTC as a suitable replacement trustee.

Many of those clients did decide to appoint the Company as replacement trustee. The Administrators understand that a document titled ‘deed of removal and appointment of trustees’ was used for this purpose. Given the inadequate bookkeeping of the Company, the Administrators are undertaking an exercise to verify the completeness of the Company’s Client records.

The Administrators will provide an update on this at the Progress Hearing.

The Administrators are aware that FTC remains an active business. The Administrators have no authority or involvement in the running of that business.

17. As the Company is insolvent, how will the costs and expenses of the Administration be met?

The costs and expenses of the Administration which include the fees of the Administrators and other professional advisors and the costs incurred in running a business are typically met from the realisation of assets of the Company and any profits generated during the Administration trading period.

Based upon their present understanding, the Administrators anticipate that there might be insufficient monies in the Company's general estate to meet these costs.

Therefore, as part of the application to Court for the making of an administration order, the director also sought ancillary relief from the Court to order that the Administrators be permitted to use the Trust Assets to meet the costs and expenses of the Administration (which include trading costs, Administrators and other professional advisor fees). This is commonly known as a "Berkeley Applegate Order".

The Court did grant the relief sought and Ordered that the Administrators be permitted to utilise the Trust Assets to meet the costs and expenses of the Administration (which includes the costs of undertaking the Client reconciliation exercise).

At this time, the exact level of costs and expenses to be drawn is not known but the Joint Administrators have an obligation to present a detailed analysis of their costs incurred to the Court for approval.

The Administrators appreciate the use of Client funds to meet the costs and expenses of the Administration will be of concern to many clients, however the reasons necessitating this were detailed in the Application documentation and were carefully considered by the Court before the order was made.

It is not possible at this stage to state how these costs will be apportioned against Client assets until the initial investigation and reconciliation process has concluded, including, gaining an understanding of the liquidity status of different assets.

The Court directed that the Administrators return to Court for the Progress Hearing on 6 July 2022, and that shortly beforehand they file with the Court a witness statement providing an update on the progress of the Administration and details of the actual costs incurred to that date.

18. What is meant by a "Berkeley Applegate Order"? (1 June 2022)

As discussed above, the Court has ordered that the Administrators be permitted to use the Trust Assets to meet the costs and expenses of the Administration (which include costs of operating the business, Administrators' costs and other professional advisor fees).

This is commonly known as a "Berkeley Applegate Order", referring to the case law upon which the principles of this Order are based.

The exact level of costs and expenses to be drawn is not known but the Joint Administrators have an obligation to present a detailed analysis of their costs incurred to the Court for approval.

In accordance with the direction of the Court, the Administrators will detail in their next witness statement any objections raised by Clients in respect of Paragraphs 6 and / or 8 of the Order. The Administrators will make a copy of that witness statement available to Clients via the Portal discussed further below by no later than 4 July 2022.

19. Are Clients considered creditors of the Company?

Whilst this list is not exhaustive, Clients may, either now or at a point in the future, consider that they have unsecured creditor claims in the Administration as a consequence of any of the following:

- 1) a loss caused by a breach of duty or breach of trust by the Company;
- 2) funds are insufficient to repay the full value of the trust concerned; or
- 3) costs and expenses of the Administration being drawn from Trust Assets, pursuant to the Berkeley Applegate order.

The Administrators are unable to express any view on this until such time as the Trust Asset reconciliation exercise referred to earlier has been completed. Please note however that the Administrators do not envisage that they will be adjudicating on creditor claims for many months and therefore do not consider that will adversely impact Clients at this time.

20. Do I need to use a third-party to assist in representing my interests?

Third parties may approach Clients, offering to help them realise Trust Assets and / or assert claims against the Company. Such parties typically charge a fee for providing that service which would be deducted from any monies recovered.

Whether a Client ultimately wishes to engage such services is a decision for them but we would reiterate that the Company, under supervision of the Administrators, will continue act as trustee and in the best interest of all Clients, equally.

21. How can I update the contact details associated with the Trust account? (1 June 2022)

If the Settlor has passed away and you are the Trust Beneficiary or if you simply wish to change your contact details, in the first instance, please write to PTC@kroll.com to confirm the same.

Upon this request, the Administrators will follow up directly with you to confirm the requirements for updating the records.

22. I have received the Joint Administrators Report to Creditors and Statement of Proposals Document, what do I need to do? (24 June 2022)

The Joint Administrators' Report to Creditors and Statement Proposals ("the Proposals") is a statutory document which has to be issued within 8 weeks of the Appointment Date.

In accordance with insolvency legislation, the Proposals must be provided to creditors of the Company – typically these are persons who have supplied goods or services to the Company that remain unpaid at the date of the Administration appointment – for example utilities, landlords, employees etc.

The Proposals give the option to creditors to object to the Joint Administrators' suggested strategy and / or appoint a Creditors' Committee, this is explained on the cover letter which accompanied the Proposals.

In the first instance Clients are not regarded as creditors because Clients on the face of it do not currently have a claim against the Company and therefore, they would not be entitled to respond to the Proposals. The Joint Administrators however wished to provide Clients with the same rights as ordinary trade and supplier creditors. Clients have therefore been classified as contingent creditors – i.e., creditors who may have a claim against the Company at a future date, but their claim remains to be proven and quantified.

The Joint Administrators must then value the contingent creditor claims. In the first instance Clients were (or should have been) aware that the value of the investments held in Trust could go up as well as down. If investments are ultimately proven to have underperformed (and we do not know whether they have or have not at this stage due to the future maturity dates) then this alone would not (in the first instance) give rise to a Client creditor claim.

Any 'loss' to Clients which would create a creditor claim is likely to be the value of the Joint Administrators costs and expenses which are deducted from the Trust Estate pursuant to the Berkeley Applegate principles. As this value is currently unknown, the Joint Administrators agreed to allow Clients to vote for 1% of the net funds which they each invested. As £1 equals 1 vote, a Client who has invested £500,000 will have a larger vote than someone who has invested £50,000, that is why we have offered a percentage. As detailed in the Proposals, this value is arbitrary and for the purposes of responding to the Proposals only. It bears no connection to any future loss that Clients might or might not have to their Trust.

To summarise, Clients are not obliged to take any action upon receipt of the Proposals, and it will not harm any future claim if they do nothing now.

Furthermore, the 1% noted above is simply a mechanism by which the Joint Administrators can measure Client objections, should they wish to lodge them.

23. When is the next formal update?

Within 8 weeks of appointment (i.e. by 16 June 2022), the Administrators will publish on the IPS Portal (www.ips-docs.com) (“**the Portal**”) their proposals. This document is a statutory requirement of Administration and will set out the Administrators’ initial findings during that period.

Following this will be the Progress Hearing to take place on 6 July 2022 at which the Administrators will update the Court on their progress to date and proposed future actions.

24. Who should I contact if I am having difficulties accessing the Portal? (1 June 2022)

If you are having difficulties accessing the Portal (www.ips-docs.com), please contact the Administrators directly at PTC@kroll.com and a member of the case team will contact you in due course to assist.

Please do note that we are receiving a high volume of queries and so response times may be slower than usual. The Administrators will endeavour to get back to you as soon as they are able.

25. Where can I get further information?

The Administrators will be writing to all known Clients of the Company within 7 days of their appointment. This will provide Clients with details to access the Portal where all updates to Clients will be published.

The Administrators have set up a dedicated call centre for Clients to use should they wish to discuss this matter with someone in person. The Administrators wish to make clear that the call centre personnel will be unable to provide information over and above what is contained within this FAQ document, nor will they be able to respond to specific queries regarding a trust.

The call centre can be reached on 0808 273 9201 between the hours of 9am – 5pm, Monday to Friday for the foreseeable future and also for the first weekend following the Administrators’ appointment, being 23-24 April 2022.

In the event that Clients wish to email the Administrators directly, they should contact us by email at PTC@kroll.com but please note that we expect a high volume of queries and so will not be able to respond to specific matters immediately and nor will we be able at this time to provide any further information than that contained in this FAQ or the existing Client communications.

We appreciate that the uncertainty will be distressing for Clients of the Company and we wish to assure you that all possible steps are being taken to expedite matters under the control and supervision of the Administrators in their capacity as Court Officers.

26. Why are you not able to provide me with any further information now?

The Administrators appreciate that this is a very inconvenient, frustrating and worrying situation for Clients, and that Clients want an update in respect of their trust and the assets held. Unfortunately, however, the Administrators are not yet able to provide a substantive update on specific trusts or assets for the reasons explained above.

The Company's records are incomplete and the Administrators are unable to place reliance on them at this time. Prior to providing substantive updates to Clients, the Administrators first need to ensure that the information being provided to Clients is correct and that the Trust Assets are correctly apportioned on a trust-by-trust basis.

The Administrators have immediately commenced their detailed investigation and reconciliation of the trusts and Trust Assets, on which an update will be provided at the Progress Hearing.

27. What is a Creditors' Committee?

A Creditors' Committee is a committee of creditors, formed to ensure that creditors have a 'voice' during the Administration process.

A Creditors' Committee may consist of between three and five members only.

The function of a Creditors' Committee has been articulated in the case of Brilliant Media Specialists Ltd Case 2015 BCC:

"Whilst the views of a creditors' committee should be taken into account during an administration and will frequently be taken as reflecting the views of the creditors as a whole, it is not for the committee to determine how the administration should be conducted. That is a decision for the office holder in performance of the duties and powers Parliament has thought fit to entrust to administrators. The outcome of such decision making, which will be made from time to time on both macro and/or micro bases (as appropriate), will depend upon the office holder's assessment of how best to achieve the purpose of the administration in accordance with the powers conferred upon them by paragraph 59 of Schedule B1 and within Schedule 1 to the Act."

The Administrators will invite parties to consider whether a Creditors' Committee should be established, provided sufficient parties are willing to be members of the committee, in due course.

A formal invitation inviting nominations will be included in the Administrators proposals report.

In order to enable parties to make an informed decision, a guidance note on the rights, duties and the functions of the committee entitled 'A Guide for Creditors – March 2017' can also be found at the following link:

<https://www.kroll.com/en-gb/services/restructuring-advisory/creditor-guides-and-employee-fact-sheets>

28. Will Clients be entitled to become a member of a Creditors' Committee?

As mentioned above, in the event that Clients are considered to be either contingent or actual creditors, then they would be entitled to nominate themselves or a representative to join the Creditors Committee.

The Administrators will further discuss this with Clients around the time of publishing Administrators' proposals report.

Notices

- I. *Please note that the information contained in this document is of a general nature and is prepared for the benefit of Clients of the Company and does not constitute any form of legal, accountancy or taxation advice on the part of the Administrators or any other party. If you are concerned about your individual circumstances and the impact of the insolvency of the Company on your personal position, you should take appropriate professional advice accordingly.*

- II. *The affairs, business and assets of the Company are being managed by the Administrators, Geoffrey Bouchier and James Saunders who act as agents of the Company and without personal liability. Geoffrey Bouchier and James Saunders are licensed as insolvency practitioners in the United Kingdom by the Insolvency Practitioners Association.*

Appendix 4 – Breakdown of Kroll's Pre-Administration Time Cost for the Insolvency Estate

Philips Trust Corporation Limited (In Administration)

Analysis of the Joint Administrators' Pre-Appointment Time Costs

	Hours				Total Hours	Time Cost (£)	Avg Hourly Rate (£)
	Managing Director	Manager	Senior	Analyst			
Case Specific Matters							
Business Background Analysis & Research	18.00	10.00	0.00	12.60	40.60	23,419.50	576.83
Correspondence With Company Re Engagement	0.00	0.50	0.00	0.00	0.50	222.50	445.00
General Case Administration	0.00	0.50	0.00	3.50	4.00	1,202.50	300.63
Meetings With / Reporting To The Company	23.00	0.00	0.00	0.00	23.00	17,217.00	748.57
Research Re Engagement Business / Industry	0.00	8.00	0.00	2.50	10.50	6,020.00	573.33
Review / Analysis Of Financial Info	28.10	0.00	0.00	0.00	28.10	21,075.00	750.00
Strategy Planning	87.80	100.35	0.50	23.60	212.25	132,736.75	625.38
Writing Report / Output To Engaging Party	0.00	14.00	0.00	0.80	14.80	9,534.00	644.19
Total Hours:	156.90	133.35	0.50	43.00	333.75		633.49
Total Time Costs: (£)	116,019.50	83,177.75	190.00	12,040.00		211,427.25	

Appendix 5 – Breakdown of the Joint Administrators' Time Costs for the Trust Estate

Philips Trust Corporation Limited (In Administration)

Analysis of the Joint Administrators' time costs for the Trust Estate

	Hours				Total Hours	Time Cost (£)	Avg Hourly Rate (£)
	Managing Director	Manager	Senior	Analyst			
All Trusts							
Client Communications	12.20	44.50	4.90	28.75	90.35	41,240.50	456.45
Call Centre Dealings	0.00	23.00	0.00	20.20	43.20	17,141.00	396.78
Dealings with FCA	1.30	2.95	0.00	0.00	4.25	2,645.25	622.41
Trust Registration & Other Regulatory Matters	0.00	1.00	0.30	5.50	6.80	2,319.00	341.03
Trust Strategy, Planning & Control	39.60	54.45	6.30	6.75	107.10	68,312.25	637.84
Client Reconciliation / Verification	9.40	25.70	5.00	162.45	202.55	56,481.50	278.85
Future Court Application / Directions	1.00	0.00	0.00	0.00	1.00	750.00	750.00
Wet Trusts							
Client Communications	0.00	0.65	0.00	0.55	1.20	553.25	461.04
Dealings with FCA	1.00	0.00	0.00	0.00	1.00	750.00	750.00
Dealings with Investment Houses	6.30	42.50	0.00	0.00	48.80	32,382.50	663.58
Preparation of Client Account Summaries / Reports	0.00	12.55	0.00	0.55	13.10	8,499.75	648.84
Reconciliation of Investments to Trusts	61.00	84.45	42.00	0.20	187.65	99,346.25	529.42
Review of Investment Strategy and Investment Valuation	0.00	13.80	0.00	4.80	18.60	9,945.00	534.68
Strategy Planning & Control	5.00	6.60	0.25	0.30	12.15	8,318.00	684.61
Dry Trusts							
Call Centre Dealings	0.20	0.00	0.00	0.00	0.20	139.00	695.00
Client Communications	1.80	1.35	0.00	1.45	4.60	2,301.75	500.38
Property Management & Sales	2.40	0.00	0.00	0.00	2.40	1,695.50	706.46
Reconciliation of Property Assets to Trusts	0.80	1.75	0.00	34.90	37.45	7,248.75	193.56
Strategy Planning & Control	5.30	19.90	0.00	0.00	25.20	17,098.50	678.51
Tax Matters	0.00	0.00	0.25	0.00	0.25	95.00	380.00
Total Hours:	147.30	335.15	59.00	266.40	807.85		467.00
Total Time Costs: (£)	108,506.00	190,002.75	22,420.00	56,334.00		377,262.75	

Appendix 6 – Breakdown of the Joint Administrators' Time Costs for the Insolvency Estate

Philips Trust Corporation Limited (In Administration)

Analysis of the Joint Administrators' time costs for the Insolvency Estate

	Managing Director	Hours			Total Hours	Time Cost (£)	Avg Hourly Rate (£)
		Manager	Senior	Analyst			
Administration and Planning							
Case Review & Case Diary Management	0.00	0.90	3.35	0.40	4.65	1,829.50	393.44
Cashiering & Accounting	0.00	2.90	0.65	7.65	11.20	4,139.50	369.60
Dealings with Directors & Management	1.40	3.55	3.50	4.45	12.90	5,846.75	453.24
Insurance	0.00	0.00	1.80	0.10	1.90	712.00	374.74
IPS Set Up & Maintenance	0.00	0.00	0.25	0.00	0.25	95.00	380.00
Statement of Affairs	0.00	0.40	0.00	0.00	0.40	266.00	665.00
Statutory Matters	0.00	10.40	8.35	17.40	36.15	12,871.00	356.04
Strategy Planning & Control	13.10	54.50	22.35	77.00	166.95	63,906.00	382.79
Tax Compliance & Planning	0.00	0.00	0.45	0.00	0.45	171.00	380.00
Creditors							
Dealings with Creditors & Employees	0.20	9.55	1.60	3.30	14.65	7,894.75	538.89
Non-Pref Creditors / Employee Claims Handling	0.00	0.00	0.35	5.45	5.80	1,659.00	286.03
Secured Creditors	1.50	0.40	0.00	0.00	1.90	1,308.50	688.68
Investigations							
CDDA & Reports & Communication	0.00	1.80	0.00	0.00	1.80	1,197.00	665.00
Financial Review & Investigations (S238/239 etc)	4.10	3.90	5.70	5.30	19.00	8,565.00	450.79
Realisation of Assets							
Freehold & Leasehold Property	0.00	1.90	0.00	0.00	1.90	1,263.50	665.00
Hire Purchase & Lease Assets	0.00	1.00	0.00	0.00	1.00	665.00	665.00
Trading							
Employees	0.80	2.30	0.00	3.35	6.45	3,045.50	472.17
Operations	0.00	0.00	0.00	2.70	2.70	756.00	280.00
Discussions with Suppliers & Landlord	0.00	0.00	8.80	3.00	11.80	4,184.00	354.58
Total Hours:	21.10	93.50	57.15	130.10	301.85		398.79
Total Time Costs: (£)	14,686.50	50,759.50	21,717.00	33,212.00		120,375.00	

Appendix 7 – Fee Estimate for the Insolvency Estate presented to Creditors

Philips Trust Corporation Limited (In Administration)

The Joint Administrators' Fee Estimate for the Administration

	Managing Director	Manager	Hours			Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
			Senior	Analyst					
Administration and Planning									
Case Review & Case Diary Management	10.00	25.00	5.00	40.00	0.00	80.00	32,950.00	411.88	
Cashiering & Accounting	30.00	35.00	1.00	55.00	0.00	121.00	50,730.00	419.26	
Dealings with Directors & Management	0.00	40.00	5.00	0.00	0.00	45.00	28,500.00	633.33	
Insurance	0.00	5.00	2.00	10.00	0.00	17.00	5,885.00	346.18	
IPS Set Up & Maintenance	0.00	0.00	1.00	10.00	0.00	11.00	2,100.00	190.91	
Statement of Affairs	2.00	2.00	0.00	5.00	0.00	9.00	3,695.00	410.56	
Statutory Matters	20.00	20.00	10.00	40.00	0.00	90.00	38,750.00	430.56	
Strategy Planning & Control	100.00	300.00	25.00	25.00	0.00	450.00	264,250.00	587.22	
Tax Compliance & Planning	3.00	10.00	1.00	15.00	0.00	29.00	10,615.00	366.03	
Creditors									
Dealings with Creditors & Employees	5.00	15.00	2.00	100.00	0.00	122.00	34,210.00	280.41	
Non-Pref Creditors / Employee Claims Handling	0.00	5.00	1.00	35.00	0.00	41.00	10,305.00	251.34	
Secured Creditors	2.00	3.00	0.00	5.00	0.00	10.00	4,305.00	430.50	
Investigations									
CDDA & Reports & Communication	8.00	13.00	0.00	40.00	0.00	61.00	20,470.00	335.57	
Financial Review & Investigations (S238/239 etc)	60.00	120.00	80.00	40.00	0.00	300.00	160,750.00	535.83	
Realisation of Assets									
Freehold & Leasehold Property	2.00	10.00	0.00	5.00	0.00	17.00	6,760.00	397.65	
Hire Purchase & Lease Assets	0.00	5.00	0.00	5.00	0.00	10.00	4,245.00	424.50	
Company Income / Debtors	2.00	25.00	5.00	25.00	0.00	57.00	20,725.00	363.60	
Trading									
Employees	4.00	40.00	0.00	20.00	0.00	64.00	28,745.00	449.14	
Operations	0.00	40.00	0.00	20.00	0.00	60.00	25,800.00	430.00	
Discussions with Suppliers & Landlord	0.00	25.00	10.00	5.00	0.00	40.00	16,945.00	423.63	
Total Hours:	248.00	738.00	148.00	500.00		1,634.00		471.69	
Total Time Cost (£)	177,405.00	444,570.00	56,240.00	92,520.00			770,735.00		