

## FREQUENTLY ASKED QUESTIONS

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

**Updated on:** 27 February 2024

This document has been prepared by the Administrators (the “**Administrators**”) of the Company to assist clients and beneficiaries (collectively “**Clients**”) who have entered 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 ongoing uncertainty regarding the Company’s business operations will be distressing for Clients, and we wish to assure you that the Administrators continue to work hard to protect the interests of the Company’s Clients.

**The Administrators have expanded on their previous FAQ documents. Any recent questions that have been answered are dated and coloured in blue.**

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## FAQs

### GENERAL ENQUIRIES

#### 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 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.

#### 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.

The investments made by the Company on behalf of the Trusts have multiple maturity dates, extending out until July 2025.

Following the Court Hearing held on 1 March 2023, the Court approved that the period of the Administration be extended by 36 months to 21 April 2026. The Joint Administrators have subsequently filed the requisite notices with Companies House and have uploaded a copy of the notice to the Portal.

#### 3. Who are the Administrators / Kroll?

Geoffrey Bouchier and James Saunders of Kroll Advisory Ltd., 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.

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 Administrators, Kroll made clear that its role was not to advise any director personally and Kroll has always maintained independence.

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 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 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 and they continue to receive updates from the Administrators.

#### **6. What led to the Company entering Administration?**

The Company carried on the business of a trust corporation that provides estate planning services and acts as the corporate trustee for approximately 1,196 trusts. It should be noted that the Company also is acting as "bare trustee" in respect of a number of assets that are subject to trusts that The Family Trust Corporation Limited ("FTC") are the appointed corporate trustee. These trusts hold assets which 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 is ongoing.

The Company cited operational challenges and was 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 significantly impaired the Company's ability to administer the Trusts or provide any other services.

Considering these factors and as the Company was 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/](http://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/](http://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 is to administer the Trust assets on behalf of Clients.

However, the Company did not hold an accurate record of its Client account transactions and balances. The Administrators therefore immediately commenced a detailed review of both the Company's financial position and that of the Trust Estate.

At the Progress Hearing of 1 November 2022, the Administrators provided the Court with an update on their key findings, including their proposed methodology of how they plan to deal with the Trusts which is detailed below.

## **8. How are the Trusts affected by the Administration?**

Whilst the Company in Administration continues to be the trustee of your trust, this will 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 continue to 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.

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 Q22 below.

#### **9. 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 at this time. 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.

#### **10. 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. These 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.

#### **11. Where can I get further information?**

The Administrators wrote 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.

All known Clients have continued to receive updates by way of the Portal and direct communication, where circumstances have dictated.

In the event that Clients wish to email the Administrators directly, they should contact us by email at [PTC@kroll.com](mailto:PTC@kroll.com) but please note that we continue to receive a high volume of queries and so will not be able to respond to specific matters immediately however, will do so at the earliest opportunity.



We appreciate that the ongoing 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.

## **12. 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 5 9 of Schedule B1 and within Schedule 1 to the Act."*

The Administrators invited parties to consider whether a Creditors' Committee should be established and a formal invitation inviting nominations was included in the Administrators proposals report.

Following this invitation, three nominations were received and therefore a creditors' committee has been formally constituted. The Administrators have liaised with the committee as required and will continue to do so.

## **13. 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](mailto: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.

## **14. 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 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. A copy of that witness statement is available to Clients via the Portal discussed further below.

**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](mailto: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 and what relationship does it have to the Company? (7 February 2023)**

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 have been undertaking an exercise to verify the completeness of the Company's Client records. Most of this exercise has been completed.

The Administrators are aware that FTC remains an active business. The Administrators have no authority or involvement in the management of that business however, FTC are now dealing with the Administrators' requests and therefore the Administrators are looking to work with FTC to assist Clients wherever possible.

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

The Administrators' Report to Creditors and Statement Proposals ("the Proposals") is a statutory document which must 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 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 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 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 Administrators costs and expenses which are deducted from the Trust Estate pursuant to the Berkeley Applegate principles. As this value is currently unknown, the 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 Administrators can measure Client objections, should they wish to lodge them.

#### **18. Should I submit a Data Subject Access Request (DSAR)? (18 July 2022)**

You have a right to ask an organisation whether they are using or storing your personal information and you can also ask them for copies of your personal information.

This is called the right of access and is commonly known as making a subject access request or DSAR. The purpose of this right of access is to allow you to be aware of the processing of your personal information (how and why your data are used) and to verify the lawfulness of such processing.

Please note that the right of access does not entitle you to receive full copies of original documents held by an organisation but only your personal information contained in the document. Although the Administration process does not abridge your rights, the DSAR is very wide-ranging, so the Administrators must establish a dedicated team to search through extensive electronic and physical media to provide your personal data.

The Administrators are likely to incur a significant amount of time and resource on complying with each individual DSAR received and whilst this cost will not be charged directly to the individual Client, the costs will be added to the general costs of Administration and recovered from Client Trust monies generally.

It will therefore benefit all parties involved to better specify the scope of the request. You could identify a specific date range or a specific document you are interested in. Alternatively, if there is information that you or your client requires, you could make an email request to the Administrators explaining what that information is and why it is needed, and therefore such costs can be kept to a minimum.

**19. I have submitted a DSAR request, what information will I receive and when? (18 July 2022)**

The Administrators normally must respond to a DSAR within one month of receipt of the request, which may be extended to 90 days if the request is complex. The UK GDPR only applies to information about an identifiable living individual.

Information about a deceased person is not personal data, so it is not subject to the UK GDPR. You have the right to receive a copy of your personal data undergoing processing, rather than a right to receive a copy of documents containing your personal data. Also, the right to obtain a copy of personal data undergoing processing shall not adversely affect the rights and freedoms of others.

We will not provide you with information that includes personal data relating to another individual. That would reveal, or would be capable of revealing, the identity of the individual.

**20. What was the outcome of the November Court Hearing regarding transferring trust assets and removing the Company as Trustee? (25 November 2022)**

Where your Trust Asset comprises an interest in real property such as a house, Clients of the Company can now request transfer of property to a third party and/or replace the Company as the Trustee of the property, assuming it is lawful to do so.

The Administrators will be writing to all beneficiaries / settlors of property held on Trust by the Company asking them to state whether they wish to remove the Company as Trustee of the property and / or transfer the property.

Clients who had already made these requests at the time of the Court hearing have been written to and a questionnaire has been provided which will need to be completed and returned to the Administrators for the transfers to be processed. A copy of the questionnaire will also be available on the Portal.

For the Administrators to meet these requests, in accordance with the Court Order of 1 November 2022 the Client is required to pay a sum of £2,400 (being £2,000 plus VAT). Furthermore, if the

Administrators were required to register the Trust with HM Revenue and Customs following their appointment, an additional sum of £150 (being £125 plus VAT) is payable. In view of the financial position of the Company these charges are necessary and further explanation was provided to the Court in the Hearing of 1 November 2022 in which the Court deemed it appropriate and proportionate to approve the proposal.

In circumstances where a Client doesn't have the funds available to make the transfer request, the property can continue to be held within the Trust and/or the Company can continue to remain the Trustee until alternative arrangements can be made by the Administrators. Clients can be assured that no actions will be taken by the Administrators which are contrary to the Client's interest in the property.

In the instances where FTC is the Proprietor of the property and the Company is the Trustee; or the Company is the Proprietor of the property and FTC is the Trustee, the Administrators intend to liaise with FTC in relation to transfer and removal requests.

**21. All existing UK Trusts are now required to be registered with HMRC by 1 September 2022. Will the Administrators be dealing with this registration process? (25 November 2022)**

The Administrators have registered all trusts where full information is held. If it is discovered that the Company is Trustee for any further trusts, the Administrators will arrange for these trusts to be registered.

Costs of registration will be applied to individual clients. At the court hearing held on 1 November 2022, the cost of registration was agreed at £125 plus VAT £150 and will be applied directly to each Trust.

Any relevant updates regarding this ongoing exercise will be published via the Portal.

**22. As the Company is insolvent, how will the costs and expenses of the Administration be met? (3 April 2023)**

The costs and expenses of 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.

In this case the Administrators anticipate that there will be insufficient monies in the Company's general estate to meet these costs in full.

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 across the Administration is not known but the 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 Administrators made an application to the Court for their costs and expenses to be assessed from the Appointment Date up to and including 31 January 2023. Notice of this application was given to all Clients via the Portal and Clients were given the opportunity to represent themselves at that Court Hearing held on 1 March 2023.

At this hearing, the Court approved the Administrators' remuneration, subject to minor adjustments by Judge Agnello following her review. These costs will be drawn as funds are available and pursuant to the terms of the Distribution Plan. A copy of the Court Order is available on the Portal.

The Administrators anticipate that a further application will be made to the Court during the Administration to seek further approval to the costs of the Administration and remuneration however, this will likely be tied into any future Court hearing to minimise the quantum of costs being incurred.

### **23. When is the next formal update? (3 April 2023)**

The Administrators have published on the IPS Portal ([www.ips-docs.com](http://www.ips-docs.com)) ("**the Portal**") their Progress Report to Creditors. This document is a statutory requirement of Administration and will set out the Administrators' progress during the Administration so far.

The latest Court hearing took place on 1 March 2023 at which the Administrators updated the Court on their progress to date and proposed future actions and, in particular, discussed the Distribution Plan.

Details of the Distribution Plan was communicated to Clients on 29 November 2022 in its draft form and the final Court approved version has also been uploaded to the Portal.

In accordance with England and Wales Insolvency legislation, Administrators must provide Creditors with progress reports relating to the Administration and the Insolvency Estate on a six-monthly basis. The Administrators sought, and received, the Court's approval to alter this reporting requirement from six monthly to annually.

The Administrators' rationale for this request is since most of the work being undertaken by the Administrators relates to the Trust Estates and Clients and not the Insolvency Estate; the Administrators therefore believe it is not cost effective to keep producing progress reports to

Creditors of the Company on a six-monthly basis when the primary focus of those reports is on the Insolvency Estate and not the Trust Estate.

The Clients will continue to be kept apprised of matters by way of the Portal and by way of Court hearings.

#### **24. Who should I contact if I am having difficulties accessing the Portal? (25 November 2022)**

To confirm, to access the Portal, you will need to follow the following steps:

1. Visit the website address: <https://www.ips-docs.com/>
2. Select "Login", situated on the taskbar present at the top of the webpage.
3. In the "Login (Enter Company Name or Case Code)" field, enter "PTC (Clients) ~ (In Administration) ~ Kroll Advisory Ltd.
4. In the "Unique ID" field, enter the Unique ID above and as provided in the Administrators' initial letter (Note: Unless you select PTC (Clients) from the dropdown menu, and the checkbox to the left of "I'm not a robot", you will not be able to login)
5. You will then be prompted to enter an email address.
6. Once this is confirmed, you will receive a PIN number to your email address. Please be patient and wait for the PIN number to be received or this may cause issues with accessing the Portal. It may take 5-10 minutes for your PIN to be received and please do check your junk mail just in case this has been filtered out.
7. Once you have entered the PIN, you will have access to the Portal. You are encouraged to subscribe for automatic email notifications by inserting your email address in the notifications section. This will ensure that you are notified as soon as further documentation becomes available.
8. We would then encourage you to navigate to "Manage My Details", and update these to ensure that we have correct contact information on file.

As you are aware, the Portal's original case code was "PTC (Clients)". It should be noted that during the previous few days the Portal's provider, Turnkey, universally changed the case code lookup to include case/insolvency type. For the avoidance of doubt, your Unique ID remains the same and will not change throughout the process.

#### **25. Why are Squire Patton Boggs (UK) LLP now acting for the Company? (3 January 2024)**

Vanessa Stuart, the lead restructuring and insolvency solicitor acting on this case from Glaisyers recently moved across to become a director at solicitors, Squire Patton Boggs (UK) LLP. The Administrators will continue to instruct Vanessa given her considerable knowledge and prior involvement in this matter,

A notice of change form has recently been uploaded to the Portal in relation to this.

### **PROPERTY ENQUIRIES**

#### **26. 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.

**27. 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](mailto:PTC@kroll.com).

**28. Why do you need a copy of my insurance policy, and why does the Company need to be listed? (18 July 2022)**

In most cases the Trust Deeds place certain obligations on the Occupier of the Property, including:

- i. Payment of all outgoings in connection with the Property. This would include council tax and utilities costs;
- ii. Keeping the Property in good repair; and
- iii. Keeping the Property fully insured to reinstatement value with a current buildings insurance policy and noting the interest of the Trust on the policy.

Legal title of the Property is with the Trust and therefore as the Company is the Corporate Trustee it is for the Company to ensure that the Property is fully insured, and all Occupier obligations are being met. This is to protect the beneficiaries' interest in the Trust.

If the Property is empty, you are advised to contact the Administrators at [PTC@kroll.com](mailto:PTC@kroll.com) as this may place an obligation on the Company to insure the Property and this will be considered on a case-by-case basis.

**29. My property is no longer in Trust, why have I received this letter? (18 July 2022)**

As you may be aware, the Company did not possess comprehensive records and the Administrators are in the process of re-building a database of active clients. Where it is unclear whether the Property remains in trust or not, the Administrators are writing to all parties to seek clarification of the position. If you can provide an explanation as to why the Property is no longer held in Trust this will greatly assist the Administrators and we will update the Company's records accordingly.

**30. Will the fee for the transfer of property be charged per Trust or is this on a property-by-property basis? (25 November 2022)**

If one Property is split between two Trusts, only one charge will apply to both settlors which will be split equally between each trust.



However, if two Trusts have been registered with HMRC then a fee of £125 plus VAT will apply to each Trust.

**31. Are the Land Registry charges included within transfer fee proposed by the Administrators? (25 November 2022)**

All Land Registry charges will be covered under the £2,400.

**32. Are Deedbank charges included within the transfer fee proposed by the Administrators? (25 November 2022)**

As previously advised, Deedbank Storage Ltd are a separate entity to PTC and the Company utilised their services for the physical storage of Client documents.

Should any original documents be required to complete any transfer requests, these will need to be requested from Deedbank at each Client's discretion.

As referred to in point 15, Deedbank will directly charge Clients for these services. A standard fee of £25 plus VAT is charged per document.

**33. Why are the Administrators requesting Form ID1 to be completed? (7 December 2022)**

To reduce the risk of registration fraud, HM Land Registry relies on the steps that conveyancers take, where appropriate, to verify the identity of their clients. Form ID1 is a form that is required by HM Land Registry to prove your identity when lodging an application and must be completed by each individual person who is a party to the transaction who is not legally represented.

Clients requesting a transfer of the property will need to provide the Administrators with this form.

**34. Can the Administrators, or their appointed Solicitors, provide any tax or legal advice relating to my Trust and the transfer of my property? (7 December 2022)**

In meeting Client requests for the withdrawal of a property from a Trust for which the Company acts as Trustee, neither the Administrators or the Company can provide personal financial, tax or legal advice to Clients. If you are in doubt you are advised to take independent professional advice. The Administrators' legal advisors are appointed to advise the Administrators strictly in their capacity as Trustee and cannot advise individuals as to their specific circumstances.

**35. My property is held in Trust but I have not received correspondence from the Administrators regarding transferring the property out of Trust (7 February 2023)**

In accordance with the November Court Order, the Administrators have written to all Clients where the Company is validly appointed as Trustee and the respective property is registered at Land Registry with the Company as legal proprietor. These Clients have therefore been offered the opportunity to transfer the Property out of Trust and, where possible, retire PTC as Trustee.

As FTC are dealing with the Administrators' ongoing information requests, it is expected that the Administrators will shortly be able to offer Clients where PTC are validly appointed as Trustee but the Property is registered at Land Registry with FTC as legal proprietor the opportunity to transfer the Property out of Trust and, where possible, retire PTC as Trustee.

The Administrators will therefore write to these clients under separate cover and provide them with the relevant documentation.

**36. My property is held in Trust, can PTC be removed as trustee and the property be removed without the involvement of the Administrators/PTC? (3 April 2023)**

Whilst the Administrators note that, in certain circumstances, PTC can be removed as trustee and an application to the Land Registry to change the register can be made, without the involvement of the Administrators / PTC, paragraphs 6 to 8 of the Order dated 22 April 2022 (available on the Portal), permits the Administrators to look to each Trust Asset to pay for costs and expenses of dealing with the Administration and Trust Assets, such costs and expenses to be assessed by the Court.

Trust Assets are defined as the assets held in trust on behalf of Trust Clients - this definition includes the Property. Paragraphs 6 and 8 of the Order dated 22 April 2022 created a proprietary interest and / or an equitable lien over the Property in favour of the Administrators in respect of their costs and expenses, which survives any removal of PTC as trustee and any transfer.

At the hearing on 1 November 2022 the Court approved the Administrators' costs and expenses of £2,000 plus VAT and a further £125 plus VAT (where applicable), for the registration of the trust with HMRC. In situations where a Trust Asset comprises an interest in real property and a Client wishes for PTC to transfer the said interest to a third party and / or to replace PTC as trustee. That order was made following submissions from Counsel for the Administrators' outlining those costs and expenses were as follows:

1. £1,250 plus VAT as a contribution towards the general costs and expenses of the Administration based on those costs and expenses as at 1 November 2022;
2. £750 plus VAT in respect of the Administrators' legal fees for preparing the necessary documentation; and
3. £125 plus VAT where a Trust has been registered with HMRC.

The nature of the costs in point 1 above are a blend of direct costs involved in dealing with a Client transfer request and the general costs of dealing with the Trust Assets and the Administration as a whole, pursuant to the Order of 22 April 2022 (available on the Portal).

The cost of registering the Trust with HMRC is a direct cost incurred by the Administrators on behalf of the Trust.

This therefore means, in certain circumstances, PTC can be removed as trustee and an application to the Land Registry to change the register can be made, as set out above paragraphs 6 to 8 of the Order dated 22 April 2022 survives any removal and / or transfer, the Trust / the Trust Assets therefore remain in law liable for a proportion of the Administrators' costs and expenses.

As Administrators we have an obligation to ensure that Trusts and Trust Assets which remain with the Company are not unfairly burdened with all the general costs incurred in dealing with what is a very complex matter.

To the extent that assistance is required from the Administrators to facilitate a transfer request then the above costs will apply in full. To the extent that assistance is not required from the Administrators

then please note that there may still be a cost (to be determined at a future date) applied to the Trust or Trust Assets, subject to principles outlined above.

**37. What is the indemnity that I will be giving to the Company if I remove my Property from Trust (dissolving the Trust) or appoint replacement Trustees? (17 April 2023)**

Firstly, it is important to bear in mind that there is a fundamental difference between a debt owed by each trust and PTC's own company debts.

The indemnity is not to absolve PTC of breaches of trust or failures of service by the Company itself. The indemnity is purely a mechanism to deal with the payment of liabilities owed by each individual trust.

Each trust is a separate entity in its own right, but it does not have legal personality (in the way the Company does) so the liability falls to the trustees.

Each trust can have its own liabilities such as tax which may be due to HMRC or council tax payments etc. If PTC (or any trustee for that matter) releases control of an asset, or the trust's only asset, the trustee remains liable in the first instance to meet that debt. The law says that the trustee is entitled to recover the amount it has paid from the trust's assets as the debt is not 'personal' to the trustee.

There is a risk that the trust might be liable for a debt, which is unknown at the time PTC transfer the house to the beneficiaries or new trustees, but without an indemnity, it would be unreasonable to expect PTC to transfer control of the asset and remain liable in the first instance for any yet unknown debts.

Any debts which are covered by the trust's indemnity can only be debts relating to that trust, not the Company's more general debts.

Example

The trust contains a property but holds no investments and PTC transfers the house to new trustees.

One month later, the council gets in touch about an unpaid council tax bill from before the transfer. PTC is initially liable as trustee as it was the trustee at the time the bill arose, but now has no assets to meet it on behalf of the trust.

With the indemnity, PTC can pass the bill on to the new trustees and require them to deal with the payment because it is payable out of the trust's assets. Without the indemnity, PTC would have to try to recover sufficient funds from the new trustees.

The council tax bill would not become a 'company debt' as the debt wasn't incurred by PTC for the company's benefit, it was incurred for the benefit of the trust by PTC as trustee of the trust.

In terms of the duration of the indemnity being sought, then please be advised that this is based upon the longest period PTC could be liable as trustee for breaches of obligations under a deed. We don't know whether such liabilities are likely to exist as this will be dependent on the history of each individual trust, but there is a legal basis for that choice of duration.

The standard format provides a practical and cost-proportionate way forward, treating each family the same so that no PTC clients end up in a more favourable position than others. The indemnity was drafted with the intention of providing a fair balance between the families and PTC bearing in mind that a specific analysis of potential liabilities or negotiation of indemnity terms would not be practical on a case-by case basis.

For the reasons stated above, the Administrators of PTC are seeking an indemnity in standard form and are unable to move forward with any transfer and/or retirement requests without having such indemnity in place. The term of the indemnity is also considered to be appropriate in the circumstances.

### **38. What is the Form A Restriction that is showing on my Land Registry title? (14 June 2023)**

**Note: this only applies where the Property has been transferred out of Trust to a sole individual.**

A property's legal title recorded at Land Registry is separate from the beneficial interest in the property (the right to enjoy the property's benefits).

When the trust was created, the beneficial interest became an asset of the trust, managed by PTC as trustees.

The legal title was then transferred into the name of the trustees. Land Registry refers to the legal owner as a 'proprietor'.

To protect the trust's beneficial interest, Land Registry automatically entered a 'Form A restriction' on the title when the trustees of your trust were registered as the proprietor.

The transfer of the property out of the trust to you used a trust 'deed of appointment of assets' to transfer the beneficial interest to you, and a Land Registry form TR1 to transfer the legal title to you.

The property belongs to you and you are in control of any future decisions, including selling the property, without any further involvement from PTC.

### **39. What does a 'Form A' restriction mean? (14 June 2023)**

This standard wording is used by Land Registry to protect beneficial interests in land in a wide range of circumstances. It requires two individuals (or a trust corporation) to sign for any 'capital money', e.g. money paid by a purchaser, relating to the property. These people take responsibility for giving the money to the beneficial owner. Land Registry refer to these people as 'trustees' because they will receive the money on behalf of the beneficial owner, but this is not the same as the long-running type of trust you entered into with PTC.

Because you are the named proprietor, you can decide who to appoint as the other signatory. PTC does not need to sign any more paperwork and you do not need to ask PTC before naming another signatory.

The need to appoint a second signatory can arise in a variety of circumstances, it is not unique to PTC trusts. It is quite common and straightforward for the second person to be nominated within the standard documents which would need to be used in the sale of the property, or other transactions affecting it.

**40. Do I have to remove the Form A restriction before I can sell the property? (14 June 2023)**

No. The second signatory can be appointed in the TR1 which will be used during the transaction to transfer the property to the buyer.

Your solicitor or conveyancer handling the sale will be able to deal with this in the sale paperwork without any need to contact PTC.

For further information regarding the Form A restriction, please contact the Joint Administrators' office on [PTC@Kroll.com](mailto:PTC@Kroll.com) or on 0161 827 9000.

A full explanation including the steps required to remove the Form A restriction can then be provided.

**INVESTMENT ENQUIRIES**

**41. 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"). Those investments 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.

**42. Following the 1 November 2022 Court Hearing, what is the update on my investment, and can I receive an up-to date value of investments held within my Trust? (3 April 2023)**

Based upon the Administrators' detailed reconciliation and investigations, the Administrators have been able to determine for each Trust (or individual) a net Client balance based on monies received from or on behalf of each Client less any deductions for actual charges applied by the Company, any withdrawals or any monies paid to third parties on the Client's behalf up to the Appointment Date ("Notional Balance").

In accordance with the Court Order of 1 November 2022, the Administrators prepared a Draft Investments Plan ("the Draft Plan") for the equitable allocation and distribution of monies from the realisation of investments made by the Company based upon the net Client balances. The Draft Plan was filed with Court on 29 November 2022 and made available to all Clients via the Portal.

As part of the Draft Plan, Clients were provided with the opportunity to review the Draft Plan and file any objections. The Administrators did not receive any objections to the Draft Plan. Considering this, at the Court hearing on 1 March 2023 the Administrators sought the Courts approval to this. The

Court made some minor drafting amends to the Draft Plan and this was subsequently approved by the Court (“the Distribution Plan”).

The Distribution Plan deals with the fair allocation of the investments held by the Company, Clients should note that due to the length of the investments (with maturity dates up to July 2025), funds will not be immediately available.

#### **43. What is the Distribution Plan? (3 April 2023)**

As previously advised, PTC took investment monies it held as Trustee and/or in respect of pre-paid probate deposits and invested those monies in its own name, rather than in the name of the individual trusts or clients. These investments are collectively referred to as Client Assets. Due to a combination of weak corporate governance and inadequate record keeping, it has not proven possible to trace specific Client monies into specific investments.

Accordingly, to allow the Administrators to apportion the Client Assets to individual trusts and/or the Clients, the Administrators prepared a plan which included, amongst other things, the following key elements:-

- Identifying investments which are held on trust (i.e. the Client Assets)
- Identifying the Trusts with an entitlement to those investments (i.e. Claimants)
- A mechanism for determining the value of a Claimant’s claim (i.e. Adjudication of Claims and Disputed Claims)
- A mechanism for realising the Client Assets (i.e. Realisations)
- A mechanism for allocating the Realisations to Claimants (i.e. Allocation)
- A mechanism for returning the Realisations to Claimants (i.e. Distribution Options and Distributions)
- A mechanism which allows the Administrators’ costs and expenses (as approved by the Court) to be paid or accounted for (i.e. the Costs and the Retention Sum)

At the Court hearing on 1 March 2023, the Court made some minor drafting amends to the plan proposed by the Administrators and subsequently approved this for it to become binding.

The Administrators and their appointed advisors have analysed and reconciled, insofar as possible, the Company’s Books and Records. As a result of this work, the Administrators have been able to identify individuals whose funds were received into the Company’s Accounts and those Clients who have a positive Notional Client Balance.

For clarity, Clients who are believed to have a positive Notional Client Balance include individuals for whom the Company received monies into its bank accounts, whether directly from the Client or indirectly via any previous corporate trustee company such as The Family Trust Corporation Limited.

Monies received in this regard are comprised of either investment sums, prepaid probate monies or property sale proceeds not paid across to the relevant beneficiaries.

It should be noted that the Administrators only have access to the books and records of the Company and therefore can only identify funds which were received by PTC. So for example if a client originally deposited funds with FTC, the Notional Client Balance will show the value transferred from FTC to PTC as the opening balance for PTC and therefore also for the client.

Where the Administrators' reconciliation exercise has determined that all assets have previously been distributed back to a Client and, after fees applied by PTC and/or other deductions previously applied by the Company, no monies remain held by the Company for that Client, those Clients will be classified as a Fully Withdrawn Client and they are not eligible to make a claim against the Client Assets

As a reminder, the approved Distribution Plan is available to view on the Portal.

#### **44. Am I affected by the Distribution Plan? (3 April 2023)**

**For the avoidance of any doubt, the Distribution Plan does not relate to the Properties or the External Investments as defined in the Administrators' Distribution Plan.**

The following individuals are affected by the Distribution Plan:-

- All settlors who transferred funds to PTC for onward investment to be held on Trust and the beneficiaries of those Trusts, except settlors and beneficiaries of Trusts who have investments through the following regulated financial services firms: Prudential, Aviva, Legal & General, Sterling, Hawthorn Life, Sunlife Financial of Canada, and Zurich;
- All individuals who paid money to the Company to meet their future probate costs but have not received this service; and
- The beneficiaries of the Trusts where the Company has received money following the sale of a property held on Trust but has failed to remit the full sale proceeds to the relevant beneficiaries or reinvested those funds under the terms of the Trust.

Those who are affected by the Distribution Plan have been written to separately, by either post or email, and made aware of the availability of the Distribution Plan. The final version of the Distribution Plan has been uploaded and is available on the Portal.

If you believe you are affected by the Distribution Plan but have not received specific communication in respect of this, please contact the Administrators on by post to:

FAO PTC Case Team  
Kroll Advisory Ltd  
The Chancery  
58 Spring Gardens  
Manchester  
M2 1EW

Or by email to [PTC@kroll.com](mailto:PTC@kroll.com).

#### **45. Do I need to do anything regarding the Distribution Plan? (3 April 2023)**

Having received the Court's approval to the Distribution Plan, the Administrators have now written to all Clients affected by the Distribution Plan, via post or email, setting out the Notional Balance

calculated by the Administrators, and for those with positive Notional Balances, a more detailed summary as to how this has been determined.

Clients will only need to take any action if they wish to dispute the Notional Balance calculated by the Administrators. Details of how to do this are included in the letter issued to Clients dated 31 March 2023.

It should be noted that, whilst the Administrators sympathise that Clients may not agree in principle with the PTC fees shown on their respective summary statement. Unfortunately these fees were debited from each Client prior to the Administrators' involvement and are shown as an aggregated balance for the purpose of the summary statement. These charges have physically debited the Company's pre-appointment bank accounts and therefore must be included in the calculation of the Notional Balance and therefore the Administrators do not expect any challenges to this aspect of the calculation of the Notional Balance to be upheld.

If the Notional Balance is accepted, then no further action is required by Clients at this stage.

#### **46. What is the Retention Sum included within the Distribution Plan? (3 April 2023)**

The Retention Sum is effectively a reserve that will be deducted from any investment recoveries and retained by the Administrators and held on account to meet costs and expenses relating to the Administration and the management of the Trusts.

It should be noted that the Administrators' remuneration and expenses incurred from the Appointment Date up to, and including, 31 January 2023 were approved by the Court at the hearing on 1 March 2023 and these will be met from the Retention Sum. Further costs that will be drawn from the Retention Sum are still to be assessed by the Court however, any surplus funds held in the Retention Sum after all costs have been met will be released back and made available to Clients in accordance with the terms of the Distribution Plan.

#### **47. How much of my investment will my Trust receive under the Distribution Plan? (7 December 2022)**

The quantum of return that will be made available to the Clients affected the Distribution Plan remains uncertain at this time as any return is dependent upon (1) the level of realisations achieved from the IMC's, (2) the level of the agreed Notional Balances and (3) the costs and expenses of the Administration to be discharged from the Retention Sum.

#### **48. Can I attend future Court hearings? (3 April 2023)**

Court hearings in England and Wales usually take place in public and therefore members of the public can observe them. It is the Judge in each case who decides how a hearing is held and to date all hearings relating to the Company have been public hearings.

Considering this Clients can attend the Court hearings if they wish however, there is no obligation to do so. Should Clients wish to attend they will need to make a formal request to the Administrators' Solicitors. Details how to do this will be provided to Clients as and when this is applicable and this will need to be done in advance of the hearing.



**49. What else was discussed, and approved, at the Court hearing dated 1 March 2023? (3 April 2023)**

In addition to seeking the Court's sanction in respect of the Distribution Plan, the Administrators also sought the Court's approval to the following matters:

- Extension to the Administration;
- Reduced reporting obligations; and
- Administrators' remuneration.

These are discussed in further detail below.

Extension to the Administration

An Administration automatically comes to an end after one year unless an extension is granted by the Court or with the Creditors' consent.

Given the maturity dates of the investments run up to July 2025, the Administrators sought, and received, the Court's approval to extend the Administration for a period of three years. In accordance with England and Wales Insolvency legislation, Creditors can only grant extension to Administrations for a period of up to one year. Therefore, the Administrators believed it prudent to seek one extension from the Court to cover the expected lifespan of the Administration.

The Administration has therefore been extended and the Administrators' term of office has been extended to 23.59 on 21 April 2026.

Reduced reporting obligations.

In accordance with England and Wales Insolvency legislation, Administrators must provide Creditors with progress reports relating to the Administration on a six-monthly basis. The Administrators sought, and received, the Court's approval to alter this reporting requirement from six-monthly to annually.

The Administrators' rationale for this request is since most of the work being undertaken by the Administrators relates to the Trust Estates and Clients and not the Company's Estate. The Administrators therefore believe it is cost ineffective to keep producing progress reports to Creditors of the Company on a six-monthly basis when the primary focus of those reports is on the Company's Estate and not the Trust Estate.

The Clients are kept apprised of matters by way of the Portal and by way of Court hearings on an ongoing basis. As such, the next report to Creditors will be for the period up to 21 April 2023 and each subsequent period of 12 months thereafter.

Administrators' remuneration

The Administrators sought the Court's approval in respect of their time costs and expenses incurred up to and including 31 January 2023.

Notice of this application was given to all Clients via the Portal and Clients were given the opportunity to represent themselves at that Court Hearing held on 1 March 2023.

At this hearing, the Court reviewed and approved the level of Administrators' remuneration able to be drawn as and when funds are available. A copy of the Court Order is available on the Portal. The Administrators anticipate that a further application will be made to the Court during the Administration to seek further approval to the costs of the Administration and their remuneration however, this will likely be tied into any future Court hearing to minimise the quantum of costs being incurred.

**For the avoidance of doubt, the Administrators will not be drawing fees immediately following receipt of any approval from the Court and any fees approved by the Court will be drawn from funds the Retention Sum noted in the Distribution Plan.**

**50. My Notional Client Balance does not appear to include any performance-related interest, why is this? (17 April 2023)**

In some instances Clients may have received annual statements from the Company which included a calculation of interest earned. The Administrators have been unable to identify any legitimate basis for interest calculation provided to Clients other than as an estimate based upon the targeted level of return from each investment. The targeted level of return was not guaranteed, and investment values could go up or down up to the point of maturity. As noted, many investment maturity dates extend into 2025 and therefore the performance of those investments isn't yet known as those investments have yet to crystallise.

As referenced in the Administrators' letter dated 31 March 2023, the Notional Client Balance is the net balance after taking into account monies received from or on behalf of each Client (either directly from the Client or indirectly via any previous corporate trustee company such as FTC), less any deductions for actual charges applied by the Company, any withdrawals or any monies paid to third parties on the Client's behalf up to the Appointment Date. Assumed investment growth (or loss) is therefore not factored into any Notional Client Balance ensuring all Notional Client Balance calculations are based upon the same equitable principles.

In this regard, the Administrators are unable to agree to any adjustment to the Notional Client Balance based upon unrealised gains, losses or interest as detailed on statements provided by PTC prior to the Administration.

**51. What is the charges balance on my Notional Client Balance statement, and how has this been calculated? (17 April 2023)**

Charges includes those costs and expenses which were applied by PTC prior to the Administrators' appointment which were in the ordinary course of business and in accordance with the schedule of rates which would have formed part of the original agreement. These would typically include:

- Withdrawal fees;
- Penalty fees for early withdrawal (suffered by PTC and passed through to the client requesting early withdrawal);
- Annual management charges (plus VAT) based upon gross value of investment; or
- Tax reports, registration and returns.

These charges have been deducted in cash from each Notional Client Balance and are presented in your statement on an aggregated basis. The Administrators have not audited the basis of charges as they are aware that not all source and supporting information is available. Therefore, the costs of seeking to undertake such an exercise would be considerable and disproportionate on a cost-benefit analysis. This approach has been consistently applied to all clients and has been described in the Administrators' reports to the Court.

**52. What is the husband-and-wife balance on my Notional Client Balance statement? (17 April 2023)**

There are a number of transactions (typically capital repayments or fees) contained within the bank statements for the Client Bank Accounts that refer to more than one client, typically a couple, such as a husband and wife. In such circumstances, Kroll has reviewed the available documentation for an indication of how the amounts should be apportioned.

In the absence of any evidence to the contrary, the Administrators have apportioned those transactions equally between the relevant Investment Clients.

**53. Is my Notional Client Balance the maximum amount I will receive as part of the Distribution Plan (17 April 2023)**

As referenced in the letters issued, it is important to emphasise that the Notional Client Balance listed does not necessarily represent the amount which will eventually be received ("the Distribution"), but rather provides the Administrators with a means to apportion the value of each claim against the Client Assets. The actual Distribution might be less, or greater, than the Notional Client Balance.

As noted in response to Question 43, the quantum of return that will be made available to the Clients affected by the Distribution Plan remains uncertain at this time as any return is dependent upon:

1. The level of realisations achieved from the investments;
2. The level of the agreed Notional Client Balances; and
3. The costs and expenses of the Administration to be discharged from the Retention Sum.

**54. Is the deadline for Notional Client Balance Disputes set in stone? (17 April 2023)**

The Distribution Plan allows for Notional Client Balance disputes to be submitted up to 4pm on 28 April 2023. We understand that there may have been delays due to the postal service and external mailing agent and therefore we will accommodate submissions up to 4pm on 5 May 2023.

**55. By what date do I need to provide a completed Claimant Options Form? (17 April 2023)**

It is estimated that the Administrators will be in a position to begin distributing funds in accordance with the Distribution Plan from January 2024. Therefore, whilst technically the final date for Clients to submit the Claimant Options Form is 14 days prior to the Final Distribution (which is expected to be in 2025 or 2026 after ALL bonds have matured), Clients are advised to submit their forms prior to this in order to receive interim distributions which will be made by the Administrators dependent upon the timing and recovery of bonds as they mature.

**56. I want to have any Realisations that form part of the Distribution Plan to be remitted to me, which section of the Claimant Options Form should I complete? (17 April 2023)**

Clients that wish for any Realisations forming part of the Distribution Plan to be distributed out of trust and directly to them should complete and return Section 1A of the Claimant Options Form.

**57. I am both an Investment and a Pre-Paid Probate Client, do I need to complete Section 2 of the Claimant Options Form? (17 April 2023)**

No, Section 2 of the Claimant Options Form is for “Pre-Paid Probate Clients Only”, meaning those Clients who solely made a probate prepayment (i.e., with no monies sent to the Company for investment purposes).

Clients identified as having a Positive Notional Client Balance pertaining to both investment monies and probate prepayments should complete Section 1 of the Claimant Options Form.

In the event that Clients wish to distribute their Trust’s share of the Realisations to themselves or to a beneficiary of their Trust, they should complete Section 1A of the Claimant Options Form.

Alternatively, if Clients wish to appoint an alternative trustee(s) as the recipient(s) of their share of the Realisations, they must complete Section 1B of the Claimant Options Form. It should be noted that if PTC has retired as trustee and two or more individuals have been appointed as trustees in its place, those trustees should open an appropriate trustee bank account to manage any cash balance in accordance with the terms of the relevant trust. Most high street banks offer trustee accounts and your newly appointed trustees will be able to advise you accordingly.

**58. What is “know your customer” information? (17 April 2023)**

“Know your customer” or “KYC” is a mandatory standard that involves the verification of Clients’ identities. This usually involves obtaining identification documentation such as driving licences or passports. The Administrators may request additional information where necessary.

**59. What recoveries have been made to date from the Investments? (3 January 2024)**

Clients will recall, that pursuant to the Distribution Plan, Investment Recoveries means all recoveries or returns, paid to the Company, arising out of the Investments after the Administration Date.

The reported value of the Investments as at the Administration Date was c.£44.2m.

Pursuant to the terms of the Investments, capital recoveries of £8.2m were contractually due to be received by the end of December 2023.

However, by the end of December 2023, only c.£1.1m in capital recoveries have been received, with £8.8m being in default.

Additional interest recoveries of £812k have been made.

Below is a summary of the current position regarding the investments:

Summary of Investments as at 3 January 2024					
Investment	Total Capital	Contractually due as at 31.12	Capital rec'd	In default	Interest rec'd
Woodville	12,969,277	562,913	562,913	0	45,033
CX Wealth	9,974,970	4,827,081	296,188	4,530,894	582,072
Berkeley Rutherford	3,676,000	3,626,000	100,000	3,526,000	141,270
Float Capital	17,572,921	930,683	146,483	784,200	43,955
	£ 44,193,168	£ 9,946,678	£ 1,105,584	£ 8,841,094	£ 812,329

Clients should note that both CX Wealth and Float Capital have issued deferral notices for the bonds in default which extends the redemption date by 6 months. The Administrators are currently reviewing the legality of these notices with their legal advisors.

#### 60. What is the current position regarding the Investment Management Companies and the strategy going forwards? (3 January 2024)

As can be seen from the table above, two of the IMC's (CX Wealth and the SPV entities of Berkeley Rutherford) are significantly in default of their contractual obligations under the various bonds.

Following the occurrence of the initial default, the Administrators and their legal advisors wrote to each IMC demanding that the default(s) be remedied immediately, future bond redemptions are paid on the contractual redemption dates, and that in the meantime the rights of the Company are fully reserved.

Regrettably, whilst the directors of both IMC's have maintained regular contact with the Administrators, the defaults have not been remedied.

The Administrators have regularly discussed the situation with their legal advisors as part of the ongoing assessment of the options available to maximise Investment Recoveries.

The Administrators can advise that they have recently issued a creditor's application for the making of an administration order against three of Berkeley Rutherford SPV entities to protect the Clients' interests.

CX Wealth have been put on notice that they are in breach and that the Administrators are reserving their rights in terms of the various actions to be taken in respect of these defaults. The Administrators are now considering whether to take similar steps to enforce these rights in terms of taking legal enforcement to recover the sums overdue.

The Administrators will also be writing to Float Capital to put them on notice of their breach in respect of the bond that was due to be repaid in December 2023 and reserving their rights over these investments.

The Administrators will provide a further update in relation to this legal recovery action and a general update on Investment Recoveries to clients in mid-January 2024.

## 61. What recoveries have been made to date from the Investments? (27 February 2024)

Clients will recall that pursuant to the Distribution Plan, Investment Recoveries means all recoveries or returns, paid to the Company, arising out of the Investments after the Administration Date.

The reported value of the Investments as at the Administration Date was c.£44.2m.

Pursuant to the terms of the Investments, capital recoveries of £15.76m were contractually due to be received as at 23 February 2024.

However, as at 23 February 2024, only c.£1.17m in capital recoveries have been received, with £14.59m being in default.

Interest of c.£840k has been received.

Below is a summary of the current position regarding the investments:

Investment	Total Capital	Contractually due as at 23.02.24	Capital rec'd	In default	Interest rec'd
Woodville	12,969,277	562,913	562,913	0	45,033
Float Capital	9,974,970	4,050,749	146,483	3,904,266	43,955
Berkeley Rutherford	3,676,000	3,626,000	100,000	3,526,000	141,270
C X Wealth	17,572,921	7,523,157	356,188	7,166,969	609,399
	<b>£ 44,193,168</b>	<b>£ 15,762,819</b>	<b>£ 1,165,584</b>	<b>£ 14,597,235</b>	<b>£ 839,656</b>

Clients should note that both CX Wealth and Float Capital have issued deferral notices for the bonds in default which they assert enables them to extend the maturity date of each such bond by 6 months.

The documentation which PTC entered into with each of CX Wealth and Float Capital did include a provision incorporating such deferral notices, however that was only exercisable if certain conditions were met by the IMC. Letters have been sent by the Administrators to both CX Wealth and Float Capital seeking various information and disclosures to address these points. If no satisfactory responses are received the Administrators will give serious consideration to filing an application with Court seeking disclosure of that information. The Administrators and their legal advisors continue to monitor this situation.

## 62. What is the current position regarding the Investment Management Companies and the strategy going forwards? (27 February 2024)

### Woodville Consultants Limited

Woodville is a litigation funder, providing funding to solicitors and individuals in the consumer finance and personal injury sectors.

Below is a summary of the bonds that Woodville issued to PTC:

Bonds issued	Bonds Issued		Capital				Deferral Notice		Interest	Next Bond Maturity (Capital)		Final Bond Maturity (Capital)	
	Earliest date	Latest date	Total value	Contractually due as at 23 Feb 24	Redemption payment received	In Default	# received	Value	Value	Date	Value	Date	Value
4	Apr-21	Jul-21	12,969,277	562,913	562,913	-	-	-	45,033	01/04/2024	12,406,364	01/04/2024	12,406,364

A total of c£12.97m in capital had been lent to Woodville, across 4 bonds, with interest rates ranging from 4%-6% and maturity terms being July 2023 and April 2024.

Interest is payable upon maturity of the bond.

The bond with a redemption date of July 2023 and with a capital amount of £562,913 was redeemed in full, with interest paid totalling £45,033.

The remaining bond of c.£12.4m capital value is due to be redeemed in early April 2024 and the Administrators are currently in discussions with the directors of Woodville seeking confirmation that this redemption will be made as per contractual terms.

The directors of Woodville have confirmed recently that they are currently taking legal advice in terms of their obligations to repay these monies to the Company as they consider that £3.4m may not be due upon the bond maturity date. The remaining £9m is understood to be non-disputed.

The Administrators are expecting to hear back from Woodville in the coming weeks with the outcome of their legal advice.

In the meantime, the Administrators have confirmed that the rights and entitlements of PTC remain fully reserved.

### Float Capital

Float Capital operates as an unregulated loan provider to a variety of businesses and across numerous sectors. This includes property and asset developments and well as stock and plant and machinery loans.

Below is a summary of the Float Capital bonds that PTC invested in:

Bonds issued	Bonds Issued		Capital				Deferral Notice		Interest	Next Bond Maturity (Capital)		Final Bond Maturity (Capital)	
	Earliest date	Latest date	Total value	Contractually due as at 23 Feb 24	Redemption payment received	In Default	# received	Value	Value	Date	Value	Date	Value
24	Oct-18	Sep-19	9,974,970	4,050,749	146,483	3,904,266	2	784,200	43,955	24/02/2024	800,000	02/09/2024	150,000

As corporate trustee, PTC invested c.£9.98 million of trust monies into 24 bonds with Float Capital Limited, held in the name of PTC.

PTC still holds 22 bonds with Float Capital, with a total capital cash value of c£9.83 million.

Interest is to be paid on the maturity of the bond.

The bond totalling £146,483 that was due to be paid on 25 September 2023 has been received.

There is £3,904,266 which is overdue for payment, £784,200 of which is subject to a deferral notice.

The Administrators are in dialogue with their lawyers and Counsel regarding the validity of the deferral notice that has been received.

Formal demand letters have been issued by the Administrators in respect of the overdue bonds which have not been redeemed and are not subject to deferral notices.

The Administrators are currently in discussions with the Directors of Float Capital to ensure that those bonds maturing in February 2024 and onwards are paid as per contractual terms.

Formal letters have also been issued to Float Capital by the Administrators via Squires seeking various disclosures and up to date management information relating to Float Capital pursuant to Section 236 of the Insolvency Act. Such information will assist the Administrators in ascertaining the ability for Float Capital to repay the bonds in full (to include the contractual interest).

### CX Wealth

CX Wealth operates as an unregulated loan provider, lending money to companies on a short-term basis and across a variety of sectors. This includes energy and property development.

CX Wealth lends money to companies who lend on for payroll and short-term lending.

Below is a summary of the CX Wealth bonds that PTC invested in:

Bonds issued	Bonds Issued		Capital				Deferral Notice		Interest	Next Bond Maturity (Capital)		Final Bond Maturity (Capital)	
	Earliest date	Latest date	Total value	Contractually due as at 23 Feb 24	Redemption payment received	In Default	# received	Value	Value	Date	Value	Date	Value
60	Sep-18	Jul-19	17,572,921	7,523,157	356,188	7,166,969	27	6,901,199	55,856	24/02/2024	352,941	11/07/2025	20,252

A total of c£17.57m in capital had been lent to CX Wealth Limited, across 60 bonds, each with varying rates of interest and maturity terms. Interest is split between being paid part monthly and on maturity of the bond.

The maturity dates and capital value of the bonds vary between August 2023 to July 2025.

Bonds with a capital value of £7,166,969 were not paid on the contractual maturity date.

CX Wealth has issued six-month deferral notices on all those bonds that had contractual maturity dates on or before 31 January 2024.

As detailed above, the Administrators are still in dialogue with their legal advisers and Counsel regarding the validity of the deferral notices that have been received.

The director of CX Wealth has proposed a re-phased payment profile however this is not considered acceptable by the Administrators.



Information has been requested by the Administrators seeking various disclosures and up to date management information relating to CX Wealth utilising powers available under the Insolvency Act. This will assist the Administrators in determining their continuing strategy in relation to CX Wealth.

In the meantime, the Administrators have confirmed that the rights and entitlements of PTC remain fully reserved.

### Berkeley Rutherford

Berkley Rutherford’s principal activity purports to be to lend money to UK SME businesses on a short-term basis.

Below is a summary of Berkeley Rutherford bonds that PTC invested in:

Bonds issued	Bonds Issued		Capital				Deferral Notice		Interest	Next Bond Maturity (Capital)		Final Bond Maturity (Capital)	
	Earliest date	Latest date	Total value	Contractually due as at 23 Feb 24	Redemption payment received	In Default	# received	Value	Value	Date	Value	Date	Value
13	Mar-18	Sep-19	3,676,000	3,626,000	100,000	3,526,000	4	800,000	141,270	19/03/2024	50,000	19/03/2024	50,000

A total of c£3.7m in capital had been loaned to Berkeley Rutherford (“BR”) and Cubefunder (“CF”) across 13 unsecured bonds, each with varying rates of interest and term. Interest is contractually due to be paid monthly. CF is the trading name for Tallaght Financial Ltd, a company which is authorised and regulated by the FCA A total of 4 bonds were entered into with CF, with the remaining 7 being bonds entered into with SPV’s of BR, being BR 2 Year Limited and BR 3 Year Limited.

Two of the bonds have been redeemed and repaid in full, resulting in a capital repayment of £100,000, plus accrued interest totalling £141,270. However, nine bonds with a capital value of £3,526,000 were not redeemed upon their contractual maturity dates.

There is one further bond for £50,000 which is contractually due to be redeemed on 19 March 2024.

The Administrators entered extensive dialogue with BR in an effort to seek repayment of the overdue sums however no satisfactory proposal was forthcoming.

Applications have therefore been filed in Court seeking the appointment of Administrators over the relevant BR entities. The purpose being to take control of the relevant borrowers, to seek to recover monies owing to PTC and to investigate the conduct of the officers and management of those companies.

The Court has listed the applications against (i) BR 2 Year Limited, (ii) BR 3 Year Limited and (iii) Cubefunder (No 3) Limited, to be heard via remote hearings on 12 March.

Cubefunder (No 3) Limited (Company number 12014022) was dissolved on 08 August 2023. As a result of this, and as advised by Counsel, the application seeks to restore this company and place it into Administration at the same time.

**63. When do the Administrators believe that the first distribution will be made to Clients in respect of the investments? (27 February 2024)**

Clients will recall that in accordance with the terms of the Distribution Plan, that the Administrators would assess on a quarterly basis (commencing from 31 January 2024) whether there had been sufficient Investment Recoveries to enable an allocation (and distribution to those who so requested) to Client accounts.

In making that assessment the Administrators would have regard to:

- the level of investment recoveries (both current and estimated future)
- allocating a % of those investment recoveries to the Retention Sum which would be available to meet those professional costs which have been approved by the Court.

The Retention Sum is to be held by the Administrators in a separate bank account on account of costs (current and future) as assessed and approved by the Court.

It should be noted that at the hearing on 1 March 2023, the Court approved the Administrators' remuneration and expenses incurred up to, and including, 31 January 2023 in the sum of c.£2.948m. Further costs have of course been incurred since that date.

Regrettably, the position at present is that total investment recoveries total only £2.01m (consisting of capital repayment of c.£1.17m and interest of c.£840k) and as such there are insufficient funds to enable funds to be allocated to client accounts at this time.

The Administrators will assess this position immediately following the 31 March 2024 quarter date and communicate to Clients whether they consider there is then sufficient funds to enable a distribution by 30 April 2024.

**64. How are the Joint Administrators assisting building societies with their own enquires? (27 February 2024)**

Unfortunately, PTC's records do not detail which of its clients may be customers of any specific building society.

However, the Administrators are making themselves available to assist buildings societies in seeking to determine whether (and if so, how many) of their customers who were initially introduced to the Estate Planning Group and/or The Will Writing Company may have become and may still remain active clients of PTC.

At this time it will be for any building societies to liaise directly with their customers in relation to their own ongoing enquires.

## 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.