



WealthTek Limited Liability Partnership In Investment Bank Special Administration

(trading as WealthTek, Vertem Asset Management and Malloch Melville)

In The High Court of Justice No. CR-2023-001772

Joint Special Administrators' report and statement of
proposals

30 May 2023

CONTENTS

SECTION	PAGE NUMBER
GLOSSARY OF TERMS	3
1. KEY INFORMATION	7
2. FACTORS WHICH LED TO THE SPECIAL ADMINISTRATION	13
3. SPECIAL ADMINISTRATION OBJECTIVES	16
4. STEPS TAKEN SINCE APPOINTMENT	17
5. FINANCIAL POSITION	25
6. INVESTIGATIONS	30
7. DURATION OF AND EXIT FROM THE SPECIAL ADMINISTRATION	31
8. THE PROPOSALS	32
9. REMUNERATION AND EXPENSES OF THE SPECIAL ADMINISTRATION	34
10. INITIAL MEETING OF CLIENTS AND CREDITORS	37
11. ESTABLISHMENT OF A CLIENTS' AND CREDITORS' COMMITTEE	40
APPENDICES	
A. STATUTORY INFORMATION	42
B. CLIENTS' AND CREDITORS' RIGHTS	43
C. RECEIPTS AND PAYMENTS ACCOUNT	44
D. STATEMENT OF FINANCIAL POSITION	45
E. PRE-ADMINISTRATION COSTS	50
F. TIME COSTS AND EXPENSES INCURRED	52
G. NOTICE OF AN INITIAL MEETING OF CLIENTS AND CREDITORS	61
H. CLIENT AND CREDITOR CLAIM FORMS	63
I. CLIENT AND CREDITOR PROXY FORMS AND COMMITTEE NOMINATION FORMS	66

GLOSSARY OF TERMS

Abbreviation or term	Meaning
'Act'	Insolvency Act 1986
'Authorities'	The Bank of England, the Treasury and the FCA, collectively
'Bar Date'	A deadline for Clients to submit their claims in respect of Client Money and/or Custody Assets
'CASS'	The FCA's 'Client Assets Sourcebook'
'CASS 7'	Chapter 7 (<i>Client money rules</i>) of CASS
'CASS 7A'	Chapter 7A (<i>Client money distribution and transfer</i>) of CASS
'Claim Form'	The form to be completed and returned to the JSAs by any Client or Creditor who wishes to vote at the Initial Meeting (attached at Appendix H)
'Client'	A party for whom the LLP held either Client Money and/or Custody Assets (i.e. Client Assets)
'Client Assets'	Client Money and Custody Assets, collectively
'Client Asset Reconciliation'	A reconciliation conducted by the JSAs to confirm the Client Assets held by the LLP on behalf of its Clients and the claims of Clients against those Client Assets
'Clients' and Creditors' Committee' or 'Committee'	The committee proposed to be established to represent the interests of all Clients and Creditors and assist the JSAs in the making of certain decisions, representing the whole Client and Creditor body. The committee can consist of both Clients and Creditors who consent to act
'Client Money'	Money that the LLP has received, held and/or treated as client money in accordance with the Client Money Rules
'Client Money Rules'	CASS 7 and CASS 7A
'CMP'	The Client Money Pool, being the pool of Client Money held on trust by the LLP in accordance with the Client Money Rules, pooled in accordance with those rules for the purpose of distributing the Client Money
'Client Statement'	The statement each Client should receive from the JSAs together with notice of the Proposals and the Initial Meeting, detailing their Client Assets, according to the LLP's records as at 6 April 2023
'Court'	The High Court of Justice, Business and Property Courts of England & Wales
'Creditor'	Any party who is owed monies by the LLP, including Trade Creditors and Clients with a Client Money and/or Custody Asset shortfall and Secured, Preferential, Secondary Preferential and ordinary Unsecured Creditors

‘Custody Assets’	Securities (including stocks, shares and other investments) held for and on behalf of the Clients by the LLP and/or WT Nominees as at the date of the JSAs’ appointment
‘Designated Members’	The LLP’s designated members, being Mr Dance and WealthTek Capital Limited
‘Distribution Plan’	A distribution plan under Chapter 3 of the Rules which sets out how Client Assets will be returned to Clients and how the costs of the Special Administration will be allocated
‘Estate Assets’	Assets belonging to the LLP that will be realised for the benefit of Creditors, subject to the deduction of applicable costs and expenses, but which are not Client Assets
‘FCA’	Financial Conduct Authority
‘FSCS’	Financial Services Compensation Scheme
‘FSMA’	Financial Services and Markets Act 2000
‘HMRC’	HM Revenue & Customs
‘Initial Meeting’	Meeting of Clients and Creditors to consider the JSAs’ Proposals, to be held at 14:00 hours on Wednesday 14 June 2023 at The Met Hotel, King Street, Leeds, LS1 2HQ.
‘Investment Bank’	A company incorporated in the United Kingdom, which has permissions under FSMA to carry out certain regulated activities and holds Client Assets
‘Intermediaries’	Individuals and/or corporate entities who have introduced Clients to the LLP
‘JIMs’	Shane Crooks, Mark Shaw and Emma Sayers, the former Joint Interim Managers appointed on 4 April 2023, until they were then appointed as JSAs on 6 April 2023
‘JSAs’ or ‘we’	Shane Crooks, Mark Shaw and Emma Sayers, the Joint Special Administrators of the LLP
‘Landlord’	Moffet Limited
‘LSE’	London Stock Exchange
‘Mr Dance’	John Edward Dance
‘Ms O’Sullivan’	Catherine O’Sullivan
‘Net Property’	Floating charge realisations after costs and payment of preferential and secondary preferential creditors in full
‘NRF’	Norton Rose Fulbright LLP, the solicitors instructed to advise the JSAs in that capacity
‘Objectives’	The three statutory objectives set out in regulation 10(1) of the Regulations, namely Objective One, Objective Two and Objective Three
‘Objective One’	To ensure the return of client assets as soon as is reasonably practicable

‘Objective Two’	To ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13 of the Regulations
‘Objective Three’	To either - (i) Rescue the Investment Bank as a going concern, or (ii) Wind it up in the best interest of the creditors
‘Post-appointment Client Money’	Client Money received after the PPE, to be held separately from the CMP and distributed in accordance with the Client Money Rules
‘Platform’	The LLP’s electronic database used by Clients and Intermediaries known as WIN and/or Portfolio, developed in conjunction with Contemi Solutions (London) Limited
‘PPE’	Primary pooling event as defined under CASS 7A, resulting in the formation of the CMP on the date the LLP entered Special Administration
‘Preferential Creditors’	Claims for unpaid wages earned in the four months prior to the LLP entering Special Administration of up to £800 per employee and holiday pay and unpaid pension contributions in certain circumstances. Where a decision is being sought from preferential creditors, these will also include secondary preferential creditors
‘Premises’	The property known as Cobalt 8, 14 Silver Fox Way, Cobalt Business Park, Newcastle Upon Tyne NE27 0QJ
‘Prescribed Part’	A proportion of the net property available to a qualifying floating charge holder which is set aside for the unsecured creditors of a company where the company has granted a floating charge containing the relevant provisions after 15 September 2003
‘Proposals’	The JSAs’ statement of proposals for achieving the Objectives of the Special Administration
‘Proxy Form’	The form a Client or Creditor can complete to appoint someone to attend the Initial Meeting on their behalf
‘Regulations’	The Investment Bank Special Administration Regulations 2011
‘Redundancy Payments Service’ or ‘RPS’	A government department that pays outstanding entitlements to employees (up to certain statutory limits) in the event their employer is insolvent
‘Rules’	The Investment Bank Special Administration (England and Wales) Rules 2011
‘Secondary Preferential Creditors’	Claims for unpaid VAT, PAYE deductions, Employee National Insurance Contributions (NICs) deductions, student loan repayment deductions and amounts withheld under the construction industry scheme
‘Secured Creditors’	Creditors whose debt is secured, within the meaning of Section 248 of the Act
‘SOA’ or ‘Statement of Affairs’	A statement of the financial position of the LLP, detailing assets and liabilities, as at the date of appointment, 6 April 2023, which is to required to be provided by the members of the LLP to the JSAs

‘Special Administration’	Investment Bank Special Administration, an insolvency process under the Regulations - which the LLP entered on 6 April 2023
‘Special Administration Order’	Order of the High Court made on 6 April 2023 with effect from 12:45 hours, placing the LLP into Special Administration and appointing the JSAs as special administrators
‘the LLP’	WealthTek Limited Liability Partnership, with registered address at BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH (formerly at the Premises) and registered number OC355200
‘Trade Creditors’	Any party who is not a Client that is owed an amount by the LLP, including Preferential, Secondary Preferential and Unsecured Creditors
‘Unsecured Creditors’	Creditors who are neither Secured Creditors nor Preferential Creditors
‘WT Nominees’	WealthTek Nominees Limited, with registered address at BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH (formerly at the Premises) and registered number 12953225

1. KEY INFORMATION

The report and statement of Proposals contained within this document are necessarily lengthy as, amongst other things, they must provide a summary of the JSAs' work to date and comply with the formal requirements of the insolvency legislation.

This introductory section provides a summary of the key issues that are outlined in greater detail in the subsequent sections of the report, and the next steps that Clients and Creditors may wish to take in relation to the Initial Meeting of Clients and Creditors that will take place on 14 June 2023. It is not intended to replace the required detail set out in this document, but to assist Client and Creditors in identifying the key issues and steps that they may need to take.

Please note that, as a Client or Creditor, you are not obliged to attend the Initial Meeting; your rights, including your ability to make a claim in the Special Administration and participate in the distribution of Client Assets or Estate Assets, will not be prejudiced if you chose not to attend the meeting. You will be kept apprised of developments via updates posted to the JSAs' Creditor Portal and the BDO website. In addition, the frequently asked questions section of the BDO website will also be updated regularly.

1.1. Appointment

Shane Crooks, Mark Shaw and Emma Sayers were appointed Joint Special Administrators (the 'JSAs') of the LLP on 6 April 2023 by order of the Court following an application by the FCA.

The affairs, business and property of the LLP are being managed by the JSAs, who act as agents of the LLP and without personal liability.

Under the provisions of paragraph 100(2) of Schedule B1 to the Act (as amended), and as applied by regulation 15 of the Regulations, the JSAs carry out their functions jointly and severally (meaning any action can be done by one or more of the JSAs).

1.2. What is a Special Administration?

A Special Administration is a special insolvency procedure for certain regulated investment firms which hold Client Money and/or Custody Assets. Insolvency practitioners are appointed by the Court as special administrators and are required to pursue three statutory objectives:

1. to ensure the return of Client Assets as soon as is reasonably practicable;
2. to ensure timely engagement with market infrastructure bodies and the Authorities; and
3. to either:
 - (i) rescue the Investment Bank as a going concern, or
 - (ii) wind it up in the best interest of the creditors.

1.3. Why was the LLP placed into Special Administration?

The LLP is an FCA authorised and regulated wealth management firm. It provided discretionary management, advisory and execution only services to retail clients either directly or via Intermediaries.

The FCA made an application to Court to appoint the JSAs in order to protect the interests of LLP's Clients and Creditors, following the FCA becoming aware of regulatory and operational issues relating to the LLP.

1.4. Role of the Joint Interim Managers

Prior to their appointment as JSAs, at the initial hearing of the FCA's application to place the LLP into Special Administration on 4 April 2023, Shane Crooks, Mark Shaw and Emma Sayers were

appointed as Joint Interim Managers ('JIMs') by the Court. The Court adjourned the FCA's application until 6 April 2023.

The role of the JIMs was temporarily to oversee the LLP's affairs and safeguard the interests of Clients and Creditors on an interim basis, pending the adjourned hearing on 6 April 2023 at which the JSAs were ultimately appointed. The JIMs' appointment ceased on the making of the Special Administration Order and the appointment of the JSAs.

1.5. Why am I receiving this report?

The records of the LLP indicate that you were a Client and/or Creditor at the time of the JSAs' appointment. The JSAs have a duty to provide all known Clients and Creditors with a copy of their Proposals within 8 weeks of their appointment. This report sets out the JSAs' Proposals.

1.6. What is the purpose of the Proposals?

The main purpose of the Proposals is to set out how the JSAs intend to achieve the Objectives of the Special Administration, including returning Client Assets as soon as is reasonably practicable.

The Proposals also provide a brief history of the LLP, explanations as to why the LLP is in Special Administration, the work conducted by the JSAs and the issues arising to date, as well as an indication of the further work that will be required during the course of the Special Administration.

Details of the specific Proposals to achieve the Objectives are set out in section 8.

1.7. Summary of actions taken to date

On 4 April 2023, the FCA imposed requirements on the LLP to immediately cease all regulated activities for which it had Part 4A FSMA permissions. The LLP therefore stopped all regulated activities from that date.

Since their appointment, initially as JIMs, and subsequently as JSAs, we have:

- Secured the Premises, and the LLP's assets located in them;
 - Safeguarded the LLP's hard copy and electronic books and records;
 - Taken control of all known Estate Assets and Client Assets;
 - Consulted with the employees and made any necessary redundancies;
 - Retained a number of employees to assist the JSAs with their investigations and duties;
 - Engaged brokers to ensure all required insurance policies remain in place;
 - Carried out initial investigations and made enquires of potential custodians and counterparties to identify Client Assets;
 - Commenced the Client Asset Reconciliation;
 - Secured funding to pursue Objective One;
 - Appointed a new director (and removed the incumbent directors) in respect of WT Nominees;
 - Carried out initial investigations and made enquires with the LLP's professional advisers;
 - Established a communications plan to ensure timely and efficient communications with Clients and Creditors;
 - Liaised with the FCA, the FSCS and the LSE (i.e. the Authorities) as required; and
 - Issued the required statutory notifications in accordance with the Regulations and the Rules.
-

Further details of the work undertaken by the JSAs since their appointment is provided in section 4.

1.8. Return of Client Assets

As the LLP is in Special Administration, the process of returning Client Money and Custody Assets must be conducted in accordance with the Regulations, the Rules and the Client Money Rules.

Before any Client Money or Custody Assets can be returned, the JSAs are required to complete the Client Asset Reconciliation to confirm each Client's holdings. This will ensure that all Clients are treated fairly and appropriately.

The Regulations and the Rules provide a mechanism for distributing Client Money and/or Custody Assets, involving the JSAs setting a deadline for Clients to submit their claims, known as a Bar Date, which will then allow the JSAs to adjudicate upon Clients' claims in respect of Client Money and/or Custody Assets (as applicable).

The benefit of a Bar Date is that, once it has passed, any subsequent distribution cannot then be disturbed by any Client who might later make a claim against the relevant Client Assets. This ensures a degree of fairness to Clients who submit claims timeously and minimises delays to such Clients. As such:

- The process of returning Custody Assets will need to be set out in a detailed plan, known as the Distribution Plan, which will provide details of the proposed returns to Clients and how the costs of distribution will be borne. The Bar Date will be set out.
- A similar process will be required for the return of Client Money, where a Bar Date will also be set for the same reasons as for Custody Assets. However, a Distribution Plan is not required for the return of Client Money which is required to be distributed in accordance with CASS 7A.

Until the Client Asset Reconciliation is substantially progressed, the JSAs will be unable to provide details of the potential returns to individual Clients, or the timing of implementation of a Distribution Plan. However, as detailed further in section 4, the JSAs have not, to date, been able to locate all of the Client Assets recorded in the LLP's books and records.

The JSAs' investigations to date indicates that there could be a Client Asset shortfall of up to £81.4m, which is made up of a Custody Asset shortfall of £71.7m and a Client Money shortfall of £9.7m. This is still being investigated. The JSAs naturally understand the concern this will cause to Clients and are working as quickly as possible in order to expedite matters, given the position they inherited and issues they faced on their appointment.

Further information on the level of potential shortfall and the Distribution Plan will therefore be provided to Clients in due course.

1.9. Outcome for Clients and Creditors

1.9.1. Clients

The JSAs are in the process of conducting the Client Asset Reconciliation. The level of returns to Clients will depend on a number of factors, including:

- the extent of any shortfall in the Client Assets, i.e. where the amount of the Client Assets held by the LLP is lower than the level of Client claims - this is considered at the individual Client level;
 - the eligibility of Clients for compensation from the FSCS, up to a maximum of £85,000 per individual Client; and
 - the costs of the Special Administration which are attributable to pursuing Objective One, being the return of Client Assets, which are expenses to be paid out of the Client Assets estate.
-

Based on the work undertaken to date by the JSAs, a significant potential shortfall has been identified in respect of the Client Assets as set out above, and which is detailed further at section 4.

1.9.2. Creditors

The level of any return to Creditors will depend on the value of Estate Assets identified and the costs of the Special Administration attributable to pursuing Objective Two and Objective Three.

At this stage it is too early to provide any indication on the level of return, if any, that will be available to Creditors.

1.10. Initial Meeting

An in-person meeting of Clients and Creditors has been convened to consider and vote upon the JSAs' Proposals and to decide whether a Clients' and Creditors' Committee should be formed.

Details of the meeting are as follows:

Date:	Wednesday 14 June 2023
Time:	14:00 hours
Location:	The Met Hotel, King Street, Leeds, LS1 2HQ

Registration will be held between 12:45 hours and 13:45 hours.

There will not be an opportunity to discuss your individual circumstances or holdings at the Initial Meeting and your individual interests will not be harmed if you do not attend or participate at the meeting.

All Clients and Creditors have the following options in relation to the Initial Meeting:

- Option 1: Attend the Initial Meeting in person
- Option 2: Do not attend the Initial Meeting but vote using a proxy form
- Option 3: Do not attend the Initial Meeting and do not vote by using a proxy form

Please note that Clients' and Creditors' rights, including their ability to make a claim in the Special Administration and participate in the distribution of Client Assets, will not be affected by the option chosen.

1.10.1. Option 1

Should you wish to attend the Initial Meeting you should inform the JSAs' team at your earliest convenience. You will need to complete the Claim Form at Appendix H and return it to us by no later than 12 noon on 13 June 2023. The Claim Form can be returned by email or post as follows:

Email: WealthTek@bdo.co.uk

Post: WealthTek Team, BDO LLP, Business Restructuring, 5 Temple Square, Temple Street, Liverpool L2 5RH

If you do not submit this form in a timely manner, you will not be able to attend the Initial Meeting.

For logistical reasons, and to ensure that there is sufficient space at the venue, it would be very helpful if Clients and Creditors could advise if they wish to attend the Initial Meeting in person at their earliest convenience. This will also assist in managing venue costs.

1.10.2. Option 2

Should you wish to vote at, but not attend, the Initial Meeting, or have a representative attend in your place, you will need to complete the Claim Form at Appendix H and the Proxy Form at

Appendix I and return it to us by no later than 12 noon on 13 June 2023. The form can be returned by email or post in the same way as for Option 1 above.:

Email: WealthTek@bdo.co.uk

Post: WealthTek Team, BDO LLP, Business Restructuring, 5 Temple Square, Temple Street, Liverpool L2 5RH

If you do not submit this form in a timely manner, your vote will not be recorded.

1.10.3. Option 3

If you do not wish to attend or vote at the Initial Meeting, you do not need to do anything further at this stage.

The Claim Form is solely for the purposes of voting at the Initial Meeting and does not affect your rights in respect of any claim you may wish to submit in the Special Administration at a later date.

Further information on the Initial Meeting is provided at section 10.

1.11. Client Statements

Clients will have received a Client Statement, extracted from the LLP's records, detailing their Client Money and Custody Asset holdings as at the date of the JSAs' appointment on 6 April 2023.

As noted, the Client Statements are extracted from the LLP's records as they stood at the appointment of the JSAs. These details have not been verified in any way by the JSAs as the Client Asset Reconciliation remains ongoing.

Consequently, the numbers in the Client Statements are for voting purposes at the Initial Meeting only and cannot, at this stage, be relied upon by Clients as a true reflection of their individual positions.

There are a number of reasons why the Client Statements could be subject to change, including inaccuracies in the books and records of the LLP caused by:

- (i) Changes in the number of Custody Assets held;
- (ii) Changes in the value of the Custody Assets held;
- (iii) Changes in foreign currency exchange rates;
- (iv) A change in the methodology for valuing Custody Assets; and
- (v) Transactions which were unsettled at the time the LLP entered Special Administration.

Until the Client Asset Reconciliation is complete, the information contained in the Client Statements should be regarded as subject to potentially significant change, positively or negatively, for any individual Client.

1.12. Clients' and Creditors' Rights

An overview of the rights of Creditors and Clients is detailed in Appendix B.

If there are any matters relating to the affairs of the LLP and/or its Designated Members that you consider merit investigation, you should provide details to Hannah Marnell at WealthTek Team, BDO LLP, Business Restructuring, 5 Temple Square, Temple Street, Liverpool L2 5RH.

Contact details

Contact: Callum Cree or Hannah Marnell
WealthTek Team, BDO LLP, Business Restructuring, 5 Temple Square, Temple Street, Liverpool L2 5RH

Tel: +44 (0)113 521 4470 or +44 (0)151 351 4700

Email: WealthTek@bdo.co.uk
Reference: 00426532

2. FACTORS WHICH LED TO THE SPECIAL ADMINISTRATION

2.1. Background

The LLP was incorporated on 24 May 2010 as Vertus Asset Management Limited Liability Partnership. On 13 January 2021, its name was changed to its current name, WealthTek Limited Liability Partnership. The LLP operated under the following trading names:

- WealthTek;
- Vertem Asset Management; and
- Malloch Melville.

The LLP operated as an independent wealth management firm offering discretionary management, advisory and execution-only services to both retail clients and intermediaries. The LLP traded from premises in Newcastle. Prior to the appointment of the JSAs, the LLP had 25 employees (including one of the Designated Members).

The LLP has two Designated Members, being Mr Dance and WealthTek Capital Limited. Mr Dance is a director of WealthTek Capital Limited, along with Ms O'Sullivan. Mr Dance is the majority shareholder of WealthTek Capital Limited, holding 72% of the equity. WealthTek Capital Limited is not under the control of the JSAs.

The LLP is the 100% shareholder of WT Nominees, of which Mr Dance and Ms O'Sullivan were the registered directors until 2 May 2023. WT Nominees acts as a nominee holding securities, primarily investments in unit trusts, on behalf of the LLP and its Clients. Further detail is set out below on the changes made by the JSAs to the management of WT Nominees.

At the date of the JSAs' appointment, the LLP's records suggested that it had approximately 1,470 underlying clients. The LLP operated under a number of structures and agreements: certain Clients had direct agreements with the LLP and other Clients operated through Intermediaries.

The LLP was an appointed representative of an authorised third-party firm, Sapia Partners LLP, from 14 July 2017 to 28 January 2020. Since 28 January 2020, the LLP was authorised by the FCA under number 832264 and had permission to carry on the following regulated activities:

- Advising on investments (except on pension transfers and pension optouts);
- Arranging (bringing about) deals in investments;
- Dealing in investments as agent;
- Making arrangements with a view to transactions in investments;
- Managing investments; and
- Other activities: agreeing to carry on regulated activity.

The above permissions were subject to the restriction that the firm would control but not itself hold client money.

2.2. Events leading up to the Special Administration

On 3 April 2023, the FCA made an *ex parte* (i.e. without notice) application to the Court, pursuant to Regulations 5(1)(h) and 6(1)(b) of the Regulations to place the LLP into Special Administration. The FCA made the application due to alleged regulatory breaches by the LLP.

Given the nature and stage of the JSAs' enquiries, it would not be normal market practice or protective of Client/Creditor interests to set out in this report the alleged breaches in detail.

However, the FCA made the application to appoint the JSAs due to its concerns related to the following areas:

- the LLP operating outside of its regulatory permissions;
- the safeguarding of Client Assets;
- misleading information provided to Clients;
- disclosure of information to the FCA; and
- the misuse of Client Assets.

It should be noted that the Court was not required to (and did not) give judgment in relation to the FCA's concerns at the hearing convened to hear the Special Administration application. The Court was only required to consider whether it was appropriate, in the circumstances, to make the Special Administration Order on the ground that it was fair to put the LLP into Special Administration. The JSAs' own enquiries and investigations are ongoing and hence they are yet to form any views on these concerns.

At a first Court hearing, which commenced later in the night of 3 April and continued into the early hours of 4 April 2023, Shane Crooks, Mark Shaw and Emma Sayers were appointed as JIMs of the LLP, with effect from 7:30 hours on 4 April 2023. The application to place the LLP into Special Administration was adjourned to 6 April 2023.

On 4 April 2023, the FCA imposed requirements for the LLP immediately to cease carrying on all regulated activities for which it has a Part 4A FSMA permission (other than where it has the express written consent of the FCA). This effectively prevented the LLP from carrying out any regulated activity.

The LLP and its members were given notice of the adjourned hearing. The application before the Court on 6 April 2023 was uncontested and the LLP was placed into Special Administration with the JSAs appointed, with the Special Administration Order taking effect from 12:45 hours.

The JIMs/JSAs are independent regulated professionals, as well as officers of the Court. They were selected by, and appointed at the request of, the FCA.

2.3. Joint Interim Managers

BDO LLP was first approached by the FCA to potentially take an appointment in relation to the LLP on 30 March 2023.

The JIMs were appointed by the Court temporarily to oversee the LLP's affairs following the application by the FCA for a Special Administration Order. The role of the JIMs lasted only two days until the Special Administration Order was made at the adjourned hearing on 6 April 2023.

In the two days prior to the making of the Special Administration Order, the JIMs' role was to protect the interests of the Clients and Creditors of the LLP. In order to do so, they undertook the following actions:

- attended and secured the Premises and addressed all the employees;
 - contacted all known banks and custodians in order to safeguard Client Assets and Estate Assets;
 - prepared a communications plan for Clients and Creditors;
 - took images/copies of all LLP data, books and records;
 - gained a working understanding of the Platform and systems;
 - obtained details of all Clients and Creditors;
 - liaised with the FCA regarding the Special Administration hearing on 6 April 2023, including preparing a witness statement updating the Court on the actions taken by the JIMs; and
-

- attended the Special Administration hearing and assisted the Court with questions arising during that hearing.

The JIMs' role allowed the Client Assets and Estate Assets to be secured at an earlier date than would otherwise have been possible and it allowed a small window of time to prepare for the JSAs' appointment.

At the initial Court hearing to consider the FCA's application, the Court did not feel able to make the order placing the LLP into Special Administration. However, the Court understood the FCA's concerns and appointed the JIMs as an interim protective step, pending a fuller hearing to appoint the JSAs.

3. SPECIAL ADMINISTRATION OBJECTIVES

The Special Administration Objectives, as detailed in the Regulations, are as follows:

- Objective One - To ensure the return of Client Assets as soon as is reasonably practicable;
- Objective Two - To ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13; and
- Objective Three - To either:
 - (i) rescue the Investment Bank as a going concern; or
 - (ii) wind it up in the best interests of the creditors.

The order of work on each Objective is prioritised as the JSAs deem fit, to achieve the best result overall for Clients and Creditors. Accordingly, the JSAs and their staff commenced work on achieving each of the three Objectives, in parallel, immediately following their appointment.

Further detail in respect of the work undertaken by the JSAs to date in respect of each of the Objectives, is provided in section 4.

4. STEPS TAKEN SINCE APPOINTMENT

4.1. Overview

The JSAs have spent much of the time since their appointment gaining an understanding of the LLP's business and investigating the Client Asset position. Our investigations to date indicate that Mr Dance had full oversight of the LLP's operations, and the employees have advised that Mr Dance had been responsible for certain key activities associated with the Client Assets. The JSAs have requested certain information and assistance from Mr Dance; at the time of writing this report, we have received very little engagement from him, limited to letters received from Mr Dance's lawyers containing no substantive information.

The work detailed below, undertaken since appointment, has provided a basis for the JSAs to pursue the Objectives of the Special Administration.

4.2. Objective One - Return of Client Assets

To date, the steps taken by the JSAs to achieve Objective One, the return of Client Assets as soon as reasonably practicable, include insofar as possible at this stage:

- securing all known Custody Assets and Client Money;
- making enquires of potential custodians and counterparties to identify Client Assets;
- commencing the Client Asset Reconciliation;
- commencing the funds flow analysis of the Client and LLP bank accounts;
- securing IT and data systems;
- maintaining essential operations in order to pursue Objective One;
- securing funding to pursue Objective One;
- legal analysis of Client contracts and agreements; and
- establishing communications with Clients and Intermediaries.

Further details in relation to each of the above work streams is set out below.

4.2.1. Securing all known Custody Assets and Client Money

On the JSAs' appointment, the Platform (i.e. the LLP's books and records) indicated that the LLP held Client Assets with a valuation of c£233m. This figure was derived from the combined total of all Client portfolios held by the LLP and included both Custody Assets and Client Money. It should be noted that the value of Client Assets on the system would ordinarily fluctuate from time to time, as they remain subject to market changes and foreign exchange rates.

The JSAs' priority was to establish the identity of all possible custodians of Client Assets and secure Client Assets as soon as they were identified. Work is continuing in this regard and details of the Client Assets identified and secured are set out below.

4.2.1.1. Custody Assets held at CACEIS

Prior to our appointment as JIMs, we had been made aware that the LLP had an agreement in place with CACEIS. On review, it appears that the LLP had a direct custodian arrangement with CACEIS, but that CACEIS had no agreement with the underlying Clients and to that extent did not have any knowledge of the identity of the underlying Clients.

Immediately on appointment, we contacted CACEIS to inform it of the appointment of the JIMs, and subsequently JSAs. Under instruction, the accounts held at CACEIS were frozen and were placed under the control of the JIMs, and subsequently the JSAs.

CACEIS confirmed that, as at 4 April 2023, it held Client Money totalling approximately £2.7m, in multiple currencies but converted to GBP for illustrative purposes, and Custody Assets valued at approximately £96.2m.

Subsequent work identified that the Platform indicated that all Client Assets were held at CACEIS; however, employees of the LLP did not in fact understand that to be the case.

4.2.1.2. Unit trusts

Following initial discussions with the LLP's employees, it became apparent that the LLP's clients held significant investments in unit trusts outside of the CACEIS custodian arrangement. To date, the JSAs have identified potentially 259 unit trust funds, which may be Custody Assets.

The JSAs have written to 94 unit trust related agents to obtain confirmation of the unit trust fund investments held on behalf of the LLP and its clients. The unit trust fund related agents have sometimes been slow to respond, and we are continuing to follow up with them for their responses.

At the time of preparing this report, the JSAs had received confirmation of positions in 136 unit trust funds and are awaiting for confirmations in respect of 123 unit trust funds.

The JSAs identified that the investments in the unit trusts are held in the name of WT Nominees. WT Nominees is a separate legal entity to the LLP, over which the JSAs have not been appointed. The LLP is, however, the sole shareholder of WT Nominees.

On 2 May 2023 the LLP, acting by the JSAs, passed a shareholder resolution to remove Mr Dance and Ms O'Sullivan as directors of WT Nominees, and appointed an independent director in their place.

Following his appointment, the new director of WT Nominees provided the JSAs with a letter of authority enabling them to correspond with, and obtain information directly from, third parties who have a relationship with WT Nominees for the purpose of holding assets on behalf of the LLP or its Clients. This should facilitate the provision of information from the unit trust managers.

As such, the JSAs' enquiries into the unit trust funds are ongoing.

4.2.2. Making enquires of potential custodians of Custody Assets

After taking account of the Custody Assets held by CACEIS and the unit trust investments, there is a significant difference in the value of the Custody Assets held with these known custodians and the value of Custody Assets recorded on the Platform.

The JSAs have therefore made enquires of other potential custodians or counterparties who, from the information available to the JSAs, might hold Custody Assets on behalf of the LLP. To date, no further Custody Assets have been identified. However, the JSAs continue, as a matter of priority, to pursue lines of enquiry in order to ascertain holdings of further Custody Assets.

4.2.3. Commencing the Client Asset Reconciliation

A key workstream to achieving Objective One is the Client Asset Reconciliation. This is required to reconcile the Client Assets held by the LLP on behalf of its Clients against the claims of Clients to those assets. The Client Asset Reconciliation will ultimately identify whether there are any shortfalls on Clients' portfolios.

The JSAs' team are currently undertaking the reconciliation process as part of the investigations into the Custody Assets. Whilst these investigations and the reconciliation work is still at an early stage, from the work undertaken to date, it appears that there may be a significant shortfall in respect of the Custody Assets, as set out in the table below:

Description	Note	Value £*
Total valuation of Custody Assets on the Platform as at 6 April 2023	1	215,038,794
Custody Assets confirmed to be held by custodians as at 6 April 2023	2	137,086,057
Surplus assets confirmed to be held by custodians as at 6 April 2023	3	(2,252,581)
Custody Asset recorded on Platform but not actually held by LLP on behalf of client	4	8,509,004
Current potential Custody Asset shortfall	5	71,696,314

Notes:

1. This is the JSAs' estimated valuation of Custody Assets indicated as being held by the Platform as at 6 April 2023. This figure was derived by taking the units held in each individual security by all Clients and applying the mid-price recorded on Bloomberg on 6 April 2023. There are a small proportion of Custody Assets which did not have a price available. The JSAs have used alternative methods to value these at this time, which inevitably involve a degree of judgment. There are minor differences between the values shown on the Platform as at 6 April 2023 as set out in 4.2.1 and the values extracted from Bloomberg.
2. This is the confirmed Custody Assets held with the custodians identified in section 4.2.1 held at 6 April 2023.
3. The reconciliation has identified assets valued at £2.2m which are confirmed as being held with custodians, but the Platform records do not indicate that any Clients have a claim to these assets.
4. The JSAs are aware of one asset with a recorded value of £8.5m, which was included in a Client's portfolio. The JSAs' investigations have identified, however, that the LLP never held the asset on behalf of the Client. It does not, therefore, form part of the Custody Assets as things stand.
5. As the JSAs' investigations continue, they will be able to provide a more detailed breakdown in relation to the potential Custody Asset shortfall. The shortfall arises due to the following reasons:
 - Unidentified custodians and/or counterparties holding Custody Assets of which the JSAs are not currently aware;
 - Missing Custody Assets that either (i) cannot be located at all; or (ii) are not held in the volume recorded on the Platform.
 - Inaccurate records held on the Platform with respect to the level of Custody Assets held by Clients (i.e. the Platform overstates the number of units held).

As set out in the above table, at present the JSAs' investigations to date have identified a potential Custody Asset shortfall of £71.7m. The potential shortfall may be reduced should the JSAs identify and secure further Custody Assets (or alternatively, if the valuation of the Custody Assets as recorded on the Platform is confirmed to have been overstated); it is therefore too early at present to confirm what the final level of the shortfall is likely to be.

It should also be noted that any shortfall in Custody Assets is unlikely to be borne equally by all Clients; not all Clients will be exposed to those Custody Assets that have a shortfall, so it is therefore likely that the shortfalls will represent a higher burden on some clients than others.

4.2.3.1. Client Money

The appointment of the JSAs at 12:45 hours on 6 April 2023 triggered a primary pooling event ('PPE'), whereby all Client Money held at that time by the LLP was pooled to form the CMP. As such, Client Money is treated differently to Custody Assets in this regard.

To date, the JSAs have identified client bank accounts at CACEIS and Barclays Bank plc. These bank accounts were immediately secured and brought under the control of the JIMs (as the JSAs were then) immediately following their appointment.

As matters stand, the Client Money within the CMP can be summarised as follows:

Currency	Value in GBP*
GBP	2,408,073
USD	118,724
EUR	178,214
Other (AUD, CAD, HKD and NZD)	3,865
Total	2,708,876

* The value of the CMP will vary as it remains subject to foreign exchange rates. The exchange rates were taken as at the close of business on 6 April 2023 for the purposes of the above valuation.

4.2.3.2. Client Money Reconciliation

The JSAs' team's work on the Client Asset Reconciliation also involves undertaking a reconciliation of pre-administration Client Money. This remains at an early stage, but the table below sets out the current position and potential shortfall up to £9.75m:

As at 6 April 2023:	Value £*
Client Money positions on the Platform	12,460,932
Client Money held with known custodians	2,708,876
Potential Current Client Money shortfall	(9,752,056)

*The value of the Client Money positions will vary as it remains subject to foreign exchange rates.

4.2.3.3. Post-appointment money and corporate actions

Given the nature of the Custody Assets, cash receipts in relation to dividends and coupon payments continue to be received post appointment by CACEIS. These receipts are separately accounted for in accordance with CASS 7A and do not form part of the CMP.

The JSAs have established a system for recording and reconciling these receipts. The funds related to such receipts will be distributed alongside and consistent with the distribution of the Custody Assets to which the receipts relate, and further details will be provided in the Distribution Plan. They are, as such, Client specific in the same way as Custody Assets.

Whilst the LLP cannot undertake regulated activity and is therefore not in a position to make any elections on optional corporate actions, such as rights issues, the JSAs have established a system to record and reconcile any mandatory corporate actions, such as dividends and stock splits. The treatment of these mandatory corporate actions will be set out in the Distribution Plan.

4.2.3.4. Physical share certificates

Following initial investigations, the JSAs' identified that the LLP physically held approximately 1,660 physical share certificates, relating to shares predominantly held in UK listed companies. Based upon current share prices, it is estimated that the value of the shares is in excess of £2m. This is in addition to the Custody Assets and Client Money identified in the preceding sections.

The JSAs' understand, from their investigations to date, that the shares were originally held by Clients and some were subsequently 'sold', with each Client either receiving cash directly from the LLP or having their Client Money account credited by the LLP. It is not yet clear whether Clients received cash in all instances. A review of the LLP's records indicates that most, if not all, of the direct cash payments to the Clients were made from the Client Money bank accounts.

The actual shares were not, however, formally sold by the LLP, but were retained in paper form at the LLP's Premises whilst they went through the process of de-materialising the share certificates, i.e. changing from paper form to electronic form.

The JSAs are obtaining legal advice to confirm how these share certificates should be treated, and which Clients may have an interest in them or their proceeds of sale.

The JSAs are aware that dividends have been received in respect of these shares and will continue to be received until the shares are sold or transferred. The JSAs are currently investigating who has received these dividends to date and the legal status of such dividends.

4.2.4. Commencing funds flow analysis of the Client and LLP bank accounts

Given the nature of our appointment and the current potential shortfall in Client Assets, the JSAs are undertaking a funds flow analysis of the bank accounts with a view to obtaining a better understanding of the inflow and outflow of funds. This work will also inform our work on the Client Asset Reconciliation.

The JSAs' team are undertaking a funds flow analysis tracing the movement of funds into and out of approximately 75 of the LLP's bank accounts held with three different banking institutions (CACEIS, KAS bank (which was acquired by CACEIS), and Barclays). This involves the review of approximately 50,000 transactions covering a period of over 12 years.

This workstream is currently at a very early stage and the JSAs are not presently able to provide any further information in this report. Any unusual transactions that are identified will be investigated as part of this workstream. This will likely be an area on which the JSAs will liaise with any appointed Clients' and Creditors' Committee in the future.

4.2.5. Securing IT and data systems

The JSAs have consulted with key employees and retained the services of the LLP's Head of Systems and Infrastructure to safeguard and maintain the LLP's IT systems and data sources required to achieve Objective One.

In addition, our internal Forensic Technology department has taken a secure back-up of the LLP's servers, cloud storage and other electronic data storage devices. This includes 'imaging' relevant servers etc to provide full data.

The JSAs have liaised with the system and software providers to ensure the continued supply of essential services to the LLP, including maintaining the provision of the services beyond vacating the Premises.

4.2.6. Maintaining essential operations

At the date of the JSAs' appointment, the LLP was operating from the Premises and had twenty five employees.

Certain employees were retained to assist the JSAs in the gathering of information of relevance to both the Client Assets and Estate Assets. Seventeen employees were made redundant on 11 April 2023, with further redundancies taking place on 19 and 25 April 2023.

Three employees have been retained with a view to assisting the JSAs to achieve Objective One; all employees are now working remotely. The JSAs are seeking to vacate the Premises as soon as practicably possible so as not to incur unnecessary rent, services charges and other occupational costs.

4.2.7. Securing funding to pursue Objective One

The LLP had limited cash resources as at the date of the JSAs' appointment and, as it is no longer able to carry out its regulated business, it will not be generating any income during the period of the Special Administration.

Certain essential costs will continue to be incurred whilst the JSAs pursue the Objectives, in particular Objective One (being the return of Client Assets). These costs include operational costs (being the costs of retaining key staff, IT systems and the Premises (in the short term), and legal costs relating to the advice that the JSAs will be required to obtain during the Special Administration.

Whilst the Costs incurred in pursuing Objective One will ultimately be recoverable from Client Assets (including under the terms of a Distribution Plan), it will take some time before a Distribution Plan can be prepared, approved (by the Clients' and Creditors' Committee and the Court) and implemented. It has therefore been necessary for the JSAs to secure funding in order meet the critical costs incurred in pursuit of achieving Objective One during the period before the Distribution Plan can be implemented.

In conjunction with NRF, the JSAs considered the options available for securing funding and, as part of this process, approached a number of potential funders to ascertain the terms on which they would be prepared to provide funding. In total, the JSAs spoke with eleven potential funders. Ultimately, and after considering the potential terms on offer, a £2m loan facility was obtained from HUK 126 Limited. To date, the JSAs have drawn down £250,000 on the loan facility.

This approach is commonly taken in Special Administrations such as this one.

4.2.8. Legal analysis of Client contracts and agreements

The LLP has approximately 633 Clients that were introduced via Intermediaries and do not on the face of it have a direct relationship with the LLP. Legal analysis of the contracts and agreements we have obtained to date is ongoing to enable the JSAs to understand the exact legal relationship between the LLP and each of the individual underlying Clients.

4.2.9. Communications with Clients and Intermediaries

Following a review of the LLP's records, the JSAs have identified approximately 1,470 current Clients.

The JSAs have implemented a number of methods for communicating with Clients in a co-ordinated, timely and cost-effective manner. These include:

- Websites: the LLP operated three websites, being www.wealthtek.co.uk, www.vertemassetmanagement.com and www.mallochmelville.co.uk. Notices of the Special Administration have been placed on each website and include a link to the JSAs' public website (www.bdo.co.uk/en-gb/wealthtek-administration) which includes frequently asked questions and details of how to obtain further information.
- Post: the JSAs issued notices to all known Clients and Creditors, informing them of the Special Administration and its implications. The notices directed the Clients and Creditors to the JSAs' Creditor Portal (see below) and supplied a telephone number and email address to contact if further information was required.
- Email: dedicated email addresses for Clients (WealthTekClients@bdo.co.uk) and Trade Creditors (WealthTek@bdo.co.uk) were created to enable Clients and Creditors to contact the JSAs. These email addresses are monitored by the JSAs daily (business days).
- The JSAs' Creditor Portal: a dedicated online portal for all Clients and Creditors of the LLP has been set-up (www.brportal.bdo.co.uk) to host documentation relating to the Special

Administration. This includes the initial notice to Clients and Creditors, this report and Proxy and Claim Forms. Additional documents will be added to this portal as the Special Administration progresses.

- The Helpline: the JSAs set up a dedicated helpline to take calls from Clients and Creditors wishing to speak to the JSAs' team.
- Intermediaries: as matters stand, approximately 43% of the LLP's underlying Clients were introduced to the LLP through Intermediaries. The Intermediaries have remained the main point of contact for the underlying Clients. Accordingly, the JSAs have opened a dialogue with the Intermediaries, who have also provided useful information to the JSAs to assist their investigations into the Client Assets. The JSAs are endeavouring to ensure consistent messaging to Clients through the Intermediaries.

4.3. Objective Two - Engagement with market infrastructure bodies and the Authorities

4.3.1. Financial Conduct Authority

The application for the Special Administration and appointment of the JSAs was made by the FCA. The JSAs have continued to liaise extensively with the FCA following their appointment and will continue to do so in relation to the progress of the Client Asset Reconciliation, regulatory compliance matters, statutory reporting requirements and the overall strategy of the Special Administration.

4.3.2. Financial Services Compensation Scheme

The FSCS is the compensation fund for retail customers of authorised financial services firms. It can provide protection for private individuals and small businesses if an authorised firm becomes insolvent, but cannot return money or investments to its customers.

For eligible claims, the FSCS can pay up to £85,000 in compensation per claimant. If claims are paid by the FSCS, the FSCS will then assume those Clients' claims against the LLP.

The JSAs are working closely with the FSCS to establish whether cover will be available to Clients in the event of shortfalls in Custody Assets or Client Money.

The FSCS will provide updates via its website, the link to which is set out below:

<https://www.fscs.org.uk/making-a-claim/failed-firms/wealth-tek/>

4.3.3. London Stock Exchange

The JSAs have liaised with the LSE and received notice of two unsettled trades at the date of the JSAs' appointment. The JSAs have liaised with the counterparty of both unsettled trades and have mutually agreed to withdraw the trades. This has been reported to the LSE and the LSE has confirmed it will not be required to issue a default notice as a result of the unsettled trades.

There are ongoing communications with the LSE regarding its status as an Unsecured Creditor of the LLP in respect of unpaid fees.

4.4. Objective Three - rescue the Investment Bank as a going concern or wind it up in the interests of its creditors

Due to the anticipated shortfall in respect of Client Assets, the imposition of requirements that prevent the LLP from carrying out regulated activity, the subsequent cessation of trade and the circumstances surrounding the JSAs' appointment, the JSAs do not consider that it will be possible to rescue the LLP as a going concern. As such, the JSAs have focussed on winding-up the LLP's affairs in the best interests of its Clients and Creditors.

The work undertaken by the JSAs to date includes:

- Making redundant the employees that were not required and assisting employees with applying for their statutory entitlements;
- liaising with Trade Creditors and providing guidance on their own positions and the statutory process for making claims;
- issuing statutory notices of appointment as required by the Regulations and Rules;
- implementing relevant insurance policies;
- vacating the Premises; and
- securing and realising physical assets.

The orderly winding down of the LLP will be undertaken by way of a series of phased events and will not be completed until such time as Objective One has been achieved, as certain of the LLP's ongoing operations are essential to achieving Objective One.

5. FINANCIAL POSITION

5.1. Receipts and Payments

The summary of receipts and payments attached at Appendix C details the asset realisations and payments from the date of the JSAs appointment to 24 May 2023. Whilst the summary is largely self-explanatory, we comment further as regards certain more significant items below.

5.1.1. Receipts

The LLP maintained firm bank accounts with Barclays Bank plc and CACEIS. A total of £66,443 has been recovered from these bank accounts and paid into a new bank account opened by the JSAs for the purpose of the Special Administration. (All Client Money held in the client bank accounts maintained by these banks has also been secured, but these balances are not reflected on the summary of receipts and payments as the cash balances are not Estate Assets, but rather belong to the Clients).

Trade debtors of £34,500 have been realised to date, with a further £2,447 expected from this source.

A rent deposit of £24,000 was due to be repaid to the LLP by the landlord of its former premises in Jesmond, Newcastle. Following the deduction by the landlord of outstanding rent, service charges and management fees, the net balance of £20,770 has been recovered.

5.1.2. Payments

Any costs directly attributable to the orderly winding down of the LLP will be deducted from Estate Assets. Costs incurred to date in this regard are reflected in the summary of receipts and payments account and include the fees of ERA Solutions Limited in the sum of £1,595 in respect of assisting redundant employees with their claims.

In order to achieve Objective One, it has been, and will continue to be, necessary to maintain critical operations and retain a number of the LLP's staff to assist with the process. The costs associated with pursuing Objective One are attributable to, and will ultimately be repayable out of, the Client Assets. As set out at section 4, the JSAs have arranged a loan facility in order to fund these ongoing costs during the period before a Distribution Plan can be implemented.

Costs incurred to date in pursuing Objective One include wages and salaries of retained staff totalling £21,112, and employee travel and accommodation costs of £429.

The LLP had partial exemption arrangements in place with HMRC whereby an element of input VAT was recoverable in proportion to the percentage of the LLP's turnover which attracted output VAT. Whilst we are currently reviewing the position, since the LLP is no longer undertaking regulated activities, it is likely that no input VAT will be recoverable subsequent to the appointment of the JSAs and therefore input VAT is shown as unrecoverable.

5.2. Statement of financial position

In accordance with the Rules, the JSAs have requested that the LLP's Designated Members submit an SOA.

At the time of finalising this report, the Designated Members have yet to submit an SOA to the JSAs.

A statement of financial position as at 6 April 2023 has therefore been produced by the JSAs in relation to the LLP, together with accompanying notes and a schedule of the LLP's ordinary Unsecured Creditors, which is attached at Appendix D.

The statement of financial position has been produced by reference to the LLP's management accounts as at 31 March 2023, and to further information that has become available to the JSAs during the course of their work to date. No audit or verification work has been undertaken on the financial information extracted from the LLP's books and records.

Further commentary in respect of the estimated Estate Assets and Creditors is provided below. It should be noted that the statement of financial position does not make provision for any potential increase to the unsecured creditors as a result of a shortfall in Client Assets.

5.3. Assets

5.3.1. Office furniture and equipment

The LLP operated from fully equipped offices in Cobalt Business Park, Newcastle. The JSAs have instructed agents (Sanderson Weatherall LLP) to undertake an inventory and valuation of the office furniture and equipment. Despite their book value of £437,102 (which does not, in any event, represent market value), the agents have only ascribed a realisable value to these assets of £15,000 - £18,000 ex situ (i.e. off-site) as, in their view, it may not be economically viable to remove the bulkier items of office furniture for sale. It is expected that the more portable equipment and IT assets will be removed and sold at auction in due course.

5.3.2. Software

This relates to the Platform, which has a book value of £238,478 and reflects the development costs associated with the Platform that were capitalised in the LLP's accounts. This is the LLP's proprietary (i.e. own) core IT system and it will continue to be maintained by the JSAs to assist with the Client Asset Reconciliation. Since it is presently not clear whether the Platform will retain any intrinsic realisable value once it is no longer required, no value has been ascribed to it for the purposes of the statement of financial position.

5.3.3. Debtors

Outstanding trade debtors at appointment totalled £36,947, of which £34,500 has been realised to date. We presently consider that the outstanding sum of £2,447 should also be collectible.

A notional sum of £114,175 is due to the LLP, representing fees and commissions arising from investment management activities in March 2023 which, in normal circumstances, would have been deducted from Client Assets in April 2023. The JSAs do not presently consider it appropriate to deduct these charges and therefore no realisable value has been attributed to this asset in the statement of financial position.

As noted above, the rent deposit of £24,000 was due to the LLP from the landlord of its former office premises. The statement of financial position reflects the net value realised by the JSAs following negotiations with the landlord and the deduction of outstanding charges and fees.

A rent deposit of £138,863 is held by the Landlord of the LLP's Premises. Although the March 2023 quarter rent had been paid prior to the commencement of the Special Administration, service charges and arrears of electricity recharges totalling £36,187 were outstanding and they have since been deducted from the rent deposit by the Landlord. The JSAs have instructed Sanderson Weatherall LLP to assess whether the lease retains a premium value and, if so, it is possible that some of the remaining rent deposit may be returned. Otherwise, it is likely that the deposit will be consumed by future rent, service charge and potential dilapidations claims. For that reason, we have not ascribed any realisable value to the deposit in the statement of financial position.

5.3.4. Prepayments

We have identified a number of prepayments where the associated invoices were paid and it may now be possible to cancel the services and obtain apportioned refunds. Due to the nature of these assets, we have not attributed any value to them in the statement of financial position.

5.3.5. Bank accounts

As set out above, the LLP maintained firm bank accounts with Barclays Bank plc and CACEIS. These accounts were frozen immediately upon the JSAs' appointment and credit balances totalling £66,443 have been transferred into a new bank account opened by the JSAs for the purpose of the Special Administration.

5.3.6. VAT refund

VAT refunds totalling £12,003 are due to the LLP in relation to the VAT returns submitted and to be submitted for the quarters ended December 2022 and March 2023 respectively. However, since the sum of £26,364 is due to HMRC in respect of unpaid PAYE and NIC relating to March 2023, we have assumed that HMRC will apply set-off, and that there will be no realisable value for the estate from this source.

5.4. Liabilities

5.4.1. Secured Creditors

There were no outstanding charges granted by the LLP at the date of the appointment of the JSAs and, accordingly, there are no secured creditors in the Special Administration.

5.4.2. Preferential Creditors

Preferential Creditors are represented by claims for unpaid wages earned in the four months prior to the Special Administration of up to £800, and holiday pay and unpaid pension contributions in certain circumstances. ERA Solutions Limited has been retained to assist with the claims of the LLP's former employees.

Subsequent to the appointment of the JSAs, twenty-two of the LLP's employees have been made redundant, resulting in the following estimated preferential claims:

Preferential claims	£
Former employees - arrears of wages and accrued holiday pay	5,324
Redundancy Payment Service - arrears of wages and accrued holiday pay	16,653
Total preferential claims	21,977

In addition, the employer and employee pension scheme deductions for March 2023 in the sum of £5,043 were not paid to the scheme and are expected to result in an additional preferential claim.

5.4.3. Secondary Preferential Creditors

Where a company enters Special Administration on or after 1 December 2020, claims for unpaid VAT, PAYE deductions, Employee National Insurance Contributions (NICs) deductions, student loan repayment deductions and amounts withheld under the construction industry scheme represent Secondary Preferential Creditors.

Deductions in respect of PAYE and NIC for the month of March 2023, in the sum of £26,364, were not paid to HMRC. These are expected to result in a secondary preferential claim although, as set out above, the claim may be mitigated by set-off of VAT refunds totalling £12,003.

5.4.4. Prescribed Part

At the date of the JSAs' appointment, the LLP had no outstanding floating charge security granted after 15 September 2003. Therefore, the Prescribed Part will not apply in the Special Administration.

5.4.5. Unsecured Creditors

Unsecured Creditor claims are broadly split between:

- (i) Client shortfall claims, which may arise from any shortfall of Client Money or Custody Assets; and
- (ii) Unsecured Creditors, which include the claims of Trade Creditors, and employees' non-preferential claims (to include the subrogated claim of the Redundancy Payments Service).

The JSAs will be unable to provide an estimate of the total value of the claims of the LLP's Unsecured Creditors, particularly the Client shortfall claims, until such time as the Client Asset Reconciliation has completed and Client Asset claims have been formally adjudicated.

As noted at 4.3.2, the FSCS may provide compensation in respect of Client Asset shortfall claims. The FSCS is currently conducting an assessment and, at this stage, the JSAs are unable to confirm the extent to which any cover might be available. The FSCS will, however, be entitled to submit a subrogated unsecured claim in respect of any compensated Clients.

Based on the information presently available, the schedule of creditors included at Appendix D estimates that Unsecured Creditors' claims (i.e. category (ii) above) may total £7,832,961. To date, the JSAs have received claims totalling £181,240.

5.5. Expected outcome for Clients and Creditors

5.5.1. Outcome for Clients

As set out in section 4, whilst Client Assets with substantial value have already been identified and secured, it would appear on present information that there will be a significant shortfall in Client Assets. The JSAs' investigations are ongoing in this regard.

Once the JSAs' investigations, and the Client Asset Reconciliation, have been suitably advanced, the JSAs will take steps to put in place a mechanism for the return the Client Assets. Before any Client Money or Custody Assets can be returned, however, the JSAs are required to complete the Client Asset Reconciliation to confirm each Client's holdings. This will ensure that all Clients are treated fairly.

The process of returning Custody Assets will need to be set out in a detailed plan, known as the Distribution Plan, which, amongst other matters, will set out a process for the agreement of Client claims, how Custody Assets should be returned, what happens in the event of any shortfalls on Client positions, and how the costs and expenses are to be allocated and paid out of the Custody Assets.

The JSAs anticipate that they will need to set a deadline for Clients to submit their claims, known as a Bar Date, which will then allow the JSAs to adjudicate Clients' claims to Custody Assets. The benefit of a Bar Date is that, once it has passed, any subsequent distribution of Custody Assets to Clients cannot then be disturbed by any Client who might later make a claim against those same assets. This ensures a degree of fairness to Clients who submit claims timeously and minimises delays.

The draft Distribution Plan will need to be reviewed and approved by the Clients' and Creditors' Committee (if established), and it must then be approved by the Court prior to implementation.

The preparation and approval of the Distribution Plan is a complex process. Given the nature of the Special Administration and the status of the JSAs' investigations to date, the JSAs are not yet in a position where they can provide an estimated timeline for the Distribution Plan. Clients will be kept updated of progress in this regard.

A similar process will be required for the return of Client Money, where a Bar Date will be set. A Distribution Plan, however, is not required for the return of Client Money, and an alternative process will be required in accordance with CASS 7A. In all likelihood, the distribution of Custody Assets and Client Money will take place in parallel.

We will liaise with the FCA, FSCS and Committee, if established, throughout.

5.5.2. Outcome for Creditors

It is currently uncertain whether the net realisations from Estate Assets, after costs, will be sufficient to enable a distribution to be paid to Preferential, Secondary Preferential or Unsecured Creditors.

This will be dependent on the level of Estate Assets realised and the costs associated with pursuing Objective Two and Objective Three.

6. INVESTIGATIONS

The JSAs have a duty to investigate the affairs of the LLP and conduct of the Designated Members.

The JSAs must submit a confidential statutory report to the Department for Business and Trade regarding the conduct of all Designated Members (and any de facto or shadow Designated Members) during the three years before the Special Administration.

The JSAs are undertaking other specific enquiries and investigations in relation to the LLP and its affairs. Due to reasons of confidentiality and to avoid prejudicing any actions that the JSAs may identify against any third parties, the JSAs are unable to provide any further information in relation to those enquiries at this time. This is normal market practice.

Should any Clients or Creditors have any information relating to the affairs of the LLP and/or its Designated Members that might assist the JSAs with their investigations, they are requested to provide that information to the JSAs as soon as possible.

7. DURATION OF AND EXIT FROM THE SPECIAL ADMINISTRATION

7.1. Duration of the Special Administration

A Special Administration under the Regulations is different to an ordinary administration under the Act as it does not automatically come to an end after 12 months.

The Special Administration will continue until the JSAs consider that the Objectives have been met and, at that point, the JSAs will conclude the Special Administration by:

- (i) Putting forward proposals for a Voluntary Arrangement with a view to rescuing the LLP as a going concern; or
- (ii) Making an application to Court and seeking any order necessary (which could include seeking an order to place the LLP into liquidation); or
- (iii) Filing a notice with the Court and the Registrar of Companies of the LLP's dissolution.

At the current time, the JSAs are unable to provide an indication of the likely timeframe for achieving the Objectives, and therefore the likely duration of the Special Administration. Clients and Creditors will receive updates on the JSAs' progress in achieving the Objectives as the Special Administration progresses.

The JSAs are also unable at the current stage to confirm the appropriate exit route from the Special Administration. However, as the prospect of a rescue of the LLP as a going concern is considered, at best, remote, it is unlikely that the exit will be via a Voluntary Arrangement. Further information on the likely exit route will be provided to Clients and Creditors as the Special Administration progresses.

7.2. Joint Special Administrators' discharge from liability

It is proposed that the JSAs be discharged from liability on application to the Court.

8. THE PROPOSALS

The JSAs' Proposals for achieving the Objectives are detailed below. The Proposals will be considered for approval at the Initial Meeting to be held at 14:00 hours on 14 June 2023 at The Met Hotel, King Street, Leeds, LS1 2HQ.

Registration will take place between 12:45 and 13:45 hours. Clients and Creditors will vote separately, and the Proposals will be accepted on a simple majority by value of claims. The Proposals will therefore not be approved unless both classes, Clients and Creditors, have voted to approve them.

8.1. Proposals generic to the Special Administration

It is proposed that:

1. The JSAs continue to manage the LLP's affairs, business and property as they see fit in order to achieve the Special Administration's Objectives, being:
 - Objective One - To ensure the return of Client Assets as soon as is reasonably practicable;
 - Objective Two - To ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13; and
 - Objective Three - To either:
 - (i) rescue the Investment Bank as a going concern; or
 - (ii) wind it up in the best interests of the creditors.
2. The JSAs seek the establishment of a Clients' and Creditors' Committee to represent the interests of the Creditors and Clients as a whole;
3. The JSAs may do all such things and generally exercise all powers as they, at their discretion, consider necessary in order to achieve the Objectives or to protect and preserve the assets of the LLP or its Clients, or to maximise realisations for any other purpose incidental to these Proposals;
4. Once the Objectives have been fulfilled, the JSAs will seek to conclude the Special Administration by whatever exit route is considered most appropriate at that time; and in each case to take such steps as may be required in order to obtain the JSAs' discharge from liability; and

8.2. Proposals relevant to pursuing Objective One

It is proposed that:

5. The JSAs continue to progress and finalise (as far as possible) the Client Asset Reconciliation of Client Money and Custody Assets in order to determine each respective Client's holdings of Client Assets;
6. The JSAs continue to do all such things and generally exercise all powers as they, at their discretion, consider necessary to identify, secure, protect and preserve Client Money and Custody Assets;
7. The JSAs continue to segregate and safeguard any Client Money received following the PPE with a view to expediting the return of those monies following the completion of the Client Asset Reconciliation; and

8. The JSAs distribute Client Money and Custody Assets to Clients by way of the most efficient and cost-effective mechanism possible considering the procedures available to them within the Regulations, the Rules and the Client Money Rules, and following consultation with any appointed Clients' and Creditors' Committee.

8.3. Proposals relevant to pursuing Objective Two

It is proposed that:

9. The JSAs continue to engage with the FSCS to establish the extent and nature of the cover that may be available to Clients.

8.4. Proposals relevant to pursuing Objective Three

It is proposed that:

10. The JSAs will consider and, if deemed appropriate, pursue any claims, including litigation, which the LLP may have in order to maximise returns to Creditors consistent with their duties;
 11. The JSAs continue to do all such things and generally exercise all powers as they, at their discretion, consider necessary to identify, secure, protect and realise Estate Assets for the benefit of Creditors; and
 12. Should there be sufficient asset realisations to permit a distribution to either Preferential or Unsecured Creditors, the JSAs be authorised to agree the respective Creditors' claims and distribute funds in accordance with the Regulations and the Rules.
-

9. REMUNERATION AND EXPENSES OF THE SPECIAL ADMINISTRATION

The remuneration and expenses of the Special Administration are split into the following four categories:

- (i) Pre-Special Administration remuneration;
- (ii) Pre-Special Administration expenses;
- (iii) Special Administration remuneration; and
- (iv) Special Administration expenses.

The JSAs must also consider the Objectives when applying and subsequently drawing their remuneration. The costs incurred in respect of the pursuit of Objective One will be applied against, and paid out of, Client Assets. The costs incurred in respect of the pursuit of Objectives Two and Three will be applied against, and paid out of, Estate Assets.

9.1. Pre-Special Administration remuneration and expenses

9.1.1. Pre-Special Administration remuneration

The table below sets out the time costs incurred in the pre-appointment period. These costs cover the period from 30 March 2023 to 12:44 hours (BST) on 6 April 2023. It should be noted that, from 07:30 hours BST on 4 April 2023 to 12:44 hours (BST) on 6 April 2023, the JSAs were acting as JIMs.

Grade	Hours	Time costs £	Av. Rate £
Partner	59.50	38,318.00	644.00
Director	129.30	69,327.41	534.17
Senior Manager	31.00	13,953.10	450.10
Manager	45.30	10,140.55	223.85
Executive	6.15	370.23	60.20
Total	271.25	132,109.29	487.04

The work carried out during the pre-appointment period includes:

- (i) time spent liaising with the FCA and its other professional advisors in relation to the proposed application for a Special Administration, providing witness statements to assist the Court at the hearings on 3 and 6 April 2023, and attending those hearings; and
- (ii) the work necessary to plan for the appointment of JIMs/JSAs. In any event, it would have been necessary to undertake this work immediately post-appointment; undertaking the work pre-appointment made the commencement of the JSAs appointment more efficient, as it enabled them better to understand the business and the potential issues that could be faced, organise work and communication plans, and ensure that a team of staff was available to immediately take control of the LLPs business and Client Assets.

Further details of the work undertaken during the pre-appointment period can be found at Appendix E.

9.1.2. Pre-Special Administration expenses

Legal fees totalling £61,049.57 were incurred by the JSAs as a result of work done by NRF during the pre-Special Administration period. These costs were incurred primarily in relation to:

- advising the JSAs in relation to the FCA's application;
- liaising with the FCA's legal team;
- attending Court hearings;
- advising the JSAs regarding the Interim Manager appointment and role; and
- advising the JSAs on the potential issues of note in the Special Administration.

In addition, the following expenses were incurred in respect of travel and accommodation, subsistence and mileage:

Expense	Incurred £
Travel and accommodation	547.14
Subsistence	103.33
Mileage	163.96
Total	814.43

9.1.3. Approval of Pre-Special Administration remuneration and expenses

One of the roles of the Clients' and Creditors' Committee is to approve the basis of the JSAs' pre-Special Administration remuneration and the unpaid expenses.

If no Committee is established, it will be for Clients to approve the remuneration incurred in respect of Objective One, and for Creditors and Clients to approve the remuneration incurred in respect of Objectives Two and Three.

9.2. Special Administration remuneration and expenses

9.2.1. Bases of Special Administration remuneration

Pursuant to Rule 196 of the Rules, the basis of the JSAs' remuneration may be fixed:

- as a percentage of the value of the property with which the JSAs have to deal; or
- by reference to the time properly given by the insolvency practitioners (as Special Administrators) and their staff in attending to matters arising in the Special Administration; or
- as a set amount; or
- as a combination of any one or more of the bases set out above.

9.2.2. Special-Administration time costs

Whilst the basis of the JSAs' remuneration has yet to be fixed, the table below sets out the time costs incurred by the JSAs and their team in the Special Administration period to 5 May 2023:

Type of cost	Hours	Time costs £	Av. Rate £
Objective One Costs	863.52	336,098.80	389.22
Objective Two and Three Costs	273.19	103,029.19	377.14
Total	1,136.71	439,127.99	386.31

A summary of the work undertaken during the Special Administration to 5 May 2023 can be found at Appendix F.

9.2.3. Special Administration expenses

The JSAs have incurred £151,221.16 of expenses to 5 May 2023, £144,613.61 of which relates to legal fees and expenses. A schedule of the expenses incurred by the JSAs can be found at Appendix F.

9.2.4. Approval of Special-Administration costs and expenses

As above, one of the roles of the Clients' and Creditors' Committee is to approve the basis of the JSAs' remuneration.

If no Committee is established, it will be for Clients to approve the remuneration incurred in respect of Objective One, and for Creditors and Clients to approve the remuneration incurred in respect of Objectives Two and Three.

10. INITIAL MEETING OF CLIENTS AND CREDITORS

10.1. Venue and date

Details of the Initial Meeting are as follows:

Date: 14 June 2023

Time: 14:00 hours

Location: The Met Hotel, King Street, Leeds, LS1 2HQ

Notice of the Initial Meeting is attached at Appendix G.

The closest station is Leeds Train Station.

The closest available parking is: On-site limited parking (chargeable)
Bookable parking at Crowne Plaza Hotel Leeds, Wellington Street, LS1 4DL

Registration will be held between 12:45 and 13:45 hours.

Although the JSAs' Proposals could be considered without holding such an in-person meeting, the JSAs took the view that it was preferable to hold an in-person meeting. This took into account the circumstances of the LLP, and the concerns which Clients and Creditors are likely to have as to their own positions.

10.2. Purpose of the meeting

The purpose of the Initial Meeting is for the JSAs to provide an update on the progress of the Special Administration, to explain the anticipated strategy for returning Client Assets, to consider and, if acceptable, approve the JSA's Proposals, and establish a Clients' and Creditors' Committee.

There will be an opportunity for Clients and Creditors to ask questions. However, the JSAs will not be able to discuss individual Client holdings or circumstances at the meeting. Additionally, it may not be appropriate to provide answers to certain questions at a public meeting.

The formal purpose of the meeting will be for Clients and Creditors to:

- (i) approve, modify, or reject the JSAs' Proposals;
- (i) decide whether they wish to form a Clients' and Creditors' Committee; and
- (ii) decide who should sit on the Clients' and Creditors' Committee

10.3. Resolutions

The following formal resolutions will be considered at the Initial Meeting:

Resolution 1: For the approval of the JSAs' Proposals; and

Resolution 2: For the establishment of a Clients' and Creditors' Committee (if there are sufficient Clients and Creditors willing to act).

The resolutions will be considered separately and a simple majority in value will pass a resolution. However, Creditors' and Clients' votes are counted separately, so a resolution will only be passed if over 50% of the Clients and 50% of the Creditors present and voting (in person or by proxy) vote to approve it.

Given the complex nature of the Special Administration, the JSAs believe it is in the best interests of both Clients and Creditors for a Committee to be established.

10.4. How to vote

Should you wish to vote at the Initial Meeting, you will need to complete the Claim Form and return it to us by no later than **12 noon** on 13 June 2023. The form can be returned by:

Email: WealthTek@bdo.co.uk

Post: WealthTek Team, BDO LLP, Business Restructuring, 5 Temple Square, Temple Street, Liverpool L2 5RH

The Claim Form is attached at Appendix H; two forms are enclosed, one for Clients and another for Creditors. If you have any questions regarding which form you need to complete, please contact Hannah Marnell at WealthTek@bdo.co.uk.

If you do not want to attend the meeting, but still want to vote on the Proposals, or if you are attending as a representative of a corporate entity, you will need to complete and return a Proxy Form by no later than 12 noon on 13 June 2023. The Proxy Form is attached at Appendix I.

If you do not wish to attend or vote at the Initial Meeting, you do not need to do anything further at this stage. If you do not complete and submit your Claim Form now, this will not affect your claim to Client Assets or Estate Assets, as there will be further opportunities to submit your claim in due course.

Please note, however, that, if the Proposals are approved, they are binding on all Clients and Creditors, including those who did not vote at the Initial Meeting.

On request, the JSAs' team can provide a link to a 'Zoom Live' event which will allow Clients and Creditors to view on-line the JSAs' presentation at the Initial Meeting. This will be for viewing purposes only, and any Client or Creditor wishing to vote or ask questions at the meeting must do so in person or by proxy.

The questions and answers section of the meeting will be published in writing on our website within 5 business days of the meeting. This is to ensure information parity across all Clients and Creditors. For the avoidance of doubt and as noted above, you will not be able to participate in the meeting virtually; any voting will need to be completed by way of proxy forms.

For logistical reasons it would be helpful if you could confirm at your earliest opportunity if you intend to attend the meeting in person.

The Initial Meeting will be recorded in order to establish and maintain records of the existence of relevant facts, or decisions that are taken at the meeting. By attending the meeting you consent to being recorded. Where the recording of the meeting entails the processing of personal data, such personal data shall be treated in accordance with the Data Protection Act 1998.

10.5. Client Statements

Clients will have received a Client Statement, extracted from the LLP's records, detailing their Client Money and Custody Asset holdings as at the date of the JSAs' appointment on 6 April 2023.

As noted, the Client Statements are extracted from the LLP's records and these details have not been independently verified by the JSAs as the Client Asset Reconciliation remains ongoing.

Consequently, the numbers in the Client Statements are for voting purposes at the Initial Meeting only and cannot, at this stage, be relied upon by Clients as a true reflection of their individual positions.

There are a number of reasons why the Client Statements could be subject to change, including inaccuracies in the books and records of the LLP caused by:

- (i) Changes in the number of Custody Assets held;

- (ii) Changes in the value of the Custody Assets held;
- (iii) Changes in foreign currency rates;
- (iv) A change in the methodology for valuing Custody Assets;
- (v) Transactions which were unsettled at the time the LLP entered Special Administration.

If your claim is admitted for voting purposes at the Initial Meeting, this does not mean that the JSAs have accepted the value of your claim for distribution purposes, nor will that stop you from submitting a claim for a different amount at a later date.

11. ESTABLISHMENT OF A CLIENTS' AND CREDITORS' COMMITTEE

11.1. Purpose

Given the complex nature of the Special Administration, the JSAs consider it appropriate and beneficial for a Clients' and Creditors' Committee to be constituted. In broad terms, the purpose of the Clients' and Creditors' Committee is to:

- (i) Represent the interests of all Clients and Creditors of the LLP (i.e. a member of the Committee should not promote their own interests at the expense of others);
- (ii) Act as a consultative group to the JSAs when seeking views on key matters relating to the Special Administration and pursuing the Objectives;
- (iii) Agree the terms of the Distribution Plan proposed by the JSAs prior to obtaining Court sanction; and
- (iv) Agree the basis and quantum of the remuneration of the JSAs which will be paid in accordance with the Rules.

Members of the Clients' and Creditors' Committee will be required to sign a confidentiality agreement, which will allow them to receive information that is not capable of being shared with Clients and Creditors or more widely.

11.2. Constitution

The Clients' and Creditors' Committee must comprise of a minimum of three and maximum of five members.

The FSCS may also act as a member of the Clients' and Creditors' Committee. However, this will be dependent on:

1. the FSCS agreeing to act as a member of the Clients' and Creditors' Committee; and
2. Clients and Creditors voting in favour of the FSCS as a member of the Clients' and Creditors' Committee.

Given the level of potential Client claims to potential Creditor claims the JSAs propose that the Clients' and Creditors' Committee is comprised of four Clients and one Creditor.

The JSAs will in any case consult and liaise with the FSCS and the FCA throughout on key issues.

11.3. Nominations

Should you wish to submit a nomination either for yourself or for another eligible party to act as a member of the Clients' and Creditors' Committee, please complete:

- (i) the Nomination Form at Appendix I; and
- (ii) the Claim Form at Appendix H.

Please return both forms via:

Email: WealthTek@bdo.co.uk

Post: WealthTek Team, BDO LLP, Business Restructuring, 5 Temple Square, Temple Street, Liverpool L2 5RH

Any nominations must be received by the JSAs by 12 noon on 13 June 2023 and will only be accepted if the JSAs are satisfied as to the nominee's eligibility to be a member.

The Clients' and Creditors' Committee will be established if sufficient Clients and Creditors are willing to act as members.

If nominations exceed the maximum amount of five members, at the Initial Meeting the JSAs will provide Clients and Creditors with an opportunity to vote for which of the nominees they wish to participate on the committee.

11.4. Further guidance

Further information on the rights, duties and functions of a committee is available at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides> or by requesting a copy from this office in writing to the above address/email address or by telephone.

Please note this guidance relates to insolvency processes under the Insolvency Act 1986, rather than the Regulations, but the contents remain relevant for these purposes.

APPENDIX A

STATUTORY INFORMATION

Information

Company name	Wealthtek Limited Liability Partnership
Trading name(s)	WealthTek, Vertem Asset Management and Malloch Melville
LLP registration number	OC355200
Registered office	c/o BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH
Designated members	John Edward Dance WealthTek Capital Limited
Date of appointment	6 April 2023
Court name and reference	High Court of Justice, Business and Property Courts of England and Wales under court reference CR-2023-001772
Appointor	The High Court of Justice, Business and Property Courts of England & Wales, on application by the FCA
Joint Special Administrators	Shane Crooks, Mark Shaw and Emma Sayers Under the provisions of paragraph 100(2) of Schedule B1 to the Act (as amended) and as applied by regulation 15 of the Regulations, the JSAs carry out their functions jointly and severally meaning any action can be done by one Special Administrator or by all of them.
Joint Special Administrators' address	BDO LLP, 55 Baker Street, London W1U 7EU
Data Control and GDPR	Shane Crooks, Mark Shaw and Emma Sayers are authorised to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales in the UK. The Joint Special Administrators are Data Controllers as defined by the General Data Protection Regulations. BDO LLP will act as Data Processor on the instruction of the Data Controllers. Personal data will be kept secure and processed only for matters relating to the Special Administration of Wealthtek Limited Liability Partnership. Please see the privacy statement at https://www.bdo.co.uk/en-gb/privacy-notice/insolvencies

APPENDIX B

CLIENTS' AND CREDITORS' RIGHTS

Copies of BDO LLP's charging and expenses policy, 'A Creditors' Guide to Administrators' Fees' and information on the rights, duties and functions of a creditors' committee are available at <https://www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/creditors-guides>.

Please note this guidance relates to insolvency processes under the Insolvency Act 1986, rather than the Regulations, but the contents remain relevant for these purposes.

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency Practitioners. In the event that you make a complaint to us but are not satisfied with the response, then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

The Joint Special Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this Special Administration. A copy of the code can be found at <https://www.icaew.com/technical/ethics/icaew-code-of-ethics/icaew-code-of-ethics>.

APPENDIX C

RECEIPTS AND PAYMENTS ACCOUNT

WEALTHTEK LIMITED LIABILITY PARTNERSHIP (IN SPECIAL ADMINISTRATION)

JOINT SPECIAL ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT TO 24 MAY 2023

	Estimated to Realise £	Estate Account £	Objective 1 Account £	Total £
RECEIPTS				
Repayable Loan Facility	-	-	250,000.00	250,000.00
Book debts	36,947.00	34,500.00	-	34,500.00
Cash at Bank	65,724.00	66,443.42	-	66,443.42
Refund of Rent Deposit	20,770.00	20,770.25	-	20,770.25
Bank Interest Gross		6.83	-	6.83
	<u>123,441.00</u>	<u>121,720.50</u>	<u>250,000.00</u>	<u>371,720.50</u>
PAYMENTS				
Wages		-	21,112.04	21,112.04
Travel & Accommodation		-	428.72	428.72
Agents' Fees - Employees		1,595.00	-	1,595.00
Agents' Fees & Expenses - Property		750.00	-	750.00
Website Hosting Fees		-	135.00	135.00
Storage Costs - Books & Records		441.65	-	441.65
Re-Direction of Mail		1,185.00	-	1,185.00
Unrecoverable VAT		557.33	43.58	600.91
		(4,528.98)	(21,719.34)	(26,248.32)
Balances in hand		<u>117,191.52</u>	<u>228,280.66</u>	<u>345,472.18</u>

APPENDIX D

STATEMENT OF FINANCIAL POSITION

WEALTHTEK LIMITED LIABILITY PARTNERSHIP (IN SPECIAL ADMINISTRATION)

ESTIMATED STATEMENT OF FINANCIAL POSITION AS AT 6 APRIL 2023

	Notes	Book Value		Estimated to Realise	
		£	£	£	£
ASSETS					
Office Equipment		78,110			
Furniture and Fixtures	1	358,992			15,000
Software		238,478			
			675,580		
Debtors	2		313,984		57,717
Prepayments			15,360		Nil
Bank Account	3		66,424		66,443
VAT Refund	4		12,003		Nil
			<u>1,083,351</u>		<u>139,160</u>
LIABILITIES					
Preferential Creditors					
	5				
Former Employees - Wages/Holiday Pay		Nil		5,324	
Pension Scheme		4,966		5,043	
Redundancy Payments Service		Nil		16,653	
			(4,966)		(27,019)
Secondary Preferential Creditor					
	6				
HMRC - PAYE/NIC			(26,364)		(14,361)
			<u>1,052,021</u>		<u>97,780</u>
Available to Unsecured Creditors					
Unsecured Creditors					
Trade & Expense Creditors		395,247		395,247	
Accruals		20,824		20,824	
Former Employees - PILON/Redundancy	7	Nil		14,030	
Redundancy Payments Service		Nil		75,232	
Members' Loan Accounts		7,327,628		7,327,628	
			(7,743,698)		(7,832,961)
			<u>(6,691,678)</u>		<u>(7,735,181)</u>
Deficiency to Unsecured Creditors					
Partners' Capital Accounts			(80,000)		(80,000)
TOTAL DEFICIENCY TO MEMBERS					
			<u>(6,771,678)</u>		<u>(7,815,181)</u>

NB SUBJECT TO ANY POTENTIAL INCREASE TO THE UNSECURED CREDITORS AS A RESULT OF A SHORTFALL IN CLIENT ASSETS

**WEALTHTEK LIMITED LIABILITY PARTNERSHIP
(IN SPECIAL ADMINISTRATION)**

NOTES TO ESTIMATED FINANCIAL POSITION AS AT 6 APRIL 2023

- 1 The LLP's chattel assets have been valued by agents Sanderson Weatherall LLP who have ascribed a realisable value to them on an *ex-situ* basis. Software assets are represented by the capitalised development costs associated with a bespoke investor platform, which is not considered to retain any realisable value to a third-party purchaser.

- 2 Debtors comprise the following receivables:

	Book Value		Estimated to Realise	
	£	£	£	£
Trade Debtors				
Blankstone Sington Limited	34,500		34,500	
Windygates Holdings Limited	2,447		2,447	
March 2023 Fees & Commissions	114,175		Nil	
		151,121		36,947
Rent Deposits				
Former Jesmond Premises	24,000		20,770	
Cobalt Business Park Premises	138,863		Uncertain	
		162,863		20,770
		£313,984		£57,717

March 2023 fees and commissions due to the LLP had not been debited against the Client Assets at the date of the Special Administration, but in view of the other issues identified in the Proposals, the JSAs will not be collecting this income. It is uncertain whether the rent deposit held by the landlord of Cobalt Business Park premises will be returned as outstanding service charges at the date of the Special Administration have already been deducted from it, as will future rent and service charges that continue to accrue. It is also likely that any claim by the landlord for dilapidations will be paid from the deposit.

- 3 The LLP maintained corporate accounts with Barclays Bank PLC and CACEIS and these funds have been recovered for the benefit of the estate.
- 4 There is a VAT refund due to the LLP in respect of the 12/22 and 03/23 VAT quarters, however, this is likely to be set-off against the sums due to HMRC in respect of unpaid PAYE/NIC.
- 5 Preferential claims will arise in respect of arrears of wages and holiday pay due to the LLP's former employees, both from the employees concerned and also the Redundancy Payments Service. These potential claims are provisional at present and have been calculated by our agents, ERA Solutions Limited. Arrears of contributions due to the LLP's pension scheme will also constitute preferential claims.
- 6 HMRC will have a secondary preferential claim for unpaid PAYE and NIC deductions relating to March 2023. We have reduced this claim by the amount of the VAT refund due to the LLP (see note 4 above).
- 7 Unsecured claims will arise in respect of pay in lieu of notice ('PILON') and redundancy entitlements due to the LLP's former employees, both from the employees concerned and also the Redundancy Payments Service. These potential claims are provisional at present and have been calculated by our agents, ERA Solutions Limited.

WEALTHTEK LIMITED LIABILITY PARTNERSHIP
(IN SPECIAL ADMINISTRATION)

SCHEDULE OF PREFERENTIAL, SECONDARY PREFERENTIAL AND UNSECURED CREDITORS

The JSAs are not currently aware of any security held in connection with the client assets or debts owed to creditors

UNSECURED TRADE & EXPENSE CREDITORS

Key	Name of Creditor or Claimant	Amount of Debt (£)	Address (With Post Code)			
C10000	123 Re	1.00	N/K	N/K	N/K	N/K
CA0006	Amazon	1.00	1 Principal Place		Worship Street	London EC2A 2FA
CA0007	Anglian Water	1.00	Lancaster House Lancaster Way	Huntingdon	Cambridgeshire	PE29 6XU
CA0008	Arena leisure	80,000.00	3rd Floor, Millbank Tower	21-24 Millbank	London	SW1P 4QP
CB0002	Berwins	604.50	23 North Park Road	Harrogate	North Yorkshire	HG1 5PD
CB0006	British Telecom	5,247.96	1 Braham Street		London	E1 8EE
CB000C	Brocolitia Water Coolers Ltd	248.04	Unit 8D	Haltwhistle Industrial Estate	Haltwhistle	Northumberland NE49 9HA
CB000D	Bovill Limited	11,400.00	82 Blackfriars Road	London	SE1 8HA	
CC0000	Caceis Investment Services	1.00	Broadwalk House	5 Appold St	London	EC2A 2AG
CC000J	Conteml Solutions (London) Ltd	126,164.63	86-92 Regent Street	Leicester	Leicestershire	LE1 7DD
CD0002	David Brown Expenses	5,000.00	N/K	N/K	N/K	N/K
CD000A	Distribution Technology	1.00	C/O Moorcrofts Lip Thames House	Dedmere Road	Marlow	Buckinghamshire SL7 1PB
CF0004	FTSE International Ltd	6,903.60	10 Paternoster Square		London	EC4M 7LS
CG0002	Graphene Investor	1.00	4 Royal Crescent		Glasgow	Scotland G3 7SL
CH0002	H G Wilson	27.70	N/K	N/K	N/K	N/K
CH0004	High Gosforth Park Ltd	5,395.91	Newcastle upon Tyne	NE3 5HP		
CI0000	Ionic Information	3,601.28	Ionic House	3 Bath Place	Rivington St	London EC2A 3DR
CJ0005	Jigsaw Sponsorship Services	2,691.60	Unit 1 Greaves Hall Industrial Estate	Banks	Southport	Merseyside PR9 8BJ
CK0004	Kits4All	487.36	Unit 4 Planet Place	Great Lime Road	Newcastle Upon Tyne	Tyne And Wear NE12 6RD
CL0003	Littlebeck Warren	1.00	N/K	N/K	N/K	N/K
CL0004	LNER Sales	113.40	N/K	N/K	N/K	N/K
CL0006	London Stock Exchange	20,950.00	Credit Control		10 Paternoster Square	London EC4M 7LS
CM0000	Malloch Melville	1.00	Exchange Place 2	5 Semple Street	Edinburgh	Midlothian EH3 8BL
CM0007	Morningstar UK Ltd	21,712.06	1 Oliver's Yard	55-71 City Road	London	EC1Y 1HQ
CM0008	Martin Tait redheads ltd	756.00	No 1 Buxton Street	Newcastle upon Tyne	Tyne and Wear	NE1 6NJ
CN0000	Nagler Simmons	1.00	5 Beaumont Gate	Shenley Hill	Radlett	Hertfordshire WD7 7AR
CN0002	NCC Services Limited	2,694.00	XUZ Building	2 Hardman Boulevard, Spinningfields	Manchester	M3 3AQ
CN0003	NE Automation	961.20	35 Lake Rise	Romford	Essex	England RM1 4DZ
CN0004	North East Business Systems	160.32	Unit 11	Whickham Industrial Estate	Newcastle upon Tyne	Tyne and Wear NE18 3DA
CN0005	North East Chamber of Commerce	170.00	Aykley Heads Business Centre		Aykley Heads	Durham DH1 5TS
CP0000	Park Securities Ltd	12,500.00	61 Meadway	Harpenden	Herts AL5 1JH	
CP0003	Peel Hunt	300.00	7th Floor	100 Liverpool Street	London	England EC2M 2AT
CP0009	Premier Cleaning Services	965.84	69 Southbury Road		Enfield	EN1 1PJ
CP000A	Pulsant Ltd	288.77	Blue Square House	Priors Way	Maidenhead	England SL6 2HP
CP000F	Praxis Real Estate	36,499.27	1st Floor, The Chambers	13 Police Street	Manchester	M2 7LQ
CP000G	Proquote	17,064.36	10 Paternoster Square		London	EC2M 7LS
CR00PT	Refinitiv Limited	6,444.00	The Thomson Reuters Building	South Colonnade	Canary Wharf	London E14 5EP
CR00PW	Royal Mail Group	1.00	185 Farringdon Road		London	EC1A 1AA
CS0000	Safe Store Limited	1.00	Britannic House	Stirling Way	Borehamwood	Hertfordshire WD6 2BT
CS0005	Shawbrook Bank	782.30	Lutea House The Drive	Great Warley	Brentwood	Essex CM13 3BE
CS0007	Shred-It	201.56	177 Cross Street		Manchester	M33 7JQ
CS000B	Stamps4U	99.13	Barn 2B	South Courtyard	Dunston	Gateshead ST18 9AB
CS000F	Swalec	1.00	Pontypridd	CF37 5YR		
CT0005	Telcom Networks Ltd	1,197.60	Hilton House		Manchester	M1 2EH
CT0006	Third Financial Software Limited	12,535.03	Birchin Court	20 Birchin Lane	London	EC3V 9DU
CT0009	Tyser Insurance Brokers	90.97	71 Fenchurch Street		London	EC3M 4BS
CT000D	The Investing & Savings Alliance Ltd	3,695.00	First Floor Dakota House	25 Falcon Court, Preston Farm Business Park	Stockton on Tees	Cleveland TS18 3TX
CU0001	Unite Communications Limited	1.00	126 Great Lime Road		Newcastle Upon Tyne	NE12 6RU
CU0003	UTR Services	1.00	4 Westfield Avenue	Gosforth	Newcastle Upon Tyne	NE3 4YH
CV0000	VB Investment Consultants	5,181.02	Southfield House Farm	Spring Lane	Sedgefield	Co Durham TS21 2HS
CV0001	Village Hotel	1.00	10 The Silverlink N	West Allotment	Newcastle Upon Tyne	NE27 0BY

CV0002	Voip unlimited	25.19	Cabot Lane		Poole	Dorset	BH17 7BX
CW0005	Woodlands Enterprises Ltd	2,071.38	Unit 4 Northfields Farm Industrial Estate	Wantage Road	Great Shefford nr Hungerford	Berkshire	RG17 7DQ
CW0006	Wordpress	1.00	N/K	N/K	N/K	N/K	N/K
		395,246.98					

OTHER UNSECURED CREDITORS

Name of Creditor or Claimant	Amount of Debt (£)	Address (With Post Code)					
Garddangate Holdings Ltd - Loan Account	204,137.34	32 Portland Terrace	Newcastle Upon Tyne				NE2 1QP
John Edward Dance - Loan Account	7,123,490.36	32 Portland Terrace	Newcastle Upon Tyne				NE2 1QP
Various Accruals	20,823.69	N/A	N/A	N/A	N/A		N/A
		7,348,451.39					

SECONDARY PREFERENTIAL CREDITOR

Name of Creditor or Claimant	Amount of Debt (£)	Address (With Post Code)					
HMRC - Debt Management - EIS NCL	26,363.87	HM Revenue & Customs					BX9 1SR
		26,363.87					

PREFERENTIAL CREDITORS

Name of Creditor or Claimant	Amount of Debt (£)	Address (With Post Code)					
22 Former Employees - Wages and Accrued Holiday Pay	5,323.95	N/A	N/A	N/A	N/A		N/A
Redundancy Payments Service - Wages and Accrued Holiday Pay	16,652.54	N/A	N/A	N/A	N/A		N/A
True Potential - Pension Contributions	5,043.00	Gateway West	Newburn Riverside	Newcastle Upon Tyne			NE15 8NX
		27,019.49					

UNSECURED EMPLOYEE CLAIMS

Name of Creditor or Claimant	Amount of Debt (£)
22 Employees - Pay in Lieu of Notice and Redundancy	14029.93
Redundancy Payments Service - Pay in Lieu of Notice and Redundancy	75232.37
	89,262.30

GRAND TOTALS

Preferential Creditors	27,019.49
Secondary Preferential Creditors	26,363.87
Unsecured Creditors	7,832,960.67
	7,886,344.03

LIMITED LIABILITY PARTNERSHIP MEMBERS

Name of Creditor or Claimant	Amount of Debt (£)	Address (With Post Code)					
Garddangate Holdings Ltd - Partner Capital	43,874.51	32 Portland Terrace	Newcastle Upon Tyne				NE2 1QP
John Edward Dance - Partner Capital	36,125.49	32 Portland Terrace	Newcastle Upon Tyne				NE2 1QP
		80,000.00					

APPENDIX E

PRE-SPECIAL ADMINISTRATION REMUNERATION AND EXPENSES

The pre-Special Administration costs and expenses incurred with a view to the LLP entering Special Administration are detailed below.

	Incurred £	Paid £	Paid from	Unpaid costs £
Fees charged by the Joint Special Administrators				
1. Pre-appointment fees	132,109.29	-	-	132,109.29
Pre-Special Administration expenses incurred				
2. Legal fees - Norton Rose Fulbright	61,049.57	-	-	61,049.57
3. Travel and accommodation	547.14	-	-	547.14
4. Subsistence	103.33	-	-	103.33
5. Mileage	163.96	-	-	163.96
Total	193,973.29	-	-	193,973.29

Summary of the work undertaken during the pre-Special Administration period (30 March 2023 to 12:44 hours (BST) on 6 April 2023)

- initial liaison with the FCA regarding the potential Special Administration application;
- conducting research on the LLP and its business, and reviewing background documents provided by the FCA;
- reviewing and amending documents prepared in support of the Special Administration application;
- allocating appropriate resource to specific tasks;
- preparation for and undertaking a team briefing ahead of attendance at site;
- updating team on the timing and status of appointment whilst they were on standby;
- attending Court on 3 April 2023, and the virtual hearing of the Special Administration application on the same day;
- attending and securing the Premises, including an inventory of all access keys from employees;
- liaising with the Landlord regarding the securing of the Premises;
- addressing employees and dealing with individual queries;
- interviewing key employees to obtain an understanding of the business and assets;
- gaining an understanding of the LLP's systems and the information available, and calls with IT services providers;
- contacting and liaising with all known banks and custodians in order to identify secure Client and Estate Assets;
- obtaining details of all Clients and Creditors;

- preparing a communications plan for Clients and Creditors;
- setting up dedicated phone lines and guidance note for phone operatives;
- corresponding with Clients and Intermediaries;
- imaging and taking copies of all LLP data;
- liaising with on-site FCA team;
- update calls with the FCA following appointment as JIMs;
- gaining a working understanding of the Platform and systems;
- preparing initial enquiry letters;
- preparation of witness statement for adjourned hearing on 6 April 2023; and
- attendance at the adjourned hearing.

As stated in the report, the work carried out during the pre-appointment period would have been necessary immediately post-appointment in any event. Undertaking this work pre-appointment made the commencement of the JSAs' appointment more efficient, since the JSAs and their core team had a more developed understanding of the LLP's business and the potential issues that could be faced.

The charge-out rates used for the pre-appointment fees are the same as for the JSAs' remuneration detailed at Appendix F. These rates were agreed with the FCA prior to the JSAs' appointment and represent a 30% discount of BDO LLP's standard hourly charge-out rates.

The JSAs are not aware of any other person qualified to act as an insolvency practitioner having acted in relation to the LLP.

APPENDIX F

SPECIAL ADMINISTRATION REMUNERATION AND EXPENSES

Joint Special Administrators' Time Costs

Time costs of £439,127.99 have been incurred in the period to 5 May 2023, as summarised in the table below.

Activity	Partner	Director	Senior Manager	Manager	Senior Executive	Executive	Total hours	Time costs £	Av. Rate £
Objective 1									
Client Assets									
Steps on appointment	0.63	19.93	54.13	3.28	-	20.38	98.33	32,332.86	328.84
Planning and strategy	10.50	35.39	8.32	11.79	-	11.89	77.89	33,507.44	430.19
General administration	-	0.55	-	0.15	-	10.50	11.20	2,142.39	191.28
Assets	-	0.50	-	2.25	-	4.58	7.33	1,605.59	219.19
Investigations									
Communications with clients	6.00	19.75	15.15	60.15	-	17.35	118.40	37,730.14	318.67
Securing Client Assets	2.50	-	0.30	-	-	-	2.80	1,745.03	623.23
Reconciliation of Client Assets	3.00	42.65	125.70	26.70	5.00	43.45	246.50	86,330.41	350.22
Liaising with lawyers and regulatory bodies	5.50	2.05	-	-	-	-	7.55	6,921.46	916.75
Funding	11.50	10.78	-	0.50	-	-	22.78	11,080.72	486.53
Other investigations	32.50	82.60	38.90	8.45	-	36.10	198.55	87,845.10	442.43
Total investigations	61.00	157.83	180.05	95.80	5.00	96.90	596.58	231,652.86	388.30
Statutory reporting and decisions	0.38	18.55	7.20	5.88	-	3.00	35.00	14,917.46	426.21
Employees and pensions	-	22.33	2.38	-	-	-	24.70	13,133.42	531.72
Trading	0.50	12.00	-	-	-	-	12.50	6,806.80	544.54
Total Objective 1	73.00	267.07	252.07	119.14	5.00	147.24	863.52	336,098.80	389.22
Objective 2									
Engagement with Regulatory Bodies									
Financial Conduct Authority	5.50	5.80	0.30	-	-	-	11.60	6,811.35	587.19
Financial Services Compensation Scheme	0.75	4.35	-	-	-	-	5.10	2,811.17	551.21
London Stock Exchange	1.25	2.00	-	-	-	-	3.25	1,885.80	580.25
Total Objective 2	7.50	12.15	0.30	-	-	-	19.95	11,508.32	576.86
Objective 3									
Estate									
Steps on appointment	0.63	19.48	22.83	3.53	-	21.83	68.28	23,364.92	342.22
Planning and strategy	2.25	8.61	2.08	2.81	-	2.51	18.26	7,949.71	435.36
General administration	1.50	6.30	1.05	6.30	-	12.45	27.60	7,603.82	275.50
Assets	0.25	15.65	0.25	3.20	-	1.58	20.93	9,767.80	466.80
Investigations	1.25	1.88	8.75	2.30	-	18.70	32.88	5,037.17	153.22
Statutory reporting and decisions	0.38	17.65	7.20	5.88	-	3.00	34.10	14,512.37	425.58
Employees and pensions	-	24.38	0.08	1.55	-	1.05	27.05	13,631.57	503.94
Creditors	-	-	-	6.25	-	2.40	8.65	1,303.65	150.71
Post appointment taxation	-	5.50	-	0.20	-	0.30	6.00	3,216.08	536.01
Trading	-	9.50	-	-	-	-	9.50	5,133.80	540.40
Total Objective 3	6.25	108.94	42.23	32.01	-	63.81	253.24	91,520.87	361.41
Grand total	86.75	388.15	294.60	151.15	5.00	211.05	1,136.71	439,127.99	386.31

The current charge out rates per hour of staff within the firm who may be involved in working on this assignment are set out below. It was agreed with the FCA prior to the JSAs' appointment that the charge out rates applying to this assignment would be at a 30% discount to the JSAs' standard charge out rates at any point in time.

Grade	£
Partner	644-725
Director	450-610
Senior Manager	168-506
Manager	123-370
Senior Executive	259
Executive	45-222

Summary of the work undertaken by the JSAs to 5 May 2023

Objective 1: Client Assets

Steps on appointment

- Providing initial notification to all Clients with Custody Assets and/or Client Money
- Information gathering to assist understanding of Client Assets position
- Information gathering identify Clients and Intermediaries
- Collection of the LLP's books and records and making storage requirements
- Securing and imaging LLP and Client records
- Taking steps to identify and secure Client Money
- Initial meetings/discussions with employees
- Attending the Premises
- Preparing website notices and FAQs

Planning and strategy

- Formulating, monitoring and reviewing the Client Asset strategy, including internal and external meetings
- Internal strategy and planning meetings to review progress on obtaining unit trust confirmations
- Daily internal strategy and planning meeting to ensure information is centralised and investigations progressed efficiently

General administration

- Preparation of correspondence to Designated Members requesting information regarding Client Assets
- Administrative tasks in relation to the processing of unit trust confirmations received in the post
- Administrative tasks in relation to hard copy letters received from Clients

Assets

- Contacting custodians to secure Client Assets

- Liaising with Barclays and CACEIS regarding change to authorities
- Obtaining information from identified custodians
- Making enquires of the LLP's employees regarding Client Money positions
- Securing share certificates held at Premises

Investigations

Communications with Clients

- Telephone conversation with Clients
- Responding to email correspondence with Clients
- Updating frequently asked questions on review of the call and email summaries to efficiently disperse information
- Preparing communications logs

Securing Client Assets

- Protecting and safeguarding Client Assets
- Arranging collection and secured storage of physical share certificates held by the LLP
- Arranging the appointment of a new director (and removal of the incumbent directors) in respect of WT Nominees

Reconciliation of Client Assets

- Undertaking work on Client Asset Reconciliation
- Investigations with potential custodians
- Review of LLP records to inform lines of enquiries
- Interviews with current and former employees to inform lines of enquiries
- Obtaining records from known custodians
- Obtaining access to custodian portals
- Engaging and negotiating with the Platform developers
- Reviewing physical share certificates held by the LLP and making enquiries in relation to the same
- Internal discussions and preparing for Post-appointment Client Money reconciliation

Liaising with lawyers and regulatory bodies

- Liaising with NRF on issues arising
- Liaising with NRF regarding funding options (as set out further below)
- Liaising with the FCA regarding the JSAs' ongoing investigations
- Liaising with FSCS regarding assessment of cover which may be available

Funding

- Considering funding options available
-

- Approaching eleven potential funders to ascertain the terms on which they would be prepared to provide funding
- Considering the terms of the potential funding providers
- Securing a £2m loan facility from HUK 126 Limited

Other investigations

- Undertaking work on a funds flow analysis
- Reviewing and making enquiries into transaction reports
- Reviewing the LLP's bank statements, tracing funds and making enquiries in relation to transactions of interest
- Investigating dividends received by Clients following supposed sales of shares
- Communication and meetings with Intermediaries

Statutory reporting and decisions

- Preparing the JSAs' Proposals and preparing for the Initial Meeting of Creditors and Clients

Employees and pensions

- Negotiation and formalisation of employee retention

Trading

- Preparing and updating trading cash flow forecasts
- Meetings and correspondence with LLP personnel to gain an understanding of the financial and operational structure of the LLP
- Liaising with software providers regarding the provision of continued services

Objective 2: Engagement with Regulatory Bodies

- Liaising with the FCA, including regular calls to discuss progress of Special Administration and dealing with ad hoc queries and issues
- Liaising with the FSCS
- Correspondence with LSE regarding outstanding trades

Objective 3: Estate

Steps on appointment

- Client take-on procedures
 - Case set-up
 - Initial statutory notifications and advertisements in accordance with the Rules and Regulations
 - Providing initial notification of appointment to all requisite stakeholders in accordance with statute and relevant timescales
 - Initial correspondence with the LLP's Designated Members including requests for information and SOA
 - Information gathering
-

- Collection of the LLP's books and records and making storage requirements
- Initial meetings/discussions with employees
- Attending the business premises
- Updating website notices

Planning and strategy

- Formulating, monitoring and reviewing the Special Administration strategy, including internal and external meetings
- Planning staff resource and briefing on the Special Administration strategy
- Internal strategy and planning meetings to review progress
- Preparation and review of strategy documents including estimated outcome statements

General administration

- Setting up and ongoing maintenance and reconciliation of the Special Administration bank account and other cashiering functions
- Arranging redirection of the LLP's mail
- Dealing with queries from various stakeholders
- Dealing with press enquiries and PR matters

Assets

- Arranging and monitoring of insurance of the LLP's assets
- Engagement letters with various agents and advisors assisting with the process
- Liaising with banks to freeze existing corporate and Client accounts and setting up new accounts for Special Administration funds
- Arranging the transfer of cash at bank to an account under the control of the JSAs
- Collating and reviewing information regarding the Company's assets, to include management accounts and fixed asset register
- Identifying and securing the LLP's assets, including establishing ownership of assets at the Premises
- Making enquires of the LLP's employees
- Engaging and meeting with Sanderson Weatherall LLP as agents to value and realise the LLP's chattel and property assets
- Reviewing debtor ledger and other accounts receivable and formulating a debt collection strategy
- Liaison with the landlord regarding continued occupation of the Premises and associated costs

Investigations

- Issuing questionnaires to Designated Members to assess reasons for the Special Administration
- Writing to the LLP's bankers and obtaining copies of all bank statements for the three years preceding the Special Administration
- Reviewing the pre-Special Administration bank statements

Statutory reporting and decisions

- Preparing the JSAs' Proposals and preparing for a meeting of Creditors and Clients
-

Employees and pensions

- Meeting and corresponding with employees
- Liaising with ERA Solutions Limited regarding employee matters and collation of information
- Dealing with the LLP's pension scheme
- Negotiation and formalisation of employee retention
- Liaising with payroll advisors in respect of payroll arrangements and accounting for associated deductions

Creditors

- Notification of appointment to Creditors
- Collating Creditor details and outstanding balances from the LLP's accounts
- Processing of Creditors' Claim Forms and entering onto IPS
- Dealing with Creditor enquiries
- Correspondence and telephone calls with Creditors
- Noting employee claims
- Liaising with the LSE regarding its status as an Unsecured Creditor of the LLP in respect of unpaid fees

Post appointment taxation

- Collating information from the LLP's records regarding its tax affairs
- Preparation of Employer's Payslip to account for PAYE/NIC

Trading

- Liaising with the landlord of the LLP's former trading premises regarding the return of the rent deposit
- Corresponding with insurers regarding open cover insurance
- Dealing with the collection of staff laptops and other equipment
- Dealing with the re-direction of the LLP's mail
- Discussions with employees regarding the LLP's IT systems

Joint Special Administrators' Expenses

1. Joint Special Administrators' category 1 expenses

Category 1 expenses are expenses relating directly to the case by an independent third party. In addition to professional fees and expenses, other expenses may include items such as bonding, advertising, insurance, external printing costs, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents and storage of the LLP's records.

Printing and postage of circulars may be sub-contracted to external printers who have the capacity to deal with large circulars to a volume of creditors in a timely manner.

Client/Creditor approval is not required to pay these expenses which will be charged to the case at cost.

The below table sets out the category 1 expenses incurred to date plus VAT where applicable:

Disbursement	Incurred to date £
Statutory advertising	95.00
Specific penalty bond	200.01
IT equipment	71.23
Mail redirection charge	1,185.00
Subsistence	249.43
Travel and accommodation	4,806.88
	6,607.55

Throughout the course of the Administration, the JSAs will engage various agents/advisors to assist the JSAs achieve the Objectives of the Special Administration. The agents/advisors engaged to date are listed below, together with the basis of their fees:

Professional agent/advisor	Nature of work	Fee arrangement
Norton Rose Fulbright LLP	Legal advice	Discounted time costs
Sanderson Weatherall LLP	Valuation agents	Fixed fee
ERA Solutions Limited	Employee agents	Fixed fee (per employee)
Nagler Simmons	Payroll agents	Fixed fee (per employee)
Vitamin Cornwall	Website hosts	Fixed fee

1.1. Legal fees and expenses

NRF have been instructed to advise the JSAs on the various matters arising in the Special Administration.

To date, NRF have incurred costs of £144,613.61, which are summarised in the table below. As with the JSAs' remuneration, legal fees must be applied against the Objectives and paid out of the relevant assets:

Costs per Objective	£
Objective one	129,251.21
Objectives Two and Three	15,362.40
Total	144,613.61

1.2. Agent's fees and expenses

Sanderson Weatherall LLP has been engaged to provide an inventory and valuation of the LLP's chattel assets and provide advice in respect of, and oversee, an appropriate disposal strategy. Sanderson Weatherall LLP has also been engaged to provide a valuation of the LLP's lease to its premises at Cobalt Business Park and advice around a disposal strategy, if appropriate.

Sanderson Weatherall LLP has been paid a fixed fee of £750.00 for the valuation work, and will charge a sales commission, to be negotiated, as regards any asset disposals.

The choice of Sanderson Weatherall LLP as advisors and the basis of their fees was based on factors including, but not limited to, their experience, the complexity of the assignment and their geographic location.

1.3. Agents' fees - employee claims

For cost effectiveness, employee related work is sub-contracted to ERA Solutions Limited who are experienced specialists in this area.

The following work has been, and will be, undertaken:

- Liaising with the LLP's personnel to obtain employee information
- Providing employees with the relevant forms, guidance notes and booklet
- Liaising with employees regarding any queries they may have relating to their employment
- Liaising with the Insolvency Service regarding employee claims and providing all the statutory information necessary
- Liaising with the Benefits Agencies, mortgage, insurance and credit providers
- Providing dividend calculations
- Dealing with queries from HMRC and assisting with union consultation.

ERA Solutions Limited has been retained on a fixed fee per employee basis. It is estimated that the fee will be £1,595 plus disbursements and VAT.

1.4. Agents' fees - Nagler Simmons

The JSAs have sought the continued service of Nagler Simmons, who acted as the LLP's payroll agents prior to the LLP entering Special Administration.

Nagler Simmons charge a set fee per service provided, as set out in the table below:

Service	Fee £
Payroll run	38.00
Payslip	1.90
Pay adjustments	7.50
Production of P45/P46	10.00
Employer Payment Summary (EPS) submissions	5.00
Auto-Enrolment (AE) runs	16.75
Connect Portal payslip	0.35

1.5. Hosting charges

The LLP's website is hosted by an external company. Following their appointment, the JSAs instructed the website hosts to publish a notice advising visitors of their appointment. A content update fee of £110 was incurred in this regard, together with a three-month hosting charge of £25.00. The JSAs consider it

necessary to keep the website live for a number of months to ensure all key stakeholders are aware of the JSAs' appointment.

2. Joint Special Administrators' category 2 expenses

These are expenses relating directly to the case that have been incurred by an associated party or which have an element of shared costs.

Client/Creditor approval is required to pay category 2 expenses.

2.1. Mileage

This is the cost of travel in connection with this Administration by staff using their own vehicles or company cars based on the mileage scale approved by HM Revenue & Customs, being 45p per mile and which is the amount BDO LLP pays to staff.

Since the JSAs' appointment and to 5 May 2023, £289.94 has been incurred in respect of mileage.

APPENDIX G

NOTICE OF INITIAL MEETING OF CLIENTS AND CREDITORS

Rule 73 of The Investment Bank Special Administration (England and Wales) Rules 2011

**NOTICE OF A MEETING OF CREDITORS AND CLIENTS
PURSUANT TO RULE 61 OF THE INVESTMENT BANK SPECIAL ADMINISTRATION
(ENGLAND AND WALES) RULES 2011**

WealthTek LLP('the LLP') - In Investment Bank Special Administration
In the High Court of Justice, Business and Property Courts of England & Wales
High Court number CR-2023-001772
Limited Liability Partnership reference number: OC355200

NOTICE IS GIVEN by:

Shane Crooks
BDO LLP
55 Baker Street
London
W1U 7EU

Mark Shaw
BDO LLP
55 Baker Street
London
W1U 7EU

Emma Sayers
BDO LLP
55 Baker Street
London
W1U 7EU

IP number: 15110

IP number: 8893

IP number: 9695

That a meeting of the creditors and clients of WealthTek LLP (also trading as WealthTek, Vertem Asset Management and Malloch Melville), c/o BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH

Is to be held at The Met Hotel, King Street, Leeds LS1 2HQ

On 14 June 2023 at 14:00 hrs

The meeting is an Initial Creditors' and Clients' Meeting pursuant to rule 61 of the Investment Bank Special Administration (England and Wales) Rules 2011 and in accordance with paragraph 51(1) of Schedule B1 to the Insolvency Act 1986 as applied by the Investment Bank Special Administration Regulations 2011.

I invite you to attend the above meeting.

A proxy form is enclosed which should be completed and returned to me by 12 noon on 13 June 2023, the business day before the date of the meeting if you cannot attend and wish to be represented.

In order to be entitled to vote under rules 85 and 90 of the Investment Bank Special Administration (England and Wales) Rules 2011 at the meeting, you must give to me, not later than 12:00 hours on the business day before the day fixed for the meeting, details in writing of your claim.



Shane Crooks
Joint Special Administrator

Date: 26 May 2023

Contact: Callum Cree or Hannah Marnell
Tel: +44(0)113 521 4470 or +44(0)151 351 4700
Email: WealthTek@bdo.co.uk
Reference: 00426532

APPENDIX H

CLIENT AND CREDITOR CLAIM FORMS

STATEMENT OF CLAIM - CLIENTS

WealthTek Limited Liability Partnership ('the LLP') - In Investment Bank Special Administration
Date the LLP entered Special Administration: 6 April 2023

Client name	
Client reference	
Client address	

1. Confirmation of Client Statement

I agree that my Client Statement is correct solely for the purposes of voting at the Initial Meeting of Creditors and Clients on 14 June 2023 (and at any subsequent meeting of Creditors and Clients)	Yes (Go to Part 3) []
	No (Go to Part 2) []

2. Details of Claim

Amount of claim (including any VAT if applicable)	£
Amount of VAT	£
Please attach documents by reference to which the debt can be substantiated (e.g., client statements, terms and conditions, contracts)	
Details of any security held, the value of the security, and the date it was given.	

3. Confirmation

Name (BLOCK CAPITALS)	
Dated	
Position with or in relation to Client (if the Client is not signing)	
Address of person signing (if different from 2 above)	

Please complete and return this form to WealthTek Team, Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH or by email to WealthTek@bdo.co.uk.

STATEMENT OF CLAIM - CREDITORS

WealthTek Limited Liability Partnership ('the LLP') - In Investment Bank Special Administration

Date the LLP entered Special Administration: 6 April 2023

Creditor name <i>(If a company please also give company registration number and where registered)</i>	
Creditor address <i>including email address for correspondence</i>	
Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the LLP entered Special Administration.	£
If amount in 3 above includes outstanding uncapitalised interest please state amount.	£
Particulars of how and when debt incurred <i>(If you need more space append a continuation sheet to this form).</i>	
Particulars of any security held, the value of the security, and the date it was given.	
Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
Please attach documents by reference to which the debt can be substantiated.	
Signature of creditor or person authorised to act on their behalf	
Name (BLOCK CAPITALS)	
Dated	
Position with or in relation to Creditor (if the Creditor is not signing or is a body corporate)	
Address of person signing <i>(if different from 2 above)</i>	

Please complete and return this form to WealthTek Team, Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH or by email to WealthTek@bdo.co.uk

APPENDIX I

CLIENT AND CREDITOR PROXY FORMS AND COMMITTEE NOMINATION FORMS

CLIENT PROXY FORM PURSUANT TO RULE 124 OF THE INVESTMENT BANK SPECIAL ADMINISTRATION (ENGLAND AND WALES) RULES 2011

WealthTek Limited Liability Partnership ('the LLP') - In Investment Bank Special Administration
In the High Court of Justice, Business and Property Courts of England and Wales
High Court number: CR-2023-001772
Limited Liability Partnership registration number: OC355200

Name of Client _____

Client Reference _____

Address _____

Please insert name of person (who must be 18 or over) or the chair of the meeting (see note below) if you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of Proxy Holder

1 _____

2 _____

3 _____

I appoint the above person to be my/the Client's proxy holder at the meeting of Creditors and Clients to be held on 14 June 2023, or at any adjournment of that meeting.

The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting instructions

* Please delete as applicable if the proxy holder is only to vote as directed i.e. he has no discretion.

1. For the approval of the JSAs' Proposals.

For/Against*

2. For the establishment of a Clients' and Creditors' Committee (if there are sufficient Clients and Creditors willing to act).

For/Against*

Any other resolutions which the proxy-holder is to propose or vote in favour of or against should be set out in numbered paragraphs in the space provided below. If more room is required please use the other side of this form

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the Client has not signed in person

Relationship to Client or other authority for signature

CREDITORS' AND CLIENTS' COMMITTEE NOMINATION FORM

WealthTek Limited Liability Partnership ('the LLP') - In Investment Bank Special Administration
In the High Court of Justice, Business and Property Courts of England and Wales
High Court number: CR-2023-001772
Limited Liability Partnership registration number: OC355200

Name of Client Client Reference	Address
---	---

I consent to being a member of the Creditors' and Clients' Committee	*Delete as applicable Yes / No*
---	--

I wish to nominate _____ ** (insert name) to act as my representative.

***A body corporate may be a member of a committee, but it cannot act otherwise by a representative*

Signature	Name (BLOCK CAPITALS)
Authority	Dated

Please complete and return this form together with your claim form (unless previously submitted) **only** if you require that a committee be established and consent to being a member of the committee to WealthTek Team, Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH or by email to WealthTek@bdo.co.uk to be received no later than 13 June 2023.

Notes:

A committee member may not be represented by:

- Another member of the committee
- A person who is at the same time representing another committee member
- A body corporate
- An undischarged bankrupt
- A person whose estate has been sequestrated and who has not been discharged
- A person to whom a moratorium period under a debt relief order applies
- A person who is subject to a company directors' disqualification order or a company directors' disqualification undertaking
- A person who is subject to a bankruptcy restrictions order (including an interim order), a bankruptcy restriction undertaking, a debt relief restrictions order (including an interim order) or a debt relief restrictions undertaking.

Please also note that the Joint Special Administrators cannot act as a committee member's representative.
The committee must have at least three members and no more than five members.

CREDITOR PROXY FORM PURSUANT TO RULE 124 OF THE INVESTMENT BANK SPECIAL ADMINISTRATION (ENGLAND AND WALES) RULES 2011

WealthTek Limited Liability Partnership ('the LLP') - In Investment Bank Special Administration
In the High Court of Justice, Business and Property Courts of England and Wales
High Court number: CR-2023-001772
Limited Liability Partnership registration number: OC355200

Name of Creditor _____

Creditor Reference _____

Address _____

Please insert name of person (who must be 18 or over) or the chair of the meeting (see note below) if you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Name of Proxy Holder

1

2

3

I appoint the above person to be my/the Creditor's proxy holder at the meeting of Creditors and Clients to be held on 14 June 2023 or at any adjournment of that meeting.

The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting instructions

* Please delete as applicable if the proxy holder is only to vote as directed i.e. he has no discretion.

1. For the approval of the JSAs' Proposals.

For/Against*

2. For the establishment of a Clients' and Creditors' Committee (if there are sufficient Clients and Creditors willing to act).

For/Against*

Any other resolutions which the proxy-holder is to propose or vote in favour of or against should be set out in numbered paragraphs in the space provided below. If more room is required please use the other side of this form

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the Creditor has not signed in person

Relationship to Creditor or other authority for signature

CREDITORS' AND CLIENTS' COMMITTEE NOMINATION FORM

Wealthtek Limited Liability Partnership - In Investment Bank Special Administration ('the LLP')
 In the High Court of Justice, Business and Property Courts of England and Wales
 High Court number: CR-2023-001772
 Limited Liability Partnership registration number: OC355200

Name of Creditor Creditor Reference	Address
---	--

I consent to being a member of the Creditors' and Clients' Committee	*Delete as applicable Yes / No*
---	--

I wish to nominate _____ ** (insert name) to act as my representative.

***A body corporate may be a member of a committee, but it cannot act otherwise by a representative*

Signature Authority	Name (BLOCK CAPITALS) Dated
---	---

Please complete and return this form together with your claim form (unless previously submitted) **only** if you require that a committee be established and consent to being a member of the committee to WealthTek Team, Business Restructuring, BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH or by email to WealthTek@bdo.co.uk to be received no later than 13 June 2023.

Notes:

A committee member may not be represented by:

- Another member of the committee
- A person who is at the same time representing another committee member
- A body corporate
- An undischarged bankrupt
- A person whose estate has been sequestrated and who has not been discharged
- A person to whom a moratorium period under a debt relief order applies
- A person who is subject to a company directors' disqualification order or a company directors' disqualification undertaking
- A person who is subject to a bankruptcy restrictions order (including an interim order), a bankruptcy restriction undertaking, a debt relief restrictions order (including an interim order) or a debt relief restrictions undertaking.

Please also note that the Joint Special Administrators cannot act as a committee member's representative.
 The committee must have at least three members and no more than five members.