

**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' progress report
from 6 April 2024 to 5 October 2024

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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, which was set as 20 March 2024
'Bar Date Notice'	Formal notice of the Bar Date issued to clients in accordance with Rule 138 of the Rules
'CASS'	The FCA's Client Assets Sourcebook
'CASS 7'	Chapter 7 (client money rules) of CASS
'CASS 7A'	Chapter 7A (client money distribution and transfer) of CASS
'Client'	A party for whom the LLP held Client Money and/or Custody Assets (i.e. Client Assets)
'Client Assets'	Client Money and Custody Assets, collectively
'Client Assets Claim'	Each Client's claim to the Custody Assets
'Client Assets Claim Form'	The form submitted by Clients agreeing or disagreeing with their Client Assets Claim and/or Client Money Entitlement, as set out in their Client Assets Statement
'Client Assets Confirmation Statement'	The statement that each Client was sent by the JSAs setting out the agreed claim in respect of both Custody Assets and Client Money
'Client Assets Reconciliation'	A reconciliation conducted by the JSAs to confirm (a) the Client Assets held by the LLP on behalf of its Clients and (b) the claims of Clients in respect of those Client Assets
'Client Assets Return Method Form'	The form submitted by Clients to indicate whether they wish to transfer their Client Assets to an alternative broker, or liquidate their Custody Assets
'Client Assets Statement'	The statement that each Client was sent by the JSAs (in advance of the Bar Date), detailing their entitlement to Client Assets according to the LLP's records as at 6 April 2023
'Client Money'	Money that the LLP has received, held and/or treated as client money in accordance with the Client Money Rules
'Client Money Entitlement'	The amount of each Client's claim to Client Money
'Client Money Rules'	CASS 7 and CASS 7A
'Clients' and Creditors' Committee' or 'Committee'	The committee 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

'CMP'	The Client Money Pool, being the pool of pre-Special Administration 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 Client Money
'Compensation Deed'	The Deed which sets out the mechanism by which the FSCS funds compensation payments to Clients via the JSAs
'Costs Contribution'	Each Client's contribution to the costs of returning Custody Assets
'Costs Contribution Reserve'	The reserve, comprising all Clients' Costs Contributions, for the costs of achieving Objective One
'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 Instruction Date'	The date the proposed distribution of Client Assets to the Client, another person or alternative broker is intended to be instructed by the Joint Administrators as specified in the Client Assets Confirmation Statement
'Distribution Plan'	The distribution plan under Chapter 3 of the Rules setting out how Custody Assets will be returned to Clients and how the costs of the Special Administration will be allocated, which was approved by the Court on 23 July 2024
'Estate'	The LLP's assets and liabilities generally, excluding Client Assets
'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
'GHCCM'	GHC Capital Markets Limited, the Nominated Broker
'Global Portal'	BDO's Global Portal for access and use by Clients in relation to Client specific matters
'HMRC'	HM Revenue & Customs
'Intermediaries'	Individuals and/or corporate entities who have introduced Clients to the LLP

'Investment Bank'	An entity incorporated in the United Kingdom, which has permissions under FSMA to carry out certain regulated activities and holds Client Assets
'IPS'	The JSAs' electronic case management database known as Insolvency Practitioners System
'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'	The Joint Special Administrators, being Shane Crooks, Mark Shaw and Emma Sayers of BDO LLP (Mark Shaw was replaced as a JSA by Kirsty McMahon, also of BDO LLP, on 14 October 2024)
'LSE'	London Stock Exchange
'Mr Dance'	Jonathan/ John Edward Dance
'Ms O'Sullivan'	Catherine O'Sullivan, a former director of WT Nominees
'Net Property'	Floating charge realisations after costs and payment of Preferential and Secondary Preferential Creditors in full
'Nominated Broker'	Any persons that the JSAs notify as being a Nominated Broker to receive the Client Assets in accordance with Regulation 10B
'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 Three'	To either: <ul style="list-style-type: none">(i) Rescue the Investment Bank as a going concern, or(ii) Wind it up in the best interest of the creditors
'Objective Two'	To ensure timely engagement with market infrastructure bodies and the Authorities pursuant to regulation 13 of the Regulations
'Period'	6 April 2024 to 5 October 2024
'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
'Portal'	BDO's online portal for Clients and Creditors, at brportal.bdo.co.uk , in relation to general Client and Creditor updates and communications
'Post-appointment Client Money'	Client Money received after the PPE (representing income and receipts deriving from underlying Client Assets, including in respect of corporate actions), to be held separately from the CMP and distributed in accordance with CASS 7A

'PPE'	Primary pooling event as defined under CASS 7A, resulting in the formation of the CMP at the time the LLP entered Special Administration
'Preferential Creditors'	Claims for unpaid wages earned in the four months prior to Special Administration up to £800, holiday pay and unpaid pension contributions in certain circumstances. Where a decision is being sought from Preferential Creditors, these will include Secondary Preferential Creditors
'Prescribed Part'	Where a body corporate has granted a floating charge after 15 September 2003, under Section 176A of the Act (as applied by the Regulations) a proportion of the Net Property available to a qualifying floating charge holder is set aside for the Unsecured Creditors of that body corporate
'Proposals'	The JSAs' statement of proposals for achieving the purpose of the Special Administration
'Redundancy Payments Service'	A government department that pays outstanding entitlements to employees (up to certain statutory limits) in the event their employer is insolvent
'Regulations'	Investment Bank Special Administration Regulations 2011
'Rules'	Investment Bank Special Administration (England and Wales) Rules 2011
'Secondary Preferential Creditors'	Where a company enters into 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
'Secured Creditors'	Creditors whose debt is secured over the LLP's property
'Segregated Trust Account'	The bank account operated by the JSAs to receive compensation due to Clients from the FSCS
'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 Funder'	HUK 126 Limited
'the LLP'	Wealthtek Limited Liability Partnership trading as: WealthTek, Vertem Asset Management and Malloch Melville
'the Report'	This report, prepared and sent in accordance with Rules 122 and 123 of the Rules
'Trade Creditors'	Any party who is not a Client that is owed an amount by the LLP, including Preferential, Secondary Preferential and Unsecured Creditors
'Transfer Instruction Date'	The date the proposed transfer to the Nominated Broker is intended to be instructed by the Joint Administrators as specified in the Client Assets Confirmation Statement

'Transfer/Distribution Instruction Dates'	The Transfer Instruction Date and Distribution Instruction Date
'Unsecured Creditors'	Creditors who are neither secured nor preferential
'WT Nominees'	WealthTek Nominees Limited

1. KEY INFORMATION

1.1. Background

Shane Crooks, Mark Shaw and Emma Sayers were appointed as JSAs of the LLP on 6 April 2023 by the Special Administration Order following an application by the FCA.

On 14 October 2024 (following the end of the Period) Mark Shaw was replaced as JSA by Kirsty McMahon.

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 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).

Nothing in this Report is intended to waive any form of legal privilege held by the LLP or the JSAs.

1.2. Purpose of the Report

This is the third six-month progress report in relation to the Special Administration, for the period from 6 April 2024 to 5 October 2024.

The main purpose of the Report is to provide Clients and Creditors with an update on the progress of the Special Administration during the Period, including progress made by the JSAs in pursuing the Objectives of the Special Administration.

This introductory section seeks to provide a summary of the key matters that have been progressed during the Period, and which are outlined in further detail in the subsequent sections of the Report.

We would encourage the reader to review this Report in conjunction with all other reports and updates regarding the Special Administration. These are available on the brportal.bdo.co.uk portal or through the JSAs' website www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/wealthtek-administration.

1.3. Summary of actions taken in the Period

As previously reported, on 4 April 2023 the FCA imposed requirements on the LLP immediately to cease all regulated activities for which it had Part 4A FSMA permissions. The LLP has therefore not undertaken any regulated activity in the Period.

During the Period, the JSAs have:

- Continued to safeguard the LLP's hard copy and electronic books and records;
- Continued to retain three employees to assist the JSAs with the Client Assets Reconciliation, their investigations and the general discharge of their duties;
- Met ongoing reporting requirements to the Funder, in relation to the loan facility provided to the JSAs to enable them to pursue Objective One;
- Repaid the loan facility provided by the Funder;
- Undertaken routine reconciliations of Custody Assets held;
- Undertaken daily reconciliations of pre-Special Administration Client Money and Post-appointment Client Money;

- Continued to deal with Client queries via email and telephone;
- Investigated and, where possible, resolved disagreements on the Client Assets entitlements set out in the Client Assets Statements;
- Issued Clients with Client Assets Confirmation Statements, via either their individual client portals or in hard copy, setting out the agreed claims in respect of Custody Assets and Client Money;
- Issued updates to Clients and Creditors on key matters arising in the course of the Special Administration;
- Continued to engage with legal counsel to advise on numerous issues in the Special Administration, including in particular the Distribution Plan;
- Drafted the Distribution Plan and supporting documentation, including an Explanatory Statement and a further set of FAQs, together with the Court application documents and supporting witness statements;
- Liaised with the FSCS, the FCA and the Committee with regard to the Distribution Plan and other supporting documents;
- Applied to the Court for the approval of the Distribution Plan;
- Prepared for and attended the initial Distribution Plan hearing;
- Engaged legal counsel to instruct an independent King's Counsel to provide an Opinion to the Court on certain aspects of the Distribution Plan;
- Prepared for and attended the adjourned hearing of application for approval of the Distribution Plan (at which the Distribution Plan was approved);
- Prepared and submitted further written submissions in relation to the Costs Contribution Reserve under the Distribution Plan, as directed by the Court;
- Liaised with the FSCS regarding the extent of compensation cover available for eligible Clients and the method of funding compensation payable through the Distribution Plan;
- Engaged with the Nominated Broker and other alternative brokers in relation to the transfer and distribution of Client Assets pursuant to the Distribution Plan;
- Held formal Committee meetings on 2 May 2024, 13 June 2024 and 3 September 2024, and continued to liaise with the Committee on a regular, ad-hoc basis;
- Continued with investigations into the affairs of the LLP and the Client Assets shortfalls;
- Liaised with the FCA, the FSCS and the LSE as required; and
- Issued all required statutory notifications and reports in accordance with the Regulations and the Rules.

Further details of the work undertaken by the JSAs during the Period are provided in section 2.

Due to the position inherited by the JSAs on their appointment, including the significant Client Assets shortfalls and inaccuracies in the LLP's books and records, ascertaining the LLP's position, and that of each Client, has taken some time and has been complex. The JSAs understand the hardship caused to individual Clients and Creditors and, as set out in the papers filed in support of the Distribution Plan application, have sought to implement a strategy for the return of Client Assets and the conduct of the Special Administration that provides an appropriately fair outcome for all Clients in line with the JSAs' duties.

1.4. Return of Client Assets

1.4.1. Client Assets Shortfall

As previously reported, and unlike in other Investment Bank Special Administrations that have occurred to date, there is a significant shortfall in the Client Assets held by the LLP.

The existence of that shortfall has in turn highlighted a number of issues in relation to the books and records of the LLP, on which the JSAs would normally expect to rely for the purposes of completing the Client Assets Reconciliation and returning Client Assets.

This has had an impact on the speed and manner in which Client Assets can be returned to Clients, as the JSAs have had to ensure that the rights of each Client were understood and respected as they prepared the Distribution Plan (and this was considered fully by the Court as it considered and approved the Distribution Plan).

The JSAs' investigations have identified a Client Assets shortfall of £80.8m, which is made up of a Custody Asset shortfall of £70.6m and a Client Money shortfall of £10.2m.

1.4.2. Client Assets Statement and Bar Date Notice

As previously reported, on 12 February 2024 the JSAs issued Client Assets Statements and requested that Clients agreed or disagreed with their Client Assets Claims and Client Money Entitlements by completing a Client Assets Claim Form. This form also included the option for Clients to elect to receive FSCS compensation, if eligible.

The Regulations and the Rules provide a mechanism for adjudicating Client Assets Claims and distributing Custody Assets; this involves setting a deadline for Clients to submit their claims, known as a Bar Date. In the case of the LLP, the JSAs set a Bar Date of 20 March 2024 for claims to both Custody Assets and pre-Special Administration Client Money (which, in the case of the latter, is also permitted under the Regulations).

1.4.3. Distribution Plan

The Committee formally approved the Distribution Plan on 2 May 2024, and the application for its approval by the Court was filed on 9 May 2024. A hearing date was set for 7 June 2024 before Mr Justice Rajah. The Distribution Plan and supporting documents are available on the JSAs' webpage using the following link: www.bdo.co.uk/en-gb/insights/advisory/business-restructuring/wealthtek-administration.

After considering the evidence and the submissions of the JSAs' leading counsel at the initial hearing, the Court adjourned the hearing and asked that the JSAs provide further detail on the basis on which Clients' entitlements to Client Assets had been determined for the purposes of making returns of Client Assets under the Distribution Plan.

The adjourned hearing took place on 23 July 2024 before Mr Justice Rajah. The Court approved the Distribution Plan at that hearing, but made a request for further written submissions in relation to certain issues in respect of the Costs Contribution Reserve. The final Judgment following consideration of these issues was handed down on 4 October 2024. Further information regarding this process is set out below.

1.4.4. Client Assets Confirmation Statement

The JSAs issued Client Assets Confirmation Statements to Clients on 12 September 2024. The Client Assets Confirmation Statements set out the Clients' agreed claims in respect of both Custody Assets and Client Money. There currently remains a disagreement in respect of one Client's claim, which the JSAs' team continue to attempt to resolve.

1.4.5. FSCS eligibility

In the Period the JSAs entered into a Compensation Deed with the FSCS in relation to the compensation payable to eligible Clients in respect of the costs of returning Client Assets and the losses arising from the Client Assets shortfalls, up to the maximum available cover of £85,000 per client.

During the Period, certain Clients that, based on the LLP records, are 'non-natural persons' (for example, SIPPs, trusts, deceased estates, and corporate entities) have been asked to complete a 'Corporate FSCS Eligibility Form'. The FSCS will use the information provided to determine these particular Clients' eligibility for FSCS compensation.

As at the date of this Report, eligibility has been confirmed for 90% of Clients that have elected to receive FSCS compensation

1.4.6. Transfer/distribution of Client Assets

At the time of preparing this report (albeit after the Period) the JSAs have provided Transfer/Distribution Instruction Dates to 407 Clients (meaning that they will shortly be receiving the return of their Client Assets).

Going forward, Transfer/Distribution Instruction Dates will be provided to Clients on a rolling basis, once all conditions necessary for the return of their Client Assets under the Distribution Plan have been met. The JSAs' records indicate that c.150 Clients have neither engaged with the Nominated Broker nor provided alternative instructions for the return of their assets. The JSAs encourage all Clients to engage in this process as soon as possible.

1.5. Return to Creditors

The table below summarises the anticipated outcome for Creditors (as opposed to Clients), based on our current understanding of the position. Please note that this may be subject to change.

Class of creditor	Current estimate	Previous estimate
Secured creditors	N/A	N/A
Preferential creditors	Nil	Nil
Secondary preferential creditors	Nil	Nil
Unsecured creditors ¹	Nil	Nil

- As at the date of appointment, the LLP had no outstanding floating charge security. Therefore, the Prescribed Part will not apply in the Special Administration.

1.6. What Clients and Creditors need to do

The purpose of the Report is to provide Clients and Creditors with an update only. Clients and Creditors do not need to take any further action at this time.

As noted above, however, those Clients who have yet to engage with the Nominated Broker or provide alternative instructions for the return of their Client Assets should do so at their earliest convenience in order to ensure the return of their Client Assets as soon as possible.

1.7. Clients' and Creditors' rights

An overview of the rights of Clients and Creditors is detailed at 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 the JSAs using the contact details below (to the extent you have not already done so).

1.8. Contact details

Contact: The WealthTek Team, BDO LLP, 5 Temple Square, Temple Street, Liverpool L2 5RH
Tel: +44 (0)113 521 4470 or +44 (0)151 351 4700
Email: WealthTekClients@bdo.co.uk or WealthTek@bdo.co.uk
Reference: 00426532

2. PROGRESS IN THE PERIOD

2.1. Overview

During the Period, the JSAs have continued to pursue their strategy to achieve the three statutory Objectives of the Special Administration under the Regulations. A significant amount of time has been spent preparing the Distribution Plan and associated documentation, dealing with the related Court application, and then implementing the approved Distribution Plan.

2.2. Objective One - Return of Client Assets

2.2.1. Securing all known Custody Assets and Client Money

The JSAs have continued to secure and routinely reconcile the known Custody Assets and Client Money.

The overall Client Assets shortfall stands at £80.8m.

Further details of the Client Assets are set out below.

2.2.2. Custody Assets held at CACEIS and Barclays

The JSAs continue to liaise with the LLP's custodian, CACEIS, which held Custody Assets valued at c.£96.5m as at 4 April 2023 (the date of the JIMs' appointment, which preceded the JSAs' appointment by a short period). CACEIS continue to hold the Custody Assets, together with income and assets resulting from corporate actions since the JSAs' appointment.

The JSAs' team has access to the CACEIS electronic portal, which allows access to the corporate actions processed by CACEIS. This allows the JSAs' team to undertake regular reconciliations of Custody Assets and Client Money (including Post-appointment Client Money).

Post-appointment Client Money comprises dividends, coupon payments and similar rights accruing on Custody Assets since the date of the JSAs' appointment, which have continued to be received by both CACEIS and Barclays during the Period. These receipts are separately accounted for in accordance with CASS 7A and do not form part of the CMP.

As previously reported, the JSAs have established a system for recording and reconciling receipts of Post-appointment Client Money. To date, the JSAs have recorded 4,788 cash events across seven currencies; the total receipts of Post-appointment Client Money on a currency basis are provided below.

Currency	Value (Transaction currency)	Value (£)
CAD	17,179.25	9,652.35
EUR	3,905,598.37	3,266,096.65
USD	1,381,144.23	1,053,785.70
HKD	7,715.03	757.85
GBP	15,832,254.11	15,832,254.11
AUD	11,608.09	6,019.54
NZD	0.48	0.23
GBP ¹	210.91	210.91
Total		20,168,777.34

(Please note that the JSAs have identified that the figures provided in the equivalent table in the previous progress report (for the period 6 October 2023 to 5 April 2024) were stated as having been translated into GBP, but were in fact in the transaction currency).

The funds relating to Post-appointment Client Money receipts will be distributed alongside, and consistent with, the distribution of the Custody Assets to which the relevant receipts relate. The funds are, as such, Client-specific in the same way as Custody Assets.

As previously reported, the LLP cannot undertake regulated activity and is therefore not in a position to make any elections on optional corporate actions in relation to Custody Assets, such as rights issues. The JSAs continue to record and reconcile any adjustments resulting from mandatory corporate actions, such as dividends and stock splits. To date, the JSAs have recorded approximately 140 stock events including mergers, rights issues, stock splits and spin offs.

2.2.3. Unit trusts

At the time of the appointment of the JSAs, the Platform indicated that the value of Custody Assets which were held in unit trusts was £58.4m. The value (as at 6 April 2023) of the confirmed unit trust holdings identified by the JSAs is £41.6m, however, this includes £1.7m of surplus assets i.e. assets to which Clients have no claim according to the Platform. Therefore, the confirmed unit trust holdings to which Clients do have a claim is £39.9m, representing a shortfall of £18.5m.

The investments in the unit trusts are held in the name of WT Nominees. WT Nominees is a separate legal entity to the LLP. The LLP is the sole shareholder of WT Nominees. As previously reported, shortly after the JSAs' appointment, steps were taken to pass a shareholder resolution removing the previous directors (Mr Dance and Ms O'Sullivan) and appointing an independent director in their place. During the Period, and to help facilitate the return of assets under the Distribution Plan, WT Nominees was placed into Creditors' Voluntary Liquidation with Kirsty McMahon and Shane Crooks (two of the current JSAs) being appointed as joint liquidators.

During the Period, the JSAs have continued to reconcile the unit trust positions (albeit certain of the unit trust managers provide statements only infrequently). The reconciliation includes corporate actions that have taken place since the date of the appointment of the JSAs. The Post-appointment Client Money relating to these corporate actions will be distributed alongside, and consistent with, the distribution of the Custody Assets to which the relevant receipts relate. These Post-appointment Client Money receipts are included in the table at 2.2.2 above.

¹ This Post-appointment Client Money receipt is held in the JSAs' RBS account.

2.2.4. Custody Assets shortfall

The updated shortfall in respect of the Custody Assets is set out in the table below:

Description	Note	Value £*
Total valuation of Custody Assets on the Platform as at 6 April 2023	1	216,476,986
Custody Assets confirmed to be held by custodians as at 6 April 2023	2	138,634,277
Custody Assets held by the LLP in certificated form as at 6 April 2023	3	425,566
Surplus assets confirmed to be held by custodians as at 6 April 2023	4	(2,722,145)
Custody Assets recorded on Platform but not actually held by LLP on behalf of clients	5	9,558,651
Current Custody Asset shortfall	6	70,580,637

Notes:

1. This is the JSAs' updated estimated valuation of Custody Assets indicated as being held by the LLP 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 is 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 involves a degree of judgement. There are minor differences between the values shown on the Platform as at 6 April 2023 and the values extracted from Bloomberg.

This figure has decreased from £216,480,868 in the previous report as a result of agreeing Client claims and inaccuracies within the LLP's records.

2. This is the confirmed Custody Assets held with custodians valued as at 6 April 2023. This figure has decreased very slightly from £138,634,478 in the previous report due to updated information provided by custodians. The balance comprises assets held at CACEIS totalling £96,548,470, unit trusts totalling £41,566,291 and assets held by other Custodians totalling £519,516.
3. This is the value of certificated shares in the name of Clients held by the LLP.
This figure has decreased from £428,818 in the previous report as a result of Clients advising that they had share certificates re-issued to them directly, meaning those held by the LLP are invalid.
4. The reconciliation has identified assets valued at c. £2.7m which are confirmed as being held with custodians, but the Platform records do not indicate that any Clients have a claim to these assets. This figure has increased by £1,443 from the last report as result of the identification of corporate actions that were recorded on the Platform.
5. As previously reported, the JSAs are aware of one asset with a recorded value of c. £8.5m, which had been included in a Client's portfolio. The JSAs' investigations have identified, however, that the LLP never held the asset on behalf of the Client, and it does not therefore form part of the Custody Assets. Additionally, the JSAs have become aware of seven Clients that hold in their possession certificated shares with a value of c. £1m. These were previously understood to have been held in the name of the LLP and therefore had been included in the shortfall figure. The effect of these adjustments is to reduce the Custody Asset shortfall.

This figure has increased from £9,527,778 in the previous report as a result of new information provided by clients.

6. The JSAs have undertaken substantial investigations and do not at this stage anticipate identifying any additional Custody Assets that will materially affect the Custody Assets shortfall.

2.2.5. Client Money

As previously reported, the appointment of the JSAs triggered a primary pooling event ('PPE') under CASS 7A, whereby all Client Money held at that time was pooled to form the CMP. During the Period Client Money in various currencies was paid to the LLP by CACEIS and Barclays in GBP. The amount received in GBP is as follows:

Currency	Value in GBP
GBP	2,395,616
USD	108,946
EUR	161,748
Other (AUD, CAD, HKD and NZD)	3,647
Total	2,669,957

The GBP figure above is less than that shown in the last report as the balance above is as at 12:45 hrs, which is the time of the PPE (i.e. the time of the Special Administration Order) when the CMP was constituted, whereas the figure previously reported was the opening daily balance. The figure above takes into account the movements in that short period.

2.2.6. Client Money Reconciliation

The table below sets out the current shortfall (before costs) on the pre-Special Administration Client Money reconciliation:

As at 6 April 2023:	Value £
Client Money positions on the Platform	12,876,348
Client Money held with known custodians	2,669,957
Current Client Money shortfall	(10,206,390)

The current shortfall has increased by £454,334 since the last report due to adjustments made to the Client Money Entitlements for certain Clients in the Period and foreign exchange differences arising on conversion of funds from CACEIS and Barclays.

As detailed in the Client Assets Statements sent to Clients, Client Money is treated differently to Custody Assets in that it will be distributed under CASS 7A, rather than under the terms of the Distribution Plan. The JSAs nonetheless expect to distribute Client Money in parallel with the return of Custody Assets. There is a pre-Special Administration Client Money shortfall, meaning that each client will receive a rateable distribution of Client Money held by the Firm based on their Client Money Entitlement, and will have an unsecured claim against the LLP in the amount of the shortfall.

A number of issues will impact on the final level of pre-Special Administration Client Money available for distribution, but the JSAs will pay an initial distribution of pre-Special Administration Client Money of 19p in the £.

2.2.7. Physical share certificates

The LLP held approximately 1,715 physical share certificates, relating to shares predominantly held in UK listed companies. The LLP obtained the share certificates from Clients (i.e. the physical share certificates are in the name of the underlying Clients), on the understanding that the relevant shares would be dematerialised and sold, with the underlying Client being credited with Client Money in an amount equal to the value of the shares. However, whilst a significant proportion of the Clients appear to have received an increased Client Money Entitlement, the process of dematerialising and realising the certificated shares was not in fact undertaken by the LLP.

The JSAs have sought legal advice regarding the correct treatment and ownership of these certificated shares and have applied the principles obtained from the legal advice when dealing with this matter in the Client Assets Reconciliation and preparation of the Distribution Plan.

Where it is appropriate to do so, physical share certificates will be returned to Clients as the Distribution Plan is implemented. Similarly, where appropriate, Clients will be asked to sign a stock transfer form to perfect the formal transfer of the certificated shares to the LLP. The JSAs will shortly be writing to Clients who are affected by this issue in order to perfect the transfers.

As the LLP was the 'beneficial' owner of the certificated shares, any dividends relating to them since they were sold by Clients should have been received by the LLP. The JSAs have taken receipt of ad-hoc dividends from Clients that have continued to receive the dividends. The amount received to date is £19,821.

2.2.8. Client Assets Statements

As previously reported, following the completion of the Client Assets Reconciliation, the JSAs issued Clients with their Client Assets Statements on 12 February 2024. The Bar Date Notice was also provided to Clients at this time. Each Client was asked to submit a Client Assets Claim Form confirming whether they agreed or disagreed with their stated Client Assets Claim and Client Money Entitlement.

Dedicated members of the JSAs' team have continued to investigate and deal with specific queries in relation to the Client Assets Claims and Client Money Entitlements, in particular in respect of those Clients who indicated on their Client Assets Claim Forms that they disagreed with the details contained in their Client Assets Statements, in an effort to resolve areas of disagreement.

As at the date of this Report:

- 1,295 Client Assets Claim Forms have been received (out of a total of 1,404 Client accounts);
- Only two Client accounts, of those that have not submitted a Client Assets Claim Form, contain Client Assets. 31 Client accounts have a Client Money Entitlement of less than £750 and the remaining Client accounts have nil balances;
- There remains a disagreement in respect of one Client's claim, which the JSAs' team continue to attempt to resolve; and
- In all but 81 of the Client Assets Claim Forms, Clients have elected to receive FSCS compensation. However, all except three of these accounts are nil balance Client Assets accounts. Four of the accounts have Client Money Entitlements of less than £850. All Clients who have opted out of FSCS compensation have been contacted to confirm they understand the implications of this course of action.

2.2.9. Preparation and approval of the Distribution Plan

The Distribution Plan provides the mechanism by which, amongst other matters, Custody Assets can be returned to Clients. It is a requirement under the Rules for the Distribution Plan to be formally approved by the Committee and the Court before it can be implemented.

As previously reported, together with their legal advisors, and working closely with the Committee, the FSCS, and the FCA, the JSAs spent a significant amount of time drafting the Distribution Plan and supporting documents, and the papers required for the Court application. These were finalised during the Period.

The Committee formally approved the Distribution Plan on 2 May 2024, and the application seeking the Court's approval was filed on 9 May 2024. A hearing date was set for 7 June 2024 before Mr Justice Rajah.

Clients were not required to attend the Court hearing. However, the Court hearing was held in public and anyone was able to attend, if they wished to do so. The following documents were made available on the JSAs website prior to the hearing:

- the Distribution Plan
- the addendum to the Distribution Plan
- an explanatory statement
- the witness statement of Shane Crooks, one of the JSAs, supporting the application
- a Distribution Plan flow chart and frequently asked questions

After considering the evidence and the submissions of the JSAs' leading counsel, the Court adjourned the hearing and asked that the JSAs provide more detail on the basis on which Clients' entitlements to Client Assets had been calculated for the purposes of making returns of Client Assets under the Distribution Plan.

Specifically, the Court required more detail on the approach which the JSAs proposed to take in addressing the deficiencies and inaccuracies in the LLPs' books and records, in order to be satisfied that it represented the fairest outcome for all Clients.

The Court hearing was relisted to be heard on 23 July 2024 before Mr Justice Rajah. In response to the Court's request, the JSAs instructed an independent King's Counsel (a leading barrister with expertise in financial services, trusts and insolvency matters) to provide an independent Opinion to the Court.

The Distribution Plan was subsequently approved by Mr Justice Rajah at the re-listed hearing on 23 July 2024, albeit the JSAs were required to provide further written submissions to the Judge on the Costs Contribution Reserve under the Distribution Plan. These submissions were filed on 30 July 2024.

Mr Justice Rajah handed down his judgment on 4 October 2024, including in relation to the Costs Contribution Reserve under the Distribution Plan. The judgment confirmed the Court's approval of the Distribution Plan and provided details of the matters considered by the Court in reaching its decision. Following consideration of the further submissions on the Costs Contribution Reserve, the Judge did not approve the Costs Contribution Reserve as originally proposed under the Distribution Plan. The judgment means that:

- The Distribution Plan remains approved. The JSAs are currently taking steps to facilitate the return of Client Assets held by WealthTek, and this work will be unaffected by the judgment.
- There will be a reduction in the Costs Contribution Reserve insofar as it relates to the costs of potential future litigation. This will have no effect on the significant majority of Clients (approximately 84%), who will suffer no shortfalls after receiving FSCS compensation.
- However, Clients whose shortfall claims exceed £62,000 and who are eligible to receive FSCS compensation will now be entitled to additional compensation equivalent to the reduction in the Costs Contribution.

A further hearing will be held in due course to clarify certain outstanding matters arising from the decision. Following the further hearing, the JSAs anticipate that there will be clarity on the extent of the reduction in the Costs Contribution for each Client.

2.2.10. Client Assets Confirmation Statements

The JSAs issued Clients with their Client Assets Confirmation Statements on 12 September 2024. The Client Assets Confirmation Statements set out the agreed claims in respect of both Custody Assets and Client Money, and detailed the following:

- the accepted Client Assets Claim
- the Client Assets shortfall claim
- any stock adjustments to held Client Assets post-6 April 2023 to 30 June 2024
- the Client Assets subject to a transfer/distribution
- the Custody Assets which cannot be subject to a transfer/distribution
- the Client Money Entitlement
- the Post-appointment Client Money received post-6 April 2023 up to 30 June 2024
- the Post-appointment Client Money subject to a transfer/distribution
- the Client's Costs Contribution
- the Client's FSCS compensation status

Members of the JSAs' team have been available to explain the contents of the Client Assets Confirmation Statements and deal with related Client queries. The Client queries in this regard have been received and dealt with in writing, via email and telephone, as appropriate.

2.2.11. Nominated Broker process

In the Period, and following a process undertaken to identify appropriate parties, the JSAs have appointed GHC Capital Markets Limited ('GHCCM') as Nominated Broker in relation to the Distribution Plan. GHCCM was established in 1996 and is a financial services company providing stockbroking and investment management services to its clients.

GHCCM is authorised and regulated by the Financial Conduct Authority (FRN:152998). The JSAs worked with the Nominated Broker to develop a detailed migration plan for transferring Client Assets. As part of this process, it was necessary for GHCCM to enter into a formal transfer agreement with the LLP and the JSAs. The identity of the Nominated Broker was shared with Clients on 19 July 2024 and since that time it has been working to onboard those Clients wishing to transfer their Custody Assets to the Nominated Broker.

As at the date of this Report, 342 Clients have elected to opt-out of the transfer to the Nominated Broker and have indicated that they wish to either: (i) transfer their Client Assets to an alternative broker; or (ii) liquidate their Custody Assets. A further 373 Clients introduced to the LLP by a particular corporate Intermediary are also transferring their Client Assets to an alternative platform provider.

2.2.12. Tax issues

Whilst the JSAs are unable to provide tax advice to Clients, they are aware that the failure of WealthTek, and the distribution of Client Assets and payment of FSCS compensation, is likely to cause a number of issues and uncertainties for Clients.

Clients should consider seeking independent tax advice in respect of their own individual financial position.

2.2.13. ISAs

The JSAs' investigations have revealed certain potential issues with ISA accounts managed by the LLP prior to June 2021. The JSAs are working with the Nominated Broker and other alternative brokers to determine what approach can be taken in relation to the transfer of these accounts.

It is estimated that approximately 230 Clients' accounts may be affected by this issue. These Clients will be contacted shortly to explain what this may mean to them.

2.2.14. SIPPs

The JSAs continue to liaise with a number of SIPP providers in relation to the accounts of the underlying Clients, in order to arrange appropriate mechanisms for the transfer of Client Assets held within SIPP wrappers.

2.2.15. Further potential recoveries for the benefit of Clients

The JSAs are continuing to liaise with the FCA, which, as previously reported, is conducting a regulatory and criminal investigation into the LLP and Mr Dance (including potential regulatory breaches relating to Client Money and Custody Assets).

As previously reported, as part of this process, on 4 April 2023, the FCA obtained a worldwide order to freeze assets belonging to Mr Dance up to the value of £40m, in order to preserve assets which may potentially be available for distribution or confiscation upon the conclusion of any civil or criminal proceedings brought by the FCA. On 8 November 2023, the FCA obtained a Restraint Order over Mr Dance's assets which has in effect replaced the original freezing order. The purpose of the Restraint Order is to preserve assets and make them available for a possible future confiscation order, which can only be made following a criminal conviction.

On 1 March 2024, following an application by the FCA, the High Court granted a 12 month stay in the FCA's civil case against Mr Dance (which had already been stayed as far as WealthTek is concerned), allowing the FCA to focus its resources on its criminal investigation against Mr Dance.

The JSAs understand that any recoveries made by the FCA in any proceedings resulting from its investigation will be for the benefit of those who have been adversely affected and/or suffered a loss as a result of contravention of the relevant regulatory requirements i.e. the Clients (and, if applicable, the Creditors) of the LLP.

2.2.16. Liaising with the FSCS

As previously reported, on 14 September 2023, the FSCS confirmed that it anticipated that, for eligible customers, it was likely to meet any losses suffered in relation to the following:

- the costs of returning Client Money;
- the costs of transferring any Custody Assets to a new broker (provided that the assets were covered by the FSCS's rules);
- shortfalls suffered on any Client Money claim; and
- shortfalls suffered on any Custody Asset claim.

For eligible Clients, therefore, the FSCS cover will compensate Clients in respect of the costs of returning Client Assets and the losses arising from the Client Assets shortfalls, up to the maximum available cover of £85,000 per client.

The JSAs will facilitate the payment of FSCS compensation to Clients.

During the Period, the JSAs have continued to work closely with the FSCS regarding the compensation available for customers, Client eligibility and data gathering. They have also continued to liaise with the FSCS in relation to Clients that are experiencing serious financial hardship.

In addition, regular calls are held to provide updates to the FSCS on the progress of the Special Administration.

Clients that, based on the LLP's records, are 'non-natural persons' (e.g. SIPPs, trusts, deceased estates, and corporate entities) have recently been asked to complete a 'Corporate FSCS Eligibility Form', which the FSCS will use to determine eligibility for these types of Client.

The JSAs have recently received the sum of £26,690,773 from the FSCS under the terms of a Compensation Deed (which sets out the mechanism by which the FSCS funds compensation payments to Clients via the JSAs), representing the compensation payable in respect of those

Clients who have, to date, been determined as eligible for compensation. Further funds are anticipated to be received as further Client eligibility is confirmed by the FSCS.

The £26,690,773 received represents the compensation and Costs Contributions on behalf of the 865 Clients that were determined as eligible at that time.

Whilst it was the JSAs' original intention to provide the FSCS shortfall compensation alongside the return of Client Assets and/or Client Money, the JSAs appreciate that not all Clients are yet in a position to receive the return of their Client Assets. The JSAs also understand the distress that has been caused to Clients as a result of the LLP's failure and Clients' inability to access their assets for a prolonged period of time.

To enable Clients to access their FSCS shortfall compensation as soon as reasonably possible, the JSAs therefore consider it appropriate to offer Clients the opportunity of receiving their FSCS compensation prior to the return of their Client Assets. This process is limited to Clients:

- who have a shortfall in their Client Assets or Client Money;
- whose eligibility has been confirmed by FSCS;
- whose compensation has been received by the JSAs; and
- who have not yet been provided with a Transfer/Distribution Instruction Date.

The relevant Clients will be contacted in due course regarding this process.

2.2.17. Transfer/distribution of Client Assets

At the time of preparing this report (albeit after the end of the Period), the JSAs have provided Transfer/Distribution Instruction Dates to 407 Clients (meaning that they will shortly be receiving the return of their Client Assets).

Going forward, Transfer/Distribution Instruction Dates will be provided to Clients on a rolling basis, once all conditions necessary for the return of their Client Assets under the Distribution Plan have been met.

The JSAs records indicate that c.150 Clients have neither engaged with the Nominated Broker nor provided alternative instructions for the return of their Client Assets. The JSAs would like to encourage all Clients to engage in this process as soon as possible.

2.2.18. Communications with Clients and Intermediaries

The JSAs have continued to utilise a number of methods for communicating with Clients in relation to the 1,404 current Client accounts identified. 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, together with a link to the JSAs' public website for the Special Administration (www.bdo.co.uk/en-gb/wealthtek-administration), which includes frequently asked questions and details of how to obtain further information.
- Post: the JSAs have continued to issue relevant documents to those Clients who prefer to receive paper documents rather than the electronic updates. This has included the Client Assets Confirmation Statements and Client Assets Return Method Forms.
- 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 (on business days).
- The Portal: a dedicated online portal for all Clients and Creditors of the LLP was set up (www.brportal.bdo.co.uk) to host documentation relating to the Special Administration. This includes the initial notice to Clients and Creditors, the Proposals and the six-monthly progress reports, together with important updates in relation to the implementation of the Distribution Plan.

- **Helplines:** the JSAs set up a dedicated helpline to take calls from Clients and Creditors wishing to speak to the JSAs' team. As previously advised, a separate helpline has been set up and details provided to those Clients that have experienced significant losses as a result of the LLP's failure.
- **Intermediaries:** 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 those Clients during the Period.

2.2.19. Reporting to and repaying the Funder

As previously advised, the LLP had limited cash resources as at the date of the JSAs' appointment and, as it was no longer carrying out its regulated business, it could not generate any income to fund operations over the period of the Special Administration.

After approaching a number of potential funders and considering the terms on offer, the JSAs secured a £2m loan facility from the Funder to fund the costs incurred in pursuing Objective One. In total, £950,000 was drawn down against the facility, with £100,000 being drawn down in the Period.

Monthly cash reconciliations and cashflow reports were prepared for the Funder throughout the Period in accordance with the terms of the loan facility.

On 30 September 2024, the loan facility was repaid following the receipt of funds from the FSCS, as detailed above. The total amount repaid, inclusive of fees and interest, was £1,412,287.

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

2.3.1. Financial Conduct Authority

The JSAs have continued to maintain frequent contact with the FCA during the Period and will continue to do so in relation to the Distribution Plan, regulatory compliance and statutory reporting requirements, and the overall strategy of the Special Administration.

2.3.2. Financial Services Compensation Scheme

As noted, the JSAs have maintained regular contact with the FSCS, and have been working closely with the FSCS in order to confirm Client eligibility and facilitate the payment of compensation to Clients.

2.3.3. London Stock Exchange

There were ongoing communications with the LSE regarding the membership of the LLP, which has now terminated.

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

As previously reported, due to the Client Assets shortfall, the imposition by the FCA 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 did not consider it possible to rescue the LLP as a going concern. The JSAs have instead focussed on winding-up the LLP's affairs in the best interests of its Creditors.

During the Period, the JSAs have continued to liaise with Trade Creditors, responding to queries and providing guidance on the statutory process for making claims.

The remaining operations of the LLP will not be wound down until Objective One has been achieved.

2.5. Other matters

In addition to the above matters, we have dealt with all statutory matters required by legislation and administrative work incidental to our duties as JSAs in this Special Administration.

3. FINANCIAL POSITION

3.1. Receipts and Payments

The summaries of receipts and payments in relation to Objective One and the Estate are attached at Appendix C, and detail the receipts and payments from the date of the JSAs' appointment to 5 October 2024.

Whilst the summaries of receipts and payments are largely self-explanatory, we comment further as regards certain more significant items below

3.1.1. Estate Receipts

During the Period, there were no Estate Assets realisations, other than interest earned on the cash balance held.

3.1.2. Estate Payments

During the Period, the only Estate payment was a data protection fee.

3.1.3. Objective One Receipts

During the Period, the amount of £100,000 was drawn down on the Objective One loan facility, in order to fund certain essential operational payments (see below), bringing the total funding drawn down under the facility to £950,000.

3.1.4. Objective One Payments

Net wages totalling £77,429 have been paid in the Period, along with the associated PAYE/NIC and Pension scheme contributions, of £37,712 and £871, respectively.

Fees in relation to software licences totalling £5,070 (plus VAT) have been paid in the Period. These fees relate to essential software used by the retained employees and services linked to the Platform, which is the LLP's proprietary IT system (supplied by Contemi Solutions (London) Limited), which has been maintained by the JSAs to assist with the Client Assets Reconciliation and return of Client Assets.

Fees totalling £4,029 (plus VAT) were paid to Pike Restructuring Limited in relation to company director services provided to WT Nominees.

Further information in relation to payments made is detailed in Appendix E.

3.1.5. Segregated Trust Account

Towards the end of the Period, the JSAs received a sum on account of FSCS compensation totalling £26,690,773, which was paid into the Segregated Trust Account. Of this sum, £16,763,010 relates to shortfall compensation payments and £9,927,763 relates to a payment on account of the Costs Contribution Reserve. The payment represents the compensation payable in respect of those Clients whose eligibility had been confirmed by the FSCS on or around the time of the payment (and there will therefore be further sums paid over by the FSCS as the remaining Clients' eligibility is determined).

As reported above, for those Clients who have yet to receive a Transfer/Distribution Instruction Date in respect of their Client Assets (and whose compensation has been received by the JSAs), the JSAs intend to offer Clients the opportunity of receiving their FSCS compensation prior to the return of their Client Assets.

With respect to the payment on account of the Costs Contribution Reserve, the JSAs have paid the Committee-approved Objective One fees of the JSAs for the period to 4 April 2024 of £2,903,981 (plus VAT), legal fees totalling £2,058,327 (plus VAT) and repaid the Objective One loan facility in the sum of £1,412,287 (representing the principal loan drawn down, plus interest and arrangement and other fees).

The JSAs continue to hold the balance of £2,264,653 (which includes certain accrued bank interest) in respect of the payment on account of the Costs Contribution Reserve to meet future Objective One costs.

3.1.6. Client Money Receipts

During the Period, the amount of £2,692,630.77, has been transferred into the JSAs' Client Money bank account. These funds consist of: (i) Client Money held in various accounts by CACEIS and Barclays at the PPE and (ii) dividends received on physical share certificates.

3.1.7. Client Money Payments

During the Period, the JSAs have paid the Committee approved fees of the JSAs for dealing with Client Money in the period to 4 April 2024 of £140,023.71 (plus VAT) and legal fees totalling £40,351.50 (plus VAT).

3.2. Estate Assets

No further Estate Assets have been identified or realised in the Period.

3.3. Estate Liabilities

3.3.1. 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.

3.3.2. Preferential Creditors

As previously reported, Preferential Creditors are represented by claims for unpaid wages earned in the four months prior the Special Administration of up to £800, and holiday pay and unpaid pension contributions in certain circumstances. The JSAs have retained ERA Solutions Limited, a specialist consultancy, to assist with the claims of the LLP's former employees.

As previously reported, subsequent to the appointment of the JSAs, 22 of the LLP's employees were made redundant, resulting in the following estimated preferential claims:

Preferential claims	£
Former employees - arrears of wages and accrued holiday pay	5,324
Redundancy Payments 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.

As detailed in the return to creditors section of the Report, it is estimated that there will be no distribution to Preferential Creditors.

3.3.3. Secondary Preferential Creditor

Where an LLP 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 previously reported, the claim may be mitigated by set-off of VAT refunds totalling £12,003.

As detailed in the return to creditors section of the Report, it is estimated that there will be no distribution to Secondary Preferential Creditors.

3.3.4. Prescribed Part

At the date of appointment, the LLP had no outstanding floating charge security and therefore the Prescribed Part will not apply in the Special Administration.

3.3.5. Unsecured Creditors

Unsecured Creditor claims are broadly split between:

- (i) Client shortfall claims, which may arise from any shortfall in 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).

Based on the information presently available, unsecured claims from Trade Creditors (i.e. category (ii) above) may total £7,832,961. To date, the JSAs have received claims from Trade Creditors totalling £2,707,972.

Total client shortfall claims in respect of Client Money and Custody Assets (i.e. category (i) above) are £81,010,479. Whilst the FSCS has confirmed that compensation will be available for eligible Clients, thereby reducing Client Assets shortfall claims, it will, however, have a subrogated unsecured claim in respect of any compensated Clients.

At the current time, the JSAs estimate that the total value of the claims of the LLP's Unsecured Creditors may total £88,843,440.

4. INVESTIGATIONS

As previously reported, the JSAs have complied with their reporting duties to the Department for Business and Trade in relation to the conduct of all Designated Members (and any de facto or shadow Designated Members) during the three years before the commencement of the Special Administration.

The JSAs have previously undertaken other specific enquiries and investigations in relation to the LLP and its affairs. For reasons of legal professional privilege and to avoid any commercial prejudice in relation to any claims 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 and in the best interests of Clients and Creditors. The JSAs will, however, continue to liaise with the Committee in relation these investigations.

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.

As a result of the Court's recent decision regarding the Costs Contribution Reserve, the JSAs have, at this stage, been required to pause their ongoing investigations as they are unable to incur costs without a means of funding them. The JSAs hope to resolve this matter satisfactorily in the upcoming period.

5. REMUNERATION AND EXPENSES OF THE SPECIAL ADMINISTRATION

5.1. Pre-Special Administration costs

The Proposals detailed unpaid pre-Special Administration costs and expenses totalling £193,973 (plus VAT). Approval for these costs to be drawn by the JSAs (subject to Estate Assets realisations being sufficient) will be sought from the Committee in due course.

5.2. JSAs' remuneration

5.2.1. Bases of the JSAs' remuneration

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

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

As noted below, the JSAs have sought to fix their remuneration in this matter by reference to the time properly spent in attending to matters in the Special Administration.

5.2.2. JSAs' time costs

The table below sets out the time costs incurred by the JSAs and their team in the Special Administration from the date of their appointment to 5 October 2024:

Type of cost	Hours	Time costs £	Av. Rate £
Objective One Costs	13,047.23	5,547,917.63	425.22
Objective Two and Three Costs	1,178.52	432,051.68	366.61
Total	14,225.75	5,979,969.31	420.36

A detailed report of the time incurred by the JSAs, and a narrative of the work undertaken during the Period, is attached at Appendix D.

5.2.3. JSAs' expenses

The JSAs have incurred expenses totalling £4,254,952.38 (plus VAT) from the date of their appointment up to 5 October 2024, £2,868,754.414 (plus VAT) of which relate to legal fees and expenses (excluding pre-appointment costs). The expenses are apportioned as follows:

Type of Expense	Expenses Incurred £
Objective One Expenses	4,191,348.80
Objective Two and Three Expenses	63,603.58
Total	4,254,952.38

A schedule of all costs and expenses incurred by the JSAs can be found at Appendix E.

An adjustment of £911 was made to the Legal Fees (Objective One) incurred in the previous period, as two non-taxable disbursements were omitted from the previous report.

5.2.4. Approval of JSAs' remuneration

The costs incurred in respect of the pursuit of Objective One will be applied against and paid out of Client Assets (albeit FSCS compensation is expected to be available for eligible Clients so that the majority of Clients will not bear these deductions). 2.2.9 above

The costs incurred in pursuit of Objectives Two and Three will be applied against and paid out of (as far as possible), Estate Assets.

As the Committee has been established in this matter, it is a role of the Committee to approve the JSAs' remuneration.

To date, the Committee has approved the costs incurred by the JSAs' in respect of the pursuit of Objective One totalling £3,201,937.40 (excluding VAT), against which, £3,044,005.16 has been drawn (leaving an undrawn balance of £157,932.24 as at the date of this Report).

6. DURATION OF AND EXIT FROM THE SPECIAL ADMINISTRATION

6.1. 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 Registrar of Companies for the LLP's dissolution.

At the current time, the JSAs remain 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 presently unable 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.

6.2. JSAs' discharge from liability

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

APPENDIX A

STATUTORY INFORMATION

Information

Name	Wealthtek Limited Liability Partnership
Trading name(s)	WealthTek, Vertem Asset Management and Malloch Melville
Partnership 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
Court name and reference	High Court of Justice, Business and Property Courts of England and Wales court reference CR-2023-001772
Date of appointment	6 April 2023
Appointor	The High Court of Justice, Business and Property Courts of England & Wales, on application by the FCA
JSAs	Shane Crooks, Kirsty McMahon and Emma Sayers

Under the provisions of paragraph 100(2) of Schedule B1 to the Act (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.

JSAs' address	BDO LLP, 55 Baker Street, London W1U 7EU
Data Control and GDPR	Shane Crooks, Kirsty McMahon 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 UK General Data Protection Regulation (albeit this does not extend to personal data processed by the LLP prior to the Special Administration). 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

Within 21 days of receipt of the report: (1) a Secured Creditor; (2) an Unsecured Creditor with the concurrence of at least 5% in value (including the creditor in question) of the Unsecured Creditors; or (3) a Client with the concurrence of Clients claiming for at least 5% in value of the Client Assets (including the Client in question); or (4) any Unsecured Creditor applying within such period, with the permission of the Court, may request in writing that the JSAs provide further information about their remuneration or expenses which are itemised in the Report (other than pre-Special Administration costs).

Within 14 days of receipt of the request, the JSAs must provide all of the information asked for, unless they think that:

- the time or cost in preparing the information would be excessive; or
- disclosure of the information would be prejudicial to the conduct of the Special Administration or might reasonably be expected to lead to violence against any person; or
- the JSAs are subject to confidentiality obligations in respect of the information.

The JSAs must give reasons for not providing all of the requested information.

The following persons: (1) any Secured Creditor; (2) any Unsecured Creditor with either the concurrence of at least 10% in value of the Unsecured Creditors or the permission of the Court; (3) any Client with the concurrence of Clients representing at least 10% of the total claims in respect of Client Assets held by the LLP or with the permission of the Court; or (4) the FCA, may, within eight weeks of receipt of the Report, make an application to Court that the basis fixed for the JSAs' remuneration, the remuneration charged, or the expenses incurred by the JSAs, as set out in the Report, are excessive (or, in the case of the basis fixed, inappropriate).

Copies of BDO LLP's charging and expenses policy, 'A Creditors' Guide to Special 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 JSAs 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 ACCOUNTS

Wealthtek Limited Liability Partnership
Trading As: WealthTek, Vertem Asset Management and Malloch Melville
(In Investment Bank Special Administration)

Joint Special Administrators' Objective One Receipts & Payments Account

	From 06/04/2024 To 05/10/2024 £	From 06/04/2023 To 05/10/2024 £
OBJECTIVE ONE RECEIPTS		
Repayable Loan Facility	100,000.00	950,000.00
FSCS Costs Contribution (from Segregated Trust Account)	7,666,802.11	7,666,802.11
Interest Gross	2,034.28	4,235.36
	<u>7,768,836.39</u>	<u>8,621,037.47</u>
OBJECTIVE ONE PAYMENTS		
Principal Loan Repayment	950,000.00	950,000.00
Initial Arrangement Fee	60,000.00	60,000.00
Additional Arrangement Fee	220,000.00	220,000.00
Interest	172,383.57	172,383.57
Lender Legal Fees	9,903.00	9,903.00
Wages	77,429.70	222,763.74
PAYE/NIC	37,712.25	123,067.51
Pension Contributions	870.50	4,392.42
Membership Fees	260.00	511.00
Re-direction of Mail	1,185.00	4,636.00
Consultancy Fees - IT Platform	-	417,962.76
Software Licences	5,070.20	12,593.59
Agents' Fees - Payroll	466.08	2,111.13
Agents' Fees - Employment Consultants	-	440.00
Appointment Fee - WealthTek Nominee	4,029.00	9,029.00
Legal Fees & Expenses	2,058,326.67	2,063,476.67
Travel & Accommodation	374.58	803.30
Books & Records Collection & Storage	505.35	2,831.40
Telephones	692.00	1,372.32
Statutory Advertising	-	4,414.08
Initial Meeting Room Hire	-	2,445.84
Printing & Postage	-	1,760.00
Website/Hosting Fees	-	765.55
Joint Special Administrators' Fees	2,903,981.44	2,903,981.44
Non-recoverable VAT	994,359.95	1,084,437.90
	<u>(7,497,549.29)</u>	<u>(8,276,082.22)</u>
BALANCE IN HAND		<u><u>344,955.25</u></u>

Wealthtek Limited Liability Partnership
Trading As: WealthTek, Vertem Asset Management and Malloch Melville
(In Investment Bank Special Administration)

Joint Special Administrators' Segregated Trust Receipts & Payments Account

	From 06/04/2024 To 05/10/2024	From 06/04/2023 To 05/10/2024
	£	£
SEGREGATED TRUST RECEIPTS		
Funds from FSCS	26,690,773.47	26,690,773.47
Interest Gross	3,692.33	3,692.33
	<u>26,694,465.80</u>	<u>26,694,465.80</u>
SEGREGATED TRUST PAYMENTS		
FSCS Cost Contribution (to Objective 1 Account)	7,666,802.11	7,666,802.11
	<u>(7,666,802.11)</u>	<u>(7,666,802.11)</u>
BALANCE IN HAND		<u>19,027,663.69</u>
REPRESENTED BY		
Costs Contribution Drawdown Reserve		2,264,653.87
FSCS Shortfall Compensation		16,763,009.82
		<u>19,027,663.69</u>

Wealthtek Limited Liability Partnership
Trading As: WealthTek, Vertem Asset Management and Malloch Melville
(In Investment Bank Special Administration)

Joint Special Administrators' Client Monies Receipts & Payments Account

	From 06/04/2024 To 05/10/2024 £	From 06/04/2023 To 05/10/2024 £
CLIENT MONIES RECEIPTS		
Monies from CACEIS held at PPE	2,467,354.91	2,467,354.91
Monies from Barclays held at PPE	202,602.66	202,602.66
Share Certificate Dividends	22,673.20	22,673.20
Interest Gross	5,234.50	5,234.50
	<u>2,697,865.27</u>	<u>2,697,865.27</u>
CLIENT MONIES PAYMENTS		
Legal Fees & Expenses	40,351.50	40,351.50
Joint Special Administrators' Fees	140,023.71	140,023.71
Non-recoverable VAT	43,076.23	43,076.23
	<u>(223,451.44)</u>	<u>(223,451.44)</u>
BALANCE IN HAND		<u><u>2,474,413.83</u></u>
REPRESENTED BY		
Client Monies (Held at PPE) Account		2,451,616.97
Client Monies Account		22,796.86
		<u><u>2,474,413.83</u></u>

Wealthtek Limited Liability Partnership
Trading As: WealthTek, Vertem Asset Management and Malloch Melville
(In Investment Bank Special Administration)

Joint Special Administrators' Post-Appointment Corporate Action Receipts & Payments Account

	From 06/04/2024 To 05/10/2024 £	From 06/04/2023 To 05/10/2024 £
POST-APPOINTMENT CORPORATE ACTION RECEIPTS		
Post-appointment Receipts	210.91	210.91
Interest Gross	1.83	1.83
	212.74	212.74
POST-APPOINTMENT CORPORATE ACTION PAYMENTS		
	-	-
	-	-
BALANCE IN HAND		212.74

Note: As reported at paragraph 2.2.2 above, post-appointment Client Money comprising dividends, coupon payments and similar rights accruing on Custody Assets since the date of the JSAs' appointment, totalling £20,168,777.34, have continued to be received by both CACEIS and Barclays during the Period.

These receipts are separately accounted for in accordance with CASS 7A and do not form part of the CMP.

Wealthtek Limited Liability Partnership
Trading As: WealthTek, Vertem Asset Management and Malloch Melville
(In Investment Bank Special Administration)

Joint Special Administrators' Estate Receipts & Payments Account

Estimated to realise £		From 06/04/2024 To 05/10/2024 £	From 06/04/2023 To 05/10/2024 £
ASSET REALISATIONS			
36,947.00	Book Debts	-	34,500.00
65,724.00	Cash at Bank	-	66,443.42
20,770.00	Refund of Rent Deposit	-	51,921.39
	Interest Gross	1,462.07	3,863.40
		<u>1,462.07</u>	<u>156,728.21</u>
COST OF REALISATIONS			
	Agents' Fees - Employment Consultants	-	1,595.00
	Agents' Fees & Expenses - Property	-	2,799.32
	Data Protection Fee	40.00	80.00
	Statutory Advertising	-	95.00
	Non-recoverable VAT	-	897.86
		<u>(40.00)</u>	<u>(5,467.18)</u>
<u> </u>	BALANCE IN HAND		<u><u>151,261.03</u></u>

APPENDIX D

SPECIAL ADMINISTRATION REMUNERATION

Joint Special Administrators' Time Costs

Time costs of £2,403,420.74 have been incurred during the Period and a breakdown is provided below, together with details of the work undertaken.

Activity	Partner	Director	Senior Manager	Senior Manager	Senior Executive	Executive	Total hours	Time costs £	Av. Rate £
Objective 1									
Client Assets									
Steps on appointment	-	-	-	-	-	-	-	-	-
Planning and strategy	-	17.80	3.20	2.48	-	1.86	25.34	13,440.04	530.39
General administration	-	0.95	18.60	16.15	7.60	49.00	92.30	22,173.69	240.23
Taxation	-	0.50	-	-	-	0.25	0.75	597.10	-
Assets	-	-	-	-	-	-	-	-	-
Communications with clients	16.25	7.60	5.85	9.90	-	3.30	42.90	23,134.72	539.27
Securing Client Assets	-	-	2.15	2.60	-	-	4.75	2,018.63	424.97
Reconciliation of Client Assets	10.00	34.00	305.95	17.75	123.50	339.55	830.75	297,607.70	358.24
Liaising with lawyers and regulatory bodies	93.50	69.13	67.28	66.95	-	31.20	328.05	172,329.36	525.31
Funding	0.50	3.40	15.75	1.05	-	-	20.70	10,634.05	513.72
Investigations	9.50	211.15	50.75	132.55	43.15	70.00	517.10	260,337.95	503.46
Preparation for and distributing client assets	131.20	573.15	1,574.75	340.20	111.70	495.55	3,226.55	1,491,355.71	462.21
Statutory reporting and decisions	2.00	4.18	13.68	9.33	-	0.68	29.85	13,901.37	465.71
Employees and pensions	-	-	-	-	-	-	-	-	-
Trading	-	-	1.35	-	0.05	-	1.40	661.15	-
Clients' and Creditors' Committee	17.20	31.12	0.32	20.60	-	-	69.24	38,171.50	551.29
Total Objective 1	280.15	952.97	2,059.62	619.56	286.00	991.39	5,189.68	2,346,362.96	452.12
Objective 2									
Engagement with Regulatory Bodies									
Financial Conduct Authority	2.75	11.43	4.03	0.05	-	-	18.25	11,236.12	615.68
Financial Services Compensation Scheme	-	-	-	-	-	-	-	-	-
London Stock Exchange	-	-	-	-	-	-	-	-	-
Total Objective 2	2.75	11.43	4.03	0.05	-	-	18.25	11,236.12	615.68
Objective 3									
Estate									
Steps on appointment	-	-	-	-	-	-	-	-	-
Planning and strategy	-	4.45	0.80	1.22	-	0.79	7.26	3,622.98	499.03
General administration	-	3.55	4.05	9.45	0.70	19.30	37.05	9,645.23	260.33
Assets	-	-	-	-	-	-	-	-	-
Investigations	-	-	0.35	-	-	-	0.35	170.03	485.80
Statutory reporting and decisions	2.00	4.18	13.68	9.33	-	0.68	29.85	13,901.37	465.71
Employees and pensions	-	1.55	-	1.40	-	-	2.95	1,439.41	487.94
Creditors	-	-	0.15	0.10	-	1.50	1.75	328.72	187.84
Post appointment taxation	-	2.75	1.35	12.70	-	-	16.80	7,171.05	426.85
Trading	-	-	-	-	-	-	-	-	-
Clients' and Creditors' Committee	4.30	7.78	0.08	5.15	-	-	17.31	9,542.88	551.29
Total Objective 3	6.30	24.26	20.46	39.35	0.70	22.27	113.32	45,821.66	404.36
Grand total	289.20	988.65	2,084.10	658.95	286.70	1,013.65	5,321.25	2,403,420.74	451.66

Total time costs of £5,979,969.31 have been incurred over the course of the Special Administration to 5 October 2024, as detailed below.

Activity	Partner	Director	Senior Manager	Senior Manager	Senior Executive	Senior Executive	Total hours	Time costs £	Av. Rate £
Objective 1									
Client Assets									
Steps on appointment	0.63	19.93	56.53	3.93	-	28.15	109.15	33,932.67	310.90
Planning and strategy	10.50	85.28	50.77	50.96	-	58.35	255.85	99,986.34	390.81
General administration	-	2.30	37.88	39.24	10.25	112.00	201.66	47,650.17	236.29
Taxation	-	2.25	-	1.25	-	0.25	3.75	1,897.88	506.10
Assets	-	0.75	-	4.70	-	4.58	10.03	2,383.26	237.73
Communications with clients	54.88	82.05	188.50	269.85	-	311.90	907.18	292,939.50	322.91
Securing Client Assets	3.50	-	4.20	2.60	-	7.85	18.15	6,759.24	372.41
Reconciliation of Client Assets	169.00	240.25	1,259.51	135.60	180.65	760.65	2,745.66	1,121,074.67	408.31
Liaising with lawyers and regulatory bodies	216.25	103.65	96.08	117.83	-	31.20	565.00	306,979.42	543.33
Funding	13.75	22.95	58.80	13.40	-	-	108.90	54,520.73	500.65
Investigations	78.25	474.90	660.25	363.68	60.65	356.10	1,993.83	857,113.93	429.88
Preparation for and distributing client assets	196.50	1,237.55	2,306.35	797.45	124.20	922.85	5,584.90	2,476,928.48	443.50
Statutory reporting and decisions	23.25	70.68	101.25	75.50	-	31.40	302.08	124,620.88	412.55
Employees and pensions	-	22.33	3.73	2.30	-	-	28.35	14,402.66	508.03
Trading	0.50	12.00	1.75	0.10	0.05	-	14.40	7,688.94	533.95
Clients' and Creditors' Committee	42.80	72.00	5.20	74.72	-	4.40	199.12	99,421.62	499.31
Total Objective 1	809.80	2,448.86	4,830.78	1,953.09	375.80	2,629.67	13,047.98	5,548,300.35	425.22
Objective 2									
Engagement with Regulatory Bodies									
Financial Conduct Authority	14.38	65.88	16.08	16.78	-	20.75	133.85	63,168.96	471.94
Financial Services Compensation Scheme	2.75	19.70	1.35	14.85	-	-	38.65	17,608.15	455.58
London Stock Exchange	1.25	2.00	-	-	-	-	3.25	1,885.80	580.25
Total Objective 2	18.38	87.58	17.43	31.63	-	20.75	175.75	82,662.91	470.34
Objective 3									
Estate									
Steps on appointment	0.63	19.48	23.13	5.53	-	30.71	79.46	24,346.32	306.42
Planning and strategy	2.25	27.32	19.04	22.45	-	18.11	89.16	33,677.47	377.74
General administration	4.15	13.95	16.93	36.97	30.10	133.55	235.64	43,988.51	186.68
Assets	0.25	33.05	13.10	5.05	-	4.13	55.58	26,571.58	478.12
Investigations	3.25	6.18	31.04	7.88	-	19.70	68.04	16,097.26	236.59
Statutory reporting and decisions	21.25	70.68	100.35	75.50	-	31.40	299.18	124,215.79	415.19
Employees and pensions	-	34.78	2.58	5.95	-	2.25	45.55	22,302.26	489.62
Creditors	-	1.10	4.60	11.35	-	10.90	27.95	6,568.45	235.01
Post appointment taxation	1.00	14.50	1.55	13.45	-	1.05	31.55	15,171.10	480.86
Trading	3.75	16.00	0.20	0.20	-	-	20.15	11,211.90	556.42
Clients' and Creditors' Committee	10.70	18.00	1.30	18.68	-	1.10	49.78	24,855.40	499.31
Total Objective 3	47.23	255.02	213.80	202.99	30.10	252.89	1,002.02	349,006.04	348.30
Grand total	875.40	2,791.45	5,062.00	2,187.70	405.90	2,903.30	14,225.75	5,979,969.31	420.36

The current charge out rates per hour of staff within BDO LLP who may be involved in working on the Special Administration 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. The JSAs' discounted rates from 6 July 2024 are as follows:

Grade	Discounted Rate £
Partner	730 - 822
Director	306 - 690
Senior Manager	510 - 574
Manager	186 - 420
Senior Executive	112 - 294
Executive	112 - 261

Summary of the work undertaken by the JSAs during the Period

Objective 1: Client Assets

Planning and strategy

- Routine review of case including review of progress against Objectives
- Monitoring and reviewing the return of Client Assets strategy, including internal and external meetings
- Regular internal strategy and planning meetings to ensure information is centralised and investigations progressed efficiently
- Preparation and review of strategy documents

General administration

- 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
- Ongoing maintenance and reconciliation of three separate bank accounts dedicated to: i) Objective One receipts and payments; ii) receipts of pre-Special Administration Client Money; and iii) receipts of Post-appointment Client Money
- Processing receipts and payments into and out of the above accounts (i.e. payment of the Special Administration expenses)
- Updating website notices
- Dealing with website domains
- Considering and making enquiries in relation the LLP's VAT position to ascertain whether any VAT payable on costs and expenses of the Special Administration can be recovered by the JSAs

Communications with Clients

- Telephone conversations with Clients
- Extensive email correspondence with Clients
- Liaising with Clients suffering from severe financial hardship
- Maintaining Client communication logs
- Updating website notices and publishing updates and notices to the JSAs' portal

Securing Client Assets

- Protecting and safeguarding Client Assets
- Cataloguing and scheduling the LLP's hard copy records, including physical share certificates held by the LLP
- Liaising with the retained employees in relation to Client Assets
- Monitoring and accounting for dividends received from Clients and/or former Clients in relation to certificated shares

Reconciliation of Client Assets

- Undertaking work on the Client Assets Reconciliation
 - Review of the LLP's records to inform lines of enquiry
-

- Obtaining unit trust confirmations
- Engaging and negotiating with the Platform developers
- Reviewing and scanning physical share certificates held by the LLP and making enquiries in relation to the same
- Undertaking a legal analysis of the physical share certificates and considering potential outcomes
- Undertaking routine reconciliations on the Custody Assets held
- Undertaking daily reconciliations of pre-Special Administration Client Money and Post-appointment Client Money
- Liaising with the retained employees regarding client positions
- Ongoing correspondence with custodians regarding Client Assets
- Ongoing correspondence with Barclays and CACEIS

Liaising with lawyers and regulatory bodies

- Engaging NRF in respect of all legal issues arising in the Special Administration. In particular, liaising with NRF on the development and drafting of the Distribution Plan, Explanatory Statement, FAQs and all associated documents, and drafting the Court application and supporting witness statements and preparing for the Court hearings
- Engaging legal counsel to advise on numerous issues arising in the Special Administration, in particular with regard to the development of the Distribution Plan, the related Court application and subsequent hearings, and dealing with consequential matters
- Liaising with the FCA regarding the JSAs' ongoing investigations and providing regular updates on the progress of the Client Assets Reconciliation and Distribution Plan
- Liaising with the FSCS regarding the assessment of cover, particular Client enquiries and Clients suffering from severe financial hardship
- Liaising with the FSCS regarding the Client Assets Reconciliation and Distribution Plan, and mechanism for facilitating payment of compensation to Clients

Funding

- Preparing cost reconciliations and cash flow forecasts
- Meeting ongoing reporting requirements to the Funder including the provision of monthly cash flow forecasts. Liaising with the Funder on an ad hoc basis as required
- Repaying the Funder

Investigations

- Undertaking work on a funds flow analysis
 - Reviewing the LLP's bank statements, tracing funds and making enquiries in relation to transactions of interest
 - Investigating dividends received by Clients following the sale of shares
 - Communication and meetings with Intermediaries
 - Investigations into asset shortfalls
 - Investigations into the ownership and validity of physical share certificates
 - Seeking assistance from the retained employees to aid investigations
-

Preparing for and distributing Client Assets

- Carrying out a process of identifying potential Nominated Brokers in relation to the transfer of Client Assets as part of the Distribution Plan. Liaising with potential parties and providing relevant information (under non-disclosure agreements)
- Considering the practicalities of transferring Client Assets to the Nominated Broker
- Considering the potential costs of distributing Client Assets
- Preparing the Distribution Plan, associated documents and supporting witness statements
- Filing the application for the approval of the Distribution Plan at Court and attending the Court hearing on 7 June 2024
- Engaging with legal counsel to instruct an independent Kings' Counsel to provide an Opinion to the Court on certain aspects of the Distribution Plan
- Preparing for and attending the adjourned hearing of the Distribution Plan (at which the Distribution Plan was approved)
- Preparing and submitting further written submissions in relation to the Costs Contribution Reserve under the Distribution Plan, as directed by the Court
- Preparing explanatory documentation, including the 'Client Assets Statement FAQs and Flowchart' to assist Clients' understanding of the Client Assets Statements
- Issuing Client Assets Confirmation Statements to all Clients via either their individual client portal or in hard copy
- Dealing with extensive enquiries received from Clients in relation to their Client Assets Statements, Client Assets Claim Forms and Client Assets Confirmation Statements
- Investigating and, where possible, resolving the disagreed Client Assets positions
- Liaising with HMRC on potential tax issues arising for Clients
- Instructing and liaising with the retained employees regarding issues arising
- Liaising with the FSCS regarding the extent of compensation cover available for eligible Clients and the method of funding compensation payable through the Distribution Plan
- Circulating the Corporate FSCS Eligibility Form to Clients deemed as 'non-natural persons' (i.e. SIPPs, trusts, deceased estates and corporate entities) and liaising with those Clients to obtain the information required for eligibility purposes
- Engaging with the Nominated Broker and other alternative brokers in relation to the transfer and distribution of Client Assets pursuant to the Distribution Plan
- Regular internal meetings and discussions regarding the strategy for distributing Client Assets

Statutory reporting and decisions

- Preparation of the periodic progress reports

Trading

- Preparing and updating cash reconciliations and cash flow forecasts for the Funder
- Liaising with software providers regarding the provision of continued services

Clients' and Creditors' Committee

- Preparing for and convening meetings of the Committee
 - Drafting and issuing the minutes of the meetings of the Committee
 - Frequent ongoing correspondence and communication with Committee members
-

- Seeking the Committee's comments on the Distribution Plan and Explanatory Statement

Objective 2: Engagement with market infrastructure bodies and the Authorities

- Liaising with the FCA, including regular calls to discuss the progress of the Special Administration and dealing with ad hoc queries and issues

Objective 3: Estate

Planning and strategy

- Case reviews
- Internal strategy and planning meetings to review progress
- Preparation and review of strategy documents

General administration

- Monitoring and reconciliation of the Special Administration bank account and other cashiering functions
- Arranging the renewals of the redirection of the LLP's mail
- Dealing with queries from various stakeholders
- Internal file reviews

Investigations

- Liaising with third parties concerning the LLP's affairs

Statutory reporting and decisions

- Preparation of the 12-month progress report
- Preparing for the drafting of this Report

Employees and pensions

- Dealing with the retained employees
- Maintaining monthly payroll and pension reporting/contribution obligations

Creditors

- Processing of Creditors' claim forms and entering onto the JSAs' electronic case management database
- Dealing with Creditor enquiries

Post-appointment taxation

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

Committee

- Preparing for and convening the meetings of the Committee
 - Drafting and issuing the minutes of the meetings of the Committee
-

Appendix E

JOINT SPECIAL ADMINISTRATORS' EXPENSES

Category 1 expenses are expenses relating directly to the case incurred 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, 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.

Category 2 expenses are expenses 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.

The JSAs' expenses incurred and paid (excluding VAT), in relation to Objective One, are detailed below.

Objective One Expenses	Incurred 06/04/2024 to 05/10/2024 (£)	Total Incurred 06/04/2023 to 05/10/2024 (£)	Total Paid 06/04/2023 to 05/10/2024 (£)
Category 1			
Agents' Fees - Payroll ¹	466.08	2,111.13	2,111.13
Agents' Fees - Employment Consultants	-	440.00	440.00
Appointment Fee - WealthTek Nominees Limited ²	4,029.00	9,029.00	9,029.00
Books & Records Collection & Storage ³	505.35	2,831.40	2,831.40
Consultancy Fees - IT Platform	-	417,962.76	417,962.76
Design & Publication ⁴	1,293.60	2,079.00	-
Funding - Initial Arrangement Fee	-	60,000.00	60,000.00
Funding - Additional Arrangement Fee	140,000.00	220,000.00	220,000.00
Funding - Interest Incurred	96,295.57	172,383.57	172,383.57
Funding - Funder Costs (including Legal fees) ⁵	3,903.00	9,903.00	9,903.00
Initial Meeting Room Hire	-	2,445.84	2,445.84
IT Equipment	-	547.55	-
Legal Fees and Expenses ⁶	1,368,620.15	2,810,163.19	2,103,828.17
Membership Fees	260.00	511.00	511.00
PAYE/NIC	37,712.25	123,067.51	123,067.51
Pension Contributions	870.50	4,392.42	4,392.42
Printing & Postage	-	1,760.00	1,760.00
Re-direction of Mail	-	4,636.00	4,636.00
Software Licences ⁷	5,070.20	12,593.59	12,593.59
Statutory Advertising	-	4,414.08	4,414.08
Subsistence	-	249.43	-
Telephones	692.00	1,372.32	1,372.32
Travel & Accommodation	374.58	7,211.76	803.30
Wages	77,429.70	222,763.74	222,763.74
Website/hosting Fees	-	765.55	765.55
Category 2			
Mileage	-	289.94	-
Software Licences and Data Hosting Fees ⁸	32,918.48	97,425.02	-
Total	1,770,440.46	4,191,348.80	3,378,014.38

1. Nagler Simmons continued to be instructed throughout the Period to assist with all payroll matters. Nagler Simmons was selected due to its relevant knowledge and expertise.

2. As previously reported, the JSAs instructed Pike Restructuring Limited in relation to the appointment of the replacement director of WT Nominees. The costs incurred and paid in the Period were £4,029 (plus VAT).
3. D.Collard Limited (t/a Quicksilver) were previously instructed to store the LLP's hard copy records. As previously reported, the LLP's hard copy records were delivered to the JSAs' offices for further review and cataloguing. The records were then collected and stored by Total Data Management Limited. D.Collard Limited and Total Data Management Limited are both specialist storage firms.
4. Hamilton-Brown Business Graphics Limited was instructed to provide design and publication services in relation to documents produced and issued to Clients by the JSAs. The costs incurred and paid in the Period were £1,293.60 (plus VAT). Costs of £785.40 were incurred in the previous period, but were omitted, in error, from the previous report.
5. The Funder provided funding of Objective One costs during Special Administration and the fees associated with this included an initial arrangement fee, additional arrangement fees, costs including legal fees, and accrued interest.
6. NRF continued to be instructed throughout the Period to advise the JSAs on the various matters arising in the Special Administration. NRF was selected due to its relevant knowledge and expertise. Included within this sum are amounts due to counsel.
7. Unite Communications Limited continued to deal with the provision of software licences, the software of which was used by the retained employees.
8. During the Period, the JSAs incurred fees in relation to software and data hosting services supplied to BDO LLP by Relativity. The cost incurred relates solely to the processing and hosting of the LLP's data. Relativity was selected due to its suitability for the JSAs' requirements in relation to data hosting and investigations.

The other expenses shown are self-explanatory.

The JSAs' expenses incurred and paid (excluding VAT), in relation to the Estate, are detailed below.

Estate Expenses	Incurred 06/04/2024 to 05/10/2024 (£)	Total Incurred 06/04/2023 to 05/10/2024 (£)	Total Paid 06/04/2023 to 05/10/2024 (£)
Category 1			
Agents' Fees & Expenses - Employment Consultants	-	1,595.00	1,595.00
Agents' Fees & Expenses - Property	-	2,799.32	2,799.32
Data Protection Fee	40.00	80.00	80.00
Land Registry Fees	-	118.00	-
Legal Fees and Expenses	7,211.50	58,591.25	-
Project Fee (KYC)	-	125.00	-
Specific Penalty Bond	-	200.01	-
Statutory Advertising	-	95.00	95.00
Total	7,251.50	63,603.58	4,569.32

Appendix F

CREDITOR CLAIM FORM

PROOF OF DEBT FORM

Wealthtek Limited Liability Partnership trading as: WealthTek, Vertem Asset Management and Malloch Melville - In Investment Bank Special Administration
Partnership registration number: OC355200
Date the Limited Liability Partnership entered Special Administration: 6 April 2023

Name of Creditor <i>(If a company please also give company registration number and where registered)</i>	
Address of Creditor <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 Limited Liability Partnership entered Special Administration. <i>Note: Any trade or other discounts (except discount for immediate or early settlement) which would have been available to the Limited Liability Partnership but for the insolvency proceedings should be deducted from the above claim where relevant. Where any payment is made in relation to the claim or set-off applied after date of Special Administration, this should be deducted.</i>	£
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.	
Details of attached documents by reference to which the debt can be substantiated.	
Signature of creditor or person authorised to act on his behalf	
Name (BLOCK CAPITALS)	
Dated	
Position with or in relation to creditor	
Address of person signing <i>(if different from 2 above)</i>	

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