

**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 October 2024 to 5 April 2025

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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)
Judgment	The final judgment in relation to the approval of the Distribution Plan dated 4 October 2024 (<i>Re WealthTek LLP</i> [2024] EWHC 2520 (Ch))
'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 October 2024 to 5 April 2025
'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
'Transfer/Distribution Instruction Date Notices'	Notice stating the proposed Transfer/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, 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 fourth six-month progress report in relation to the Special Administration, for the period from 6 October 2024 to 5 April 2025.

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, except to the extent permitted by the FCA in order to effect distributions to Clients of Client Assets.

A key focus for the JSAs during the Period has been the implementation of the Distribution Plan and the return of Client Assets and FSCS compensation. In this regard, Client Assets pertaining to 755 Clients have now been returned, representing c81% of those Clients who have claims to Client Assets exceeding £1,000.

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 return of Client Assets, their investigations and the general discharge of their duties;
- 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;

- Issued Clients with Transfer/Distribution Instruction Notices and updated Client Assets Confirmation Statements, via either their individual Client portals or in hard copy, setting out the proposed Transfer/Distribution Instruction Dates in respect of their Custody Assets and Client Money;
- Returned £80.4m of Custody Assets and £1.4m of Client Money for 755 Clients;
- 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 certain consequential matters arising from the Judgment;
- Drafted Court application documents and supporting witness statements in connection with the hearing dealing with certain consequential matters arising from the Judgment;
- Liaised with the FSCS, the FCA and the Committee with regard to the Court hearing and related submissions;
- Prepared for and attended the Court hearing dealing with certain consequential matters arising from the Judgment;
- Continued to liaise with, and provide information requested by, the FSCS to allow it to determine Client eligibility for compensation;
- Drawn down FSCS compensation under the Compensation Deed for eligible Clients, and paid compensation to those Clients as soon as reasonably possible;
- Engaged with the Nominated Broker and more than 20 other alternative brokers in relation to the transfer and distribution of Client Assets pursuant to the Distribution Plan;
- Issued instructions to the LLP's custodian, CACEIS, in relation to the transfer of Client Assets, and continued engagement with CACEIS in relation to ongoing custody and transfer matters;
- Monitored the settlement of transferring Client Assets held with both CACEIS and unit trust managers;
- Liaised with Clients in relation to issues regarding physical share certificates and actions required to perfect share transfers;
- Liaised with HMRC in relation to certain potential irregularities identified in connection with the LLP's historic management of certain ISA accounts
- Held formal Committee meetings on 11 November 2024 and 13 December 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 circumstances relating to the Client Assets shortfalls;
- Liaised with the FCA and FSCS 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.

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 have been capable of being 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. Distribution Plan

As previously reported, the Court approved the Distribution Plan at a hearing before Mr Justice Rajah on 23 July 2024, but made a request for further written submissions in relation to certain issues in respect of the Costs Contribution Reserve. The Judgment following consideration of these issues was handed down on 4 October 2024. A further consequential hearing dealing with issues arising from the Judgment was held before Mr Justice Rajah on 14 November 2024, with a further judgment following consideration of these issues handed down on 28 November 2024.

Further information regarding this process is set out below.

1.4.3. Client Assets Confirmation Statements

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, but this dispute has not impacted on the return of Client Assets to any other Client.

1.4.4. FSCS eligibility

As previously reported, 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.

The FSCS had previously confirmed eligibility for 90% of Clients that had elected to receive FSCS compensation. During the Period, the JSAs have continued to liaise with Clients and the FSCS in relation to the remaining accounts awaiting confirmation of eligibility.

As at the date of this Report, eligibility has been confirmed for 98% of Clients that have elected to receive FSCS compensation.

1.4.5. Transfer/distribution of Client Assets

At the time of preparing this Report the JSAs have processed the return of Client Assets for 755 Clients.

Transfer/Distribution Instruction Dates will continue to 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 49 Clients, with a Client Asset balance of £1,000 or more, 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

1. 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 engaging with brokers to prepare for and implement the transfer/distribution of Client Assets and preparing and issuing the associated notices to Clients, including updated Client Assets Confirmation Statements. The JSAs have also spent time preparing for and attending a Court hearing dealing with certain consequential matters arising from the Judgment.

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 remaining Custody Assets (i.e. those that have not already been returned to Clients), 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 approximately 5,750 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	22,625.90	12,712.61
EUR	5,405,056.07	4,520,033.51
USD	1,706,555.58	1,302,068.12
HKD	8,497.65	834.72
GBP	18,642,506.55	18,642,506.55
AUD	16,430.67	8,520.36
NZD	0.48	0.23
GBP ¹	210.91	210.91
Total		24,486,887.01

The funds relating to Post-appointment Client Money receipts have been, and will continue to 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 a similar way to 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 180 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, of which the LLP is the sole shareholder. 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. To help facilitate the return of assets under the Distribution Plan, WT Nominees was subsequently placed into Creditors' Voluntary Liquidation with Kirsty McMahon and Shane Crooks (two of the current JSAs) being appointed as joint liquidators on 4 September 2024 ('Joint Liquidators').

During the Period, the unit trust positions have continued to be reconciled on a regular basis (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 has been, and will continue to 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.

Following WT Nominees being placed into Creditors' Voluntary Liquidation, the unit trust managers reviewed and accepted an updated Authorised Signatory List and assessed the Anti-Money Laundering ('AML') status of all accounts to ensure compliance. Subsequently, transfers and redemptions of unit trust Client Assets could be instructed.

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

Notwithstanding the above, upon the delivery of transfer instructions, multiple unit trust managers advised that the accounts were no longer considered to be AML compliant, since the accounts had been dormant (as a consequence of the Special Administration) and this raised internal flags on their systems. Additional work was therefore required in the Period to resolve the outstanding issues raised by the managers, to ensure that unit trust transfers could be undertaken. This included updating the bank details held on record and providing further documentation relating to the Joint Liquidators' appointment.

In some cases, the unit trust managers noted specific signing requirements outside of the accepted Authorised Signatory List which resulted in additional work to ensure that the requirements were met.

During the Period, additional unit trust holdings have also been identified, which were not originally recorded in the LLP's books and records. The additional holdings do not have a significant impact on the shortfall position (as they have a total value of less than £20,000) but have been allocated to relevant Clients in accordance with the terms of the Distribution Plan.

2.2.4. ISA accounts

As previously reported, in the course of the JSAs' investigations certain potential irregularities have been identified relating to ISA accounts managed by the LLP prior to June 2021. It is estimated that approximately 230 Clients' accounts may be affected by this issue.

The JSAs have been in correspondence with HMRC throughout the Period in relation to the identified issues in order to assist HMRC in determining the impact, if any, on the status of Clients' ISA accounts. Clients will be updated once HMRC has reached a determination on the issue.

The JSAs have also worked, and continue to work, with the Nominated Broker and other alternative brokers to determine what approach can be taken in relation to the transfer of these ISA accounts. The Nominated Broker and certain other alternative brokers have agreed to accept the transfer of the affected ISA accounts, pending confirmation of HMRC's determination on the status of the accounts.

2.2.5. 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	138,651,450
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	(2,739,314)
Custody Assets recorded on Platform but not actually held by LLP on behalf of Clients	5	9,558,651
Current Custody Asset shortfall	6	70,580,633

Notes:

1. This is the JSAs' 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.

1. This is the confirmed Custody Assets held with custodians valued as at 6 April 2023. This figure has increased by £17,173 from £138,634,277 in the previous report due to additional assets identified by the JSAs in the Period. The balance comprises assets held at CACEIS totalling £96,548,470, unit trusts totalling £41,578,735 and assets held by other Custodians totalling £524,245.
2. This is the value of certificated shares in the name of Clients held by the LLP.
3. 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 £17,169 from the last report as result of additional assets identified during the Period.
4. 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.
5. 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.

This figure has reduced by £5 from the last report due to additional assets identified during the Period.

2.2.6. 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. As previously advised, the Client Money held 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

2.2.7. 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

As at 6 April 2023:	Value £
Current Client Money shortfall	(10,206,390)

As detailed in the Client Assets Statements sent to Clients, Client Money is treated differently to Custody Assets in that it is distributed under CASS 7A, rather than under the terms of the Distribution Plan. The JSAs nonetheless have distributed, and will continue 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, or has received, 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 have paid an initial distribution of pre-Special Administration Client Money of 19p in the £. This sum has been included as part of the funds included in transfers/distributions to the Nominated Broker or alternative brokers or has been paid directly to Clients where they have requested a liquidation of their Client Assets.

2.2.8. 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. In the Period, the JSAs have liaised with certain Clients who are affected by this issue in order to perfect the transfers, to enable the return of their Client Assets. The JSAs will continue to engage with affected Clients to resolve the outstanding issues.

As the LLP was the 'beneficial' owner of the certificated shares, any dividends or sale proceeds 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 and sale proceeds from Clients. The amount received to date is £81,070.84.

2.2.9. 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 liaise with Clients in relation to their Client Assets Claims and Client Money Entitlements.

As at the date of this Report, there remains a disagreement in respect of only one Client's claim, which the JSAs' team continue to attempt to resolve (albeit the dispute has not impacted on the return of Client Assets to other Clients). A number of Clients are yet to submit Client Asset Claim forms, but these Clients have very small (or nil) account balances, so limited further engagement is expected from these Clients.

2.2.10. Approval of the Distribution Plan

The Distribution Plan was approved by Mr Justice Rajah at a Court 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 the 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.

A hearing was held on 14 November 2024 to consider certain consequential matters arising from the Judgment, and a further judgment was handed down on 28 November 2024. The judgment confirmed that: (i) the Costs Contribution under the Distribution Plan should not include a reserve for the estimated costs of potential future litigation by the LLP and/or the JSAs; and (ii) the JSAs are under no obligation as part of achieving Objective One of the Special Administration to take any further steps to recover shortfalls in the LLP's holdings of Client Assets, unless they are placed in funds to do so. The judgment also provided clarity on whether certain elements of previously incurred costs were allowable costs covered by the Costs Contribution.

As a result of the further judgment, the Costs Contribution per Client under the Distribution Plan reduced from a maximum of £23,000 to £15,135. Accordingly, Clients whose shortfall claims exceeded £62,000 (being £85,000 less £23,000), and who were eligible to receive FSCS compensation, were entitled to receive additional compensation of up to £7,865 per Client.

2.2.11. Client Assets Confirmation Statements

As previously reported, 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.

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.

2.2.12. Transfer/Distribution of Client Assets

In the Period, the JSAs have made significant progress in returning Client Assets. A total of 755 Clients have had their assets returned, across 830 accounts. £80.4m in Custody Assets, and £1.4m in Client Money, has been returned to Clients (together with, where applicable, FSCS compensation).

In addition, Post-appointment Client Money as detailed below has also been transferred/distributed to Clients:

Currency	Amount
AUD	4,076.95
CAD	13,034.21
EUR	282,795.11
GBP	11,200,657.29
USD	1,534,829.05

Client Assets have been returned either through a transfer to the Nominated Broker, a distribution to an alternative broker of the Client's choice, or through the liquidation of Custody Assets, as further detailed in the sections below.

The JSAs will continue to work towards returning the remaining Client Assets under their control, with further Client Asset returns scheduled to take place throughout April and May. Whilst there are a number of reasons why Clients have not yet received a return of their Client Assets, this will usually be because: (i) they have not yet onboarded with their proposed broker and/or transfer arrangements are still being finalised with the brokers concerned; (ii) they are affected by the potential issue associated with certain ISA accounts (as described above); (iii) they have yet to have their FSCS eligibility confirmed; and/or (iv) they are affected by the issue regarding the transfer of certain certificated holdings as referenced above.

2.2.13. Nominated Broker process

As previously reported, following a process undertaken to identify appropriate parties, the JSAs appointed GHC Capital Markets Limited ('GHCCM') as Nominated Broker in relation to the Distribution Plan.

As at the date of this Report, 76 Clients have transferred their assets to GHCCM. 779 Clients have elected to opt-out of the transfer to the Nominated Broker, in order to either: (i) transfer their Client Assets to an alternative broker (invariably where Clients are represented by certain Intermediaries); or (ii) liquidate their Custody Assets.

In order to conduct the transfer of the 76 Clients to the Nominated Broker, it has been necessary for the JSAs to:

- Prepare updated valuations for all transferring Clients
- Liaise with GHCCM in relation to the onboarding status of Clients and arranging for tranches of Clients to be transferred as available
- Issue notices to Clients confirming their Proposed Transfer Instruction Dates
- Coordinate trade and settlement dates with GHCCM and manage the practical elements of the transfer, including issuing the transfer instructions to the LLP's custodian and the various unit trust managers
- Arrange payment of the Client Money balances to GHCCM as part of the Client Transfers
- Continue to liaise with GHCCM in relation to ongoing queries concerning the ISA accounts affected by the irregularities identified by the JSAs

2.2.14. Alternative Brokers

During the Period, 539 Clients have transferred to 9 different alternative brokers. As part of this process, with each of the alternative brokers, it has been necessary for the JSAs to:

- Prepare updated valuations for Client accounts
- Liaise with the transfer teams at the various alternative brokers to coordinate the transfers, agree the data required to facilitate the same and agree trade and settlement dates
- Issue the necessary notices to Clients confirming their Proposed Distribution Instruction Dates, including updated Client Assets Confirmation Statements, in accordance with the Distribution Plan
- Input the necessary instructions for the transfer through the LLP's custodian, and issuing the necessary transfer instruction forms to the relevant unit trust managers
- Arrange payment of Client Money to each Client's receiving broker; and
- Monitor the settlement of the transfers and resolve any related issues or complications that arise.

2.2.15. Liquidations

During the period, a further 123 Clients have issued instructions to liquidate their Custody Assets, and have received the proceeds from the sales, together with their Client Money and post appointment income. 17 Clients that only held Client Money have also received their entitlements in the Period. As part of this process, it has been necessary for the JSAs to:

- Prepare updated valuations for Client accounts ahead of liquidation
- Issue the sale instructions through the LLP's custodian, and issue the necessary redemption instruction forms to the relevant unit trust managers (approximately 400 sale / redemption instructions)
- Monitor the settlement of the sales and resolve any related issues or complications that arose.
- Complete a reconciliation of the sale proceeds for each Client and prepare a liquidation schedule setting out the details of the sale for each line of stock held (approximately 1,800 lines at Client level that needed to be reconciled and detailed on the liquidation schedules provided to Clients)
- Issue the necessary notices to Clients confirming their Proposed Distribution Instruction Dates, including updated Client Assets Confirmation Statements and a liquidation schedule detailing the sale proceeds, in accordance with the Distribution Plan
- Engage with alternative brokers, where Clients had requested that their liquidation proceeds be paid to a broker, rather than to them personally, to confirm payment details
- Validate bank information received/held with Clients ahead of payment; and
- Arrange payment of the liquidation proceeds and Client Money to each Client, either directly or to their proposed alternative broker (approximately £8 million of liquidation proceeds have been distributed)

2.2.16. 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.

2.2.17. 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.

During the period, a total of 139 SIPP accounts have been returned to Clients, either by a transfer to the Nominated Broker or an alternative broker of their choice.

2.2.18. 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).

The Restraint Order over Mr Dance's assets, obtained by the FCA, remains in place. This preserves the assets and ensures that they remain available for a possible future confiscation order, which can only be made following a criminal conviction.

In December 2024, the FCA announced that Mr Dance had been charged with nine offences relating to alleged fraud and money laundering between 2014 and 2023. On 24 February 2025, at a hearing at Southwark Crown Court, Mr Dance pleaded not guilty to three counts of fraud by abuse of

position and three counts of fraud by false representation. Mr Dance's trial is scheduled to begin in September 2027.

The FCA's civil case against Mr Dance (which had already been stayed as far as the LLP is concerned), has been stayed until the conclusion of the criminal proceedings, due to the overlapping nature of the respective proceedings.

The JSAs understand that any recoveries made by the FCA in any proceedings resulting from its investigations 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.

2.2.19. 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.

During the Period, the JSAs have continued to work closely with the FSCS regarding the compensation available for customers, Client eligibility and data gathering.

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 been required to complete a 'Corporate FSCS Eligibility Form', which the FSCS has used to determine eligibility for these types of Client.

The JSAs have made three drawdown requests for funds from the FSCS under the terms of the Compensation Deed totalling £30,200,231.20. This amount represents the Client compensation (£20,272,467.55) and Costs Contributions (£9,927,763.65) advanced by the FSCS on behalf of the 935 Clients that have, to date, been determined as eligible.

Of the £20,272,468 received by way of Client compensation, the sum of £19,211,776 has been paid by the JSAs to Clients. The balance will either be paid: (i) directly to the Client on receipt of the necessary Client information to enable payment to be made; or (ii) to the Client's chosen broker as part of the Client's transfer/distribution (where the Client has instructed the JSAs that they do not want to be paid their compensation directly).

There are a further 11 Clients that have recently had their eligibility confirmed. The JSAs will shortly be submitting a drawdown request to the FSCS in relation to these Clients, to enable the compensation to be paid.

There are 12 Clients whose eligibility has yet to be confirmed, and approximately 327 Clients that have either opted out of FSCS coverage or have accounts with negligible or nil balances.

2.2.20. 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 reported, 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 a number of those Clients during the Period.

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 eligibility for the remaining Clients and to facilitate the payment of compensation.

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.

As part of our duties as JSAs to act in the best interests of Clients and Creditors, we have spent time in the Period considering, and continue to do so, if there are any claims available to the LLP or the JSAs for the benefit of the Creditors of the estate (which includes any shortfalls due to Clients which automatically rank as unsecured creditors in the estate).

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 April 2025.

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 payments related to bank charges.

3.1.3. Objective One Receipts

During the Period, the only receipt (other than interest earned on the cash balance held) was the amount of £569,900, being a drawdown from the Cost Contribution Reserve held in the Segregated Trust Account to meet the ongoing operational costs of the Special Administration.

3.1.4. Objective One Payments

Net wages totalling £77,416 have been paid in the Period, along with the associated PAYE/NIC and Pension scheme contributions, of £44,311 and £1,044, respectively.

Fees in relation to software licences and the provision of the IT platform totalling £1,630 and £344,534 respectively (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, as well as the Platform itself 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.

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

3.1.5. Segregated Trust Account

In the period, the JSAs received from the FSCS client shortfall compensation of £3,509,457. This sum relates entirely to shortfall compensation payments (i.e. there is no element pertaining to Client Costs Contributions). The total amount received from the FSCS is now £30,200,231; from this sum, £20,272,467 has been paid to the FSCS Shortfall Payments Account (in order to pay shortfall compensation due to Clients) and £8,236,702 and been paid to the Objective One Account (to settle Objective One costs).

The JSAs continue to hold the balance of £1,710,046 (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. FSCS Shortfall Payments Account

The JSAs hold a balance of £1,136,797, representing FSCS shortfall compensation due to Clients who have yet to: (i) have their Client Assets transferred to their broker of choice; or (ii) provide sufficient information to enable the JSAs to release the payment.

Many of the compensation payments have been made by cheque. There are currently 32 unbanked cheques, totalling £549,550.74. If you have received a cheque and it has not been banked, you

have six months from the date on the cheque to bank it. If it is not banked within this time, it will become invalid.

3.1.7. Client Money Receipts

During the Period, the amount of £28,412 has been received in relation to dividends received on physical share certificates, with the only other income being bank interest.

3.1.8. Client Money Payments

During the Period, the JSAs have paid c£1.4m to Clients, representing a return in relation to their Client Money Entitlements.

3.1.9. Post-appointment Income Payments

During the Period, the JSAs have paid the following sums to Clients in relation to post-appointment income. This includes liquidation proceeds where Clients have opted to liquidate their assets.

Currency	Amount
AUD	20,471.95
CAD	13,034.21
EUR	298,459.25
GBP	17,065,531.97
USD	1,575,250.67

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

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, therefore, 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 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.

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.

In its judgment of 28 November 2024, the Court determined that it was not appropriate for the Costs Contribution Reserve to include a provision for the costs of potential future investigations and/or litigation to recover shortfalls in the LLP's holdings of Client Assets, and that the JSAs are under no obligation to pursue such investigations and/or litigation as part of achieving Objective One of the Special Administration (unless they are put in funds to do so).

As matters stand, the JSAs have not received any external or third-party funding to take steps to recover shortfalls in the LLP's holdings of Client Assets. Accordingly, the JSAs have been required to pause their ongoing investigations as they are unable to incur costs without a means of funding them.

In the meantime, the JSAs continue to liaise with the FSCS and certain other non-eligible Clients (whose claims are not subrogated to the FSCS) in relation to the impact of the Court's decision.

The JSAs also continue to consider the availability of any claims to the LLP or the JSAs for the benefit of the LLP's estate (which includes any shortfalls due to Clients which automatically rank as unsecured creditors in the estate).

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 (or general body of creditors as appropriate) 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 April 2025:

Type of cost	Hours	Time costs £	Av. Rate £
Objective One Costs	15,966.20	6,886,773.25	431.33
Objective Two and Three Costs	2,394.50	971,779.80	405.84
Total	18,360.70	7,858,553.05	428.01

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 £5,476,517 (plus VAT) from the date of their appointment up to 5 April 2025, £3,584,791 (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	4,851,697
Objective Two and Three Expenses	624,820
Total	5,476,517

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

5.2.4. Restatement of JSAs' time costs and expenses to 5 April 2025

Further to the Judgment handed down on 28 November 2024, certain costs have been reallocated to estate costs from Objective One costs. In addition, £87,885 of the JSAs' time costs and £238,241 of legal expenses, incurred in relation to the hearings post 30 July 2024 have been disallowed.

The analysis at appendix D and E shows the restated time costs and expenses taking into account these amendments.

5.2.5. Approval of pre-Special Administration costs, JSAs' remuneration and category 2 expenses

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). In any event, the Objective One costs incurred in relation to the return of Client Assets under the Distribution Plan will be limited to the Costs Contribution Reserve.

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

In accordance with the Rules the Committee or, when the Committee becomes inquorate, the general body of creditors, is responsible for approving the JSAs' remuneration.

To date, the Committee has approved the costs incurred by the JSAs' in respect of the pursuit of Objective One up to 5 April 2024 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). To the extent that the approved costs include any costs that have since been reallocated (as set out in paragraph 5.2.4 above), any necessary adjustments will be made when the JSAs' seek approval for the Objective One fees incurred in the second year of the Special Administration in due course.

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; (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 06/10/2024 To 05/04/2025 £	From 06/04/2023 To 05/04/2025 £
OBJECTIVE ONE RECEIPTS		
Repayable Loan Facility	-	950,000.00
FSCS Costs Contribution (from Segregated Trust Account)	569,900.00	8,236,702.11
Interest Gross	3,092.99	7,328.35
	<u>572,992.99</u>	<u>9,194,030.46</u>
OBJECTIVE ONE PAYMENTS		
Principal Loan Repayment	-	950,000.00
Initial Arrangement Fee	-	60,000.00
Additional Arrangement Fee	-	220,000.00
Interest	-	172,383.57
Lender Legal Fees	-	9,903.00
Bank charges	3,381.39	3,381.39
Wages	77,416.12	300,179.86
PAYE/NIC	44,311.94	167,379.45
Pension Contributions	1,044.60	5,437.02
Membership Fees	268.00	779.00
Re-direction of Mail	-	4,636.00
Consultancy Fees - IT Platform	344,534.18	762,496.94
Software Licences	1,630.20	14,223.79
Agents' Fees - Payroll	1,317.85	3,428.98
Agents' Fees - Employment Consultants	-	440.00
Appointment Fee - WealthTek Nomine	-	9,029.00
Legal Fees & Expenses	-	2,063,476.67
Travel & Accommodation	1,936.05	2,739.35
Books & Records Collection & Storage	200.10	3,031.50
Telephones	424.03	1,796.35
Statutory Advertising	-	4,414.08
Initial Meeting Room Hire	-	2,445.84
Printing & Postage	-	1,760.00
Website/Hosting Fees	174.55	940.10
Joint Special Administrators' Fees	-	2,903,981.44
Non-recoverable VAT	69,656.17	1,154,094.07
	<u>(546,295.18)</u>	<u>(8,822,377.40)</u>
BALANCE IN HAND		<u><u>371,653.06</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 06/10/2024 To 05/04/2025 £	From 06/04/2023 To 05/04/2025 £
SEGREGATED TRUST RECEIPTS		
Funds from FSCS	3,509,457.73	30,200,231.20
Interest Gross	15,292.09	18,984.42
	<u>3,524,749.82</u>	<u>30,219,215.62</u>
SEGREGATED TRUST PAYMENTS		
FSCS Cost Contribution (to Objective 1 Account)	569,900.00	8,236,702.11
FSCS Shortfall Payments	3,509,457.73	20,272,467.55
	<u>4,079,357.73</u>	<u>(28,509,169.66)</u>
BALANCE IN HAND		<u><u>1,710,045.96</u></u>
REPRESENTED BY		
Costs Contribution Drawdown Reserve		1,710,045.96
		<u><u>1,710,045.96</u></u>

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

Joint Special Administrators' FSCS Shortfall Payments Receipts & Payments Account

	From 06/10/2024 To 05/04/2025 £	From 06/04/2023 To 05/04/2025 £
FSCS SHORTFALL RECEIPTS		
Funds from FSCS	3,509,457.73	20,272,467.55
Interest Gross	76,105.92	76,105.92
	<u>3,585,563.65</u>	<u>20,348,573.47</u>
FSCS SHORTFALL PAYMENTS		
Shortfall payments	19,211,776.78	19,211,776.78
	<u>(19,211,776.78)</u>	<u>(19,211,776.78)</u>
BALANCE IN HAND		<u><u>1,136,796.69</u></u>

Note: The balance in hand relates to shortfall compensation that will either be paid: (i) directly to Clients on receipt of the necessary Client information to enable payment to be made; or (ii) to Clients' chosen brokers as part of their transfer/distribution (where the Client has instructed the JSAs that they do not want to be paid their compensation directly).

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 06/10/2024 To 05/04/2025 £	From 06/04/2023 To 05/04/2025 £
CLIENT MONIES RECEIPTS		
Monies from CACEIS held at PPE	-	2,467,354.91
Monies from Barclays held at PPE	-	202,602.66
Share Certificate Dividends	28,412.10	51,085.30
Interest Gross	13,748.42	18,982.92
	<u>42,160.52</u>	<u>2,740,025.79</u>
CLIENT MONIES PAYMENTS		
Legal Fees & Expenses	-	40,351.50
Joint Special Administrators' Fees	-	140,023.71
Non-recoverable VAT	-	43,076.23
Distribution to Clients	1,409,805.14	1,409,805.14
	<u>-</u>	<u>1,633,256.58</u>
BALANCE IN HAND		<u><u>1,106,769.21</u></u>
REPRESENTED BY		
Client Monies (Held at PPE) Account		1,055,324.99
Client Monies Account		51,444.22
		<u><u>1,106,769.21</u></u>

Note: The JSAs have declared a Client Money distribution of 19p in the £ on claims totalling £12,867,348. To date, £1,409,805.14 has been transferred and the balance of the total distribution is waiting for instructions for transfer.

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 06/10/2024 To 05/04/2025 GBP £	From 06/04/2023 To 05/04/2025 GBP £
POST-APPOINTMENT CORPORATE ACTION RECEIPTS		
Post-appointment Receipts	18,856,149.83	18,856,149.83
Interest Gross	4,431.31	4,433.14
	<u>18,860,581.14</u>	<u>18,860,582.97</u>
POST-APPOINTMENT CORPORATE ACTION PAYMENTS		
Distributions to Clients	17,065,531.97	17,065,531.97
	<u>(17,065,531.97)</u>	<u>(17,065,531.97)</u>
BALANCE IN HAND		<u><u>1,795,051.00</u></u>
REPRESENTED BY		
Post-appointment monies held		1,795,051.00
		<u><u>1,795,051.00</u></u>

Note: The payments shown above include the payment of liquidation proceeds, for clients that opted to liquidate their assets.

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 £24,486,887.01 (being the converted GBP figure across all currencies), 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' Post-Appointment Corporate Action Receipts & Payments Account

	From 06/10/2024 To 05/04/2025 EUR €	From 06/04/2023 To 05/04/2025 EUR €
POST-APPOINTMENT CORPORATE ACTION RECEIPTS		
Post-appointment Receipts	299,297.69	299,297.69
	<u>299,297.69</u>	<u>299,297.69</u>
POST-APPOINTMENT CORPORATE ACTION PAYMENTS		
Distributions to Clients	298,459.25	298,459.25
	<u>(298,459.25)</u>	<u>(298,459.25)</u>
BALANCE IN HAND		<u><u>838.44</u></u>
REPRESENTED BY		
Post-appointment monies held		838.44
		<u><u>838.44</u></u>

Please note, the payments shown above include the payment of liquidation proceeds, for clients that opted to liquidate their assets.

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 06/10/2024 To 05/04/2025 USD \$	From 06/04/2023 To 05/04/2025 USD \$
POST-APPOINTMENT CORPORATE ACTION RECEIPTS		
Post-appointment Receipts	1,579,007.04	1,579,007.04
	<u>1,579,007.04</u>	<u>1,579,007.04</u>
POST-APPOINTMENT CORPORATE ACTION PAYMENTS		
Distributions to Clients	1,575,250.67	1,575,250.67
	<u>(1,575,250.67)</u>	<u>(1,575,250.67)</u>
BALANCE IN HAND		<u><u>3,756.37</u></u>
REPRESENTED BY		
Post-appointment monies held		3,756.37
		<u><u>3,756.37</u></u>

Please note, the payments shown above include the payment of liquidation proceeds, for clients that opted to liquidate their assets.

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 06/10/2024 To 05/04/2025 AUD \$	From 06/04/2023 To 05/04/2025 AUD \$
POST-APPOINTMENT CORPORATE ACTION RECEIPTS		
Post-appointment Receipts	20,373.38	20,373.38
	<u>20,373.38</u>	<u>20,373.38</u>
POST-APPOINTMENT CORPORATE ACTION PAYMENTS		
Distributions to Clients	20,471.95	20,471.95
	<u>(20,471.95)</u>	<u>(20,471.95)</u>
BALANCE IN HAND		<u><u>(98.57)</u></u>
REPRESENTED BY		
Post-appointment monies held		(98.57)
		<u><u>(98.57)</u></u>

Please note, the payments shown above include the payment of liquidation proceeds, for clients that opted to liquidate their assets.

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 06/10/2024 To 05/04/2025 CAD \$	From 06/04/2023 To 05/04/2025 CAD \$
POST-APPOINTMENT CORPORATE ACTION RECEIPTS		
Post-appointment Receipts	13,034.21	13,034.21
	<u>13,034.21</u>	<u>13,034.21</u>
POST-APPOINTMENT CORPORATE ACTION PAYMENTS		
Distributions to Clients	13,034.21	13,034.21
	<u>(13,034.21)</u>	<u>(13,034.21)</u>
BALANCE IN HAND		<u><u>-</u></u>
REPRESENTED BY		
Post-appointment monies held		-
		<u><u>-</u></u>

Please note, the payments shown above include the payment of liquidation proceeds, for clients that opted to liquidate their assets.

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 06/10/2024 To 05/04/2025 £	From 06/04/2023 To 05/04/2025 £
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	922.85	4,786.25
		922.85	157,651.06
COST OF REALISATIONS			
	Agents' Fees - Employment Consultants	-	1,595.00
	Agents' Fees & Expenses - Property	-	2,799.32
	Bank charges	181.74	181.74
	Data Protection Fee	-	80.00
	Statutory Advertising	-	95.00
	Non-recoverable VAT	-	897.86
		(181.74)	(5,648.92)
BALANCE IN HAND			152,002.14

APPENDIX D

SPECIAL ADMINISTRATION REMUNERATION

Joint Special Administrators' Time Costs

Time costs of £1,895,120.22 have been incurred during the Period and a breakdown is provided below, together with details of the work undertaken.

	Partner	Director	Senior Manager	Manager	Senior Executive	Executive	Total hours	Time costs £	Av. Rate £
Objective 1									
Client Assets									
Steps on appointment	-	-	-	-	-	-	-	-	-
Planning and strategy	1.56	1.20	26.00	3.68	-	15.56	48.00	20,348.44	423.93
General administration	0.30	3.90	11.95	27.30	62.65	169.60	275.70	42,946.57	155.77
Taxation	-	-	-	1.75	-	-	1.75	652.93	373.10
Assets	-	-	-	-	-	-	-	-	-
Communications with clients	4.25	1.20	-	3.80	-	7.50	16.75	6,893.88	411.57
Securing Client Assets	-	-	-	-	-	-	-	-	-
Reconciliation of Client Assets	6.00	-	21.80	9.00	-	9.75	46.55	21,150.99	454.37
Liaising with lawyers and regulatory bodies	21.95	1.80	18.40	6.80	-	0.35	49.30	29,132.95	590.93
FCA investigaton assistance	20.35	39.10	51.85	19.85	-	-	131.15	64,088.57	488.67
Funding	1.85	-	3.35	2.40	-	-	7.60	3,955.63	520.48
Investigations	-	-	-	-	-	-	-	-	-
Preparation for and distributing client assets	159.85	13.55	2,168.85	392.10	180.45	407.75	3,322.55	1,571,535.49	472.99
Statutory reporting and decisions	-	-	-	-	-	-	-	-	-
Employees and pensions	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-
Clients' and Creditors' Committee	7.96	1.80	1.40	3.80	-	-	14.96	9,046.30	604.70
Total Objective 1	224.07	62.55	2,303.60	470.48	243.10	610.51	3,914.31	1,769,751.75	452.12
Objective 2									
Engagement with Regulatory Bodies									
Financial Conduct Authority	15.40	0.75	0.40	-	-	-	16.55	11,907.04	719.46
Financial Services Compensation Scheme	27.85	12.50	2.60	4.90	-	-	47.85	32,394.01	676.99
London Stock Exchange	-	-	-	-	-	-	-	-	-
Total Objective 2	43.25	13.25	3.00	4.90	-	-	64.40	44,301.04	687.90
Objective 3									
Estate									
Steps on appointment	-	-	-	-	-	-	-	-	-
Planning and strategy	0.39	0.30	6.80	1.02	-	6.04	14.55	5,559.40	382.09
General administration	2.00	0.10	3.85	11.05	1.00	12.35	30.35	7,539.04	248.40
Assets	-	-	-	-	0.20	-	0.20	22.40	112.00
Investigations	4.25	0.25	3.40	2.05	-	-	9.95	5,755.93	578.48
Statutory reporting and decisions	3.40	4.30	55.70	20.45	-	2.40	86.25	41,580.84	482.10
Employees and pensions	1.30	-	8.00	7.85	-	-	17.15	7,960.37	464.16
Creditors	-	-	0.10	-	-	0.35	0.45	96.60	214.67
Post appointment taxation	1.70	6.25	-	6.30	-	4.85	19.10	10,291.30	538.81
Trading	-	-	-	-	-	-	-	-	-
Clients' and Creditors' Committee	1.99	0.45	0.35	0.95	-	-	3.74	2,261.57	604.70
Total Objective 3	15.03	11.65	78.20	49.67	1.20	25.99	181.74	81,067.43	446.06
Grand total	282.35	87.45	2,384.80	525.05	244.30	636.50	4,160.45	1,895,120.22	455.51

Total time costs of £7,858,553.05 have been incurred over the course of the Special Administration to 5 April 2025, as detailed below.

Activity	Partner	Director	Senior Manager	Manager	Senior Executive	Executive	Total hours	Time costs £	Av. Rate £
Objective 1									
Client Assets									
Steps on appointment	0.63	19.93	56.53	3.93	-	28.15	109.15	33,932.68	310.88
Planning and strategy	12.06	86.48	76.76	54.64	-	73.91	303.85	120,334.78	396.04
General administration	0.30	6.20	49.83	66.54	72.90	281.60	477.36	90,596.74	189.79
Taxation	-	2.25	-	3.00	-	0.25	5.50	2,550.80	463.78
Assets	-	0.75	-	4.70	-	4.58	10.03	2,383.26	237.73
Communications with clients	59.13	83.25	188.50	273.65	-	319.40	923.93	299,833.38	324.52
Securing Client Assets	3.50	-	4.20	2.60	-	7.85	18.15	6,759.24	372.41
Reconciliation of Client Assets	175.00	240.25	1,281.31	144.60	180.65	770.40	2,792.21	1,142,225.66	409.08
Liaising with lawyers and regulatory bodies	228.70	105.45	114.48	124.63	-	31.55	604.80	329,176.42	544.27
FCA investigation assistance	27.10	76.00	53.05	20.10	-	-	176.25	93,034.03	527.85
Funding	15.60	22.95	62.15	15.80	-	-	116.50	58,476.36	501.94
Investigations	60.00	216.35	511.00	220.05	17.50	247.60	1,272.50	538,046.99	422.83
Preparation for and distributing client assets	356.35	1,239.95	4,477.45	1,190.15	304.65	1,330.60	8,899.15	4,038,863.43	453.85
Statutory reporting and decisions	-	-	-	-	-	-	-	-	-
Employees and pensions	-	22.33	3.73	2.30	-	-	28.35	14,402.66	1,000.18
Trading	0.50	12.00	1.75	0.10	0.05	-	14.40	7,688.94	-
Clients' and Creditors' Committee	50.76	73.80	6.60	78.52	-	4.40	214.08	108,467.91	506.67
Total Objective 1	989.62	2,207.93	6,887.33	2,205.29	575.75	3,100.28	15,966.20	6,886,773.25	431.33
Objective 2									
Engagement with Regulatory Bodies									
Financial Conduct Authority	29.78	66.63	16.48	16.78	-	20.75	150.40	75,076.00	499.18
Financial Services Compensation Scheme	30.60	32.20	3.95	19.75	-	-	86.50	50,002.16	578.06
London Stock Exchange	1.25	2.00	-	-	-	-	3.25	1,885.80	580.25
Total Objective 2	61.63	100.83	20.43	36.53	-	20.75	240.15	126,963.95	528.69
Objective 3									
Estate									
Steps on appointment	0.63	19.48	23.13	5.53	-	30.70	79.45	24,346.32	-
Planning and strategy	2.64	27.62	25.84	23.47	-	24.15	103.71	39,236.87	378.35
General administration	6.15	14.05	20.78	48.02	31.10	145.90	265.99	51,527.55	193.72
Assets	0.25	33.05	13.10	5.05	0.20	4.13	55.78	26,593.98	476.81
Investigations	17.00	228.08	175.39	152.70	43.15	128.20	744.52	311,974.68	419.03
Statutory reporting and decisions	49.90	145.65	257.30	171.45	-	65.20	689.50	290,417.51	421.20
Employees and pensions	1.30	34.78	10.58	13.80	-	2.25	62.70	30,262.63	482.66
Creditors	-	1.10	4.70	11.35	-	11.25	28.40	6,665.05	234.68
Post appointment taxation	2.70	20.75	1.55	19.75	-	5.90	50.65	25,462.40	502.71
Trading	3.75	16.00	0.20	0.20	-	-	20.15	11,211.90	556.42
Clients' and Creditors' Committee	12.69	18.45	1.65	19.63	-	1.10	53.52	27,116.98	506.67
Total Objective 3	97.01	559.00	534.20	470.94	74.45	418.77	2,154.36	844,815.84	392.14
Grand total	1,148.25	2,867.75	7,441.95	2,712.75	650.20	3,539.80	18,360.70	7,858,553.05	428.01

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 - 973
Director	306 - 816
Senior Manager	510 - 574
Manager	140 - 420
Senior Executive	112 - 294
Executive	112 - 294

Summary of the work undertaken by the JSAs during the Period

Objective One: Client Assets

Planning and strategy

- Routine review of case including review of progress against Objective
- 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 work 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 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. This includes both the payment of the Special Administration expenses and payments made to Clients and brokers in relation to the return of Client Assets
- 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
- Updating website notices and publishing updates and notices to the JSAs' portal

During the Period the JSAs have had extensive correspondence with Clients which has been directly attributable to the distribution of Client Assets. This time has been included under 'preparation for and distributing Client Assets'.

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, considering the irregularities identified with certain ISA accounts and routine advice connected with Client queries and the transfer of Client Assets.
- Liaising with the FSCS regarding the assessment of cover, particular Client enquiries and drawdown requests under the Compensation Deed.

FCA investigation assistance

- Liaising with the FCA in relation to its investigations connected to the criminal proceedings against Mr Dance

Funding

- Issuing formal termination of the funding agreement

Preparing for and distributing Client Assets

- Considering the practicalities of transferring Client Assets to the Nominated Broker and other alternative brokers
- Liaising with NRF regarding the transfer of Client Assets and associated matters
- 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
- 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
- Extensive correspondence with the Nominated broker and various alternative brokers regarding the transfer of Client Assets, including the provision of account valuations and agreeing trade and settlement dates.
- Instructing the LLP's custodian, CACEIS, in relation to the transfer of Client Assets to the Nominated Broker and various alternative brokers.
- Issuing instructions to the various unit trust managers in relation to the transfer of Client Assets to the Nominated Broker and various alternative brokers.

- Arranging the transfer of Client Money held to the Nominated Broker and the various alternative brokers as part of the Client transfers.
- Issuing trade instructions and monitoring settlement of Client transfers.
- Issuing sale instructions to the LLP's custodian for the liquidation of Custody Assets.
- Issuing redemption instructions to unit trust managers for the liquidation of Custody Assets
- Monitoring and reconciling the proceeds of the sale of Custody Assets and preparing schedules for Clients detailing the sale proceeds
- Issuing notices to Clients in accordance with the Distribution Plan confirming their proposed Transfer/Distribution Instruction Date, providing updated CACS and liquidation schedules, where applicable.
- Dealing with Client queries in relation to the transfer of their Client Assets.
- Dealing with Client queries in relation to FSCS compensation, eligibility and payment
- Regular internal meetings and discussions regarding the strategy for distributing Client Assets

Clients' and Creditors' Committee

- Meetings and liaison with the Committee in relation to the Distribution Plan and return of Client Assets

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

Objective Three: 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 18-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

- Liaison with Committee on non-Objective One issues
-

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 06/10/2024 to 05/04/2025 (£)	Total Incurred 06/04/2023 to 05/04/2025 (£)	Total Paid 06/04/2023 to 05/04/2025 (£)
Category 1			
Agents' Fees - Payroll ¹	1,317.85	3,428.98	3,428.98
Agents' Fees - Employment Consultants	-	440.00	440.00
Appointment Fee - WealthTek Nominees Limited	-	9,029.00	9,029.00
Bank Charges ²	3,381.39	3,381.39	3,381.39
Books & Records Collection & Storage ³	200.10	3,031.50	3,031.50
Consultancy Fees - IT Platform ⁴	344,534.18	762,496.94	762,496.94
Design & Publication	-	2,079.00	-
Funding - Initial Arrangement Fee	-	60,000.00	60,000.00
Funding - Additional Arrangement Fee	-	220,000.00	220,000.00
Funding - Interest Incurred	-	172,383.57	172,383.57
Funding - Funder Costs (including Legal fees)	-	9,903.00	9,903.00
Initial Meeting Room Hire	-	2,445.84	2,445.84
IT Equipment	-	609.43	-
Legal Fees and Expenses ⁵	698,058.60	2,964,983.78	2,063,476.67
Membership Fees ⁶	268.00	779.00	779.00
PAYE/NIC ⁷	44,311.94	167,379.45	167,379.45
Pension Contributions ⁷	1,044.60	5,437.02	5,437.02
Printing & Postage	-	1,760.00	1,760.00
Re-direction of Mail	-	4,636.00	4,636.00
Software Licences ⁴	1,680.20	14,273.79	14,223.79
Statutory Advertising	-	4,414.08	4,414.08
Subsistence	-	337.55	-
Telephones ⁸	424.03	1,796.35	1,796.35
Travel & Accommodation ⁹	1,936.05	8,848.45	2,739.35
Wages ⁷	77,416.12	300,179.86	300,179.86
Website/hosting Fees ¹⁰	174.55	940.10	940.10
Category 2			
Mileage	-	289.94	-
Software Licences and Data Hosting Fees ¹¹	33,363.32	125,228.20	-
Total	1,208,110.93	4,851,697.22	3,814,301.89

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. There have been bank charges of £3,381 for the Period.
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. Fees in relation to software licences and the provision of the IT platform totalling £1,630.20 and £344,534.18 respectively (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, as well as the Platform itself 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. A further £50 was incurred in the period that has not been paid in relation to the renewal of the Legal Entity Identifier.
5. 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. Please note that the legal costs have been restated due to the Judgment handed down on 28 November 2024, further details on this matter are detailed at paragraph 5.2.4 (page 28).
6. CISI membership for retained employees.
7. Net wages totalling £77,416 have been paid in the Period, along with the associated PAYE/NIC and Pension scheme contributions, of £44,311 and £1,044, respectively.
8. The JSAs have three designated telephone lines available to clients, which have continued to be manned and accessible during the period.
9. Travel and Accommodation costs for the retained employees were incurred totalling £1,936 for the period.
10. The sum of £174 relates to the website domain costs for the LLP.
11. 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 06/10/2024 to 05/04/2025 (£)	Total Incurred 06/04/2023 to 05/04/2025 (£)	Total Paid 06/04/2023 to 05/04/2025 (£)
Category 1			
Agents' Fees & Expenses - Employment Consultants	-	1,595.00	1,595.00
Agents' Fees & Expenses - Property	-	2,799.32	2,799.32
Bank Charges ¹	181.74	181.74	181.74
Data Protection Fee	-	80.00	80.00
Land Registry Fees	-	145.00	-
Legal Fees and Expenses ²	193,133.75	619,806.80	-
Specific Penalty Bond	-	200.01	-
Statutory Advertising ³	99.00	194.00	95.00
Total	193,414.49	624,820.13	4,751.06

1. There have been bank charges of £182 for the period.
2. NRF continued to be instructed throughout the period to advise the JSAs on 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. Please note that the legal costs have been reinstated due to the Judgment handed down on 28 November 2024, further details on this matter are detailed at paragraph 5.2.4 (page 28).
3. Statutory advertising costs of £99 were incurred in the period relating to the appointment of Kirsty McMahon as JSA. Please note that these costs have not been paid.

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