

# AM03

## Notice of administrator's proposals



Companies House

FRIDAY



RC2 \*R77N68K2\* 08/06/2018 #3  
COMPANIES HOUSE

### 1 Company details

Company number 0 2 4 5 5 8 0 7

Company name in full The Lifetime SIPP Company Ltd

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Ian

Surname Robert

### 3 Administrator's address

Building name/number Devonshire House

Street 60 Goswell Road

Post town London

County/Region

Postcode E C 1 M 7 A D

Country

### 4 Administrator's name ①

Full forename(s) Ryan Michael

Surname Davies

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ①

Building name/number Devonshire House

Street 60 Goswell Road

Post town London


County/Region

Postcode E C 1 M 7 A D

Country

① Other administrator  
Use this section to tell us about  
another administrator.

AM03  
Notice of Administrator's Proposals

6		Statement of proposals		
		<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals	
7		Sign and date		
Administrator's Signature	Signature ✕ 		✕	
Signature date	<sup>d</sup> 1 <sup>d</sup> 7	<sup>m</sup> 0 <sup>m</sup> 5	<sup>y</sup> 2 <sup>y</sup> 0 <sup>y</sup> 1 <sup>y</sup> 8	

## AM03 Notice of Administrator's Proposals



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Ellis Brealey
Company name	Kingston Smith & Partners LLP
Address	Devonshire House 60 Goswell Road
Post town	London
County/Region	
Postcode	E C 1 M 7 A D
Country	
DX	
Telephone	020 7566 4020 / 020 7566 4021



### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



### Important information

**All information on this form will appear on the public record.**



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Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



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# **Joint Administrators' Report and Statement of Proposals Pursuant to Paragraph 49 of Schedule B1**

**The Lifetime SIPP Company Ltd -  
In Administration**

**17 May 2018**



COMPANIES HOUSE

## **THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION**

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## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

### 1 Introduction and Background

- 1.1 The Lifetime SIPP Company Limited ("the Company") was incorporated on 28 December 1989 under registration number 02455807.
- 1.2 *The Company's trading activities consisted of establishing, operating and winding up Self-Investment Personal Pensions ("SIPP").*
- 1.3 The Company is regulated by the Financial Conduct Authority ("FCA") and as such, is authorised to establish, operate and wind up personal pension scheme activities. Indeed, the Company is specifically authorised by the FCA solely for the provision and administration of SIPPs. Although not being able to give specific investment advice, the Company described its role as being a niche solutions provider supplying strong technical support to professional advisers and their clients. The Company's current FCA authorisation was obtained on the 6 April 2007.
- 1.4 The Company was formed to provide SIPPs to clients of Regulated Professional Advisers that were duly authorised and regulated by the FCA. The Company's core product, The Lifetime SIPP, was only available through such Advisers, on a fully advised basis, and the Company did not offer individual investment advice to their clients.
- 1.5 The Company formed a strategic partnership with Hartley SAS Ltd ("HSAS"), who provided the day-to-day administration of the SIPPs for the Company under the terms of a Service Agreement. As detailed later in this report, HSAS are a small shareholder in the Company.
- 1.6 I am informed that the Lifetime SIPP is designed for flexibility, enabling investment in assets such as quoted equities, collective investment funds and cash deposits.
- 1.7 Unfortunately, a number of SIPP consumers brought claims against the Company in connection with the SIPPs. A proportion of these claims were uninsured and thus became a Company liability.
- 1.8 In conjunction with the insurers, Willis Towers Watson ("Willis"), and their solicitors, Reynolds Porter Chamberlain ("RPC"), the Company began to defend the insured claims and agreed settlements where appropriate. However, Willis' insurance only covered a proportion of any award made by the Financial Ombudsman Services ("FOS") with the remainder of the claim falling as a liability of the Company (on certain claims). The Company's insurance was extended on a limited basis until the 31 March 2018. However, due to the claims received and the unregulated investments involved, the insurers refused to renew the Company's insurance beyond 31 March 2018. The Company's previous insurance policy expired on the 11 February 2018 and shortly before that date the Company made a block notification to its insurers of all SIPPs containing illiquid and/or non-standard assets (regardless of whether a claim/complaint had at that point been intimated by the SIPP member).
- 1.9 Whilst the Company had sufficient resources to pay redress on those complaints that had been determined prior to the administration, it was anticipated that the Company would likely reach a position in due course whereby it did not have sufficient resources to pay redress on all successful complaints/claims. The Company was therefore Balance Sheet insolvent. The Company was also finalising documentation to formally transfer title to some of its SIPP book to HSAS based on a contract entered into in 2015. Accordingly, the Company's director sought insolvency advice from Foot Anstey LLP, who had been advising on some of the claims against the Company. They also advised on directors' duties and solvency issues for the Company. Furthermore, at a meeting at Kingston Smith & Partners LLPs offices on 22 March 2018, the Company's insolvency position was reviewed and recommendations were made to the director to place the Company into Administration immediately.
- 1.10 Due to the Company being regulated by the FCA, it was necessary for the proposed Joint Administrators to seek approval from the FCA prior to their appointment. Accordingly, approval was received on the 28 March 2018.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

- 1.11 On 29 March 2018 the director of the Company issued a Notice of Appointment of Administrators. As a result, Ian Robert and Ryan Davies of Kingston Smith & Partners LLP, Devonshire House, 60 Goswell Road, London, EC1M 7AD were appointed Joint Administrators of the Company. Ian Robert and Ryan Davies are licensed to act as insolvency practitioners in the UK by the ICAEW.
- 1.12 The Joint Administrators are authorised to act jointly and severally in the Administration.
- 1.13 The Company is an investment undertaking providing services involving the holding of funds and securities for third parties and is therefore an Article 1.2 Undertaking to which the EU Regulation on Insolvency Proceedings 200 does not apply
- 1.14 This report incorporates the Joint Administrators' statement of proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 21 May 2018.

## 2 Administration Strategy and Objective

- 2.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- *Rescuing the Company as a going concern; or*
  - *Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or*
  - *Realising property in order to make a distribution to one or more secured or preferential creditors.*
- 2.2 It was not possible to rescue the Company as a going concern in its current guise and furthermore the Company is unable to obtain the necessary insurance that would be required for it to continue to trade.
- 2.3 As such, in this case the Joint Administrators are pursuing the second objective, to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration). It is hoped that this can be achieved through a sale of the Company's assets.

### Progress Since Appointment

#### Administration (including statutory compliance and reporting)

- 2.4 Following our appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work included liaison with solicitors to deal with the legal considerations surrounding the Company's insolvency including the appointment requirements and the most appropriate means of *realising the value in the Company's business and assets, given its bespoke nature.*
- 2.5 I have also dealt with a number of statutory formalities which are required of me under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising my appointment in the London Gazette. Furthermore, given the Company's FCA registration, I have provided information on progress to the FCA on at least a weekly basis since my appointment.
- 2.6 Other statutory duties performed are outlined in further detail in the 'fees estimate/fees information' which can be found at Appendix E. Please note that much of this work has been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

### Trading

- 2.7 Prior to our appointment as Joint Administrators, and for a period following appointment, it was not clear what exactly the Company owned by way of assets due to lack of access to the relevant information. The bulk of the Company's assets comprise of SIPPs held for members which the Company had broadly split into 3 tranches, tranches 1 and 2 being untainted SIPPs and tranche 3 being tainted/illiquid SIPPs. At the time of appointment, we had sight of a Conditional Asset Purchase Agreement ("CAPA") entered into by the Company with The Wilton Group (parent company of HSAS) in February 2015 and which was an agreement for the transfer of the Company's assets (the SIPPs), the business/goodwill and employees. We had also seen some, but not all supporting documentation which transferred title to the assets and which therefore satisfied a number of the conditions in the CAPA. However, at the date of appointment it did not appear that the consideration due under the CAPA had been paid, meaning that there was uncertainty as to whether a significant condition of the CAPA had been fulfilled or not such that there remained a question as to whether title to the tranche 1 and tranche 2 assets had actually transferred prior to our appointment as Joint Administrators.
- 2.8 Following my appointment on 29 March 2018, I attended the Company premises in Bristol the same day to meet with the director of the Company and separately the directors of HSAS. To clarify, HSAS hold a small shareholding in the Company and also provide the day-to-day administration/management of the SIPPs.
- 2.9 The meeting was intended to discuss the Company's current trading position and also to seek HSAS's co-operation around access to the Company's employees (who at that juncture appeared were working for HSAS) and to Company information. HSAS had been operating for some time as the Company's SIPP administrator and therefore all information, systems and employees were controlled by them even if they were not owned by them.
- 2.10 During the meeting with HSAS and in follow up correspondence with their solicitors, it became apparent the CAPA had in fact completed prior to our appointment as Joint Administrators meaning that title to the tranche 1 and tranche 2 assets, together with the business and assets of the Company, including equipment, staff and records, had already passed to HSAS.
- 2.11 Accordingly, we challenged HSAS as to whether consideration had been paid and HSAS alleged that the Company's director had agreed to set off all amounts due from the Company to HSAS under a management service agreement against the consideration due; the management services charges being in excess of the consideration payable according to the CAPA mechanism. The set off amount was in the region of c£565k.
- 2.12 During this intermittent period of inconclusiveness over the asset ownership, HSAS denied us any access to the employees or Company information, meaning that we were unable to get to grips with other aspects of the Administration including the situation regarding complaints and as such, correspondence was growing from complainants and their representatives. Accordingly, I was unable to provide comprehensive updates to the FCA, FOS and the Financial Services Compensation Scheme ("FSCS").
- 2.13 The employees that had purportedly already transferred to HSAS were still dealing with the day to day trading of the Company, such as dealing with complaints/claims. A verbal agreement was reached with HSAS to allow the employees to continue to work on the Company's behalf whilst the issue of ownership was resolved.
- 2.14 To confirm, the Company's solicitors, Foot Anstey, who had advised the Company prior to administration on some limited aspects including complaints were retained and instructed to advise on all matters concerned with the Administration.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

### Realisation of assets

#### *Sale of SIPPs*

- 2.15 In summary, the Company operated 4,746 SIPPs split into three separate tranches, as detailed in section 2.7. Tranche 1 is 1,892 SIPPs, Tranche 2 is 836 SIPPs and Tranche 3 is 2,018 SIPPs.
- 2.16 Immediately prior to and during the meeting the administrators carefully considered a number of factors and took legal advice as to the position the Company found itself in including focussing on the potential for the arrangements under the CAPA to be challenged using remedies available to the administrators for transaction at undervalue, preference or misfeasance. We also thought carefully about what consideration had been paid by way of set off so reducing creditor claims in the administration and we were advised on the legal consequences for material breach of contract for a decision by us not to accept the terms of the CAPA and associated documentation.
- 2.17 In summary, due to the CAPA completing prior to our appointment as Joint Administrators, the transaction was reviewed extensively to ensure the transfer had indeed taken place and was in the best interests of all SIPP members/creditors and that proper value had been received for all of the assets.
- 2.18 With this in mind I negotiated with HSAS for payment of an additional cash amount (see below), recognition of the non-cash value they had discharged and the removal of their claims as an unsecured creditor from the administration.
- 2.19 I negotiated the terms of a Settlement and Transfer Agreement ("the Agreement") to reflect the terms reached but in order to allow sufficient time to draft and negotiate the Agreement I entered into an Exclusivity Agreement dated 24 April 2018 with HSAS pursuant to which they paid £25,000 plus VAT as a non-refundable deposit.
- 2.20 I subsequently negotiated the Agreement which confirmed the previous sale of the tranche 1 and tranche 2 and which committed the Company to a conditional sale of the tranche 3 assets, the condition being that the sale of the tranche 3 assets would complete automatically at 5pm on 15 May 2018 unless the administrators felt they could sell to another third party for a higher price and served an appropriate notice. The Agreement completed on the 4 May 2018 for an additional cash consideration was amount of £325,000 plus VAT (including the exclusivity fee already paid) together with HSAS agreement that all claims they may have had against the Company including the claim for management services of c£565k was fully settled and compromised. The settlement was reciprocal.
- 2.21 In addition the Agreement provides for the ongoing support of HSAS staff members in assisting the Joint Administrators to deal with the management and smooth administration of consumer claims and any other queries received. This arrangement was documented in an *Administration and Management Services Agreement* ("AMAS") also dated 4 May 2018. The AMAS requires the Joint Administrators to pay HSAS a monthly service charge for a total of nine months from its commencement unless terminated earlier. The total amount payable under the AMAS for the period will be £100k + VAT and the amount reflects a 'consultant rate', for the knowledge and experience of the staff that could not have been easily sourced elsewhere.

#### *Tainted/Illicit SIPPs*

- 2.22 As detailed above, tranche 3 contains 2,018 SIPPs, which the Company deem to be tainted and which have an uncertain value. Due to the nature these SIPPs, there is no income stream associated with them as all fees had been suspended prior to my appointment.
- 2.23 Advice was sought from Kingston Smith LLPs internal pension's advisory team, KSFA, and its shareholder, Gallagher Insurance, regarding the tainted SIPPs value. Upon review, it was determined that in isolation the value of the administration income stream would be nil.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

- 2.24 However, prior to entering into the exclusivity agreement with HSAS on the 24 April 2018, a number of parties expressed an interest in 'purchasing the SIPPs', but at that juncture it was not known whether the interested party simply wanted the database or to purchase the SIPPs themselves as an entire tranche 3 transfer which would require transfer to an FCA regulated vehicle.
- 2.25 After entering into the exclusivity agreement on 24 April 2018, but before completion of the Agreement with HSAS, correspondence was received from a third party indicating they were prepared to offer a substantial sum for all of the tranche assets of the Company, subject to appropriate due diligence and contract.
- 2.26 However, due to the terms of the exclusivity agreement, all interested parties and the specific third party purchaser were advised we were unable to engage with them further. However, the third party instructed solicitors who emailed correspondence to us on the 30 April 2018. *Upon agreement with HSAS's solicitors, our solicitor responded advising that the tranche 1 and tranche 2 assets had already been transferred prior to our appointment. On 3 May 2018, we then received a revised offer from the third party's solicitor offering a lesser, but still substantial sum for the tranche 3 assets. HSAS and the FCA were immediately told about the offer.*
- 2.27 We did not want to break the terms of the exclusivity agreement with HSAS as this was a contract entered into by the administrators and concluded at that juncture we had performed all our obligations under the exclusivity agreement and that the only remedy therefore would be the return of the deposit. Naturally, there remained a substantial legal risk that if we did not proceed with the Agreement as intended, HSAS would own tranche 1 and tranche 2 assets (as title had passed), no additional consideration would be received for those assets and we may be unable to sell the tranche 3 assets elsewhere if the third party were not able to transact, meaning we would be left with tranche 3 assets in the Administration estate, thus increasing costs and producing an unacceptable solution for SIPP members. Furthermore, there was no certainty as to what the third party would pay for tranche 3 once they had carried out their due diligence.
- 2.28 Accordingly, the third party was invited for an immediate meeting the next working day on 8 May 2018, and they attended with their advisors and representatives. After negotiation, I accepted a substantially reduced but material offer for the tranche 3 assets. Contracts were drafted and issued to the third party.
- 2.29 In order for the deal to complete with the third party, contracts needed to be drafted and negotiated and I needed to be satisfied that the purchaser had all the necessary FCA permissions. All parties worked hard to achieve the sale but unfortunately whether the purchaser had the required consents and permissions could not be verified in time but more importantly we did not hold an agreed form signed contract immediately before the time line for providing notice under the Agreement. Throughout this period we were keeping the FCA up to date.

### *Debtors (Suspended Fees)*

- 2.30 As detailed in the director's Statement of Affairs, the Company appear to be owed a portion of the management fees for administering the SIPPs. However, due to the illiquidity of the tainted SIPPs, the fees are suspended and accordingly it is unlikely these fees shall be realised. Furthermore, at this juncture it is also uncertain as to the exact position of the level of suspended fees but any right to future fees will be for HSAS as purchaser of this book of assets.

### *Cash at Bank*

- 2.31 Upon appointment as Joint Administrators the Company's bankers, the Royal Bank of Scotland, were contacted and notified of our appointment. We were informed that the Company had cash at bank of £698,126.28 and these funds have been realised into the administration account.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

- 2.32 The work undertaken by the Joint Administrators and their staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.

- 2.33 Further information on the estimated outcome of the Administration can be found in section 9 below.

### Creditors

#### Secured Creditors

- 2.34 The Company has a number of charges registered at Companies House. However, it is believed that these charges relate to assets contained within certain SIPPs. These are being reviewed in conjunction with our solicitor. These secured creditors do not appear on the face of the documentation to be secured creditors of the Company itself.

#### Preferential Creditors

- 2.35 As detailed previously, it was determined that the Company's employees had transferred to HSAS as per the CAPA under the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE").
- 2.36 Accordingly, the Company did not employ any staff as at the date of Administration and therefore should not be subject to any preferential claims.

#### Unsecured Creditors

- 2.37 The Company has c2,000 SIPP members which have a tainted aspect to their SIPP holdings. Whilst the SIPP operation has transferred to HSAS the SIPP members may have a claim against the Company as at the date of the administration and based on current estimates it is believed that these claims could total in excess of £50,000,000.
- 2.38 Due to the large number of individuals involved in this case, more time is required to deal with creditor claims. As detailed above, HSAS staff members are assisting us for a period of nine months to assess claims from consumers, and to liaise with the FOS and the FSCS as appropriate.
- 2.39 I understand that the FSCS will pay compensation on claims that fall within their compensation scheme with their maximum award limited to £50,000 per consumer. As the FSCS responds to claims it will subrogate into the creditors shoes in the Administration and claim as an unsecured creditor. We are in contact with the FSCS and will continue to liaise with HSAS and the FSCS to progress these claims over the next 9 months or so.

### Investigations

- 2.40 Some of the work the Joint Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (**CDDA 1986**) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Joint Administrators can pursue for the benefit of creditors.
- 2.41 I am required to make an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment will take into account information provided by creditors as a response to my request to complete an investigation questionnaire.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

- 2.42 To date my investigations are incomplete. I continue to review the position and will analyse the Company's bank statements and historic financial records before submitting a report on the conduct of the Directors of the Company to the Department for Business Energy & Industrial Strategy (BEIS) under the CDDA 1986. As this is a confidential report, I am unable to disclose the contents

### **Case Specific Matters**

#### ***Financial Conduct Authority ("FCA") involvement***

- 2.43 Due to the Company being regulated by the FCA, we provided a weekly update to the FCA regarding progression of the case.
- 2.44 Furthermore, the Joint Administrators have completed a standard FCA questionnaire regarding, among other things, the Company's on-going permissions, the number of outstanding complaints, fractional ownership queries and the expected outcome of the Administration.

#### ***Financial Ombudsman Service ("FOS")***

- 2.45 Since our appointment as Joint Administrators, dialogue was opened with the FOS regarding the Company's ongoing complaints procedure. The FOS have been advised of HSAS's involvement and we will continue to liaise with HSAS and FOS on a regular basis.

#### ***Financial Services Compensation Scheme ("FSCS")***

- 2.46 The Joint Administrators have been in contact with the FSCS and have apprised them of the current position and that they should expect to receive claims from consumers in due course. We understand that the FSCS has set up a portal on its website for those affected.

#### ***Consumer claims***

- 2.47 To date, the Joint Administrators have been contacted by numerous consumers and their advisors. Their queries range from general updates on the current position, submission of complaints/claims and data information requests. Due to the initial access information issues encountered with HSAS, all parties were sent a holding letter pending resolution with HSAS. Accordingly, the information is now in the process of being requested from HSAS.

#### ***Joint class action – "Freedom Bay"***

- 2.48 Upon appointment as Joint Administrators, we were advised by Fosters Solicitors of an on-going class action against Freedom Bay, being one of the tainted assets pertaining to tranche 3. I understand that HSAS will pursue these aspects further as owner of the tranche 3 assets.

#### ***Interactive Investor Trading Limited ("II")***

- 2.49 Upon appointment, I was advised by II's solicitor of the current position of II and their 28 scheme members' claims for tax relief on in specie contributions occurring pre-Administration. Legal advice is being sought.

#### ***Company Pension Scheme***

- 2.50 Upon appointment as Joint Administrators, searches were carried out and questions asked of the director regarding the Company's pension scheme for its former employees. Two pension schemes have been identified and we have instructed Clumber Consultancy to advise on our responsibilities.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

### Sale of Assets to Connected Parties

- 2.51 In accordance with Statement of Insolvency Practice 13, I would advise you that the following assets were sold to a party connected with the Company:

Date of transaction	Assets involved & nature of transaction	Consideration paid & date	Sold to	Relationship
4 May 2018 and 14 May 2018	SIPP Administration (Tranches 1, 2 and 3)	£325,000	Hartley Pensions Limited	Shareholder associated company

- 2.52 Further information relating to the sale of these assets is detailed above in sections 2.15–2.21.

### 3 Joint Administrators' Receipts and Payments

- 3.1 A summary of receipts and payments for the Administration period from the date of my appointment to 17 May 2018 is attached at Appendix B.

### 4 Financial Position

- 4.1 Attached at Appendix C is a summary of the Director's Estimated Statement of Affairs of the Company as at the date of the appointment of the Joint Administrators. This was verified by a statement of truth by the director on 10 May 2018 and is stated before the costs of the Administration procedure are considered.

### 5 Proposals

- 5.1 It is proposed that the Joint Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:
- 5.2 The Joint Administrators will pursue the second objective being; *Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).*
- 5.3 If having realised the assets of the Company, the Joint Administrators think that a distribution will be made to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the **Prescribed Part**) by virtue of section 176A(2)(a), this will be distributed by the Joint Administrators in the Administration and the Company will thereafter proceed to dissolution. However, please note this is unlikely as I do not consider any of the charges registered at Companies House against the Company as Floating Charges.
- 5.4 If, however, having realised the assets of the Company the Joint Administrators think that a distribution will be made to the unsecured creditors other than by virtue of section 176A(2)(a) as noted above, they propose filing a notice with the Registrar of Companies which will have the effect of bringing the appointment of the Joint Administrators to an end and will move the Company automatically into Creditors' Voluntary Liquidation (CVL) in order that the distribution can be made. In these circumstances, it is proposed that the Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators in the CVL. The acts of the Joint Liquidators may be undertaken by either or both of them.
- 5.5 Court approval is not required to enable the Joint Administrators to make a distribution to the unsecured creditors of the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Joint Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.

- 5.6 If the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5.7 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5.8 The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 5.9 If the Joint Administrators consider it necessary to extend the period of the Administration, they will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Joint Administrators' term of office be extended for a specified period determined by it.
- 5.10 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Joint Administrators' remuneration and disbursements and any proposed act on the part of the Joint Administrators without the need to report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.
- 5.11 The basis of the Joint Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:
- As a percentage of the value of the assets they have to deal with, or
  - By reference to time properly spent by the Administrators and their staff managing the Administration, or
  - As a set amount
- 5.12 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Administrators be authorised to draw Category 2 disbursements as and when funds are available, in accordance with their firm's published tariff. Details of Category 2 disbursements charged by the firm can be found at Appendix E.
- 5.13 Where no Creditors' Committee is appointed, the remuneration and disbursements of the Joint Administrators shall be fixed by a decision of creditors or where the Joint Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Joint Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and their discharge from liability in the same manner.
- 5.14 In this case, the Joint Administrators are seeking to approve the basis of their remuneration as follows:
- ***By reference to the time properly spent by the Joint Administrators and their staff in attending to matters arising in the Administration***
- Further details about the proposed fee basis can be found in Section 8 below and Appendix E.
- 5.15 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

### 6 Exit Routes

#### ***Creditors' Voluntary Liquidation***

- 6.2 Based on present information, the Joint Administrators think a dividend will be paid to the *unsecured creditors other than by virtue of the Prescribed Part*. As a result, the Joint Administrators will either make an application to Court to enable them to make a distribution to unsecured creditors in the Administration or they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL) to facilitate this distribution. It is proposed that the Joint Administrators in office at the date of conversion to CVL will become the Joint Liquidators of the CVL.
- 6.3 It is proposed that the Joint Liquidators will be authorised to act jointly and severally in the subsequent liquidation.
- 6.4 Creditors have the right to nominate an alternative liquidator of their choice. To do this, creditors must make their nomination in writing to the Joint Administrators prior to these proposals being approved. Where this occurs, the Joint Administrators will advise creditors and provide the opportunity to vote. In the absence of a nomination, the Joint Administrators will automatically become the Joint Liquidators of the subsequent CVL.

#### ***Dissolution of the Company***

- 6.5 If a dividend will be paid to the unsecured creditors other than by virtue of the Prescribed Part the Joint Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 6.6 The Joint Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

### 7 Pre-administration Costs

- 7.1 Pre-administration costs are defined as:

- (i) Fees charged, and
- (ii) Expenses incurred

by the Joint Administrators, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 7.2 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.
- 7.3 Prior to the Company entering Administration, it instructed Kingston Smith & Partners LLP to advise on its current trading position and indeed its solvency. The level of consumer claims was assessed, in conjunction with the solicitor appointed to the Company to deal with some but not all of the claims, to assess its level of liabilities. Furthermore, a thorough review of the Company's SIPP administration procedure was carried out to understand the Company's ability to trade should it be placed into either Liquidation or Administration. This pre-Administration work assisted in determining the decision to place the Company into Administration to achieve its objective pursuant to Para 3 of Schedule B1 of the Insolvency Act 1986.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

- 7.4 Pre-appointment fees charged and expenses incurred by the Joint Administrators are as follows:

Charged by	Brief description of services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Kingston Smith & Partners LLP	Advising the Company on its solvency, devising a strategy for the Administration and appointing the Joint Administrators	£15,000	£15,000	The Lifetime SIPP Company Limited	Nil

- 7.5 These fees were agreed on a fixed sum basis.

## 8 Joint Administrators' Remuneration

- 8.1 As Joint Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or is likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration will be fixed.
- 8.2 In addition to this, where Administrators seek agreement to the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 8.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. Our fees estimate and details of the work we propose to undertake in the Administration can be found at Appendix E and further information on the work done since our appointment to the date of this report can be found in section 2.
- 8.4 Please note that where appropriate, the fees estimate may be to a particular stage of the case only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration. The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in section 5 of this report.
- 8.5 For information, attached at Appendix D is a time matrix outlining the time spent by us and our staff since the date of our appointment as Joint Administrators. Please note that this time is included within the overall fees estimate provided with this report.
- 8.6 Joint Administrators may include details of the remuneration they anticipate will be charged and the expenses they anticipate will be incurred if they become the Joint Liquidators in the subsequent CVL. This can be done when seeking approval to the basis of their remuneration as Joint Administrators, or alternatively their fees estimate for the CVL can be provided once the Company has moved into CVL. Please refer to Appendix E to this report for further information.
- 8.7 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from [www.ks.co.uk/creditors-guides-fees/](http://www.ks.co.uk/creditors-guides-fees/). If you would prefer this to be sent to you in hard copy please contact Ellis Brealey of this office on 0207 566 4020.

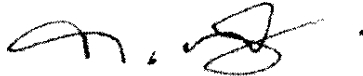
## 9 Estimated Outcome

- 9.1 An estimate of the outcome of the Administration as at 17 May 2018 is attached as Appendix F.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

- 9.2 Based on the director's Estimated Statement of Affairs attached to this report the estimated value of the preferential creditors is £Nil and the unsecured creditors is in excess of £50,000,000.
- 9.3 It is believed that funds will be available to distribute to the unsecured creditors in this case however the timing and quantum of this distribution is unknown at this stage. Please note that due to the nature of the consumer claims and the likeliness of the FSCS subrogating into the Administration, this may take time.
- 10 Proposals approval and next report**
- 10.1 I am seeking a decision of creditors on the approval of our proposals by deemed consent and our remuneration by correspondence. The letter issued to creditors with this report (or the link to this report) contains further information about this decision process.
- 10.2 The Joint Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time.

For and on behalf of  
The Lifetime SIPP Company Ltd



**IAN ROBERT**  
Joint Administrator

Enc

# THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

## Appendix A

### Statutory Information

#### 1 Company information

Company name	The Lifetime SIPP Company Ltd
Trading name(s)	None
Registered number	02455807
Registered office address	Devonshire House 60 Goswell Road London EC1M 7AD
Former registered office address	8th Floor 25 Marsh Street Bristol BS1 4AQ
Trading address(s)	8th Floor 25 Marsh Street Bristol BS1 4AQ
Court details	HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN BRISTOL
Court reference number	84 of 2018

#### 2 Details of the Company's Directors, Secretary and Shareholdings

	Date appointed	Date resigned	Shares held
<b>Director</b>			
Rupert Alan Leonard Hooper	1 February 2007	-	62,500
<b>Shareholder</b>			
Hartley SAS Limited	-	-	600

#### 3 Joint Administrators' Details

Name of Administrators	Ian Robert	Ryan Michael Davies
Address	Devonshire House 60 Goswell Road London EC1M 7AD	Devonshire House 60 Goswell Road London EC1M 7AD
Telephone Number	020 7566 4020	020 7566 4020
Fax Number	020 7566 4021	020 7566 4021
Administrator's IP Number	008706	15250
Authorising Body	ICAEW	ICAEW
Date of Appointment	29 March 2018	29 March 2018

# THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

## Appendix B

### Receipts and Payments Account for the Period from 29 March 2018 to 17 May 2018

**The Lifetime SIPP Company Ltd  
(In Administration)  
Joint Administrators' Trading Account**

<b>Statement of Affairs £</b>	<b>From 29/03/2018 To 17/05/2018 £</b>	<b>From 29/03/2018 To 17/05/2018 £</b>
<b>TRADING EXPENDITURE</b>		
Computer Services	235.00	235.00
Website Maintenance	1,600.00	1,600.00
	<b>(1,835.00)</b>	<b>(1,835.00)</b>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>(1,835.00)</b>	<b>(1,835.00)</b>

**The Lifetime SIPP Company Ltd  
(In Administration)  
Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 29/03/2018 To 17/05/2018 £	From 29/03/2018 To 17/05/2018 £
	<b>ASSET REALISATIONS</b>		
716,126.28	Cash at Bank	698,126.28	698,126.28
	Bank Interest Gross	28.71	28.71
	Trading Surplus/(Deficit)	(1,835.00)	(1,835.00)
Uncertain	SIPP Administration	325,000.00	325,000.00
Uncertain	Debtors (Suspended Fees)	NIL	NIL
		1,021,319.99	1,021,319.99
	<b>COST OF REALISATIONS</b>		
	Agents Fees Clumber Consultancy	300.00	300.00
	Statutory Advertising	67.00	67.00
		(367.00)	(367.00)
	<b>UNSECURED CREDITORS</b>		
Uncertain	Trade & Expense Creditors	NIL	NIL
Uncertain	HM Revenue & Customs	NIL	NIL
(21,950,000.00)	Consumer Claims	NIL	NIL
(34,558,912.90)	Contingent consumer claim	NIL	NIL
Uncertain	Other contingent consumer claims	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
600.00	Preference Shareholders	NIL	NIL
62,500.00	Ordinary Shareholders	NIL	NIL
		NIL	NIL
<b>(55,729,686.62)</b>		<b>1,020,952.99</b>	<b>1,020,952.99</b>
	<b>REPRESENTED BY</b>		
	Vat Receivable		440.40
	Bank 1 Current Metro Bank		965,512.59
	Foot Anstey (Client Account)		120,000.00
	Vat Payable		(65,000.00)
			<b>1,020,952.99</b>

# THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

## Appendix C

### Summary of the Director's Statement of Affairs of the Company as at 29 March 2018

Rule 3.30

## STATEMENT OF AFFAIRS

Name of Company

The Lifetime SIPP Company Ltd

Company Number

02455807

In the

Court name number

HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN [5813] 2018

Statement as to the affairs of

The Lifetime SIPP Company Ltd

Devonshire House

60 Goswell Road

London

on the 29 March 2018, the date that the company entered administration

### Statement of Truth

I believe the facts stated in this statement of affairs are a full, true and complete statement of the affairs of the above named company as at 29 March 2018 the date that the company entered administration

Full Name

RUPERT ALAN LEONARD MOOPER

Signed



Dated

10.05.18

The Lifetime SIPP Company Ltd  
Statement Of Affairs as at 29 March 2018

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
<b>Assets subject to fixed charge:</b>		
<b>Assets subject to floating charge:</b>		
<b>Uncharged assets:</b>		
Cash at Bank	716,126.28	716,126.28
SIPP Administration	Uncertain	Uncertain
Debtors (Suspended Fees)	Uncertain	Uncertain
<b>Estimated total assets available for preferential creditors</b>		<b>716,126.28</b>

Signature



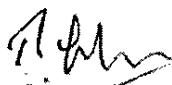
Date 10.05.18

The Lifetime SIPP Company Ltd  
Statement Of Affairs as at 29 March 2018

A1 - Summary of Liabilities

	Estimated to Realise £
<b>Estimated total assets available for preferential creditors (Carried from Page A)</b>	716,126.28
<b>Liabilities</b>	
<b>Preferential Creditors:-</b>	
	NIL
<b>Estimated deficiency/surplus as regards preferential creditors</b>	716,126.28
Debts secured by floating charges pre 15 September 2003	
Other Pre 15 September 2003 Floating Charge Creditors	NIL
	716,126.28
Estimated prescribed part of net property where applicable (to carry forward)	NIL
<b>Estimated total assets available for floating charge holders</b>	716,126.28
Debts secured by floating charges post 14 September 2003	
	NIL
<b>Estimated deficiency/surplus of assets after floating charges</b>	716,126.28
Estimated prescribed part of net property where applicable (brought down)	NIL
<b>Total assets available to unsecured creditors</b>	716,126.28
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	
Trade & Expense Creditors	Uncertain
HM Revenue & Customs	Uncertain
Consumer Claims	21,950,000.00
Contingent consumer claim	34,558,912.90
Other contingent consumer claims	Uncertain
	56,508,912.90
<b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F.C's post 14 September 2003)</b>	(55,792,786.62)
<b>Estimated deficiency/surplus as regards creditors</b>	(55,792,786.62)
Issued and called up capital	
Preference Shareholders	(600.00)
Ordinary Shareholders	(62,500.00)
	(63,100.00)
<b>Estimated total deficiency/surplus as regards members</b>	(55,729,686.62)

Signature

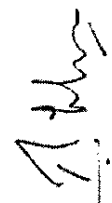


Date

10.05.18

Kingston Smith & Partners LLP  
The Lifetime SIPP Company Ltd  
C - Shareholders

Key	Name	Address	Type	Nominal Value	No. Of Shares	Called Up per share	Total Amt. Called Up
HH00	Mr Rupert Alan Leonard Hooper	25 8th Floor, Marsh Street, Bristol, BS1 4AQ	Ordinary	1.00	62,500	1.00	62,500.00
HH01	Hartley SAS Limited	5th floor, 25 Marsh St, Bristol, BS1 4AQ	Preference	00	600	1.00	600.00
1 Ordinary Entries Totalling							
1 Preference Entries Totalling							
				1.00	62,500		
				1.00	600		



Signature

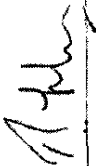
Page 1 of 1

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Kingston Smith & Partners LLP  
The Lifetime SIPP Company Ltd  
B - Company Creditors

Key	Name	Address	£
0 Entries Totalling			0.00



Signature  
Page 1 of 1

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# THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

## Appendix D

### Time Analysis for the Period from 29 March 2018 to 17 May 2018

# The Lifetime SIPP Company Limited

## Summary of Fees and Expenses

From 29/03/2018 to 17/05/2018

### Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above.

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Administrator Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
<b>Administration &amp; Planning</b>	<b>31.83</b>	<b>5.33</b>	<b>21.17</b>	<b>58.33</b>	<b>19,629.99</b>	<b>336.53</b>
Case Planning/Information	9.50			9.50	3,990.00	420.00
Cashiering - set-up, maintenance &	0.83			0.83	350.00	421.69
Dealing with company/Debtor re	4.67	0.17	6.67	11.50	3,356.67	291.88
Pensions Administration	1.00	0.42	0.83	2.25	745.00	331.11
Post Appointment VAT & CTax	0.42	0.42	0.67	1.50	466.66	311.11
Set-up Administration/IPS/Initial	3.17	0.17	2.08	5.42	1,810.00	333.95
Statutory filing with Court, Companies	4.08	0.83	1.00	5.92	2,231.67	376.97
Strategy reviews/Checklists/Diary	8.17	3.17	4.08	15.42	5,450.00	353.44
Books & Records administration		0.17		0.17	63.33	372.53
General Admin/Billing/Filing			5.83	5.83	1,166.66	200.11
<b>Investigations</b>	<b>6.67</b>	<b>4.83</b>	<b>1.17</b>	<b>12.67</b>	<b>4,870.01</b>	<b>384.37</b>
Litigation - document review	6.67		1.00	7.67	3,000.00	391.13
Information capture/initial		0.33	0.17	0.50	160.00	320.00
SIP 2 review & CDDA reporting		0.25		0.25	95.00	380.00
Strategy, planning, meetings and		4.25		4.25	1,615.01	380.00
<b>Realisation of Assets</b>	<b>36.42</b>	<b>11.75</b>	<b>6.08</b>	<b>54.25</b>	<b>20,976.66</b>	<b>386.67</b>
Cash & Bank balances/VA contribs &	0.50	1.00	1.25	2.75	839.98	305.45
Debtors & Claims	0.67		0.42	1.08	363.33	336.42
Pensions/Policies	24.42	0.33	0.42	25.17	10,465.00	415.77
Tangible Assets - plant, motors,	10.83		4.00	14.83	5,350.00	360.76
Identification, securing, insuring &		0.50		0.50	190.00	380.00
Intangible Assets - Goodwill,		9.92		9.92	3,768.35	379.87
<b>Trading</b>	<b>18.83</b>	<b>1.92</b>	<b>3.33</b>	<b>24.08</b>	<b>9,304.99</b>	<b>386.42</b>
Management of Operations	18.83	1.92	3.33	24.08	9,304.99	386.42
<b>Creditors</b>	<b>1.42</b>	<b>9.67</b>	<b>16.75</b>	<b>27.83</b>	<b>7,618.35</b>	<b>273.75</b>
Claims/Proofs	0.08	4.83	2.08	7.00	2,288.34	326.91
Correspondence/Preparation of	1.33	4.50	14.67	20.50	5,203.35	253.82
Employees/ERA scheme admin		0.17		0.17	63.33	372.53
Other Distributions (inc to members)		0.17		0.17	63.33	372.53
<b>Grand Total:</b>	<b>95.17</b>	<b>33.50</b>	<b>48.50</b>	<b>177.17</b>	<b>62,400.00</b>	

### Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT, where the insolvent was not formerly registered for VAT.

2 The number of hours shown have been rounded to two decimal places.

### Disbursements

#### Category 1 Disbursements

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

#### Category 2 Disbursements

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case as detailed in the report

# THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

## Appendix E

### Additional Information in Relation to Joint Administrators' Fees

#### 1 Fee Basis

- 1.1 The Joint Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by them and their staff in dealing with the affairs of the Company up to £279,690. Attached to this appendix are details of the work the Joint Administrators propose to undertake and the expenses the Joint Administrators consider will be, or are likely to be, incurred. Information about the work done to date can be found in the body of the Joint Administrators' Report and Statement of Proposals at Section 2.
- 1.2 Where a time cost basis is being sought, the Joint Administrators' fees estimate will be included in this information, which also provides details of the rates the Joint Administrators and their staff propose to charge for each part of that work and the time they anticipate each part of that work will take.
- 1.3 The fees estimate is based on information about the Company's affairs available to the Joint Administrators at the present time. Should any matters arise which impact on this estimate, such as additional investigatory matters or potential realisable assets, further time or cost will be incurred and it may be necessary to revise the Joint Administrators' estimate of fees.
- 1.4 At this juncture, we do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate if the time incurred is in excess of the fees estimate enclosed with this report.

#### 2 Expenses

- 2.1 Below is a table which outlines the expenses that we consider at this stage will be, or are likely to be, incurred in dealing with the Company's affairs. We will provide an update to creditors in our future progress reports.

Expense	Provider	Basis of fee arrangement	Cost to date £	Estimated total cost £
Solicitors Costs	Foot Anstey	Time costs	45,000	100,000
Statutory advertising	TMP UK Ltd	Cost = £69 per advert	Nil	207
Joint Administrators' bond	Marsh Ltd	Scale rate	800.00	800
Document storage	JG Collections	Cost per box per week	Nil	1,000
Staff related travel expenses	Direct cost of Administrator & his staff	Cost = £	564.62	1,000
Website provision	The Outsourced Marketing Department	Cost = £	1,600.00	1,600
Computer maintenance and support	Orchard Computer Services	Cost = £	705.00	705
Pension scheme advice	Clumber Consultancy	Cost = £	300.00	300
Staff Subsistence	Direct cost of Administrator & his staff	Cost = £	108.66	150
Management and services	HSAS	As per agreement	Nil	100,000

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

### 3 Staff Allocation and the Use of Sub-Contractors

- 3.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 3.2 *The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Where the basis of the Administrators' remuneration is being proposed on a time cost basis, details of our current charge-out rates can be found below.*
- 3.3 We are not proposing to utilise the services of any sub-contractors in this case.

### 4 Joint Administrators' Disbursements

- 4.1 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.
- 4.2 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.
- 4.3 We would advise that the following Category 2 disbursements are currently charged by this firm:

Type and purpose	£
Room Hire	200.00
IPS License Fee	90.00
Business mileage @ 45p per mile incurred	104.16

- 4.4 Separate approval will be sought for the authorisation of this firm's Category 2 disbursements from creditors.

## THE LIFETIME SIPP COMPANY LTD - IN ADMINISTRATION

### Charge-out Rates

- 4.5 A schedule of Kingston Smith & Partners LLP charge-out rates for this assignment effective from 1 May 2017 is detailed below. Please note this firm records its time in minimum units of 5 minutes.

#### General Practice Rates

	Per Hour £
Partner	420
Licensed Insolvency Practitioner	380
Senior Manager	355
Manager	330
Other Senior Professionals	
Supervisor/Assistant Manager	295
Senior Administrator	260
Administrator	200
Junior Administrator	160
Support Staff	
Experienced Cashier	280
Cashier	210
Support	130

## The Lifetime SIPP Company Limited (the Company)

### Fees Information in accordance with The Insolvency (England and Wales) Rules 2016 and Statement of Insolvency Practice 9

#### *Fees Overview*

Prior to insolvency practitioners agreeing the basis of their remuneration as Joint Administrators, details of the work proposed to be done and the expenses it is considered will be, or are likely to be, incurred in dealing with a company's affairs must be provided to creditors.

In addition, where the Joint Administrators proposes to take all or any part of this remuneration based on the time they and their staff will spend dealing with the affairs of the insolvent company, a **fees estimate** must also be provided. This will outline the anticipated cost of that work, how long it is anticipated the work will take and whether any further approvals may be needed from creditors in due course.

It should be noted that a **fees estimate** may be provided to a particular milestone or for a designated period in a case, where it is not possible to accurately estimate the work that will need to be done at the outset.

Creditors should be aware that the **fees estimate** is based on all of the information available now and may be subject to change due to unforeseen circumstances that may arise during the Administration. If it is considered that the **fees estimate** will be exceeded, the Joint Administrators will provide an update and seek approval to increase the previously agreed **fees estimate**.

#### *Work anticipated and the likely return to creditors*

Some of the work undertaken by an insolvency practitioner is required by statute and may not necessarily provide a financial benefit to creditors. Examples of this work include investigations required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 or dealing with the claims of former employees via the National Insurance Fund.

Where the work to be done is anticipated to produce a financial benefit to creditors, this will be stated and it may be necessary for the Joint Administrators to instruct third parties to assist in this process because of a particular expertise that the third party may bring such as valuation, tax or legal advice.

Where it is practical to do so, Joint Administrators will provide an indication of the likely return to creditors when seeking approval for the basis of his remuneration. Again due to the complex nature of the work undertaken by insolvency practitioners and the uncertainties that may exist in relation to the realisation of a company's assets at the outset of a case, this may not be possible. Joint Administrators are however, required by statute to provide periodic reports to creditors on the progress of a case which will include an update as to the likely return creditors may expect.

#### *Proposed Fee Basis*

In this case, it is being proposed that the basis of our remuneration as Joint Administrators will be based on the time spent by me and my staff in dealing with the Company's affairs. Attached to this document is my **fees estimate**, together with an explanation of the work I propose undertaking.

Each part of the work to be undertaken will necessarily require different levels of expertise and therefore related cost. In order to aid understanding, for the purposes of my **fees estimate**, I have indicated an average blended rate of the grades of staff such as myself, the case manager, the case administrator and cashier when estimating the total hours to be spent on each part of the work.

This **fees estimate** is produced on the basis of all the work I currently propose will be necessary in the Administration. If I consider the **fees estimate** will be exceeded I will notify creditors accordingly, provide a revised estimate and seek further approval for my increased fees.

### ***Outline of work to be done by the Joint Administrators***

Below are details of the work I propose undertaking in support of the above **fees estimate** for the Administration:

#### ***Administration (including statutory compliance & reporting)***

Joint Administrators are required to carry out certain tasks in nearly every insolvency assignment, namely administrative duties and dealing with the Company's creditors. Whilst these tasks are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not necessarily produce any direct financial benefit for creditors, but nonetheless still have to be undertaken.

This work includes:

- Notifying creditors of the Joint Administrators' appointment and other associated formalities including statutory advertising and filing relevant statutory notices at Companies House
- Preparing and issuing the Joint Administrators' statement of proposals for achieving the purpose of the Administration and thereafter providing periodic progress reports to members and creditors (typically every 6 months)
- Lodging periodic returns with the Registrar of Companies for the Administration
- Complying with statutory duties in respect of the Joint Administrators' specific penalty bond
- Creation and update of case files on the firm's insolvency software
- Redirection of the Company's mail to the Joint Administrators' office where necessary
- Establishing and holding periodic meetings of the creditors' committee and associated filing formalities (if a committee is appointed)
- Securing the Company's books and records
- Pension regulatory reporting and auto-enrolment cancellation
- Completion and filing of the notice of the Company's insolvency to HMRC
- Initial assessment required by Statement of Insolvency Practice 2 and the Company Directors Disqualification Act 1986 (CDDA) including the review of the Company's books and records and the identification of potential further asset realisations which may be pursued in the Administration
- Submitting a statutory report to the Insolvency Service under the CDDA
- Periodic case progression reviews (typically at the end of Month 1 and every 6 months thereafter)
- Opening, maintaining and managing the Administration estate cashbook and bank account(s)
- Dealing with all post-appointment VAT and corporation tax compliance
- Dealing with employees to provide support and assistance in lodging any claims they may be entitled to make for unpaid wages, holiday pay and other statutory entitlements from the National Insurance Fund and the Company. Liaising with (or appointing) union representatives and payroll providers and reviewing employment contracts as necessary

#### ***Realisation of assets***

As outlined in the Joint Administrators' proposals, since appointment the Joint Administrators and their staff have carried out the following:

#### ***Sale of Administration of SIPPs***

The Joint Administrators have negotiated and sold the administration of the SIPPs. This included receiving enquiries from numerous parties and agreeing a sale, thus ensuring the FCA were satisfied with the treatment of the SIPP members, whilst also achieving maximum realisations for the benefit of the creditors.

The above included the sale of the untainted and tainted/illiquid SIPPs.

#### **Debtors (Suspended Fees)**

In conjunction with HSAS, a review was undertaken to assess whether the suspended fees could be recovered in respect of the illiquid tranche three assets. However, as per the CAPA, the fees cannot be recovered.

#### **Cash at Bank**

Contact was made with the Royal Bank of Scotland immediately to secure the Company's funds and as such, £698,126.28 was realised.

Work done by the Joint Administrators, their staff and any third parties engaged to assist the Joint Administrators in realising the Company's assets will, it is anticipated, provide a financial benefit to creditors. This may involve realising assets to facilitate a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3<sup>rd</sup> party security, result in a distribution to the preferential and/or unsecured creditors of the Company. Further information on the likely outcome of the Administration process will be provided in the Joint Administrators' subsequent progress reports.

#### **Creditors (claims and distributions)**

As Joint Administrators, we will deal with all secured, preferential and unsecured creditor correspondence and claims as received, including any claims of creditors under retention of title. Based on the director's estimated statement of affairs, I currently think that after taking into consideration the costs of realising the assets and dealing with the statutory formalities of the Administration process and the related costs and expenses, a distribution may be available to unsecured creditors. We will either deal with the review and adjudication of creditors' claims in the Administration or if appointed liquidator, in the subsequent liquidation, if and when it is determined that a dividend is to be declared to creditors.

As detailed in the Proposals, due to the nature of the majority of the claims made (and to be made) against the Company, these will require vast input from HSAS. In conjunction with HSAS, we shall review potential claims and as such assist in providing the claimant (or their representative) the appropriate information. This number could be at least 2,000 potential claimants and as such, we shall be paying for the assistance of HSAS for nine months for this assistance. Thereafter, the claims may be referred to the FOS and then the FSCS to agree compensation. Any awards made over and above the £50,000 compensation limit shall form an unsecured claim in the Administration for the consumer. The FSCS shall be subrogated for any compensation awards they make to the consumer and therefore shall more than likely have the largest claim in the Administration. This process is likely to take several years to complete.

Throughout this process we shall be liaising closely with the consumers, FOS and the FSCS which may take a number of years to resolve, adjudicate and pay a dividend to unsecured creditors.

It should be noted that the above is based on the director's estimated statement of affairs and the projected realisable value of the Company's assets which at this stage is unconfirmed, together with the anticipated costs of the Administration. I will confirm the likely return to creditors in my future progress reports.

#### **Investigations**

As Joint Administrators, we are required to conduct investigations into the conduct of the director(s) of the Company and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986 and Statement of Insolvency Practice 2 (Investigations by Office Holders in Administrations and Insolvent Liquidations).

This work may not necessarily lead to any financial benefit to creditors, yet is work I am required to undertake by statute. I have included the time I consider will be needed to comply with the above legislation within **Administration** above.

If however, my initial investigations reveal that further recoveries may be available for the insolvent estate, all work undertaken to pursue these recoveries will be estimated within this time category.

At this stage, I do not foresee any substantial investigation work will be required but if following the conclusion of my initial investigations I consider that further investigation work is then required to pursue assets of the Company, I will provide creditors with an update on my **fees estimate** in due course.

### **Joint Administrators' Expenses**

As also noted, I am required to provide creditors with details of the expenses I consider will be, or are likely to be, incurred in the Administration. These may include expenses such as agent's costs for assisting in the disposal and realisation of the company's physical assets or other routine expenses associated with an insolvency case such as statutory advertising costs or the office holder's specific penalty bond.

Below is a summary of the expenses I consider will be, or are likely to be, incurred in this case. I will provide a further update to creditors in my subsequent progress reports.

Expense	Estimated cost £
<i>Solicitors' costs for dealing with the sale of the administration of SIPP, validity of appointment and various miscellaneous legal matters including regulatory advice</i>	100,000.00
Statutory advertising	207.00
Specific penalty bond	800.00
External storage of company's books and records	1,000.00
Case related travel & subsistence	1,150.00
Management and Services Agreement	100,000.00
<b>Category 2 disbursements charged by the firm:</b>	
Business mileage	108.66
IPS Licence	90.00

### **Kingston Smith & Partners LLP's Charge-out rates and Category 2 disbursements policy**

Attached to this document are details of my firm's current charge out rates and policy regarding the re-charge of Category 2 disbursements.

Category 2 disbursements require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Any Category 2 disbursements which this firm proposes to charge in this case are reflected in the table of expenses above. Approval to charge these will be sought from creditors when the basis of our remuneration as Joint Administrators are fixed.

It should be noted that my firm's charge-out rates may increase periodically. If any such increases impact on the **fees estimate** for the Joint Administrators, creditors will be notified accordingly.

### Joint Administrators' Fees Estimate

Below is my **fees estimate** for the Administration. The work the Joint Administrators anticipate undertaking in relation to this estimate has been outlined above. It is an estimate for the entire Administration. If I consider this estimate will be exceeded, I will advise creditors and seek approval for my revised **fees estimate** as appropriate.

Category of work	Estimated Number of Hours	Average blended charge out rate £	Estimated cost £
Administration (inc statutory compliance & reporting)	232.00	294.14	68,240
Realisation of assets	80.00	355.00	28,400
Creditors (claims & distributions)	375.00	277.47	104,050
Investigations	201.00	296.52	59,600
Trading	55.00	352.73	19,400
<b>Total estimated fees</b>			<b>£279,690</b>

It should be noted that an unusually high level of time will be required to deal with consumer claims, their representatives and liaising with the FSCS. Whilst only 16 hours time has been recorded to date, it is the case that some of that time has been recorded in administration and planning and trading to date, whilst the business was being sold. We have based our expectation of 375 hours on the following:

Period	Hours	Total
To Date	16	16
Monthly for next 6 months	30	180
Monthly for next 4 months	20	80
Monthly for next year	5	60
After	39	39
		<b>375</b>

## Appendix F

### Estimated Outcome Statement as at 17 May 2018

#### **Unencumbered Assets**

Cash at Bank	698,126	
Sale of Administration of SIPPs	325,000	
	-	1,023,126

#### **Less Costs**

Joint Administrators' Fees	(280,000)	
Joint Administrators' Disbursements	(2,000)	
Solicitors Fees (Foot Anstey)	(100,000)	
Miscellaneous trading costs	(5,000)	
Management Services Fees	(100,000)	
		(487,000)
Amount available for Unsecured Creditors		536,126