

# ***Castle Trust and Management Services Limited (in administration)***

---

## **Administrators' Report**

27 October 2023

Final Report pursuant to S87 of the Insolvency Act 2011

# *Table of Contents*

<b>1. Abbreviations and definitions</b>	<b>1</b>
<b>2. Key messages</b>	<b>2</b>
2.1 Why we've sent you this report	2
2.2 Creditors' claims received	3
2.3 Administrators' proposals and outcome of the administration	3
<b>3. What we've done during the administration</b>	<b>5</b>
3.1 General	5
3.2 Running the business	5
3.3 Legal process	6
3.4 Creditors	6
3.5 Assets	6
<b>4. Creditors</b>	<b>7</b>
4.1 Secured creditors	7
4.2 Preferential creditors	7
4.3 Unsecured creditors	7
4.4 Summary and outcome	7
<b>5. Administrators' fees</b>	<b>8</b>
<b>6. Statement of receipts and payments</b>	<b>9</b>
<b>7. Next steps</b>	

# 1. Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

<i>Abbreviation or definition</i>	<i>Meaning</i>
<b><i>Company</i></b>	<b><i>Castle Trust and Management Services Limited</i></b>
<b><i>Administrators, we or ourselves</i></b>	<b><i>Edgar C Lavarello and Luke Walsh</i></b>
<b><i>Firm or PwC</i></b>	<b><i>PricewaterhouseCoopers Limited</i></b>
<b><i>IA</i></b>	<b><i>Insolvency Act 2011</i></b>
<b><i>Shareholders</i></b>	<b><i>Steven Andrew Knight (52.94%)</i></b> <b><i>Sovereign Trust International Limited as Trustees of La Rocque View (46.32%)</i></b> <b><i>Castle Nominees Limited (0.74%)</i></b>
<b><i>Directors</i></b>	<b><i>Steven Andrew Knight</i></b> <b><i>Colin Charles Gibbs</i></b> <b><i>Paula Joanne Bullock</i></b>
<b><i>Secretary</i></b>	<b><i>Castle Secretaries Limited</i></b>

## 2. Key messages

### 2.1 Why we've sent you this report

We are writing to provide you with our final report in accordance with Section 87 of the Insolvency Act 2011 and Rule 60 of the Insolvency Rules 2014. Following our appointment as Joint Administrators of the Company, which was dated 30 May 2023 but became effective on 28 June 2023 when the stay was lifted, we quickly identified that the objectives of the administration were not capable of being achieved. We therefore applied to convert the administration into a liquidation and the Supreme Court of Gibraltar placed the Company into liquidation on 27 October 2023 and appointed us as Joint Liquidators. The administration order has therefore been discharged by the Supreme Court of Gibraltar and this report is therefore our final report up to the date of discharge.

### 2.2 Creditors' claims received

During the administration of the Company, we received a number of claims from creditors of the Company, that are summarised in the below schedule. No claims were paid during the administration of the Company and all claims received will be automatically carried forward as claims in the liquidation. As a result, creditors are not required to re-submit claim forms already received during the administration. Please note that as at the date of this report, the Administrators have not adjudicated on any claims.

Class of creditor	Description	Value of claims (£)
<b>Secured</b>	No secured creditors*	Nil
<b>Preferential</b>	Employees for wages and holiday pay and HMGoG for PAYE and SI	21,903
<b>Unsecured</b>	General unsecured creditors for amounts owed totaling - £50,676,963.79	50,676,967
<b>Total</b>	<b>Total claims received</b>	<b>50,698,870</b>

\* We have received a claim from a creditor that submitted two claims in the administration, one as a secured claim and the other as an unsecured claim. We have yet to fully adjudicate this claim and have therefore not made a determination, the claim is therefore included as an unsecured claim in the above schedule but may be subject to change.

## ***2. Key messages - continued***

### ***2.3 Administrators' proposals and outcome of the administration***

On 15 August 2023, the Administrators sent the Administrators' Proposal ("the Proposal") to all known creditors in accordance with Section 78 of the Insolvency Act 2011. A copy of the Proposal can be viewed [here](#). Our final report does not aim to repeat the information already provided in the Proposal and therefore summarises the actions and decisions taken following the date of the report.

Our Proposal to creditors was that the Administrators should petition the Court of Appeal to lift the undertaking provided by the Administrators that we would not dispose of the assets of the Company, following this the Administrators would proceed to wind-up the Company. The Proposal was unanimously approved by the creditors in the first creditors meeting on 29 August 2023. In addition to approving the Proposal, the creditors unanimously approved that the Administrators should convert the administration into a liquidation and the Joint Administrators be appointed as joint liquidators.

The Supreme Court of Gibraltar discharged the administration order and placed the company into liquidation on 27 October 2023.

## ***3. What we've done during the administration***

---

### ***3.1 General***

A full explanation of the Company's background and the circumstances leading to our appointment are explained in full in the Proposals and are therefore not repeated in this final report.

Following our appointment and taking control of the Company, we took control of the assets of the Company, investigated its affairs and quickly identified that the objectives of the administration could not be achieved. As a result, and in accordance with the Proposal and the actions agreed by the creditors, we undertook the necessary legal actions to lift the undertaking and/or liquidate the Company. A summary of the legal actions are explained below.

During the first creditors meeting on 29 August 2023, the creditors opted to form a creditors committee and two subsequent meetings with the creditors committee were held prior to the liquidation order on 27 October 2023. In accordance with Rule 310(2) of the Insolvency Rules 2014, where a liquidator is appointed following an administration, the creditors committee appointed under the administration continues as if appointed in the liquidation.

### ***3.2 Running the business***

The Company is regulated by the Gibraltar Financial Services Commission ("GFSC") as a company manager, with its wholly owned trading subsidiary, Castle Fund Administration Limited ("CFA"), being regulated as a fund administrator. Other non-trading subsidiaries hold GFSC permissions to provide directorship and secretarial services. Immediately after our appointment, we met with the GFSC to discuss our intention of continuing to trade the Company for a period of time and request their approval as the regulator. We have continued to maintain communications with the GFSC throughout the course of the administration.

At the time of entering administration, the Company had 11 employees. We terminated four employee contracts within the first few days of the administration, including two of the three executive directors. As administrators, we needed to understand the true picture of the Company and save costs whilst retaining employees to assist us in running the business. Shortly after, two further employees voluntarily resigned. During this period, a related entity of PwC Gibraltar, PwC Corporate Services (Gibraltar) Limited seconded employees to the Company to assist in servicing clients and running the business.

As there were limited funds in the administration to pay any termination benefits, such as redundancy or payment in lieu of notice, we advised the employees whose contracts had been terminated of the HM Government of Gibraltar Insolvency Fund, should they wish to make a claim. At the request of the Labour Inspector, we assisted in the employee Insolvency Fund claim process, which is a direct claim between the employee and the Insolvency Fund. If employees are paid by the Insolvency Fund, their claim is subrogated. The remaining employee contracts were adopted by the Administrators, until the Company was placed into liquidation when all employee contracts were automatically terminated.

From continuing to trade the business and with thanks to the remaining employees, the administration has generated recoveries from the provision of services and the collection of debtors of £274,166.

## ***3. What we've done during the administration - continued***

---

### ***3.3 Legal process***

Following the approval of the Proposals, the Administrators progressed the legal process to remove the undertaking and liquidate the Company. This resulted in applications to the Court of Appeal and the Supreme Court, including extensive exhibits, subsequent responses and then Court appearances. The legal process resulted in Administrators costs in preparing the documents of £203,569 and legal costs exceeding £120,000.

On 27 October 2023, the Supreme Court of Gibraltar discharged the administration order and appointed the Joint Administrators as joint liquidators of the Company, whilst at the same time awarding costs of the liquidation application to be borne by Steven Knight personally.

### ***3.4 Creditors***

On our appointment, we advertised the administration in the Gibraltar Gazette and the Panorama Newspaper and contacted all known creditors, clients and suppliers of the Company. We received a number of claims that represented a significant value of creditors. Some of these creditors had previously commenced legal proceedings against the Company and in some cases, already had Court Judgments against the Company.

The total creditor claims received in the Administration total £50,698,870. As Administrators, we have not yet adjudicated on any claims and all claims are carried forward into the liquidation.

### ***3.5 Assets***

Upon our appointment, the Company had cash totalling £3,935 and trade creditors that exceeded £225,000, which did not include the value of the legal claims against the Company. As we had provided the undertaking to the Court that we would not sell any assets of the Company, we have not been able to generate any realisations from the sale of other assets, however now that the Company is in liquidation we have the ability to sell assets and the business and will actively try to generate returns from the disposal of assets.

We are also considering the recovery of other assets of the Company, such as debtors and have been actively pursuing these during the administration and will continue to do so in the liquidation.

## ***4. Creditors***

---

### ***4.1 Secured creditors***

We are aware of one creditor that submitted two claims in the administration, one as a secured claim and the other as an unsecured claim. We have yet to fully adjudicate this claim, as a result, we are currently classifying it as unsecured.

### ***4.2 Preferential creditors***

Preferential creditors are those creditors whose claims take priority over the unsecured creditors and are determined by Schedule 1 of the Insolvency Rules 2014.

The preferential claims total £21,903.

### ***4.3 Unsecured creditors***

We have received unsecured creditor claims of £50,676,967. The majority of these claims relate to legal claims against the Company from Court Judgments.

### ***4.4 Summary and outcome***

All creditors' claims that we have received in the Administration will be carried forward into the liquidation and creditors do not need to re-submit their claims.

We were not able to pay any claims in the administration and as previously communicated to the creditors, the expenses of the administration outweighed the recoveries, meaning that there was insufficient funds to cover the expenses of the administration.



## 5. Administrators' fees

The time and fees incurred during the administration up to the date of preparing this report by ourselves and our team, split by staff grade and project are presented below. All costs are presented in Pounds Sterling (£) and all figures are rounded to the nearest whole number.

	Associate		Senior Associate		Manager		Senior Manager		Partner		Total	
	Time (hours)	Time costs	Time (hours)	Time costs	Time (hours)	Time costs	Time (hours)	Time costs	Time (hours)	Time costs	Time (hours)	Time costs
<b>Pre-Administration</b>	5	495	6	673	-	-	50	20,488	68	44,715	129	<b>66,371</b>
<b>Administration</b>	10	1,045	225	35,255	53	17,573	326	143,550	212	139,920	826	<b>337,343</b>
<b>Litigation</b>	-	-	65	10,684	-	-	177	77,880	174	115,005	416	<b>203,569</b>
<b>Total</b>	<b>15</b>	<b>1,540</b>	<b>296</b>	<b>46,612</b>	<b>53</b>	<b>17,573</b>	<b>553</b>	<b>241,918</b>	<b>454</b>	<b>299,640</b>	<b>1,371</b>	<b>607,283</b>
<b>Disbursements</b>												<b>1,171</b>
<b>Total administrator costs and expenses</b>												<b>608,454</b>

On 2 October 2023, the Administrators' costs, which at the time totalled £524,439 were presented to the creditors committee who approved the costs and for the Administrators to draw the costs when deemed appropriate. Of the above time costs, the Administrators had drawn fees of £30,000.

During the administration, employees of a related party of the Administrators, PwC Corporate Services (Gibraltar) Limited were seconded to the Company to assist the Company in servicing its clients. The costs related to the secondment are not included above and total £54,820, an amount of £30,000 was paid to PwC Corporate Services (Gibraltar) Limited for the seconded employees.

## 6. Statement of receipts and payments

<b>Receipts</b>	<b>£</b>
Cash balance upon appointment	3,935
Fee income and recovery of debtors	274,166
Interest income	164
<b>Total receipts</b>	<b>278,265</b>
<b>Payments</b>	<b>£</b>
Administrators fees	(30,000)
Secondment fees (1)	(30,000)
Salaries and social insurance	(85,557)
Office and general expenses	(5,517)
IT expenses	(5,825)
Bank charges	(916)
<b>Total payments</b>	<b>(157,815)</b>
<b>Cash held by Administrators</b>	<b>120,450</b>

In addition to the payments disclosed in this table the Administrators note that there are a number of unpaid expenses in the administration as a result of the recoveries being insufficient to pay these expenses.

The total amount of unpaid expenses exceed £300,000 and mainly relate to the legal fees incurred by the Administration and also the petitioning creditor's legal fees, while a smaller portion relates to general trade expenses. Any unpaid fees will be considered as part of the liquidation, should there be sufficient recoveries to make payments.

In accordance with Section 91 of the IA, the Administrators have a charge over the assets that were in their control or possession prior to the discharge of the administration, to deal with the outstanding expenses of the Company, including the Administrators' fees.

*(1) This amount relates to secondment fees paid to PwC Corporate Services (Gibraltar) Limited, an entity related to PricewaterhouseCoopers Limited, for the provision of employees seconded to the Company to service clients.*

## 7. Next steps

---

As the Administration Order has been discharged by the Supreme Court of Gibraltar and the Joint Administrators appointed as Joint Liquidators, the insolvency procedure continues. The joint liquidators will now move to disposing of the assets of the Company and winding down operations. As creditors, there is nothing that you need to do, unless you have any information that will assist us in our duties.

We will be in contact with you during the liquidation, in accordance with the requirements of the IA.

If you have any questions, please get in touch with our offices by emailing us on [gi\\_ctmsbrs@pwc.com](mailto:gi_ctmsbrs@pwc.com) or calling us on +350 200 73520.



**Luke Walsh**

On behalf of the Joint Administrators

10 November 2023

*Edgar Lavarello and Luke Walsh of PricewaterhouseCoopers Limited, Gibraltar have been appointed Administrators by the Supreme Court of Gibraltar (the “Company”) to manage the affairs and property of the Company. The Administrators act as agents of the Company only and without personal liability. Edgar Lavarello is authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission (IP Licence Number FSC 0892 IPA). Luke Walsh is authorised to act as an insolvency practitioner by the Gibraltar Financial Services Commission (IP Licence Number FSC 0982 IPA).*

*The Administrators may act as Data Controllers of personal data as defined by the Data Protection Act, depending upon the specific processing activities undertaken. PwC may act as a data processor on the instruction of the Administrators. Personal data will be kept secure and processed only for matters relating to the Administrators’ appointment.*

*For further information on the administration of the Company please contact us on [gi\\_ctmsbrs@pwc.com](mailto:gi_ctmsbrs@pwc.com).*