

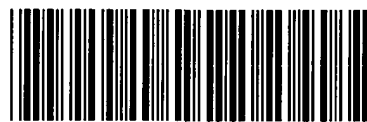
AM10

Notice of administrator's progress report



Companies House

TUESDAY



A9JG0335

A11

08/12/2020

#205

COMPANIES HOUSE

on, please
at
ieshouse

1 Company details

Company number 0 3 1 2 6 4 7 6

Company name in full Paperhat Group Limited

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

2 Administrator's name

Full forename(s) Philip James

Surname Watkins

3 Administrator's address

Building name/number 2nd Floor

Street 110 Cannon Street

Post town London

County/Region

Postcode E C 4 N 6 E U

Country

4 Administrator's name ①

Full forename(s) Anthony John

Surname Wright

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

5 Administrator's address ②

Building name/number 2nd Floor

Street 110 Cannon Street

Post town London

County/Region

Postcode E C 4 N 6 E U

Country

② Other administrator
Use this section to tell us about
another administrator.



AM10

Notice of administrator's progress report

6 Period of progress report

From date	^d 0	^d 9	^m 0	^m 5	^y 2	^y 0	^y 2	^y 0
To date	^d 0	^d 8	^m 1	^m 1	^y 2	^y 0	^y 2	^y 0

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X

[Handwritten Signature]

X

Signature date

^d 0	^d 4	^m 1	^m 2	^y 2	^y 0	^y 2	^y 0
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**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 **Matthew Kesek**

Company name **FRP Advisory Trading Limited**

Address **2nd Floor**

110 Cannon Street

Post town **London**

County/Region

Postcode **E C 4 N 6 E U**

Country

DX **cp.london@frpadvisory.com**

Telephone **020 3005 4000**

**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 the form.

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DX 33050 Cardiff.

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This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Paperhat Group Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 09/05/2020 To 08/11/2020 £	From 09/11/2018 To 08/11/2020 £
	SECURED ASSETS		
25,000.00	Despark Bulgaria	NIL	25,000.00
	Bank Interest - Fixed	NIL	46.09
20,000.00	Grebot Donnelly Associates Ltd	NIL	15,000.00
200,000.00	CTI Digital	NIL	100,000.00
		NIL	140,046.09
	COSTS OF REALISATION		
	Administrators' Fees	20,000.00	20,000.00
	Administrators' pre-appointment fees	18,913.00	18,913.00
	Legal Fees	NIL	30,003.98
	Advertising	NIL	69.93
	Bank Charges - Fixed	NIL	0.80
		(38,913.00)	(68,987.71)
	SECURED CREDITORS		
	Barclays Bank PLC	60,000.00	60,000.00
		(60,000.00)	(60,000.00)
	ASSET REALISATIONS		
	Bank Interest Gross	22.32	319.02
	Insurance Refund	NIL	338.67
		22.32	657.69
	COST OF REALISATIONS		
	Bank Charges - Floating	0.40	0.80
		0.40	0.80
245,000.00		(98,890.28)	11,716.87
	REPRESENTED BY		
	IB Current Fixed		2,566.25
	IB Current Floating		353.23
	Unpaid Administrators' fees		(5,000.00)
	Vat Recoverable - Fixed		13,797.39
			11,716.87





FRP

Paperhat Group Limited & Paperhat Communications Limited (In Administration)
("The Companies")

The High Court of Justice District Registry Bristol NO. 258 & 259 OF 2018

The Administrators' Progress Report for the period 9 May 2020 to 8 November
2020 pursuant to Rule 18.3 of the Insolvency (England and Wales) Rules 2016

4 December 2020



Contents and abbreviations

FRP

Section	Content
1.	Progress of the Administrations in the period
2.	Estimated Outcomes for the creditors
3.	Administrators' remuneration, disbursements, expenses and pre-appointment costs
Appendix	Content
A.	Statutory information regarding the Companies and the appointments of the Administrators
B.	Form AM03, formal notices of the progress reports
C.	Schedule of works
D.	Details of the Administrators' time costs and disbursements for the Period and cumulatively for the Companies
E.	Receipts and payments accounts for the period and cumulative
F.	Statements of expenses incurred in the Period

The following abbreviations may be used in this report:

FRP	FRP Advisory Trading Limited
Group	Paperhat Group Limited (In Administration)
Communications	Paperhat Communications Limited (In Administration)
The Administrators	Philip James Watkins and Anthony John Wright of FRP Advisory LLP
The Period	The reporting period 9 May 2020 to 8 November 2020
CVL	Creditors' Voluntary Liquidation
SIP	Statement of Insolvency Practice
QFCH	Qualifying floating charge holder
HMRC	HM Revenue & Customs
The Insolvency Rules	The Insolvency (England and Wales) Rules 2016
Barclays	Barclays Bank PLC
Close	Close Brothers Invoice Finance Limited



FRP

1. Progress of the Administrations in the Period

Work undertaken during the period

This progress report has been prepared from information available at the time of its preparation. Due to the global outbreak of Covid 19 and the UK's response to this, requiring working from home and necessarily a lack of access to physical files or other information, we should advise that we may not have all the information required to ensure this report is both complete and accurate. Where there are errors and/or omissions we will endeavour to correct these where possible in our next report to you.

I attach at **Appendix C** a schedule of work undertaken during the period together with a summary of work still to be completed. This report should be read in conjunction with the Administrators' proposals report dated 19 November 2018 and progress reports dated 6 June 2019, 6 December 2019 and 5 June 2020.

During the previous period, an offer of £20k was received for the purchase of the shares of Grebot Donnelly Associates Limited from Tony Rapacioli, a former director of Paperhat. The offer had £5k payable on completion with the remaining £15k payable in three instalments over the following twelve months. The final payment has been received however, it was outside the period of this report and is not shown on the receipts and payments account attached.

The final payment of £100k for the CTI Digital Limited share purchase was received on 29 November 2020. This is also outside the period of the report and is therefore not included in the receipts and payments account attached.

All assets held by both Companies on appointment have now been realised in full.

Attached at **Appendix E** are receipts and payments account detailing both transactions for the period of this report and also cumulatively since my appointments as Administrator.

Investigations

Part of my duties include carrying out proportionate investigations into what assets the Companies had, including any potential claims against directors or other parties, and what recoveries could be made. I have reviewed the Companies' books and records and accounting information, requested further information from the directors, and invited creditors to provide information on any concerns they have regarding the way in which the Companies' business has been conducted.

Further details of the conduct of my investigations are set out in the schedule of work attached. I can confirm that no further investigations or actions were required.

Extension to the initial period of appointment

The statutory twelve month periods for the administrations of the Companies were extended with the consent of the Secured Creditors to enable collection of the deferred payments for the share sales made during the administration.

The administrations were further extended by six months to 8 May 2021 with the consent of the Court on 29 October 2020.

Anticipated exit strategy

In accordance with the approved Administrators' proposals the purposes of the Administrations are to realise the Companies' assets with a view to making a distribution to one or more of the secured or preferential creditors.

Based on current information it is anticipated that these purposes will be achieved and the Administrations will be exited by the Administrators filing the requisite forms at Companies House with the Companies being dissolved 3 months after the filing of the notices.



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2. Estimated Outcomes for the creditors

The estimated outcome for creditors was set out in the Administrators proposals.

Outcome for the secured creditors

On appointment, Close and Barclays both held fixed and floating charges over the Companies.

Close were owed some £553k on appointment. Close was repaid in full from the sale of debtors ledgers that were assigned to them. Close also hold guarantees from other group companies which settled the shortfall of £38k.

On appointment, there was a loan to Barclays of £1.4m owed by Group. In addition there was a further CAS arrangement which enabled the UK group companies to pool their positive and overdrawn cash balances subject to a maximum net overdraft of £600k. On the filing of the notices of intention to appoint administrators, the cash balances held in the UK subsidiaries were swept to reduce the overdrawn position of Group of £869k in accordance with the security granted. The CAS was in a net overdraft position of around £15k.

There are inter-group cross guarantees and debenture for all amounts owed to Barclays by the UK registered companies. However, they are still expected to suffer a significant shortfall.

Outcome for the preferential creditors

Preferential creditors relate to employees' preferential element for arrears of pay, unpaid pension contributions and holiday pay as calculated in accordance with legislation.

As all 53 employees of Communications have been transferred to the purchaser of the business. There are not expected to be any preferential claims.

Group had no employees other than the statutory directors. The directors were made redundant on appointment and two claims have been submitted to the Redundancy Payments Office.

Outcome for the unsecured creditors

There will not be sufficient funds available to make a distribution to unsecured creditors.

Prescribed Part

The prescribed part is a carve out of funds available to the holder of a floating charge which is set aside for the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986. The prescribed part only applies where the floating charge was created after 15 September 2003 and the net property available to the floating charge holder exceeds £10k.

A prescribed part is not appropriate in these cases because net floating charge realisations are below £10k.



FRP

3. Administrators' remuneration, disbursements, expenses and pre-appointment costs

Administrators' remuneration

On appointment, it was understood that as all the Companies realised assets are subject to an assignment of trade receivables or fixed charge security, the Administrators' fees for dealing with these assets will be agreed with Barclays and Close.

A breakdown of our time costs incurred during the period of this report and to date is attached at **Appendix D**.

Administrators' disbursements

The Administrators' disbursements are a recharge of actual costs incurred by the Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP Advisory at the HMRC approved mileage rate prevailing at the time the mileage was incurred. Details of disbursements incurred during the period of this report are set out in **Appendix D**.

Administrators' expenses

An estimate of the Administrators' expenses was set out in the Administrators' proposals. I attach at **Appendix F** a statement of expenses that have been incurred during the period covered by this report. It is currently expected that the expenses incurred or anticipated to be incurred are not likely to exceed the details previously provided.

Creditors have a right to request further information from the Administrators and further have a right to challenge the Administrators' remuneration and other expenses, which are first disclosed in this report, under the Insolvency (England and Wales) Rules. (For ease of reference these are the expenses incurred in the reporting period as set out in **Appendix F** only).

Further details of these rights can be found in the Creditors' Guide to Fees which you can access using the following link <https://creditors.frpadvisory.com/info.aspx> and select the one for administrations. Alternatively, a hard copy of the relevant guide will be sent to you on request. Please note there is a time limit for requesting information being 21 days following the receipt of this progress report. There is a time limit of 8 weeks following the receipt of this report for a Court application that the remuneration or expenses are excessive.

Administrators' pre-appointment costs

The Joint Administrators' pre-appointment costs as set out in the proposals report dated 19 November 2018 were approved by Barclays on 26 April 2019.

**FRP**

Appendix A

Statutory Information

PAPERHAT GROUP LIMITED (IN ADMINISTRATION)

COMPANY INFORMATION:

Other trading names: N/A

Company number: 09441985

Registered office: 2nd Floor, 110 Cannon Street, London, EC4N 6EU

Previous registered office: 5 Fleet Place, London, EC4M 7RD

Business address: Aldwych House, 71-91 Aldwych, London, WC2B 4HN

ADMINISTRATION DETAILS:

Administrators: Philip James Watkins & Anthony John Wright

Address of Administrators: FRP Advisory Trading Limited
2nd Floor, 110 Cannon Street, London, EC4N 6EU

Date of appointment of Administrators: 9 November 2018

Court in which administration proceedings were brought: The High Court of Justice District Registry Bristol

Court reference number: 259 of 2018

Appointor details: Directors

Extensions to the initial period of appointment: The administration was extended to 8 November 2020 with the consent of the Secured creditors and further extended to 8 May 2021 with the consent of Court

Date of approval of Administrators' proposals: 9 December 2018



FRP

Appendix A

Statutory Information

PAPERHAT COMMUNICATIONS LIMITED (IN ADMINISTRATION)

COMPANY INFORMATION:

Other trading names: N/A

Company number: 03126476

Registered office: 2nd Floor, 110 Cannon Street, London, EC4N 6EU

Previous registered office: 5 Fleet Place, London, EC4M 7RD

Business address: Aldwych House, 71-91 Aldwych, London, WC2B 4HN

ADMINISTRATION DETAILS:

Administrators: Philip James Watkins & Anthony John Wright

Address of Administrators: FRP Advisory Trading Limited
2nd Floor, 110 Cannon Street, London, EC4N 6EU

Date of appointment of Administrators: 9 November 2018

Court in which administration proceedings were brought: The High Court of Justice District Registry Bristol

Court reference number: 258 of 2018

Appointor details: Directors

Extensions to the initial period of appointment: The administration was extended to 8 November 2020 with the consent of the Secured creditors and further extended to 8 May 2021 with the consent of Court

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Companies House

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www.gov.uk/companieshouse

1	Company details	
Company number	0 9 4 4 1 9 8 5	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Paperhat Communications Limited	
2	Administrator's name	
Full forename(s)	Philip James	
Surname	Watkins	
3	Administrator's address	
Building name/number	2nd Floor	
Street	110 Cannon Street	
Post town	London	
County/Region		
Postcode	E C 4 N 6 E U	
Country		
4	Administrator's name ¹	
Full forename(s)	Anthony John	1 Other administrator Use this section to tell us about another administrator.
Surname	Wright	
5	Administrator's address ²	
Building name/number	2nd Floor	2 Other administrator Use this section to tell us about another administrator.
Street	110 Cannon Street	
Post town	London	
County/Region		
Postcode	E C 4 N 6 E U	
Country		



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6 Period of progress report

From date	^d 0	^d 9	^m 0	^m 5	^y 2	^y 0	^y 2	^y 0
To date	^d 0	^d 8	^m 1	^m 1	^y 2	^y 0	^y 2	^y 0

7 Progress report

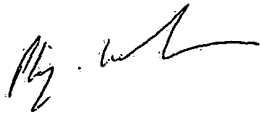
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	^d 0	^d 4	^m 1	^m 2	^y 2	^y 0	^y 2	^y 0
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AM10

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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 **Matthew Kesek**

Company name **FRP Advisory Trading Limited**

Address
2nd Floor
110 Cannon Street

Post town **London**

County/Region

Postcode **E C 4 N 6 E U**

Country

DX **cp.london@frpadvisory.com**

Telephone **020 3005 4000**



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Paperhat Communications Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £	From 09/05/2020 To 08/11/2020 £	From 09/11/2018 To 08/11/2020 £
	SECURED ASSETS	
	Debtors surplus	NIL
54,000.00	Nirvana share sale	74,998.00
	Bank Interest - Fixed	54,000.00
1.00	Paperhat USA	167.65
1.00	Paperhat Hong Kong	1.00
		1.00
		129,167.65
	COSTS OF REALISATION	
	Administrators' Fees	NIL
	Administrators' Disbursements	70,857.28
	Administrators' pre-appointment fees	456.55
	Legal Fees	13,375.00
	Advertising	28,320.77
	Bank Charges - Fixed	69.93
		10.80
		(113,090.33)
	SECURED CREDITORS	
	Barclays Bank PLC	1,480.64
		(1,480.64)
	ASSET REALISATIONS	
	Bank Interest Gross	4.71
	Cash at Bank	NIL
		4.71
	COST OF REALISATIONS	
	Bank Charges - Floating	0.40
		0.40
	FLOATING CHARGE CREDITORS	
	Floating Charge Creditor	6,519.36
		(6,519.36)
54,002.00	(21,369.89)	14,991.80
	REPRESENTED BY	
	IB Current Fixed	3,039.32
	IB Current Floating	0.55
	Unpaid Administrators fees	(6,050.00)
	Vat Recoverable - Fixed	18,001.93
		14,991.80

