

AM10

Notice of administrator's progress report



Companies House

SATURDAY



A20 *A875S00H* 08/06/2019 #219
COMPANIES HOUSE

1	Company details	
Company number	0 3 1 2 6 4 7 6	→ Filling in this form Please complete in typescript or in bold black capitals.
Company name in full	Paperhat Group 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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Notice of administrator's progress report

6 Period of progress report

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

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	7	m	0	m	6	y	2	y	0	y	1	y	9
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

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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 LLP

Address 2nd Floor

110 Cannon Street

Post town London

County/Region

Postcode E C 4 N 6 E U

Country

DX

Telephone 020 3005 4000



Checklist

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Where to send

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



Further information

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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 09/11/2018	From 09/11/2018
£		To 08/05/2019	To 08/05/2019
		£	£
	SECURED ASSETS		
25,000.00	Despark Bulgaria	25,000.00	25,000.00
	Bank Interest - Fixed	36.18	36.18
20,000.00	Grebot Donnelly Associates Ltd	NIL	NIL
200,000.00	CTI Digital	20,000.00	20,000.00
		45,036.18	45,036.18
	COSTS OF REALISATION		
	Legal Fees	28,320.78	28,320.78
	Advertising	69.93	69.93
	Bank Charges - Fixed	0.80	0.80
		(28,391.51)	(28,391.51)
	ASSET REALISATIONS		
	Bank Interest Gross	28.25	28.25
		28.25	28.25
245,000.00		16,672.92	16,672.92
	REPRESENTED BY		
	IB Current Fixed		10,994.77
	Vat Recoverable - Fixed		5,678.15
			16,672.92

**Paperhat Communications Limited & Paperhat Group Limited
(Both in Administration)
("the Companies")**

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

The Administrator's Progress Report for the period 9 November 2018 – 8
May 2019 pursuant to Rule 18.3 of the Insolvency (England and Wales)
Rules 2016

6 June 2019

Contents and abbreviations



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 appointment of the Administrators
B.	Form AM03, formal notice of the progress reports
C.	A schedule of work
D.	Details of the Administrators' time costs and disbursements for the Period
E.	Receipts and payments account for the period
F.	Statement of expenses incurred in the Period

The following abbreviations may be used in this report:

FRP Advisory	FRP Advisory LLP
The Companies	Paperhat Group Limited and Paperhat Communications Limited (both in Administration)
Group	Paperhat Group Limited
Communications	Paperhat Communications Limited
The Administrators	Philip James Watkins and Anthony John Wright of FRP Advisory LLP
The Period	The reporting period 9 November 2018 to 8 May 2019
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

1. Progress of the Administration

Work undertaken during the period

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

The only asset remaining to be realised is the shareholding of Grebot Donnelly Associates Limited held by Group.

There is also the ongoing collection of the deferred sales consideration from the sale of shareholdings of CTI Digital Limited and Nirvana Solutions Limited.

Attached at **Appendix E** is a receipts and payments account detailing both transactions for the period of this report.

Investigations

Part of my duties include carrying out proportionate investigations into what assets the Companies have, 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 administrations will automatically end twelve months after the appointment of the Administrators. An extension to the statutory period of the administrations will be required in order to received the deferred sales considerations and approval will be sought from the secured creditors in due course.

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.

2. Estimated Outcome for the creditors

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

Outcome for secured creditor

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 should settle the anticipated 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 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.

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 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 £10,000.

A prescribed part is not appropriate because there are no floating charge realisations in these cases.

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

Administrators' remuneration

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 Companies. 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.frapadvisory.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.

These have not yet been paid.

Appendix A

Statutory Information



PAPERHAT COMMUNICATIONS 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 LLP 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:	None
Date of approval of Administrators' proposals:	9 December 2018

Appendix A

Statutory Information

PAPERHAT GROUP 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 LLP 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:	None
Date of approval of Administrators' proposals:	9 December 2018

Appendix B

CH Form AM10 Formal Notice of the Progress Report



AM10

Notice of administrator's progress report



Companies House

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
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another administrator.

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

7 Progress report

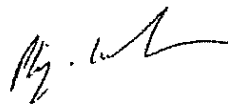
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date	d	0	d	7	m	0	m	6	y	2	y	0	y	1	y	9
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Contact name **Matthew Kesek**

Company name **FRP Advisory LLP**

Address **2nd Floor**

110 Cannon Street

Post town **London**

County/Region

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

Country

DX

Telephone **020 3005 4000**

**Checklist**

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

Statement of Affairs £		From 09/11/2018 To 08/05/2019 £	From 09/11/2018 To 08/05/2019 £
	SECURED ASSETS		
25,000.00	Despark Bulgaria	25,000.00	25,000.00
	Bank Interest - Fixed	36.18	36.18
20,000.00	Grebot Donnelly Associates Ltd	NIL	NIL
200,000.00	CTI Digital	20,000.00	20,000.00
		45,036.18	45,036.18
	COSTS OF REALISATION		
	Legal Fees	28,320.78	28,320.78
	Advertising	69.93	69.93
	Bank Charges - Fixed	0.80	0.80
		(28,391.51)	(28,391.51)
	ASSET REALISATIONS		
	Bank Interest Gross	28.25	28.25
		28.25	28.25
245,000.00		16,672.92	16,672.92
	REPRESENTED BY		
	IB Current Fixed		10,994.77
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			16,672.92

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Companies House

COMPANIES HOUSE

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Company number 09441985
Company name in full Paperhat Communications Limited

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Please complete in typescript or in
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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 EC4N 6EU
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 ①

Building name/number 2nd Floor
Street 110 Cannon Street
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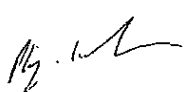
6 Period of progress report

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

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 7	^m 0	^m 6	^y 2	^y 0	^y 1	^y 9	

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

Statement of Affairs £	From 09/11/2018 To 08/05/2019 £	From 09/11/2018 To 08/05/2019 £
	SECURED ASSETS	
	Debtors surplus	74,998.00
54,000.00	Nirvana share sale	27,000.00
	Bank Interest - Fixed	167.65
1.00	Paperhat USA	1.00
1.00	Paperhat Hong Kong	1.00
		<u>102,167.65</u>
	COSTS OF REALISATION	
	Administrators' Fees	20,857.28
	Administrators' Disbursements	456.55
	Legal Fees	28,320.77
	Advertising	69.93
	Bank Charges - Fixed	10.80
		<u>(49,715.33)</u>
	ASSET REALISATIONS	
	Cash at Bank	6,438.73
	Bank Interest Gross	0.49
		<u>6,439.22</u>
54,002.00		<u>58,891.54</u>
	REPRESENTED BY	
	IB Current Fixed	42,511.40
	IB Current Floating	6,439.22
	Vat Recoverable - Fixed	9,940.92
		<u>58,891.54</u>

Appendix C

A schedule of work

Paperhat Communications Limited

Note	Category		
1	ADMINISTRATION AND PLANNING Work undertaken during the reporting period		ADMINISTRATION AND PLANNING Future work to be undertaken
	General Matters		
	Necessary administrative and strategic work. Liaising with secured lender and identifying any other significant creditors. Assisting with preparation of pre and post appointment documentation and complete internal procedures.		Regular reviews of the case and the on-going strategy as required under legislation and by the Joint Administrators' Regulatory Professional Bodies ("RPBs") to ensure that all compliance and statutory matters are attended to and that the case is progressed in a timely manner. Ongoing liaison with the secured and all other creditors. Identify and secure all relevant Company records required for the ongoing administration processes. Collation of relevant information and Company records to ensure the objective of the Administration is achieved. Continued adherence to internal procedures and external requirements.
	Regulatory Requirements		
	Consider if there are other industry specific regulatory or statutory issues to address (e.g. FCA registration).		Regularly reviewing the case as required by the RPBs to ensure all statutory matters are adhered to and that the case is being progressed in a timely manner.

Appendix C

A schedule of work

	Consider if there are any environmental or health and safety issues to deal with.	Ongoing adherence to Money Laundering Regulations and any other regulations specific to the Company.
	Case Management Requirements	
	Determine and document case strategy.	Continue to monitor and document any proposed changes of strategy and implementation thereof.
	Correspond with accountants/ auditors/ bankers/ insurers/ solicitors and other advisors to request further information to assist in general enquiries.	Continue to correspond with accountants/ auditors/ bankers/ insurers/ solicitors and other advisors to request further information to assist in general enquiries and ongoing investigations.
	Setting up case specific paper and electronic files to be updated and maintained for the duration of the appointment. Filing all papers and correspondence received and maintaining a diary system to ensure all matters are discharged in accordance with legislation.	Regularly reviewing the case as required by the RPBs to ensure all statutory matters are adhered to and the case is progressing.
	Setting up and administering bank accounts for the purposes of the administration. Ensuring accounts are regularly reconciled to produce accurate and timely reports to all creditors when required. Processing and recording of all receipts and payments throughout the appointment on the Insolvency Practitioners System ("IPS") and providing internal and external reports as required.	Maintaining and developing the case specific paper and electronic files on behalf of the Administrators aside from other records pertaining to the Company directly.
	Liaising with the Company to ensure a statement of affairs is produced and filed with the Registrar of Companies in a timely manner.	Case accounting work to process all receipts and payments including associated adjustments to ensure bank reconciliations and production of reports can be achieved at all times. Continued updating and maintenance of records on the IPS system.
	Notifying HMRC of the Administration and more specifically correspondence with the VAT and other departmental offices to ascertain the Company's final tax position. Completion and submission of future returns as and when required.	Ongoing liaison with HMRC to crystallise the Company's pre-appointment tax position and to achieve tax clearance from the period of the administration. Submission of ongoing returns as required.

Appendix C

A schedule of work

	Maintaining appropriate insurances, as required and cancel non-essential cover in a timely manner.	Monitor receipt of and file statement of affairs as prepared by the Company as at the date of appointment.
2	<p>ASSET REALISATION Work undertaken during the reporting period</p> <p>To complete a sale of the business and assets of the Company in accordance with SIP16 working in conjunction with our solicitors, the purchaser and their legal representatives to ensure all aspects were concluded in a timely and orderly manner.</p> <p>Providing initial updates to secured creditors on asset realisations and future strategy to maximise recoveries for the benefit of the creditors as a whole.</p> <p>Liaise with interested parties to complete the sale of the Nirvana Solutions Limited shareholding.</p> <p>To monitor receipt of the deferred consideration arising under the sale and purchase agreements.</p>	<p>ASSET REALISATION Future work to be undertaken</p> <p>To monitor receipt of the deferred consideration arising under the sale and purchase agreement.</p> <p>To continue to work in tandem with the Company and the secured creditor to maximise recoveries for the benefit of the creditors as a whole.</p> <p>The provision of both written and oral updates to the secured creditors on asset realisations and strategy as required to include recommendations of supplementary actions.</p> <p>To maintain comprehensive records of client meetings and implementing all appropriate actions to ensure repayments plans are implemented and adhered to, if required.</p> <p>To interrogate the Company records to identify and secure realisation of any other assets available to the estate.</p> <p>Ongoing liaison with our legal advisors to ascertain the most appropriate and cost effective method of recovering funds to the estate, as required.</p> <p>Updating records on an ongoing basis and liaising with stakeholders.</p>

Appendix C

A schedule of work

		Monitoring receipt and allocation of funds arising from the sale of the business and assets and in respect of the debtor ledger surplus and/or realisation of any other assets subsequently identified.
3	CREDITORS Work undertaken during the reporting period	CREDITORS Future work to be undertaken
	<p>Contacting all known creditors & suppliers in order to advise of appointment and provide proof of debt forms to enable claims to be lodged.</p> <p>Dealing with all queries and correspondence received from creditors on an on-going basis and recording the same.</p> <p>Reviewing the Company's paper and electronic records to ascertain the basis and validity of any claims arising.</p> <p>Liaising and reporting to the secured creditors as required.</p>	<p>To continue to liaise with and provide reports and oral updates to the secured creditor as required.</p> <p>To continue to liaise with and provide reports and oral updates to the unsecured creditors as required.</p> <p>If sufficient funds become available to make a distribution to unsecured creditors, to advertise for claims, request submission of claims from all known creditors and adjudicate on those claims where there are sufficient funds to make a distribution either agreeing or rejecting, in full or in part.</p>
4	INVESTIGATIONS Work undertaken during the reporting period	INVESTIGATIONS Future work to be undertaken
	<p>All directors of the Company, both current and those holding office within 3 years of the appointment, have been requested to complete a questionnaire to assist in preparing the statutory return to the Insolvency Service in accordance with the Company Directors Disqualification Act 1986 ("CDDA").</p> <p>The collation and review of all information received along with the preparation and submission of the conduct report to the Insolvency Service under CDDA – the content of this report is confidential.</p>	<p>Conducting enquiries into the conduct of the Company, its directors and if appropriate associated parties through the interrogation of electronic and paper records.</p> <p>To review and consider any information provided by creditors or other parties that might identify further assets or lines of enquiry against the officers of the Company and progressing those to a conclusion.</p>

Appendix C

A schedule of work

		To liaise with the secured creditor and agree any supplemental actions to be initiated against various parties in the future.
5	STATUTORY COMPLIANCE AND REPORTING Work undertaken during the reporting period	STATUTORY COMPLIANCE AND REPORTING Future work to be undertaken
	<p>Dealing with all appointment formalities including notification to relevant parties, filings with the Court, the Registrar of Companies and statutory advertising.</p> <p>Arranging for an insolvency bond to protect the assets available for creditors.</p> <p>Deal with tax and VAT matters arising following appointment.</p> <p>Statutory reporting to all relevant parties and filing of those reports in accordance with the legislation.</p> <p>Establish the existence of any pension scheme and take appropriate action to notify all relevant parties and appoint independent trustees if required.</p> <p>Compiling a forecast of the work that has been or is anticipated to be undertaken throughout the duration of the case, circulating this to all known creditors together with such other documentation as is required to enable the relevant approving creditors to assess and vote on the fee basis proposed.</p> <p>Notifying creditors of their right to set up a creditors' committee.</p>	<p>Bringing the conduct of the insolvency process to a close when all matters are complete in accordance with the relevant requirements.</p> <p>To provide updating reports to all known creditors and members as prescribed under the Insolvency Act 1986.</p> <p>To place legal advertisements as prescribed under the Insolvency Act 1986 which may include formal meetings of creditors and notice to submit claims, as applicable.</p> <p>Obtaining approval to the basis of the Insolvency Practitioners fees from the secured creditors.</p> <p>To deal with statutory requirements in order to bring the appointment to an orderly close either by dissolution or transfer to a creditors' voluntary liquidation and for the Joint Administrators to receive their release from office. This will include the preparation of further progress and/or final reports for all known creditors, statutory advertising and filing the relevant documentation with the High Court / Registrar of Companies, as applicable.</p> <p>Maintaining a record and forecast of the work that has been or is anticipated to be undertaken throughout the duration of the case.</p>

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6	LEGAL AND LITIGATION Work undertaken during the reporting period		LEGAL AND LITIGATION Future work to be undertaken
	Assisting in the completion of the sale of the business and assets and commencing all other works and registering security as prescribed within the sale and purchase agreement.		Completion of the shareholdings and commencing all other works and registering security as prescribed within the sale and purchase agreement.
	Seeking legal advice as and when needed, including advice on the treatment of various asset realisations in accordance with security held.		To release any security in place once all deferred consideration is received and all the purchasers' obligations are fully discharged.
			Continuing to seek legal advice and intervention as and when needed throughout the assignment.
7	TRADING Work undertaken during the reporting period		TRADING Future work to be undertaken
	The business and assets of the Company were sold on 9 November 2018.		No further works identified.

Appendix C

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Paperhat Group Limited

Note	Category		
1	ADMINISTRATION AND PLANNING Work undertaken during the reporting period		ADMINISTRATION AND PLANNING Future work to be undertaken
	General Matters		
	Necessary administrative and strategic work. Liaising with secured lender and identifying any other significant creditors. Assisting with preparation of pre and post appointment documentation and complete internal procedures.		Regular reviews of the case and the on-going strategy as required under legislation and by the Joint Administrators' Regulatory Professional Bodies ("RPBS") to ensure that all compliance and statutory matters are attended to and that the case is progressed in a timely manner. Ongoing liaison with the secured and all other creditors. Identify and secure all relevant Company records required for the ongoing administration processes. Collation of relevant information and Company records to ensure the objective of the Administration is achieved. Continued adherence to internal procedures and external requirements.
	Regulatory Requirements		
	Consider if there are other industry specific regulatory or statutory issues to address (e.g. FCA registration).		Regularly reviewing the case as required by the RPBs to ensure all statutory matters are adhered to and that the case is being progressed in a timely manner.

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	Consider if there are any environmental or health and safety issues to deal with.	Ongoing adherence to Money Laundering Regulations and any other regulations specific to the Company.
Case Management Requirements		
	<p>Determine and document case strategy.</p> <p>Correspond with accountants/ auditors/ bankers/ insurers/ solicitors and other advisors to request further information to assist in general enquiries.</p> <p>Setting up case specific paper and electronic files to be updated and maintained for the duration of the appointment. Filing all papers and correspondence received and maintaining a diary system to ensure all matters are discharged in accordance with legislation.</p> <p>Setting up and administering bank accounts for the purposes of the administration. Ensuring accounts are regularly reconciled to produce accurate and timely reports to all creditors when required. Processing and recording of all receipts and payments throughout the appointment on the Insolvency Practitioners System ("IPS") and providing internal and external reports as required.</p> <p>Liaising with the Company to ensure a statement of affairs is produced and filed with the Registrar of Companies in a timely manner.</p> <p>Notifying HMRC of the Administration and more specifically correspondence with the VAT and other departmental offices to ascertain the Company's final tax position. Completion and submission of future returns as and when required.</p> <p>Maintaining appropriate insurances, as required and cancel non-essential cover in a timely manner.</p>	<p>Continue to monitor and document any proposed changes of strategy and implementation thereof.</p> <p>Continue to correspond with accountants/ auditors/ bankers/ insurers/ solicitors and other advisors to request further information to assist in general enquiries and ongoing investigations.</p> <p>Regularly reviewing the case as required by the RPBs to ensure all statutory matters are adhered to and the case is progressing.</p> <p>Maintaining and developing the case specific paper and electronic files on behalf of the Administrators aside from other records pertaining to the Company directly.</p> <p>Case accounting work to process all receipts and payments including associated adjustments to ensure bank reconciliations and production of reports can be achieved at all times. Continued updating and maintenance of records on the IPS system.</p> <p>Ongoing liaison with HMRC to crystallise the Company's pre-appointment tax position and to achieve tax clearance from the period of the administration. Submission of ongoing returns as required.</p> <p>To receive final unsecured claims from HMRC and consider if any VAT bad debt relief claim need to be made or any other ancillary reliefs are available to the Company.</p>

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A schedule of work

		<p>Ongoing review of insurance and to cancel any remaining covers in place, as appropriate, in a timely manner.</p> <p>Monitor receipt of and file statement of affairs as prepared by the Company as at the date of appointment.</p>
2	<p>ASSET REALISATION</p> <p>Work undertaken during the reporting period</p> <p>To complete a sale of the business and assets of the Company in accordance with SIP16 working in conjunction with our solicitors, the purchaser and their legal representatives to ensure all aspects were concluded in a timely and orderly manner.</p> <p>Providing initial updates to secured creditors on asset realisations and future strategy to maximise recoveries for the benefit of the creditors as a whole.</p> <p>Liaise with interested parties to complete the sale of the CTI Digital Limited shareholding.</p>	<p>ASSET REALISATION</p> <p>Future work to be undertaken</p> <p>To monitor receipt of the deferred consideration arising under the sale and purchase agreement.</p> <p>Liaise with interested parties to complete the sale of the Grebot Donnelly Associates Limited shareholding.</p> <p>To continue to work in tandem with the Company and the secured creditor to maximise recoveries for the benefit of the creditors as a whole.</p> <p>The provision of both written and oral updates to the secured creditors on asset realisations and strategy as required to include recommendations of supplementary actions.</p> <p>To maintain comprehensive records of client meetings and implementing all appropriate actions to ensure repayments plans are implemented and adhered to, if required.</p> <p>To interrogate the Company records to identify and secure realisation of any other assets available to the estate.</p>

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A schedule of work

		<p>Ongoing liaison with our legal advisors to ascertain the most appropriate and cost effective method of recovering funds to the estate, as required.</p> <p>Updating records on an ongoing basis and liaising with stakeholders.</p> <p>Monitoring receipt and allocation of funds arising from the sale of the business and assets and in respect of the debtor ledger surplus and/or realisation of any other assets subsequently identified.</p>
3	<p>CREDITORS</p> <p>Work undertaken during the reporting period</p>	<p>CREDITORS</p> <p>Future work to be undertaken</p>
	<p>Contacting all known creditors & suppliers in order to advise of appointment and provide proof of debt forms to enable claims to be lodged.</p> <p>Dealing with all queries and correspondence received from creditors on an on-going basis and recording the same.</p> <p>Reviewing the Company's paper and electronic records to ascertain the basis and validity of any claims arising.</p> <p>Liaising and reporting to the secured creditors as required.</p>	<p>To continue to liaise with and provide reports and oral updates to the secured creditor as required.</p> <p>To continue to liaise with and provide reports and oral updates to the unsecured creditors as required.</p> <p>If sufficient funds become available to make a distribution to unsecured creditors, to advertise for claims, request submission of claims from all known creditors and adjudicate on those claims where there are sufficient funds to make a distribution either agreeing or rejecting, in full or in part.</p>

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4	INVESTIGATIONS Work undertaken during the reporting period		INVESTIGATIONS Future work to be undertaken
	<p>All directors of the Company, both current and those holding office within 3 years of the appointment, have been requested to complete a questionnaire to assist in preparing the statutory return to the Insolvency Service in accordance with the Company Directors Disqualification Act 1986 ("CDDA").</p> <p>The collation and review of all information received along with the preparation and submission of the conduct report to the Insolvency Service under CDDA – the content of this report is confidential.</p>		<p>Conducting enquiries into the conduct of the Company, its directors and if appropriate associated parties through the interrogation of electronic and paper records.</p> <p>To review and consider any information provided by creditors or other parties that might identify further assets or lines of enquiry against the officers of the Company and progressing those to a conclusion.</p> <p>To liaise with the secured creditor and agree any supplemental actions to be initiated against various parties in the future.</p>
5	STATUTORY COMPLIANCE AND REPORTING Work undertaken during the reporting period		STATUTORY COMPLIANCE AND REPORTING Future work to be undertaken
	<p>Dealing with all appointment formalities including notification to relevant parties, filings with the Court, the Registrar of Companies and statutory advertising.</p> <p>Arranging for an insolvency bond to protect the assets available for creditors.</p> <p>Deal with tax and VAT matters arising following appointment.</p> <p>Statutory reporting to all relevant parties and filing of those reports in accordance with the legislation.</p>		<p>Bringing the conduct of the insolvency process to a close when all matters are complete in accordance with the relevant requirements.</p> <p>To provide updating reports to all known creditors and members as prescribed under the Insolvency Act 1986.</p> <p>To place legal advertisements as prescribed under the Insolvency Act 1986 which may include formal meetings of creditors and notice to submit claims, as applicable.</p>

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	<p>Establish the existence of any pension scheme and take appropriate action to notify all relevant parties and appoint independent trustees if required.</p> <p>Compiling a forecast of the work that has been or is anticipated to be undertaken throughout the duration of the case, circulating this to all known creditors together with such other documentation as is required to enable the relevant approving creditors to assess and vote on the fee basis proposed.</p> <p>Notifying creditors of their right to set up a creditors' committee.</p>	<p>Obtaining approval to the basis of the Insolvency Practitioners fees from the secured creditors.</p> <p>To deal with statutory requirements in order to bring the appointment to an orderly close either by dissolution or transfer to a creditors' voluntary liquidation and for the Joint Administrators to receive their release from office. This will include the preparation of further progress and/or final reports for all known creditors, statutory advertising and filing the relevant documentation with the High Court / Registrar of Companies, as applicable.</p> <p>Maintaining a record and forecast of the work that has been or is anticipated to be undertaken throughout the duration of the case.</p>
6	<p>LEGAL AND LITIGATION</p> <p>Work undertaken during the reporting period</p> <p>Assisting in the completion of the sale of the business and assets and commencing all other works and registering security as prescribed within the sale and purchase agreement.</p> <p>Seeking legal advice as and when needed, including advice on the treatment of various asset realisations in accordance with security held.</p>	<p>LEGAL AND LITIGATION</p> <p>Future work to be undertaken</p> <p>To release any security in place once all deferred consideration is received and all the purchasers' obligations are fully discharged.</p> <p>Continuing to seek legal advice and intervention as and when needed throughout the assignment.</p>
7	<p>TRADING</p> <p>Work undertaken during the reporting period</p> <p>The business and assets of the Company were sold on 9 November 2018.</p>	<p>TRADING</p> <p>Future work to be undertaken</p> <p>No further works identified.</p>

Appendix D

Details of the Administrators' time costs and disbursements for the period



Paperhat Communications Limited (In Administration) Time charged for the period 09 November 2018 to 08 May 2019

	Appointment Taken /			Other Professional	Junior Professional & Support	Total Hours		Total Cost Average Hourly Rate	
	Partners	Managers / Directors						£	£
≡ Administration and Planning		1.30		12.00		15.20		4,086.00	268.82
Admin & Planning		0.50		0.75		1.25		418.75	335.00
Case Accounting		0.30		1.55		3.35		769.75	229.78
Case Control and Review				2.45	1.50	2.45		621.25	253.57
General Administration				6.00	0.40	6.40		1,720.00	268.75
Insurance				0.50		0.50		137.50	275.00
Fee and VIFP			0.50	0.75		1.25		418.75	335.00
≡ Asset Realisation	7.50		1.50	4.20		13.20		5,865.00	444.32
Asset Realisation			1.50	4.00		5.50		1,737.50	315.91
Sale of Business				0.20		0.20		40.00	200.00
Asset Realisation Fixed	7.50			0.20		7.50		4,087.50	545.00
≡ Creditors	4.45	1.30		35.90		41.65		12,670.25	304.21
Unsecured Creditors	1.95			14.40		16.35		4,842.75	296.19
Secured Creditors	1.50	1.30		15.00		17.80		5,495.00	308.71
Employees				1.50		1.50		412.50	275.00
HP/Leasing				0.50		0.50		137.50	275.00
Landlord				4.50		4.50		1,237.50	275.00
Shareholders	1.00			1.00		1.00		545.00	545.00
≡ Investigation		1.00		9.50		10.50		3,037.50	289.29
Investigatory Work				1.25		1.25		343.75	275.00
CDDA Enquiries				8.25		9.25		2,693.75	291.22
≡ Statutory Compliance	6.50		1.00	26.85		46.56		16,536.25	355.24
Statutory Compliance - General			0.50	26.10		26.60		7,390.00	277.82
Statutory Reporting/ Meetings	5.00		12.50			17.50		8,037.50	459.29
Appointment Formalities	1.50			0.50		1.50		817.50	545.00
Statement of Affairs		0.20		0.25		0.70		222.50	317.86
Bonding/ Statutory Advertising				0.25		0.25		68.75	275.00
Total Hours	18.45	18.30		88.45	1.90	127.10		42,195.00	331.98

Disbursements for the period 09 November 2018 to 08 May 2019

FRP Charge out rates	From	11 May 2019	Value £
Grade	1st May 2017	11 May 2019	
Appointment taker / Partner	450-545	495-595	
Managers / Directors	340-465	385-495	
Other Professional	200-295	225-340	
Junior Professional & Support	125-175	150-195	
≡ Category 1			128.90
Postage			48.93
Prof. Services			20.00
Bonding			9.89
Mobile Telephone			
Grand Total			208.72

Mileage is charged at the HMRC rate
prevailing at the time the cost was incurred

Appendix D

Details of the Administrators' time costs and disbursements for the period



Paperhat Group Limited (In Administration)

Time charged for the period 09 November 2018 to 08 May 2019

	Appointment Takers / Partners	Managers / Directors	Other Professional	Junior Professional & Support	Total Hours	Total Cost £	Average Hly Rate £
⊖ Administration and Planning		4.40	4.45	1.10	9.95	3,229.25	324.55
Admin & Planning			0.50		0.50	137.50	275.00
Case Accounting		0.40	2.20	0.80	3.40	858.00	252.35
General Administration			1.75	0.30	2.05	533.75	260.37
Strategy and Planning		4.00			4.00	1,700.00	425.00
⊖ Asset Realisation		34.00	8.00		49.00	23,705.00	483.78
Asset Realisation		8.00	2.00		14.50	6,447.50	444.66
Asset Realisation Fixed		26.00	5.00		34.50	17,257.50	500.22
⊖ Creditors		9.50	1.90	0.85	27.50	10,056.50	365.69
Unsecured Creditors		5.50	0.60		14.35	5,512.75	384.16
Secured Creditors		4.00	1.30		5.30	2,732.50	515.57
Employees			7.00	0.85	7.85	1,811.25	230.73
⊖ Investigation			1.00		12.00	3,425.00	285.42
Investigatory Work			1.00		2.75	756.25	275.00
CDDA Enquiries			7.25		8.25	2,418.75	293.18
IT – Investigations			1.00		1.00	250.00	250.00
⊖ Statutory Compliance		3.00	13.20		36.95	12,951.25	350.51
Statutory Compliance - General			0.50		20.50	5,712.50	278.66
Statutory Reporting/ Meetings		3.00	12.50		15.50	6,947.50	448.23
Statement of Affairs			0.20		0.70	222.50	317.86
Bonding/ Statutory Advertising			0.25		0.25	68.75	275.00
Total Hours	46.50	27.50	59.45	1.95	135.40	53,367.00	394.14

Disbursements for the period 09 November 2018 to 08 May 2019

Category 1	Value £
Postage	52.96
Prof. Services	49.93
Taxis	7.82
Bonding	20.00
Mobile Telephone	59.96
Grand Total	190.67

Paperhat Communications Limited and Paperhat Group Limited (Both In Administration)
The Administrators' Progress Report

Mileage is charged at the HMRC rate
prevailing at the time the cost was incurred

Appendix E

Receipts and payments account for the period

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

Statement of Affairs £	From 09/11/2018 To 08/05/2019 £	From 09/11/2018 To 08/05/2019 £
SECURED ASSETS		
Debtors surplus	74,998.00	74,998.00
Nirvana share sale	27,000.00	27,000.00
Bank Interest - Fixed	167.65	167.65
Paperhat USA	1.00	1.00
Paperhat Hong Kong	1.00	1.00
	<u>102,167.65</u>	<u>102,167.65</u>
COSTS OF REALISATION		
Administrators' Fees	20,857.28	20,857.28
Administrators' Disbursements	456.55	456.55
Legal Fees	28,320.77	28,320.77
Advertising	69.93	69.93
Bank Charges - Fixed	10.80	10.80
	<u>(49,715.33)</u>	<u>(49,715.33)</u>
ASSET REALISATIONS		
Cash at Bank	6,438.73	6,438.73
Bank Interest Gross	0.49	0.49
	<u>6,439.22</u>	<u>6,439.22</u>
54,002.00	58,891.54	58,891.54
REPRESENTED BY		
IB Current Fixed		42,511.40
IB Current Floating		6,439.22
Vat Recoverable - Fixed		9,940.92
		<u><u>58,891.54</u></u>

Appendix E

Receipts and payments account for the period

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

Statement of Affairs £	From 09/11/2018 To 08/05/2019 £	From 09/11/2018 To 08/05/2019 £
SECURED ASSETS		
25,000.00 Despark Bulgaria	25,000.00	25,000.00
20,000.00 Bank Interest - Fixed	36.18	36.18
200,000.00 Grebot Donnelly Associates Ltd	NIL	NIL
CTI Digital	20,000.00	20,000.00
	45,036.18	45,036.18
COSTS OF REALISATION		
Legal Fees	28,320.78	28,320.78
Advertising	69.93	69.93
Bank Charges - Fixed	0.80	0.80
	(28,391.51)	(28,391.51)
ASSET REALISATIONS		
Bank Interest Gross	28.25	28.25
	28.25	28.25
245,000.00	16,672.92	16,672.92
REPRESENTED BY		
IB Current Fixed		10,994.77
Vat Recoverable - Fixed		5,678.15
		16,672.92

Appendix F

Statement of expenses incurred in the Period

Paperhat Communications Limited (in Administration) Statement of expenses for the period ended 8 May 2019	
	Period to 8 May 2019 £
Expenses	
Office Holders' remuneration (Time costs)	42,195
Office Holders' disbursements	457
Legal fees	28,321
Statutory advertising	70
Total	71,042

Appendix F

Statement of expenses incurred in the Period

Paperhat Group Limited (in Administration) Statement of expenses for the period ended 8 May 2019	
	Period to 8 May 2019 £
Expenses	
Office Holders' remuneration (Time costs)	53,367
Office Holders' disbursements	191
Legal fees	28,321
Statutory advertising	70
Total	81,948