



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 03185938

Company name in full Paperchase Products Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Zelf

Surname Hussain

3 Administrator's address

Building name/number PricewaterhouseCoopers LLP

Street 7 More London Riverside

Post town London

County/Region

Postcode SE12RT

Country United Kingdom

4 Administrator's name ①

Full forename(s) Robert Nicholas

Surname Lewis

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 7 More London Riverside

Street

Post town London

County/Region

Postcode SE12RT

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 2 | ^d 8 | ^m 0 | ^m 1 | ^y 2 | ^y 0 | ^y 2 | ^y 2 |
| To date | ^d 2 | ^d 7 | ^m 0 | ^m 7 | ^y 2 | ^y 0 | ^y 2 | ^y 2 |

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

| | | | | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Signature date | ^d 2 | ^d 4 | ^m 0 | ^m 8 | ^y 2 | ^y 0 | ^y 2 | ^y 2 |
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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 **Beth Stoker**

Company name **PricewaterhouseCoopers LLP**

Address **8th Floor Central Square**

29 Wellington Street

Post town **Leeds**

County/Region

Postcode

| | | | | | | |
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| L | S | 1 | | 4 | D | L |
|---|---|---|--|---|---|---|

Country

DX

Telephone **0113 289 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.

**Important information**

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

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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

Continuation page

Name and address of insolvency practitioner

✓ **What this form is for**
Use this continuation page to tell us about another insolvency practitioner where more than 2 are already jointly appointed. ❶
Attach this to the relevant form.
Use extra copies to tell us of additional insolvency practitioners.

✗ **What this form is NOT for**
You can't use this continuation page to tell us about an appointment, resignation, removal or vacation of office.

→ **Filling in this form**
Please complete in typescript or in bold black capitals.
All fields are mandatory unless specified or indicated by *

1 Appointment type

Tick to show the nature of the appointment:

- ☒ Administrator
- ☐ Administrative receiver
- ☐ Receiver
- ☐ Manager
- ☐ Nominee
- ☐ Supervisor
- ☐ Liquidator
- ☐ Provisional liquidator

❶ You can use this continuation page with the following forms:

- VAM1, VAM2, VAM3, VAM4, VAM6, VAM7
- CVA1, CVA3, CVA4
- AM02, AM03, AM04, AM05, AM06, AM07, AM08, AM09, AM10, AM12, AM13, AM14, AM19, AM20, AM21, AM22, AM23, AM24, AM25
- REC1, REC2, REC3
- LIQ02, LIQ03, LIQ05, LIQ13, LIQ14,
- WU07, WU15
- COM1, COM2, COM3, COM4
- NDISC

2 Insolvency practitioner's name

Full forename(s) Rachael Maria

Surname Wilkinson

3 Insolvency practitioner's address

Building name/number 3 Forbury Place

Street 23 Forbury Road

Post town Reading

County/Region

Postcode R G 1 3 J H

Country

Joint Administrators' progress report from 28 January 2022 to 27 July 2022

Paperchase Products Limited in administration

High Court of Justice,

Business and Property Courts of England and Wales

Case no. CR-2021-000077

24 August 2022

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Abbreviations and definitions

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

| Abbreviation or definition | Meaning |
|--|--|
| Joint Administrators/we/us/our | Zelf Hussain, Rachael Maria Wilkinson and Robert Nicholas Lewis |
| Company | Paperchase Products Limited |
| Firm/PwC | PricewaterhouseCoopers LLP |
| GB | Gordon Brothers International LLC; being the Administrators' instructed stock and chattels agents |
| HMRC | HM Revenue & Customs |
| IA86 | Insolvency Act 1986 |
| IR16 | Insolvency (England and Wales) Rules 2016 |
| Lloyds Bank | Lloyds Banking Group |
| LtO | Licence to Occupy granted to the Purchaser |
| PCL | Permira Credit Limited (formerly Permira Debt Managers Limited and defined as PDM in previous reports) |
| Preferential creditors (ordinary first ranking) | Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances |
| Preferential creditors (secondary) | HMRC in respect of taxes due from employees and customers that are withheld by the business and then paid over in one lump sum periodically to HMRC, such as VAT, PAYE and employees' National Insurance contributions |
| Prescribed part | The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003 |
| Purchaser | Aspen Phoenix Newco Limited |
| RPS | Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996 |
| ROT claims | Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment |
| Sanne | Sanne Fiduciary Services Limited, as security agent for the beneficiaries PCL and Lloyds Bank |

| | |
|----------------------------|---|
| | A creditor with security in respect of their debt, in accordance with section 248 IA86 |
| Sch.B1 IA86 | Schedule B1 to the Insolvency Act 1986 |
| Secured creditors | Creditors with security in respect of their debt, in accordance with section 248 IA86 |
| SIP | Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply. |
| SIP 9 | Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates from an estate |
| SPA | The agreement for the sale and purchase of the business and assets of the Company dated 28 January 2021 and made between Paperchase Products Limited and the Purchaser |
| TSA | Transitional Services Agreement |
| TUPE | Transfer of Undertakings (Protection of Employment) Regulations 2006 |
| Unsecured creditors | Creditors who are neither secured nor preferential |

This report has been prepared by Zelf Hussain, Rachael Maria Wilkinson and Robert Nicholas Lewis as Joint Administrators of the Company, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at <https://www.pwc.co.uk/paperchase>.

Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Zelf Hussain, Rachael Maria Wilkinson and Robert Nicholas Lewis have been appointed as Joint Administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Key messages

Why we've sent you this report

We're writing to update you on the progress of the administration of Paperchase Products Limited in the six months since our last report dated 23 February 2022.

You can still view our earlier reports on our website at <https://www.pwc.co.uk/paperchase>. Please get in touch on uk_paperchase_creditors@pwc.com if you need a password to access the reports.

How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

| Class of creditor | Current % recovery | Previous estimated % recovery | Forecast timing from the date of appointment |
|---|--------------------|-------------------------------|--|
| Secured creditors | | | |
| Sanne - as security agent for both PCL and Lloyds Bank (1) | | | |
| PCL | up to 94% | up to 92% | Up to 20 months |
| Lloyds Bank | Paid in full | Paid in full | 14 December 2021 |
| Preferential Creditors | | | |
| Ordinary (first ranking) | Paid in full | Paid in full | Paid 6 January 2022 |
| Secondary | Paid in full | Paid in full | Paid 22 February 2022 |
| Unsecured Creditors | | | |
| Unsecured creditors | 2.52% | up to 2.2% | Declared on 11 August 2022 |

This is a brief summary of the possible outcome for creditors based on what we know so far. You shouldn't use it as the main basis for any bad debts provision / debt trading. Please read the rest of the document.

(1) As noted Sanne acts as a security agent and therefore any distributions are made via them.

Secured creditors

In our last report we set out details regarding the Secured creditors; this is summarised below.

Sanne acted as security agent for the secured creditors, PCL and Lloyds Bank. The outstanding debt to PCL and Lloyds Bank as at the date of administration was c£55.6m and £27k respectively.

The Secured creditors will make recoveries under their security entitlements from:

- the sale of the Company's business and certain assets (after ring-fencing funds for other creditors and expenses of the administration);
- cash at bank on appointment; and
- book debt realisations.

As previously noted, the sale of the business and certain assets was transacted by way of a credit bid which means that there was, in effect, an immediate distribution following the sale. The overall consideration totalled £40m. This has served to reduce PCL's indebtedness from £55.6m to £15.6m. Further realisations from assets remaining in the administration has resulted in further distributions to PCL (via Sanne) with a final distribution expected to be paid once all matters in the administration have been concluded. However, we do not anticipate that PCL will be repaid in full.

Lloyds Bank had retained £0.4m against amounts owed under its security for the HMRC duty deferment bond and for amounts outstanding on the Company's credit card account. Following the settling of the £27k outstanding amounts due to Lloyds Bank, £0.35m was returned to the Company and there is nothing further due to Lloyds Bank.

Ordinary preferential creditors and secondary preferential creditors

We paid ordinary first ranking preferential creditors in full on 6 January 2022. We paid secondary preferential creditors in full on 22 February 2022. Details can be found in the receipts and payments account at Appendix A.

Unsecured creditors

The prescribed part is a fund that has to be made available for unsecured creditors. It's paid out of "net property". Net property is floating charge realisations after costs, and after paying - or setting aside enough to pay - preferential creditors in full. But it only has to be made available where the floating charge was created on or after 15 September 2003. The prescribed part applies in this case as there is a floating charge created on or after 15 September 2003.

The amount of the prescribed part is:

- 50% of net property up to £10,000
- 20% of net property above £10,000
- subject to a maximum of £600,000 (as the floating charge was created before 6 April 2020).

On 11 August 2022 we declared a Prescribed Part distribution to unsecured creditors of 2.52%. This was a first and final dividend to unsecured creditors.

We don't think there will be any dividend for unsecured creditors over and above the prescribed part.

What you need to do

This report is for your information and you don't need to do anything.

Overview of what we've done to date

As explained in our earlier reports, following our appointment as Joint Administrators of the Company on 28 January 2021 we completed the immediate sale of part of the Company's business and certain assets to the Purchaser. Further details of this can be found in our SIP16 letter dated 4 February 2021, our Proposals dated 4 February 2021 and subsequent progress reports, all available at <https://www.pwc.co.uk/paperchase>.

When we last reported, the key outstanding matters in the administration were as follows:

- Conclude and withdraw any remaining services provided under the TSA;
- Finalise matters relating to outstanding Employee Tribunals claims;
- Agree and settle business wind-down and other costs of the administration;
- Adjudicate unsecured creditor claims;
- Issue a dividend to unsecured creditors; and
- Conclude our statutory obligations, including VAT and tax matters on the case.

As set out in sections above and below, some of these matters are now concluded and we are progressing towards paying a dividend to unsecured creditors and finalising statutory and compliance matters to conclude the administration.

Progress since we last reported

Post sale matters

Following the sale of the business and certain assets following our appointment, we have been liaising with the Purchaser in respect of various post sale matters.

As part of the sale, a TSA was put in place where certain services remained in the administration to assist an orderly transition of the business to the Purchaser.

When we last reported, there was one services undertaking that still remained in the name of the administration. During the period covered by this report we have concluded matters in relation to this and no further charges are due from the Company in relation to the TSA. We are currently liaising with the Purchaser to recover the final funds due to the Company. Further details can be found in the receipts and payments account at Appendix A.

Property

As noted in our previous report to creditors, all the remaining LTOs have completed. The final property matter to be resolved was in relation to the Thrapston distribution centre. On 31 January 2022, we completed an assignment of the lease to i-Force Limited ("i-Force"), a third party logistics provider. As part of the negotiations, we obtained a cost undertaking from i-Force for the Joint Administrators' legal fees and expenses in respect of dealing with this property.

There are no further property matters remaining to be resolved in the administration.

Stock and chattel assets

The distribution centre at Thrapston housed some racking and other assets which were owned by the Company. As noted in our last report, the best way of realising value for these assets was to sell them to i-Force as part of the assignment, and an offer was received which the Joint Administrators accepted as this was in excess of the net realisable value of the assets if they were removed and sold separately. Funds of £105k (excluding VAT) have been received which can be seen in the receipts and payments account at Appendix A.

Grant monies

There were a number of different COVID-19 grant schemes available to the retail sector following the national lockdowns. Of the funds received, the majority of these grants relate to pre-appointment periods when the Company's trading was impacted by the lockdown restrictions and are therefore considered an asset of the administration estate.

Since the date of appointment, we have received £154k in respect of COVID-19 related grant funding from a number of local councils.

Of the £154k grant funding received, £16k effectively relates to the period from 28 January 2021 to 15 February 2021 on a pro-rata basis. As this relates to the post appointment period this funding is to be repaid to the councils. We now consider that we have paid back all funds due to the councils on this basis and the net grant funding received in the administration totals £140k.

Employees

As noted in our last report, one of the outstanding matters was resolving the employment tribunals. In the period covered by this report, we have liaised with the Purchaser and the employees and understand that all claims have now been resolved.

Other matters

During the period covered by this report we have received £67.8k relating to pre-appointment rates refunds, bringing the cumulative total to date to £610k. Further details can be found on the receipts and payments account at Appendix A.

In addition to the above, the Joint Administrators have a number of statutory and regulatory obligations. Whilst these may not provide a direct financial benefit to the creditors, they are required to ensure that the office holders discharge their statutory and regulatory duties. More information is provided at Appendix C.

Connected party transactions

SIP 13 requires us to disclose details regarding any disposal of assets in the administration to a director or other connected party. As at the date of this report, there are no such transactions to report.

Investigations and actions

We have reviewed the Company's affairs and taken into account any points raised by creditors in discharging our duties under the Company Directors' Disqualification Act 1986 and SIP 2.

At this time, nothing has come to our attention, however we will continue to act on any information provided in line with our duties.

Tax and VAT

During the period covered by this report, our VAT team assisted with the drafting and submission of post appointment returns to 31 December 2021 and 30 April 2022. The VAT return for the period from 1 May 2022 to 31 July 2022 is in the process of being drafted and will be submitted in due course.

As noted in our previous report we had submitted tax returns to HMRC and we have now requested clearance. We have not received confirmation from HMRC so we will continue to seek to obtain clearance. This will be required before we are able to conclude the administration.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 28 January 2022 to 27 July 2022.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

Our fees

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.

Pre-administration costs

You can find in Appendix D information about the approval of the unpaid pre-administration costs previously detailed in our proposals.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by emailing Beth Stoker at uk_paperchase_creditors@pwc.com.

What we still need to do

As noted earlier in this report, we have declared our first and final distribution to unsecured creditors on 11 August 2022. As such, this is not listed in the work we still need to do below.

The following is a summary of the key areas of work to be completed before the administration can be concluded:

- Settle business wind-down and other costs of the administration;
- Final receipts of funds due to the Company in respect of the TSA;
- Final distributions to the secured creditor;
- Payment of distribution to unsecured creditors;
- Deal with any required reissues to unsecured creditors or payment of any unclaimed dividends to the Insolvency services account; and
- Conclude our statutory obligations, including VAT and tax matters on the case.

Next steps

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch via email at uk_paperchase_creditors@pwc.com.

Yours faithfully
For and on behalf of the Company



Zelf Hussain
Joint Administrator

Zelf Hussain, Rachael Maria Wilkinson and Robert Nicholas Lewis have been appointed as Joint Administrators of Paperchase Products Limited to manage its affairs, business and property as its agents and act without personal liability. All are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

*The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*

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Appendix A: Receipts and payments

Paperchase Products Limited - In Administration

Statement of Affairs

| £ | Note | Total as at 27 January 2022 £ | 28 January 2022 to 27 July 22 £ | Total as at 27 July 22 £ |
|--|--|-------------------------------------|---------------------------------------|--------------------------------|
| Assets subject to a fixed charge | | | | |
| Receipts | | | | |
| 32,974,178 | | 32,974,178 | - | 32,974,178 |
| 1 | Intellectual Property | 1 | - | 1 |
| 32,974,179 | Total receipts | 32,974,179 | - | 32,974,179 |
| Payments | | | | |
| | Payment to fixed charge creditor POM via Sarne Fiduciary Services Ltd | (32,974,179) | - | (32,974,179) |
| | Total payments | (32,974,179) | - | (32,974,179) |
| | Net cash position | - | - | - |
| Assets subject to a floating charge | | | | |
| Receipts | | | | |
| 2,697,260 | Book debts | 1,890,699 | - | 1,890,699 |
| | Intercompany debtors | 3,620 | 57 | 3,677 |
| 7,749,808 | Stock and chattel assets | 7,801,529 | 105,000 | 7,906,529 |
| 12,972,909 | Pre appointment cash at bank | 12,565,167 | - | 12,565,167 |
| | Cash at stores on appointment | 316,215 | - | 316,215 |
| 27,866 | Insurance refunds | 27,866 | 208 | 28,074 |
| 4 | Sale of business-Social media contracts | 4 | - | 4 |
| | Leasehold Property | 2 | - | 2 |
| | Furlough funding | 1,001,483 | - | 1,001,483 |
| | Grants and subsidies | 142,081 | (2,196) | 139,886 |
| | Gundry debts and refunds | 634 | 0 | 634 |
| | Property Rates refunds | 542,020 | 67,838 | 609,858 |
| | Rent deposit | 24,002 | - | 24,002 |
| | TSA related receipts (Newco banking) | 5,007,824 | - | 5,007,824 |
| | TSA related receipts (recharges) | 1,480,026 | - | 1,480,026 |
| | Bank Interest (Gross) | 122 | - | 122 |
| | Pensions refunds | 2,764 | - | 2,764 |
| 23,447,847 | Total receipts | 30,806,059 | 170,907 | 30,976,965 |
| Payments | | | | |
| | Agents' Fees & Expenses - Assets | (101,754) | (11,613) | (113,407) |
| | Agents' Fees & Expenses - LTO | (21,975) | - | (21,975) |
| | Agents' Fees & Expenses - Rates refunds | (67,884) | - | (67,884) |
| | TSA related payments (Newco banking) | (5,007,824) | - | (5,007,824) |
| | TSA related payments (recharges) | (1,865,858) | (9,763) | (1,875,620) |
| | Joint Administrators fees | (750,000) | - | (750,000) |
| | Joint Administrators expenses | (5,334) | - | (5,334) |
| | Professional fees | (13,104) | - | (13,104) |
| | Pre appointment valuation fees | (35,000) | - | (35,000) |
| | Pre appointment legal fees and disbursements | (185,058) | - | (185,058) |
| | Legal fees and disbursements | (29,359) | (7,963) | (37,321) |
| | Statutory advertising | (261) | - | (261) |
| | Insurance | (20,097) | (3,084) | (23,182) |
| | Wages and employee costs | (67,959) | - | (67,959) |
| | Finance - Bank Interest & charges | (3,855) | - | (3,855) |
| | Storage costs | - | (21,847) | (21,847) |
| | Property costs | (31) | - | (31) |
| | Utilities and rates | (3,451) | (568) | (4,119) |
| | Payment to floating charge creditor | | | |
| | POM via Sarne Fiduciary Services Ltd under floating charge | (16,876,970) | - | (16,876,970) |
| | Total payments | (25,055,814) | (54,937) | (25,110,751) |
| | Net Realisations | 5,750,245 | 115,970 | 5,866,214 |
| | Dividend to first ranking preferential creditors declared and paid 6 January 2022 | (77,659) | - | (77,659) |
| | Dividend to Secondary Preferential creditors declared and paid on 22 February 2022 | - | (2,899,048) | (2,899,048) |
| | VAT Control Account | (265,236) | 195,919 | (69,317) |
| | Total Cash at bank | 5,407,350 | (2,587,159) | 2,820,190 |

Notes to the R&P

1. Remuneration and expenses have been allocated between the fixed and floating accounts on the basis of known security.
2. The figure is amended from that previously stated in the Remuneration report as a result of clarification over where receipts should be recorded.
3. The furlough funding receipt includes the claim made relating to periods prior to the appointment.
4. As explained further in Appendix C, our fees are based on a time costs basis.
5. On 6 January 2022 we declared and paid a dividend to first ranking preferential creditors at the rate of 100 pence in the £.
6. On 22 February 2022 we declared and paid a dividend to secondary ranking preferential creditors at the rate of 100 pence in the £.
7. Amounts shown exclude VAT. Funds currently held may include monies due to HMRC or other members of a VAT group, or exclude monies which will be received in due course from these parties.
8. Funds are now held in a non-interest bearing account following the application of final interest received in anticipation for the closure of the case.
9. As noted earlier in the report we declared a first and final dividend to Unsecured creditors on 11 August 2022 of 2.52%. This was a first and final dividend from the Prescribed part and is not showing on the above receipts and payments account as it is outside the period covered by this report.
10. The EURO and USD accounts were closed in the previous period after being brought to a nil balance therefore no receipts and payments account is shown here.

Appendix B: Expenses

Expenses are amounts properly payable by us as Joint Administrators from the estate, but excludes our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

| Category | Definition |
|------------|--|
| Category 1 | These are payments to persons providing the service to which the expense relates who are not an associate of the office holder. |
| Category 2 | These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement. |

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the Secured and Preferential Creditors) also have the responsibility for agreeing the policies for payment of Category 2 expenses.

The rate for services provided by the Joint Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.

The following table provides a breakdown of the Category 2 expenses that have been incurred by us as Joint Administrators or our associates, together with details of the Category 1 expenses that have been incurred by PwC and will be recharged to the case:

| Category | Definition | Costs incurred (£) |
|----------|--|-----------------------|
| 2 | Photocopying - Up to 10 pence per side copied, only charged for circulars to creditors and other bulk copying. | 661 |
| 1 | Postage costs | 311 |
| 1 | Storage costs | 2 |
| 1 | Travel and Accommodation | 7 |
| | Total | 981 |
| | Brought forward from the last report | 9,440 |
| | Total from 28 January 2021 to 27 January 2022 | 10,421 |

The expense policy set out above has been approved by the Secured and Preferential creditors

The table below provides details of the expenses incurred in the administration:

| Expense description | Estimated costs incurred to date | Actual costs incurred to date | Estimated costs | Actual costs to date | Estimated costs | Actual costs to date |
|--|-------------------------------------|----------------------------------|------------------|----------------------|------------------|----------------------|
| Wages and Salaries (Zellis)* | 1,824 | - | 1,824 | - | 1,824 | - |
| Insurance | 20,097 | 3,084 | 23,181 | 5,190 | 28,372 | (2,367) |
| Bank charges | 3,852 | - | 3,852 | 100 | 3,952 | 367 |
| Statutory Bonding | 225 | - | 225 | - | 225 | - |
| Statutory advertising | 261 | - | 261 | - | 261 | - |
| Agents fees** | 74,785 | 11,613 | 86,398 | - | 86,398 | (62,440) |
| Stock agents | 101,794 | - | 101,794 | - | 101,794 | (13,294) |
| Property agents | 21,975 | - | 21,975 | - | 21,975 | 16,050 |
| Legal fees and expenses (Baker McKenzie LLP) | 230,841 | - | 230,841 | - | 230,841 | (29,893) |
| Legal fees and expenses (Brown Jacobson LLP)*** | - | - | - | - | - | 4,083 |
| Joint administrators time costs | 2,205,455 | 184,593 | 2,390,047 | 70,265 | 2,460,312 | (599,664) |
| Joint administrators disbursements**** | 9,440 | 981 | 10,421 | 2,500 | 12,921 | (8,441) |
| Legal fees and expenses (Carey Olsen) | 5,810 | - | 5,810 | - | 5,810 | - |
| Valuation agents | 35,000 | - | 35,000 | - | 35,000 | - |
| Professional fees | 13,104 | - | 13,104 | - | 13,104 | (13,104) |
| Property costs | 31 | - | 31 | - | 31 | (31) |
| Utilities | 3,451 | 668 | 4,119 | - | 4,119 | (4,119) |
| Postage and Photocopy | 4,255 | - | 4,255 | - | 4,255 | 1,500 |
| Storage costs | - | 21,847 | 21,847 | - | 21,847 | (21,847) |
| Total | 2,732,200 | 200,938 | 2,933,138 | 78,055 | 3,011,193 | (711,352) |

* As referenced in our previous reports, prior expenses included a payment of £20,702 to Zellis. As the payment was made pursuant to the TSA agreement, it has now been recharged to and recovered from the Purchaser and removed as an expense.

** These agents' fees relate to costs in collecting pre appointment rates refunds.

*** The initial estimate relates only to pre appointment costs for Browne Jacobson LLP and there are no costs incurred in the period under review.

**** The initial estimate relates to statutory bonding and postage costs (which are now shown separately below). Further costs incurred relate to costs including travel and storage of books and records.

The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period. The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

Appendix C: Remuneration update

Our fees were approved on a time costs basis by the Secured and Preferential Creditors. To date we have drawn £750,000 in line with the approval given, as shown on the enclosed receipts and payments account at Appendix A.

The time cost charges incurred in the period covered by this report are £184,592.50. This amount does not necessarily reflect how much we will eventually draw as fees for this period.

As noted in our last report, we think that our time costs will exceed the amount approved by the Secured and Preferential creditors as the fee approving body. This is due to a number of factors including but not limited to:

- Extending the LTO and TSA to facilitate the Purchaser in the novation and transfer of supplier contracts, this includes extended communication with suppliers, continuing payments to suppliers and additional payments and reconciliations to recharge costs to the Purchaser;
- Statutory and Compliance work required in extending the administration not originally factored into our budget;
- Work with agents to facilitate the recovery of rates refunds due to the Company;
- Communication with creditors regarding dividend and cancelling of Notice of Intended Dividend ("NOID").

At present, we do not intend to seek further approval beyond that already received.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our hours and average rates

| Category of work | Partner | Director | Senior Manager | Manager | Senior Associate | Associate | Offshore professional | Total Hours | Total Cost (£) | Average Hourly Rate (£) |
|---------------------------------------|-------------|--------------|----------------|--------------|------------------|--------------|-----------------------|-----------------|---------------------|-------------------------|
| Assets | | 1.75 | | 3.70 | 9.15 | 0.00 | | 14.60 | 7,373.00 | 505.00 |
| Employees and pensions | | 6.95 | 7.05 | 7.10 | 2.30 | 0.70 | | 24.10 | 16,692.00 | 692.61 |
| Statutory and compliance | 6.00 | 2.75 | 5.75 | 30.25 | 34.20 | 16.00 | 3.00 | 97.95 | 41,168.25 | 420.30 |
| Tax and VAT | 1.00 | | 4.75 | | 12.75 | | | 18.50 | 15,484.25 | 836.99 |
| Administration | 0.50 | | 2.60 | 8.10 | 52.05 | 47.05 | | 110.30 | 45,382.00 | 411.44 |
| Creditors | | 0.35 | 9.80 | 11.30 | 100.95 | 1.60 | | 124.00 | 58,493.00 | 471.72 |
| Total | 7.50 | 11.80 | 29.95 | 60.45 | 211.40 | 65.35 | 3.00 | 389.45 | 184,592.50 | 473.98 |
| Brought forward as at 27 January 2022 | | | | | | | | 5,518.55 | 2,205,455.50 | 399.64 |
| Grand Total | | | | | | | | 5,908.00 | 2,390,048.00 | 404.54 |

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged for separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the administration.

| Grade | Up to 30 June 2022 £ | From 1 July 2022 £ |
|-------------------------------------|----------------------|--------------------|
| Partner | 875 | 980 |
| Appointment taking director | 740 | 960 |
| Director (not appointee) | 740 | 915 |
| Assistant director | 625 | 900 |
| Senior manager | 625 | 860 |
| Manager | 525 | 730 |
| Senior associate - Qualified | 425 | 515 |
| Associate | 280 | 375 |
| Support staff | 130 | 160 |
| Offshore professionals | 280 | 375 -515 |

Reflecting the increasingly mobile and flexible nature of the PwC workforce and the narrowing of our London and regional cost bases we have moved to one uniform rate card for our standard restructuring and insolvency services from 1 July 2022. This is in line with other parts of PwC, and is also consistent with wider insolvency market practice. We will continue to have a separate rate card for specialist services including our tax, data and technologist support.

Should an increase in charge out rates result in our time costs exceeding the fee estimate provided to creditors at the time we sought approval of the basis of our remuneration, we will need to seek approval from the relevant creditor body in order to draw fees in excess of that estimate.

We have a diverse range of experience and capability within our director and senior manager teams. We have created two further grades within this population to reflect different levels of experience. We have differentiated between those directors who take insolvency appointments and lead insolvency cases (thereby providing considerable leverage to our appointment taking partners and reducing overall costs to insolvent estates), and those directors who help to support the delivery of our insolvency strategy. We have also created differential rates in our senior manager team, acknowledging those insolvency qualified and long serving insolvency experienced senior managers separately from those who are not yet insolvency qualified.

Role descriptions applicable to the new rates are below. In addition, as the range of work that may be undertaken by our offshore professional colleagues increases, we also provide updated information for that role.

| Title | Description |
|------------------------------------|---|
| Appointment taking director | A licensed insolvency practitioner acting as an office holder on the insolvency appointment and subject to additional office-holder responsibilities compared to a Director who is not an appointed office-holder. Highly experienced in insolvency matters at a senior level, including managing complex insolvencies and supervising teams. |
| Assistant director | Individuals of Senior Manager title but who are highly experienced in insolvency matters and either with more than 10 years insolvency experience at Senior Manager level or are qualified to JIEB level. |
| Offshore Professional | Offshore professional colleagues may provide assistance, albeit that the majority of the work on this case will be undertaken by the UK based team. An off-shore professional at the higher end of the fee bracket generally has appropriate insolvency experience or an accounting qualification, depending on the nature of the work and will assist with planning and control of various aspects of the insolvency. An off-shore professional at the lower end of the fee bracket will typically have a finance-related qualification and appropriate skills to complete basic insolvency related tasks and provide administrative support to the team including efficient document preparation and data entry, records management, and general data analytics. All work under the supervision of more senior staff. |

We call on colleagues such as those in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. We may also utilise Technology Specialists from the wider Business Restructuring Services team or other parts of our firm. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

| Grade | Up to 30 June 2022 £ | From 1 July 2022 £ |
|---------------------------------------|-----------------------------|---------------------------|
| Partner | 1,680 | 1,810 |
| Director | 1,540 | 1,660 |
| Senior Manager | 1,425 | 1,570 |
| Manager | 860 | 950 |
| Senior Associate/Consultant | 640 | 690 |
| Associate/Assistant Consultant | 345 | 375 |
| Support Staff | 190 | 205 |
| Offshore professionals | 190 | 190 |

In common with many professional firms, our scale rates may rise eg to cover annual inflationary cost increases.

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

Our work in the period

Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work conducted in the period. For work conducted in previous periods, please refer to our earlier progress reports which can be downloaded from www.pwc.co.uk/paperchase

| Area of work | Work undertaken | Why the work was necessary | Financial benefit the work provided to creditors OR whether it was required by statute |
|---------------------------------|--|---|---|
| Assets | | | |
| | <ul style="list-style-type: none"> Continued work as required under the TSA, including liaising with suppliers, withdrawing undertaking and reconciliation of accounts; transferring the distribution centre out of administration Recharge of costs to the purchaser under the TSA and reconciling accounts to ensure funds returned to creditors as due Facilitate the novation of final contracts to the Purchaser including reviewing and signing documents Liaising with landlords regarding deeds of surrender and property assignments Recovery of rates refunds and liaising with property agents regarding possible further recoveries | <ul style="list-style-type: none"> Realising assets to allow a distribution to creditors Mitigating claims against the estate by the purchaser or creditors by ensuring contracts are novated and costs are accurately recharged. | <ul style="list-style-type: none"> Maximising realisations for creditors |
| Employees & Pensions | | | |
| | <ul style="list-style-type: none"> Preparing and calculating ordinary secondary ranking preferential dividend and paying distribution to secondary ranking preferential creditors Communication with employees regarding Employment Tribunal claims Correspondence with employees and any re-issues of first ranking preferential dividend | <ul style="list-style-type: none"> To discharge our duties in relation to employees To ensure adequate staffing for pursuing the objectives of the administrations | <ul style="list-style-type: none"> Required by statute |
| Statutory and Compliance | | | |
| | <ul style="list-style-type: none"> Drafting and reviewing second progress report to creditors Issuing second progress reports to creditors and the Registrar Conducting case reviews to ensure timely progression Liaising with the Purchaser regarding the collection of statutory books and records for storage | <ul style="list-style-type: none"> As required by statute to ensure all creditors have knowledge of the administration and correct documents are filed with the | <ul style="list-style-type: none"> Required by statute |

| | | | |
|-------------------------|--|--|--|
| Registrar of Companies. | | | |
| Tax and VAT | | | |
| | <ul style="list-style-type: none"> • Liaising with HMRC in respect of queries raised • Submission of quarterly VAT returns to January 2022 and April 2022; • Consideration of when deregistration from VAT can be submitted to HMRC and what further VAT returns are due • Liaising with HMRC regarding tax clearance ahead of distributions and case closure | <ul style="list-style-type: none"> • To discharge our VAT compliance obligations | <ul style="list-style-type: none"> • Required by statute |
| Administration | | | |
| | <ul style="list-style-type: none"> • Deal with any outstanding dividend payments in the accounts • Payments to suppliers required under the TSA • Dealing with receipts and payments into the Company bank account and reconciliation of funds received • Carrying out bank reconciliations and review of funds held regarding investment strategy • Monitoring of costs against budget | <ul style="list-style-type: none"> • For the effective management of the administrations | <ul style="list-style-type: none"> • Correct management of funds to ensure distributions to all classes of creditors |
| Creditors | | | |
| | <ul style="list-style-type: none"> • Receiving proofs of debt and maintaining register • Adjudicating unsecured claims, including requesting further information from claimants • Preparing correspondence to claimant advising outcome of adjudication and advising of intention to declare dividend • Ongoing communication with a number of creditors regarding information on the administration, details of the claims process and other queries raised • Preparing dividend file and calculating rate of dividend payable to unsecured creditors • Correspondence and liaising with the Secured creditors regarding case progression and other key matters | <ul style="list-style-type: none"> • Required by statute and to ensure correct distributions of funds to all classes of creditors | <ul style="list-style-type: none"> • Required by statute and to ensure correct distributions of funds to all classes of creditors |

Our future work

We still need to do the following work to achieve the purpose of administration.

| Area of work | Work undertaken | Estimated Cost (£) | What, if any, financial benefit the work provided to creditors OR whether it was required by statute |
|---------------------------------|--|--|---|
| Assets | | | |
| | <ul style="list-style-type: none"> Recharge of costs to the Purchaser under the TSA and reconciliation of final amounts due Final debtor collections and reconciliation Recovery of remaining rates refunds | <ul style="list-style-type: none"> 1,030 | <ul style="list-style-type: none"> Realising assets to allow a distribution to creditors |
| Employees & Pensions | | | |
| | <ul style="list-style-type: none"> Other ad hoc communication | <ul style="list-style-type: none"> 1,825 | <ul style="list-style-type: none"> Required by statute and ensures correct distribution of funds to creditors |
| Statutory and Compliance | | | |
| | <ul style="list-style-type: none"> Preparing and issuing final six monthly progress reports to creditors and the Registrar Conducting case reviews every six months Matters relating to case closure and filing of final documents Collecting books and records and dealing with storage of statutory books | <ul style="list-style-type: none"> 20,440 | <ul style="list-style-type: none"> Required by statute |
| Tax and VAT | | | |
| | <ul style="list-style-type: none"> Liaising with HMRC in respect of queries raised Submission of future quarterly VAT returns Deregistration from VAT to be submitted to HMRC Obtaining tax clearance prior to closure Liaising with HMRC regarding clearance ahead of distributions and case closure | <ul style="list-style-type: none"> 11,205 | <ul style="list-style-type: none"> Required by statute |
| Administration | | | |
| | <ul style="list-style-type: none"> Completing checklists relating to closure and case management Closing down internal systems Deal with any outstanding dividend payments in the accounts | <ul style="list-style-type: none"> 20,890 | <ul style="list-style-type: none"> Correct management of funds to ensure distributions to all classes of creditors |
| Creditors | | | |

| | | |
|---|--|--|
| <ul style="list-style-type: none"> • Declaration and payment of dividend to unsecured creditors and any follow up re-issue payments to unsecured creditors • Preparing correspondence to creditors announcing declaration of dividend • Declaring and Issuing payment of dividend to unsecured creditors and dealing with any re-issues required | <ul style="list-style-type: none"> • 14,875 | <ul style="list-style-type: none"> • Required by statute and to ensure correct distributions of funds to all classes of creditors |
|---|--|--|

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Details of subcontracted work

The following work, which we or our staff would normally do, has been done by subcontractors. Details of this are provided below:

Property

PHD Property Advisory Limited ("PHD") had been subcontracted to assist with the rent management of 13 properties subject to LtO and with the lease surrender/ assignment management of 91 properties. The Joint Administrators' staff completed the majority of the property work. However, bringing matters to a close on the remaining properties required continued engagement with landlords and ongoing negotiations with landlords' solicitors in respect of the LtOs. It was more cost effective to subcontract this work due to PHD's specialist property management expertise. All LtOs are now complete and the work with PHD concluded.

Asset realisations

During the COVID-19 pandemic and the subsequent lockdowns and restrictions in force across the United Kingdom, GB were subcontracted to repatriate stock and cash from stores based on their industry knowledge and ability to cover multiple store locations over a short period of time whilst adhering to strict government policy during lockdown. It was considered more cost effective to subcontract this work given the restrictions and the need to take immediate action to repatriate stock from stores efficiently and expeditiously whilst complying with government guidelines. This was a specialist area with GB having specialist skills to undertake the work. GB have been paid £78.6k (plus VAT) for this work. Additionally, work undertaken to realise the stock includes disbursements with remuneration charged as a buyers' premium on the auction of the remaining stock totals £19.6k plus other costs of £3.6k relating to stock clearances.

Legal and other professional firms

We've instructed the following professionals on this case:

| Service provided | Name of firm | Reason selected | Basis of fees |
|---|-----------------------------------|---|--|
| Insurance | Marsh Limited | Industry knowledge | Fixed cost |
| Property agents services engaged to progress lease surrenders and subsequently manage the LtO process | PHD Property Advisory Limited | Specialist property management advisors | Fixed cost - based on number of properties |
| Business rates recoveries | Altus Group (UK) Limited | Knowledge of the Company and expertise | 15% of cash recoveries |
| Stock agents engaged to repatriate stock; cash from stores, removal of third party data and property from stores | Gordon Brothers International LLC | Industry knowledge and insolvency expertise | Fixed fee plus disbursements |
| Stock agents engaged to realise stock remaining in the administration | Gordon Brothers International LLC | Industry knowledge and insolvency expertise | Disbursements only (Remuneration charged as a buyers' premium through auction) |
| Reclaim of interchange fees from merchant services in the UK and Europe | CMS Payments Intelligence Limited | Industry knowledge and specialists | 20% of successful interchange claim |
| Preparation of the SPA and TSA, preparation of a validity of security review and ad hoc legal advice to the Administrators in the pre and post appointment period | Baker McKenzie | Industry knowledge and insolvency expertise | Time costs |

Appendix E: Other information

| | |
|--|--|
| Court details for the administration: | High Court of Justice, The Business & Property Courts of England and Wales Case no. CR-2021-000077 |
| Company's registered name: | Paperchase Products Limited |
| Trading name: | Paperchase Products Limited |
| Registered number: | 03185938 |
| Registered address: | 8th Floor Central Square, 29 Wellington Street, Leeds, LS1 4DL |
| Date of the joint administrators' appointment: | 28 January 2021 |
| Joint administrators' names, addresses and contact details: | <p>Zelf Hussain PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT</p> <p>Rachael Maria Wilkinson PricewaterhouseCoopers LLP, 3 Forbury Place, 23 Forbury Road, Reading, RG1 3JH</p> <p>Robert Nicholas Lewis PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT</p> <p>Contact: 0113 289 4000 Email - uk_paperchase_creditors@pwc.com</p> |
| Extension to the initial period of appointment: | Twelve month extension of the administration as approved by the Secured creditors to 27 January 2023 |