



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 SE1 2RT

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 SE1 2RT

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

^d2^d3^m0^m2^y2^y0^y2^y2

**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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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 July 2021 to 27 January 2022

Paperchase Products Limited in administration
High Court of Justice,
Business and Property Courts of England and Wales
Case no. CR-2021-000077

23 February 2022

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Abbreviations and definitions

Abbreviation or definition	Meaning
Joint Administrators/we/us/our	Zelf Hussain, Rachael Maria Wilkinson and Rob Nicholas Lewis
BEIS	Department for Business, Energy & Industrial Strategy
CJRS	Coronavirus Job Retention Scheme (furlough scheme)
CMSPI	CMS Payments Intelligence Limited
Company	Paperchase Products Limited
Firm	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
PDM	Permira Debt Managers Limited
PHD	PHD Property Advisory Limited
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 PDM 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 Rob 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 person choosing to rely on this report for any purpose or in any context other than under IR16 does 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>.

Zelf Hussain, Rachael Maria Wilkinson and Rob 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 the 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

I'm writing to update you on the progress of the administration of Paperchase Products Limited in the six months since our last report dated 25 August 2021.

You can still view our earlier reports on our website at <https://www.pwc.co.uk/paperchase>. Please get in touch on uk_paperchase_services@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 PDM and Lloyds Bank¹			
PDM	up to 92%	up to 92%	Up to 18 months
Lloyds Bank	Paid in full	100%	14 December 2021
Preferential Creditors			
Ordinary (first ranking)	Paid in full	100%	Paid 6 January 2022
Secondary	Paid in full outside of the period covered by this report	100%	Paid 22 February 2022
Unsecured Creditors			
Unsecured creditors	up to 2.2%	between 1% and 4%	12-18 months

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.

¹As 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, PDM and Lloyds Bank. The outstanding debt to PDM 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 PDM's indebtedness from £55.6m to £15.6m. Further realisations from assets remaining in the administration has resulted in further distributions to PDM (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 PDM 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, on 14 December 2021 a final £283k was returned to the Company and there is nothing further due to Lloyds Bank. The Company had received £65k in the period prior, resulting in an overall distribution to Lloyds Bank of £27k.

Ordinary preferential creditors and secondary preferential creditors

Ordinary preferential creditors are mainly employees in respect of certain unpaid amounts (this can be subrogated to the RPS). HMRC ranks as a secondary preferential creditor in respect of certain unpaid taxes such as VAT and PAYE.

The Company employed 1,278 staff across the store portfolio, head office and the distribution centre. On appointment, 761 employees were transferred to the Purchaser under TUPE, 239 were retained in the administration and unfortunately, 278 roles were made redundant with immediate effect. On 12 February 2021, a further 222 employees transferred to the Purchaser under TUPE and a further 17 redundancies were made.

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

We paid secondary preferential creditors in full on 22 February 2022. Please note that details of this payment are not shown in the attached receipts and payments account at Appendix A as the payment occurred after the period covered by this report.

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).

We think the Company's unsecured creditors totalling c.£21.4m will get a dividend of up to 2.2% from the prescribed part based on what we know currently. The final level of dividend will be subject to the total claims received and costs that are attributed to the prescribed part distribution.

If we think the costs of agreeing claims and paying a prescribed part dividend will be disproportionate to the benefits, we can apply for a court order not to pay the prescribed part to unsecured creditors. We do not consider such an application to be necessary.

During the period covered by this report we issued a Notice of Intended Dividend ("NOID"), with a last date for proving of 23 November 2021. Due to unforeseen circumstances, a letter was subsequently sent to creditors who had submitted a claim on 13 January 2022 cancelling the NOID as we were not in a position to finalise all claims. Further details of when we think a dividend will be payable can be found in the section below.

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

What you need to do

If you haven't already done so, please send your claim to us so that we can agree to it. A claim form can be obtained by emailing uk_paperchase_services@pwc.com. Our preferred method for creditors to submit claims and supporting documents is via the Turnkey (IPS) online portal, as this is the most efficient and cost effective way for us to deal with your claim and also allows you to better track its status, so we recommend the use of the online portal for claim submission. Your unique login details have been sent to you previously.

We anticipate we will shortly be in a position to issue a NOID and following that declare and pay a dividend to unsecured creditors by way of the Prescribed Part. This will be sent to all creditors who have not yet submitted a claim.

All creditors wishing to receive the anticipated dividend payment must submit a proof of debt.

A creditor who we decide is not required to submit a proof of debt will be notified when we deliver notice of our intention to pay a dividend of the amount we'll treat as their admitted debt for the purpose of the dividend, unless the creditor advises us that the amount is incorrect (in which case a proof of debt will be required) or not owed. Please note that should you wish to vote in relation to any decision procedure during the administration or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

Overview of what we've done to date

As explained in our earlier report, 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 progress report dated 25 August 2021, 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 services provided under the TSA including transferring the distribution centre in Thrapston out of the administration and terminating the LtO;
- Finalise the asset realisation strategy including collection of book debts owed to the Company, concluding on a strategy for potential interchange fees claim and receive stock realisation monies;
- Finalise property related matters;
- Agree and settle business wind-down and other costs of the administration;
- Adjudicate preferential and unsecured creditor claims;
- Issue a dividend to preferential creditors;
- 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.

Since the last report, we have continued to manage the TSA including liaising with suppliers and the Purchaser required ongoing services, receiving, reviewing and payment of invoices and requesting funds from the Purchaser to cover payments made. We have also managed the withdrawal of undertakings as novations have taken place.

There is one undertaking still remaining in the administration which is in the process of being withdrawn or novated to Newco and we expect this will be concluded within the next couple of weeks. We are in discussions with the Purchaser to withdraw this contract immediately.

As per the attached receipts and payments account, we have received and paid funds under the TSA agreement which are split between monies handled on behalf of the Purchaser whilst they set up banking facilities, and recharges that are invoiced to the Purchaser on a monthly basis. We are undertaking a final reconciliation of these accounts and will liaise with the Purchaser accordingly.

In addition to the TSA, we have also agreed various novations in respect of the concession partners, logistics partners, merchant services providers and other pre-appointment contracts which have involved reviewing novation documents, liaising with the Purchaser and other parties in respect of any amendments, and arranging signing.

Property

Store portfolio

The Company originally operated from 125 leasehold stores, together with a warehouse and distribution centre located in Thrapston. You may recall from earlier reports that stores were separated into 3 categories: closed (27), stores subject to a LtO (73) and stores remaining in the administration (25) whilst the Purchaser entered into further dialogue with these landlords.

In the period covered by this report a further extension to the LtO was granted to enable all property matters to be dealt with. Following this extension, all remaining LtOs have now concluded.

Closed stores

In respect of the closed stores, we wrote to all of these landlords offering a surrender of the lease as the stores were not being used for the benefit of the administration. To date, 7 lease surrenders have been agreed.

Stores subject to a LtO

In respect of the LtOs granted to the Purchaser on 28 January 2021, all of the leases have been surrendered as, in the vast majority of cases, a new lease has been agreed between the Purchaser and the landlord. This process involved the Administrators agreeing Deeds of Surrender to be executed simultaneously with the Purchaser's newly agreed leases. For nine of the properties, the licence has been terminated where the Purchaser was unable to reach agreement on a new lease with the landlord.

Stores remaining in the administration

Of these 25 stores, a LtO was granted in respect of 23 stores on 12 February 2021 as part of a subsequent sale of these stores to the Purchaser. No agreement was reached between the Purchaser and the respective landlords of the remaining two stores and the Administrators wrote to the landlords confirming this position and these stores were closed. Those properties subject to a LtO were handled in the same way as detailed above.

Thrapston distribution centre

A LtO was granted to the Purchaser on 28 January 2021 in respect of 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.

Stock and chattel assets

As part of the initial transaction, the Purchaser bought £7m of stock which included all stock at the transferring stores and certain stock located at the closed stores and distribution centres. On 12 February 2021, the Purchaser bought an additional £0.6m of stock located at stores subject to the subsequent transaction, together with some of the stock located at two sites which were closed.

At cost, there was c£2.2m of stock remaining in the administration which is a mix of stock returned from stores and aged palletised stock located at the distribution centre. GB was engaged to realise this stock and recommended that an auction process would likely achieve the best value for the stock. The auction process was run in early June 2021 with any unsold lots sold by private treaty shortly after the auction process. Total realisations were £164k. The funds for this were received in the period covered by this report and as such are reflected in the receipts and payments account at Appendix A.

The distribution centre at Thrapston housed some racking and other assets which were owned by the Company. 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 subsequently accepted. Funds of £105k (excluding VAT) were received. As these were received on 1 February 2022, these are not shown in the receipts and payments account at Appendix A.

ROT and licensed stock

The two licensing agreements noted in the last report, have now been concluded and no further action is required.

Cash at bank

Since our appointment, we have been liaising with the pre-appointment bankers to transfer funds to the administration estate. The following amounts were received into separate GBP, EUR and USD accounts operated by the Joint Administrators:

Accounts	GBP	EUR	USD
Lloyds - GBP	12,250.264	-	-
Lloyds - EUR	-	402,906	-
Lloyds - USD	-	-	1,010
Natwest - GBP	4,576	-	-
Ulster - GBP	637	-	-
Total balance	12,255,477	402,906	1,010

As at the date of the report, all funds have now been transferred to the administration GBP account with £12.56m received per the receipts and payments account at Appendix A.

In the period covered by this report we received £283k from Lloyds Bank to refund the surplus of the £375k that Lloyds initially retained in order to cover liability under the duty deferment bond. This was the only balance due to Lloyds, therefore no further monies are anticipated to be due to Lloyds

Cash at stores

As part of the stock repatriation work undertaken by GB, cash in stores was also collected from all closed stores. Following a final reconciliation, cash collected from the 33 closed stores totalled £77k. Cash in the remaining store portfolio transferred to the Purchaser totalled £239k, which could only be calculated once all stores had recommenced trading. Total cash at stores at the date of appointment therefore totalled £316k.

Debtors

Per the Statement of Affairs, debtor balances due to the Company totalled £3.1m, which included a pre appointment CJRS claim in the sum of £933k in relation to the January 2021 payroll (which was processed pre-appointment). The non-CJRS related balance relates to amounts due from concessions, third parties and merchants, which after adjustments totals £1.93m. To date, collections against this balance are £1.89m.

Following further and final discussions with debtors, merchant providers and the Purchaser, we collected a further £13.8k in the period covered by this report. We do not anticipate any further debtor recoveries.

Grant monies

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

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.

Of the £154k grant funding received, £16k equates to a prorata amount for the period 28 January 2021 to 15 February 2021 which is to be repaid to councils as this relates to the post appointment period. We have paid back an amount of £12k and are in the process of liaising with other relevant councils to repay the remaining balances. We are actively liaising with two final councils to ensure the funds due to be repaid are settled prior to the end of the administration.

Following repayment of balances due to the councils, the net grant funding received in the administration will total £140k.

A further update will be provided in the next report to creditors in respect of the balances owed to the councils.

Potential claim

There is a potential claim against Mastercard and Visa for interchange fees charged pre-appointment.

Mastercard and Visa have been subject to a number of litigation cases in recent years with a number of rulings ultimately in favour of the claimants i.e. the retailers who have incurred the interchange fees. Accordingly, the Joint Administrators engaged CMSPI to undertake an initial claim quantification exercise which concluded that the Company's potential gross claim value is in the region of £1.4m. It should be noted that it is highly unlikely that the full claim value will be realised through litigation or settlement.

On 20 December 2021, the claim was assigned to the Purchaser with the approval of Sanne as security agent for PDM and Lloyds Bank.

As discussed earlier in this report, Lloyds Bank has been repaid in full however there remains a shortfall to PDM. PDM is the ultimate beneficial owner of the Purchaser (as well as Secured creditor of the Company) and has agreed that the claim be assigned to the Purchaser for nil consideration. The rationale is that any funds received for the claim (either by way of assignment consideration or pursuing the claim through litigation) would ultimately be paid to PDM as a Secured creditor distribution. Any realisations would likely be disproportionate to the costs of keeping the administration open to pursue the claim and there would be no benefit to the unsecured creditors as it is anticipated that the prescribed part has been maximised.

Other matters

During the period covered by this report we have received refunds of £521k relating to rates refunds, £24k relating to a rent deposit paid prior to the administration and due on assignment of a lease and £3.6k in relation to an intercompany debt, as a first and final dividend paid following the insolvency of Paperchase Canada Retail Ltd. We do not anticipate any further refunds in respect of rent deposits or intercompany debtors. 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 that whilst it may not provide a direct financial benefit to the creditors, 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 Statement of Insolvency Practice No.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 October 2021. The VAT return for the period from 1 November 2021 to 31 January 2022 is being drafted and will be submitted in due course.

During the period covered by this report, we have submitted tax returns to HMRC and subsequently requested clearance. As yet we have not received confirmation from HMRC however we will continue to liaise with HMRC to obtain clearance; which is 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 July 2021 to 27 January 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_services@pwc.com.

What we still need to do

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

- 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.

Next steps

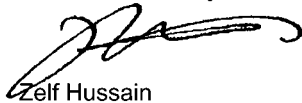
In finalising matters detailed above, an extension of the administration was required and approved by the Secured and Preferential creditors to 27 January 2023.

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 have any questions, please get in touch via email at uk_paperchase_creditors@pwc.com.

Yours faithfully

For and on behalf of Paperchase Products Limited



Zelf Hussain
Joint Administrator

Zelf Hussain, Rachael Maria Wilkinson and Rob 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>*

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.

Appendix A: Receipts and payments

Paperchase Products Limited - in Administration

Statement of Affairs	Note	From 28 January 2021 to 27 July 2021	From 28 July 2021 to 27 January 2022	Total as at 27 January 2022
£		£		
Assets subject to a fixed charge				
Receipts				
32,974,178 Goodwill	1	32,974,178	-	32,974,178
1 Intellectual Property		1	-	1
32,974,179 Total receipts		32,974,179	-	32,974,179
Payments				
<u>Payment to fixed charge creditor</u>				
PDM via Sanne 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	2	1,876,814	13,885	1,890,699
Intercompany debtors		-	3,620	3,620
7,749,808 Stock		7,637,300	164,229	7,801,529
12,972,909 Pre appointment cash at bank		12,253,032	312,135	12,565,167
Cash at stores on appointment	4	316,215	-	316,215
27,866 Insurance refunds		27,866	-	27,866
4 Sale of business-Social media contracts		4	-	4
Leasehold Property		2	-	2
Furlough funding	3	1,001,483	-	1,001,483
Grants and subsidies		153,935	(11,854)	142,081
Sundry debts and refunds		290	344	634
Property Rates refunds		20,631	521,389	542,020
Rent deposit		-	24,002	24,002
TSA related receipts (Newco banking)	5	5,027,379	(19,556)	5,007,824
TSA related receipts (recharges)		463,522	1,016,504	1,480,026
Bank interest (Gross)		10	112	122
Pensions refunds		2,764	-	2,764
		-	-	-
23,447,847 Total receipts		28,781,247	2,024,812	30,806,059
Payments				
Agents' Fees & Expenses - Assets		(78,560)	(23,234)	(101,794)
Agents' Fees & Expenses - LTO		-	(21,975)	(21,975)
Agents' Fees & Expenses - Rates refunds		-	(67,884)	(67,884)
TSA related payments (Newco banking)		(5,011,490)	3,666	(5,007,824)
TSA related payments (recharges)		(838,946)	(1,026,912)	(1,865,858)
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)	(29,359)
Statutory advertising		(87)	(174)	(261)
Insurance		(16,005)	(4,092)	(20,097)
Wages and employee costs		(67,959)	-	(67,959)
Finance / Bank interest & charges		(3,822)	(33)	(3,855)
Property costs		(31)	-	(31)
Utilities and rates		-	(3,451)	(3,451)
Payment to floating charge creditor				
PDM via Sanne Fiduciary Services Ltd under floating charge		(16,876,970)	-	(16,876,970)
Total payments		(22,893,870)	(2,161,944)	(25,055,814)
Net Realisations		5,887,377	(137,132)	5,750,245
VAT Control Account		(55,800)	(210,166)	(265,236)
Total Cash at bank	6	5,831,577	(347,298)	5,485,009
Dividend paid to first ranking preferential creditors 6 January 2022		-	(77,659)	(77,659)
Total Cash at bank		5,831,577	(424,957)	5,407,350

EUR account

The below Receipts and payments accounts show transactions in the period made in the Euro account. The final balance was transferred to the GBP account and is shown as pre appointment cash at bank. As the account balance was brought to nil, the account was subsequently closed.

USD account

The balance in the USD account was brought to nil, as shown in the last report to creditors. The account was subsequently closed with no transactions taking place in the period.

	From 28 January 2021 to 27 July 2021 €	From 28 July 2021 to 27 January 2022 €	Total as at 27 January 2022 €
<u>Assets subject to a floating charge</u>			
<u>Receipts</u>			
Pre appointment cash at bank	34,417	(34,327)	91
Total receipts	34,417	(34,327)	91
<u>Payments</u>			
TSA related payments (recharges)	(12,613)	12,613	1
Finance / Bank interest & charges	(89)	(1)	(90)
Total payments	(12,703)	12,612	(91)
Net Realisations	21,715	(21,715)	0
Total Cash at bank	21,715	(21,715)	0

	From 28 January 2021 to 27 July 2021 \$	From 28 July 2021 to 27 January 2022 \$	Total as at 27 January 2022 \$
<u>Assets subject to a floating charge</u>			
<u>Receipts</u>			
Pre appointment cash at bank	8	-	8
Total receipts	8	-	8
<u>Payments</u>			
TSA related payments (recharges)	-	-	-
Finance / Bank interest & charges	(8)	-	(8)
Total payments	(8)	-	(8)
Net Realisations	-	-	-
Total Cash at bank	-	-	-

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. This figure was subject to confirmation and a final reconciliation of cash in stores on appointment, following final confirmation this figure was amended.
5. The figure is amended from that previously stated in the Remuneration report as a result of clarification over where receipts should be recorded.
6. 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.

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.

As explained further in Appendix C, our fees are based on a time costs basis. The table below shows the amount paid in the period and total to date.

Fee basis	This period £	Total as at 27 January 2022 £
Time costs	750,000	750,000
Total	750,000	750,000

On 6 January 2022 we paid a dividend to first ranking preferential creditors at the rate of 100 pence in the £.

Funds have been held in different currencies because of payments to suppliers being required and as a result of Company bank accounts prior to the date of appointment.

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:
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1	These are payments to persons providing the service to which the expense relates who are not an associate of the office holder.
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.	659
1	Postage costs	2,881
1	Required statutory bonding costs	24
1	Travel and Accommodation	536
1	Courier charges	6
	Total	4,106
	Brought forward from the last report	5,334
	Total from 28 January 2021 to 27 January 2022	9,440

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:

Nature of expenses	Brought forward from preceding period £	Incurred in the period under review £	Cumulative £	Estimated future £	Anticipated total £	Initial estimate £	Variance £
Wages and Salaries (Zellis)*	1,824	0	1,824	0	1,824	1,824	0
Insurance	16,005	4,092	20,097	5,908	26,005	26,005	0
Bank charges	3,819	33	3,852	467	4,319	4,319	0
Statutory Bonding	225	0	225	0	225	225	0
Statutory advertising	87	174	261	174	435	261	(174)
Agents fees **	74,785	0	74,785	10,000	84,785	23,958	(60,827)
Stock agents costs	82,160	19,634	101,794	0	101,794	88,500	(13,294)
Property agents	20,400	1,575	21,975	0	21,975	38,025	16,050
Legal fees and expenses (Baker Mckenzie LLP)	218,102	12,739	230,841	0	230,841	200,948	(29,893)
Legal fees and expenses (Brown Jacobson LLP)***	0	0	0	0	0	4,083	4,083
Joint administrators time costs	1,551,318	654,137	2,205,455	123,129	2,328,584	1,860,648	(467,936)
Joint administrators disbursements****	5,334	4,106	9,440	0	9,440	4,480	(4,960)
Legal fees and expenses (Carey Olsen)	5,810	0	5,810	0	5,810	5,810	0
Valuation agents	35,000	0	35,000	0	35,000	35,000	0
Professional fees	0	13,104	13,104	0	13,104	0	(13,104)
Property costs	31	0	31	0	31	0	(31)
Utilities	0	3,451	3,451	0	3,451	0	(3,451)
Postage and Photocopy	4,255	0	4,255	1,500	5,755	5,755	0
Total	2,019,155	713,045	2,732,200	141,178	2,873,378	2,299,841	(573,537)

* 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 the Purchaser and removed as an expense.

** These agents' fees relate to costs in collecting pre appointment rates refunds. Any future costs will relate to any future realisations.

*** 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. 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.

The time cost charges incurred in the period covered by this report are £654,136.75. This amount does not necessarily reflect how much we will eventually draw as fees for this period.

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 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/ Other	Total Hours	Total Cost (£)	Average Hourly Rate (£)
Assets		6.90	0.20	191.40	32.50	275.30	506.30	196,577.00	388.26
Employees and pensions			16.15	22.30	50.20	0.20	88.85	44,418.50	499.93
Statutory and compliance		5.70		42.15	90.15	97.00	235.00	55,440.25	235.92
Tax and VAT	2.00		13.50	8.70	93.25	10.75	128.20	81,761.25	637.76
Administration	13.50	5.65	1.30	59.40	65.10	95.40	240.35	104,342.00	434.13
Creditors		2.35	40.70	38.95	257.10	55.75	394.85	171,597.75	434.59
Total	15.50	20.60	71.85	362.90	588.30	534.40	1,593.55	654,136.75	410.49
Brought forward as at 27 July 2021							3,925	1,551,318.75	395.24
Grand Total							5,518.55	2,205,455.50	399.64

Our time charging policy and hourly rates

The time we charge to the administration is by reference to the time properly given by our staff and us in attending to matters arising.

It is our policy to delegate tasks to appropriate members of staff considering their level of experience and any requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or the Joint Administrators personally.

Set out below are the relevant maximum charge-out rates per hour worked for the grades of staff actually, or likely to be, involved on this assignment.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time charged is three minutes (i.e. 0.05 units). There has been/will be no allocation of any general costs or overhead costs. These rates will apply to each part of our work.

Specialist departments within our firm, such as Tax, VAT, Property and Pensions are also used where their expert advice and services are required. Such specialist rates do vary but the figures below provide an indication of the maximum rate per hour.

Grade	Maximum rate per hour to 31 January 2022 (£)	Specialist maximum rate per hour from 1 July 2021 (£)
Partner	980	1,680
Director	740	1,540
Senior Manager	625	1,425
Manager	525	860
Senior Associate	425	640
Associate	280	345
Offshore professionals	280	N/A
Support staff	130	345

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

In common with many professional firms, our scale rates may rise 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 was the work 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 undertakings in a timely manner 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 Managing the LTO position and maintaining master property schedule Final debtor collections and reconciliation including liaising with the Purchaser regarding funds received Recovery of rates refunds and liaising with property agents regarding possible further recoveries Correspondence with the Purchaser regarding licence stock and ROT claims Discussions with the Secured Creditor, Purchaser and agents regarding interchange claim and assignment of this claim Conclusion of final stock matters 	<p>Realising assets to allow a distribution to creditors</p> <p>Mitigating claims against the estate by the purchaser or creditors by ensuring contracts are novated and costs are accurately recharged.</p>	<p>Maximising realisations for creditors</p>
Employees & Pensions	<ul style="list-style-type: none"> Review of correspondence regarding ordinary first ranking preferential dividend Preparing and calculating ordinary first ranking preferential dividend and paying distribution to first ranking preferential creditors Preparing correspondence to creditors announcing declaration of ordinary first ranking preferential dividend Reviewing and adjudicating secondary preferential claims Correspondence regarding pensions Communication with employees regarding Employment Tribunal claims 	<p>To discharge our duties in relation to employees</p> <p>To ensure adequate staffing for pursuing the objectives of the administrations</p>	<p>Required by statute</p>
Statutory and Compliance	<ul style="list-style-type: none"> Drafting and reviewing first progress report to creditors Issuing first progress reports to creditors and the Registrar Drafting, reviewing and issuing request of extension to the administration and once received filing documents with the Registrar Conducting case reviews to ensure timely progression Liaising with the Purchaser regarding the collection of statutory books and records for storage 	<p>As required by statute to ensure all creditors have knowledge of the administration and correct documents are filed with the Registrar of Companies.</p>	<p>Required by statute</p>

Tax and VAT	<ul style="list-style-type: none"> • Submission of post appointment computations and tax returns • Liaising with HMRC in respect of queries raised • Submission of quarterly VAT returns to July 2021 and October 2021 and drafting of return to January 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 	To discharge our VAT compliance obligations	Required by statute
Administration	<ul style="list-style-type: none"> • Payment of the dividend to ordinary first ranking preferential creditors • 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 	For the effective management of the administrations	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 preferential and 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 • Advertising intention to declare dividend to unsecured creditors • Issuing notice to cancel the notice of intended dividend to unsecured creditors and communication with creditors regarding the delay in the payment of the unsecured dividend. • Correspondence and liaising with the Secured creditors regarding case progression and other key matters 	Required by statute and to ensure correct distributions of funds to all classes of creditors	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 Ensuring all undertakings are withdrawn and final amounts are paid to suppliers and recharged accordingly Final debtor collections and reconciliation Recovery of remaining rates refunds 	14,517	Realising assets to allow a distribution to creditors
Employees & Pensions	<ul style="list-style-type: none"> Payment of dividend to secondary ranking preferential creditors Correspondence with employees and any re-issues of first ranking preferential dividend Other ad hoc communication 	4,656	Required by statute and ensures correct distribution of funds to creditors
Statutory and Compliance	<ul style="list-style-type: none"> Preparing and issuing six monthly progress reports to creditors and the Registrar Preparing and issuing final progress report 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 	30,034	Required by statute
Tax and VAT	<ul style="list-style-type: none"> Submission of post appointment computations and tax returns Liaising with HMRC in respect of queries raised Submission of quarterly VAT return to January 2022 Consideration of when deregistration from VAT can be submitted to HMRC and what further VAT returns are due Drafting and submission of further VAT returns, or VAT 426 as required Obtaining tax clearance prior to closure Liaising with HMRC regarding clearance ahead of distributions and case closure 	17,359	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 	31,246	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 for unsecured claims Adjudicating any further unsecured claims, including requesting further information from claimants Advertising further intention to declare dividend Updating final dividend rate and preparing dividend file Preparing correspondence to creditors announcing declaration of dividend Declaring and Issuing payment of dividend to unsecured creditors and dealing with any re-issues required 	25,317	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 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 £3,600 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	Baker McKenzie	Industry knowledge and insolvency expertise	Time costs

legal advice to the
Administrators in the pre and
post appointment period

We require all third party professionals to submit time costs analyses and narrative in support of invoices rendered.
We undertake the following steps to review professional firms' costs:

- Comparison with upfront budgets;
- Review of time costs analysis;
- Review of disbursements claimed; and
- Ongoing dialogue with regards to the work being performed.

Appendix D: Pre-administration costs

As detailed in our proposals, we incurred the below costs before our appointment as Administrators but with a view to the Company entering administration. Details of the work done and expenses incurred are as follows:

	Details of agreement including date and parties to it	Paid amount (£)	Unpaid amount (£)
Our fees as Administrators-in-waiting*	Pre-administration work under a Letter of Engagement between the Company and PwC dated 1 December 2020	Nil	574,339
Expenses incurred by us as Administrators-in-waiting	As above.	Nil	Nil
Baker McKenzie LLP - WIP	No formal engagement letter issued but verbally agreed engagement terms	175,928	175,928
Baker McKenzie LLP - disbursements	As above.	20	20
Browne Jacobson - WIP	No formal engagement letter issued but verbally agreed engagement terms	3,300	3,974
Browne Jacobson - disbursements	As above.	100	108
Duff & Phelps Limited	Business valuation work under a Letter of Engagement between the Company and Duff & Phelps dated 13 January 2020	35,000	35,000
Fees charged by other persons qualified to act as an insolvency practitioner	N/A	Nil	Nil
Expenses incurred by other persons qualified to act as an insolvency practitioner	N/A	Nil	Nil
Total		211,278	789,369**

*Under the Letter of Engagement between the Company and PwC dated 1 December 2020, a fixed fee of £50,000 plus VAT was agreed for all pre-appointment work. The first phase of work was assessing the options available to the Company, of which PwC was paid £50,000 plus VAT by the Company in the pre-appointment period. The next phase of work was work associated with planning for an administration.

** The amounts stated in this table are exclusive of VAT.

To the best of our knowledge and belief, no fees or expenses were charged by any other insolvency practitioner.

Following approval of pre-administration costs by the Secured and Preferential Creditors, payment of balances due to Baker McKenzie LLP, Brown Jacobson and Duff & Phelps Limited, (plus VAT) have been made.

Details of the pre-administration work undertaken

Our work, performed with a view to the Company entering administration, included:

- Negotiating and finalising the terms of the sale contracts with the Purchaser and including the operational practicalities of the TSA;
- TSA planning including identifying services to be retained in the administration and liaising with management around TSA processes;
- Developing a strategy for the post-appointment period and the realisation of the key assets;
- Planning for a stock repatriation exercise from closed stores including obtaining quotes and proposals from various parties, considering different repatriation strategies and working with management to obtain stock information;
- Developing a realisation strategy for stock retained in the administration;
- Consideration and analysis of liquidity requirements and potential recoveries, including the production of estimated outcome statement and forecast cashflow for any amounts required to be paid by the administration post appointment;
- Analysis of landlord considerations in respect of leased properties (retail properties, warehouse, distribution centre, etc);
- Developing a strategy for the retained stores in the administration including the various affected stakeholders;
- Working with the Company's directors in preparing for the administration;
- Assisting the directors in managing stakeholder dialogue;
- Completing our internal procedures in preparation for accepting the appointment;
- Developing a 'day one' strategy for our team, which included the preparation of immediate communications to stakeholders;
- Reviewing the Company's employee information, considering the employee strategy (including the impact of furlough) and preparing communications to the employees;
- Identifying key areas of risk and how these could be mitigated; and
- Preparing statutory documentation and declarations required for effecting the administration appointment and liaising with our legal advisors in this regard.

Please note that the above is indicative of the key areas of work performed and is not an exhaustive list. We believe that the above work was necessary in order to achieve the objective of the administration, maximise realisations and minimise losses for creditors. Had this work not been carried out, the Company is likely to have entered an insolvency process in an uncontrolled manner, which is likely to have had a detrimental effect on the outcome for all creditors.

Expenses incurred by us as Administrators-in-waiting

Baker McKenzie LLP provided legal services to the Company during the sale process and in effecting the appointment of administrators. A summary of the tasks carried out by Baker McKenzie LLP in connection with the sale process and effecting the appointment of administrators included:

- Drafting, negotiating and finalising the SPA and TSA and associated documentation;
- Dealing with the mechanics of the pre-packaged sale completion;
- Preparation of validity of security review; and
- Providing general /bespoke advice as required in relation to the sale and preparation for the Joint Administrators' appointment.

Please note that the above is indicative of the key areas of work performed and is not an exhaustive list of work done.

Browne Jacobson LLP was engaged by the Company to provide legal advice to the directors in respect of their duties, and in preparing and filing the Notice of Intention to Appoint Administrators and the Notice of Appointment of Administrators. Browne Jacobson LLP attended board meetings with the directors in the lead up to the appointment.

Duff and Phelps was engaged by the Company to provide a valuation of the business, to satisfy the valuation requirements under SIP 16.

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:	12 Alfred Place, London, WC1E 7EB
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>Rob Nicholas Lewis PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1 2RT</p> <p>Contact: 0113 289 4000 Email - uk_paperchase_services@pwc.com</p>
Court details for the administration:	High Court of Justice, The Business & Property Courts of England and Wales Case no. CR-2021-000077
Extension to the initial period of appointment:	Twelve month extension of the administration as approved by the Secured creditors to 27 January 2023