

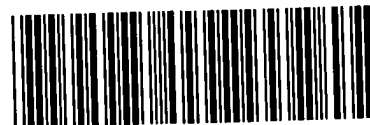
AM10

Notice of administrator's progress report



Companies House

FRIDAY



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28/08/2020

#248

COMPANIES HOUSE

1 Company details

Company number 0 5 1 3 5 5 3 7

Company name in full Chapman Black Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Kris Anthony

Surname Wigfield

3 Administrator's address

Building name/number 3rd Floor, Westfield House

Street 60 Charter Row

Post town Sheffield

County/Region

Postcode S 1 3 F Z

Country

4 Administrator's name ①

Full forename(s) Steven

Surname Wiseglass

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number St John's Terrace

Street 11-15 New Road

Post town Radcliffe

County/Region Manchester

Postcode M 2 6 1 L S

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d	0	d	4	m	0	m	2	y	2	y	0	y	2	y	0
To date	d	0	d	3	m	0	m	8	y	2	y	0	y	2	y	0

7 Progress report

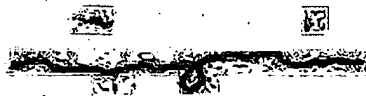
☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

d	2	d	8	m	0	m	8	y	2	y	0	y	2	y	0
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AM10

Notice of administrator's progress report



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 **Kerry Norton**

Company name **Begbies Traynor (SY) LLP**

Address **3rd Floor, Westfield House
60 Charter Row**

Post town **Sheffield**

County/Region

Postcode **S 1 3 F Z**

Country

DX

Telephone **0114 2755033**



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

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

Statement of Affairs £	From 04/02/2020 To 03/08/2020 £	From 04/02/2020 To 03/08/2020 £

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

Statement of Affairs £		From 04/02/2020 To 03/08/2020 £	From 04/02/2020 To 03/08/2020 £
	DISTRIBUTIONS		
(280,728.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(2,429,623.74)		257,864.39	257,864.39
	REPRESENTED BY		
	Bank 1 Current		242,695.92
	Fixed Charge VAT Payable		(400.00)
	Fixed Charge VAT Receivable		428.87
	Vat Payable		(1,250.00)
	Vat Receivable		16,389.60
			257,864.39



XADM1203P

Kris Anthony Wigfield and Steven Wiseglass were appointed joint administrators on 4 February 2020

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability.

Chapman Black Limited (In Administration)

Progress report of the joint administrators

Period: 4 February 2020 to 3 August 2020

Important Notice

This progress report has been produced by the administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Contents

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of administrators
- ☐ Progress during the period
- ☐ Estimated outcome for creditors
- ☐ Pre-administration costs
- ☐ Remuneration and disbursements
- ☐ Expenses
- ☐ Assets that remain to be realised and work that remains to be done
- ☐ Other relevant information
- ☐ Creditors' rights
- ☐ Conclusion
- ☐ Appendices
 - 1. Account of receipts and payments
 - 2. Time costs information
 - 3. Statement of administrators' expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Chapman Black Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 4 February 2020
"the administrators" "we" "our" and "us"	Kris Anthony Wigfield of Begbies Traynor (SY) LLP, 3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ and Steven Wiseglass of Inquesta Limited, St John's Terrace, 11-15 New Road, Radcliffe, Manchester, M26 1LS
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Chapman Black Limited
Trading name(s):	Chapman Black Limited
Date of Incorporation:	24 May 2004
Company registered number:	05135537
Company registered office:	3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators:	Kris Anthony Wigfield, a Licensed Insolvency Practitioner of Begbies Traynor (SY) LLP, 3rd Floor, Westfield House, 60 Charter Row, Sheffield, S1 3FZ
------------------------------	--

and
Steven Wiseglass, a Licensed Insolvency Practitioner of Inquesta Limited, St John's Terrace, 11-15 New Road, Radcliffe, Manchester, M26 1LS

Date of administrators' appointment:	4 February 2020
Date of administrators' resignation:	N/A
Court:	High Court of Justice Business & Property Courts of England & Wales, Insolvency and Companies (ChD)
Court Case Number:	CR-2020-000502
Person(s) making appointment / application:	The directors' of the Company situated at 66 Wilton Road, London, SW1V 1DE
Acts of the administrators:	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EU Regulation on Insolvency Proceedings:	Regulation (EU) 2015/848 of the European Parliament and of the Council applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	There have been no previous extensions to the administration period.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 4 February 2020 to 3 August 2020. Detailed below is an explanation of the transactions which have occurred during the period covered by this report.

Receipts

Intellectual Property/Domain Names

The joint administrators instructed Charterfields Limited ("Charterfields") to value and dispose of the Company's intellectual property/domain names. Interest was received from the Company's director, Mr E Chapman for the purchase of these. Charterfields reviewed the offer received and recommended acceptance of the offer by the joint administrators. Following the joint administrators agreeing to the sale, funds in the sum of £2,000.00 plus VAT were received in this regard. Charterfields subsequently transferred the funds to the administrators account.

Investment – Israeli Company

Charterfields were instructed to market the shares which were held by the Company in Equalum Limited, which is a Company situated in Israel. Charterfields carried out a marketing campaign and requested best and final offers for the same. Having received several offers, Charterfields recommended acceptance of the highest offer

in the sum of \$20,000 USD. This offer was from a third party. Therefore, funds totalling £19,443.31 were received into the estate in this regard after taking account of the exchange rate difference.

Office Furniture and Equipment

The Company's office furniture and equipment have been sold by Charterfields for the sum of £200.00 and £6,050.00 respectively. The funds in this respect have been received into the estate, during the period covered by this report.

Book Debts

Book debts in the sum of £340,132.00 were due to the Company as at the date of the joint administrators' appointment. During the period covered by this report, funds in the sum of £339,012.77 have been received into the estate in this regard.

Bank Interest Gross

The funds held in the estate bank account have earned £2.43 gross interest, during the period covered by this report.

Payments

Specific Bond

The joint administrators have obtained a statutory bond to cover all realisations into the estate. The sum of £817.20 has been paid in this regard, £607.20 of which has been paid to Inquesta to settle their bond liability.

Administrators Fees – Pre-Appointment

The joint administrators have drawn pre-appointment remuneration in the sum of £26,426.50, in accordance with the approval obtained in this regard.

Administrators Fees – Post-Appointment

The joint administrators have also drawn remuneration in the sum of £37,687.50 against their post-appointment time costs, in accordance with the approval obtained following their appointment.

The joint administrators total time costs (both pre and post appointment) have been apportioned 50:50 between Begbies Traynor (SY) LLP and Inquesta Limited.

Disbursements – Subscriptions

Funds in the sum of £36.69 have been drawn in relation to the monthly subscription payments to Xero. This was required in order that steps could be taken to review the transactions of the Company in particular, the inter-company balances.

Disbursements – Mileage

Mileage costs in the sum of £2,621.76 have been incurred and discharged in relation to the costs of travelling to meet with the Company's directors.

Disbursements – Postage

Postage charges in the sum of £95.25 have been incurred and drawn in relation to the cost of issuing the joint administrators statement of proposals to the Company's creditors.

Agents/Valuers Fees and Disbursements

As detailed above, Charterfields were instructed to value and provide a disposal strategy in relation to the Company's various assets. As a result, Charterfields have been paid their fees and disbursements in the sums of £3,625.00 and £41.40 respectively.

Fees of £2,144.33 have also been paid to Charterfields in relation to their assistance with realising the fixed charge assets.

The attached receipts and payments account refers to funds totalling £9,802.34. These have been posted to the case in error. We have requested that this matter be addressed as a matter of urgency.

IT Costs

Eurotek UK Limited have been paid £2,000.00 in relation to their IT Costs incurred, during the period covered by this report.

Statutory Advertising

EPE Reynell Advertising Limited have been paid £81.00 in relation to the advertisement of the joint administrators' appointment being placed in the London Gazette.

Wages & Salaries

Sourcechain Technologies Ltd ("Sourcechain") have been paid the sum of £3,176.66 in relation to the Company utilising Sourcechain's staff previously. This consists of wages and salaries owed.

Employee Debt Collection Commission

Funds in the sum of £20,288.49 have been paid in relation to commission relating to the assistance provided by former employees to collect un-invoiced funds.

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website – <http://www.begbies-traynorgroup.com/work-details>. Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2.

General case administration and planning

Since the joint administrators appointment, time has been spent on general case administration and planning where a partner, director and different levels of administration staff have prepared and updated a case strategy document to ensure that all works to be undertaken during the administration were planned for efficiency. Periodic case reviews have been completed to ensure that the case has progressed as appropriate and all statutory duties have been completed. These have been carried out at one, three and six monthly intervals.

In addition, the case specific diary has been monitored and updated regularly to ensure that all statutory deadlines have been met.

The above works have not resulted in a financial benefit to the Company's creditors however, it has ensured that the case has progressed as required by the Insolvency Act 1986.

Compliance with the Insolvency Act, Rules and best practice

Subsequent to their appointment, the joint administrators have issued statutory notices of their appointment to the Registrar of Companies and the Company's creditors. An advertisement of their appointment was also placed in the London Gazette. Steps have also been taken to arrange for the Company's registered office to be changed to that of the administrators.

A report was made available to the Company's creditors detailing the joint administrators' proposals of the work to be undertaken during the administration and the costs of the same.

A bank account has been opened with National Westminster Bank Plc ("NatWest") to process any possible receipts and payments which will be reconciled against our internal system once transactions have been made.

A statutory bond has been obtained by the joint administrators to cover any possible realisations into the case. Regular reviews of the level of bond have been undertaken to ensure that this remains at an appropriate level.

These works have not resulted in a financial benefit to the Company's creditors however, they are required by statute therefore the costs of undertaking the same cannot be avoided.

Investigations

The joint administrators have an obligation to prepare and submit a report on the conduct of the Company's directors to the Department for Business, Energy and Industrial Strategy. This is a confidential report that the joint administrators have compiled and to assist them in completing this, the necessary investigations such as reviewing the Company's books and records and electronic records have been carried out.

In particular, investigations have been carried out surrounding the inter-company loan accounts and various connected party loans and whether any realisations can be achieved from this source.

The above work resulted in the joint administrators arranging for their report on the conduct of the directors being uploaded online for further review.

The above work has resulted in time being spent between the appointees and their staff in relation to the information and knowledge held by each firm.

The above work has not resulted in a financial benefit to the Company's creditors however, the joint administrators have a duty to undertake the same therefore, these works could not be avoided.

Realisation of assets

Time has been spent reviewing the Company's debtor ledger and corresponding with BTG Advisory ("BTGA"), a party which is part of the Begbies Traynor Group and therefore connected to Begbies Traynor (SY) LLP, in relation to the collection of the Company's outstanding book debts. The joint administrators have also agreed a fee for BTGA's work in this regard.

Significant discussions have been held with Charterfields in relation to the valuations and disposal strategies for the Company's assets. To minimise any rental liabilities attached to the Company's former trading premises it was agreed that the Company's furniture and equipment be disposed of in a short time frame. In addition, we became aware that the Company had some further furniture and equipment stored off site in rented third party container units. Within the same was historic confidential paperwork. To minimise costs and to ensure that the paperwork was correctly disposed of, an agreement was reached for the assets to be sold and the liabilities

settled so that there was no overall benefit to the estate, This did however ensure that the confidential paperwork was destroyed in the correct manner.

Discussions have also been held between Charterfields, Weightmans and Begbies Traynor (SY) LLP in relation to the sale of the shares in Equalum Limited. Such discussions ensured that the sale progressed to completion. A sale and purchase agreement was requested in this regard and therefore time was spent reviewing the same.

In addition, the joint administrators have been contacted by a group company, Elliott Browne LLC in relation to its proposed dissolution. Having taken advice in relation to the insolvency laws on the USA, the joint administrators have agreed to a dissolution process suggested by the debtor. Realisations from this source are unknown however we are satisfied that the dissolution process proposed will result in a better return than should the company have entered into liquidation.

Time has been spent reviewing the Company's debtor ledger and inter-Company debts and loans to establish whether these are due and payable to the Company.

In addition, communication has been entered into with the Company's former bankers with a view to obtaining the cash at bank figure to be transferred to the administration estate. Such funds are to be set-off against the secured creditors liability however as a result of our communications, all post appointment receipts paid into the Company's account have been transferred to the estate account.

Correspondence was also entered into with Eddisons Insurance Services Limited ("EIS") with regard to insurance cover over the Company's assets.

This work has resulted in a financial benefit to the Company's creditors as a whole as it will result in a distribution to the secured creditor.

Trading

The Company has not traded whilst in administration therefore, no time has been incurred in this regard.

Dealing with all creditors' claims (including employees), correspondence and distributions

Time has been spent corresponding with the Company's secured creditor, HSBC in relation to the preparation of the joint administrators estimated outcome statement and the preparation of the reports issued to them in accordance with their requirements.

The joint administrators have also requested funds to be transferred from the Company's former bank account held with HSBC into the estate.

In addition, communications have been entered into by way of verbal and written communications with the Company's creditors in relation to their claims and queries received during the administration process. This includes entering creditor claims into the system.

Whilst the above work has not resulted in a financial benefit to the Company's creditors, the same is of a statutory nature and therefore cannot be avoided.

Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

Time has been spent reviewing any possible terminal loss relief claim. Based on the information available to the joint administrators, there was no claim to pursue in this regard. However Inquesta Limited are currently reviewing the Company's electronic records to establish if further information is available in this regard.

A VAT7 form has been prepared and issued to HM Revenue and Customs ("HMRC") in order to deregister the Company for VAT purposes.

This work has not resulted in a financial benefit to the Company's creditors however, is a statutory requirement which the joint administrators must undertake therefore cannot be avoided.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals.

On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

HSBC Bank plc ("HSBC") have a debenture dated 29 May 2012 registered against the Company which incorporates a fixed and floating charge over all assets of the Company. Upon the joint administrators' appointment, HSBC advised the joint administrators that their indebtedness totalled £2,015,000.00.

HSBC have also advised that they hold a cross guarantee in respect of the Company's debt with Endorsed.com Limited ("ECL") and Endorsed Group Limited ("EGL"), both of which are in insolvency proceedings. A consolidated outcome has been compiled for HSBC to take into account anticipated realisations from each company which is subject to the cross guarantee and it is estimated that HSBC will receive a distribution of approximately £428,038.00 across the companies. This will result in HSBC suffering a shortfall of £1,586,962.00.

Preferential creditors

There are no known preferential claims in this regard.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Details of how the prescribed part for unsecured creditors is calculated were provided in our statement of proposals.

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in Section 176A(6) of the Act, to be £370,000.00 and the prescribed part of the Company's net property to be £77,000.00.

On present information we do not intend to make an application to court under Section 176A(5) of the Act for an order not to distribute the prescribed part of net property to the unsecured creditors. However we reserve our position generally in this regard should circumstances materially change.

It is intended that we will distribute this amount to the unsecured creditors in the administration.

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors, other than under the provisions of the prescribed part as detailed above.

Effect of administration on limitation periods under the Limitation Act 1980

As we have previously confirmed, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company

becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

6. PRE-ADMINISTRATION COSTS

On 14 May 2020 the following amounts in respect of unpaid pre-administration costs were approved by the secured creditors:

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	13,356.50	2,671.30	16,027.80
Our fees in relation to the Work	Inquesta	13,070.00	2,614.00	15,684.00
Our disbursements in relation to the Work	Begbies Traynor	919.92	183.98	1,103.90
Legal costs	Weightmans LLP	3,000.00	600.00	3,600.00
TOTAL PRE-ADMINISTRATION COSTS		30,346.42	6,069.28	36,415.70

7. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by reference to the time properly given by us and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (SY) LLP in attending to matters as set out in the fees estimate dated 16 March 2020 in the sum of £100,063.50.

We are also authorised to draw disbursements for services provided by our firm and/or entities within the Begbies Traynor group, in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 4 February 2020 to 3 August 2020 amount to £41,801.50 which represents 197.4 hours at an average rate of £211.76 per hour. Further information in relation to our time costs is set out at Appendix 2 and provides details of the work undertaken by us and our staff following our appointment only.

To 3 August 2020, we have drawn the sum of £37,687.50 on account of our remuneration, against total time costs of £41,801.50 incurred since the date of our appointment.

As this is our first progress report since the basis of our remuneration was fixed, we are obliged to provide creditors with details of the costs incurred in the period since appointment and a description of the work undertaken for the period since our appointment. Full details of such work carried out is stated in Section 4 of this report.

As can be seen from the information above, our previously approved estimate has not been exceeded. We are pleased to report that we do not anticipate that it is likely to be exceeded if matters progress to conclusion as envisaged.

Disbursements

To 3 August 2020, we have also drawn disbursements in the sum of £2,963.70.

Why have subcontractors been used?

Charterfields and Weightmans LLP ("Weightmans") were instructed to assist the joint administrators in this matter. Detailed below are explanations as to why each party has been instructed to assist within the administration process.

Charterfields were instructed to value the Company's assets upon the appointment of the joint administrators and to provide a disposal strategy in relation to the same. Charterfields were chosen due to their experience and qualifications. Charterfields are able to provide qualified valuers to enable the Company's assets to be professionally valued which, the joint administrators are unable to do.

Weightmans were instructed to prepare the relevant documentation to appoint the joint administrators, to be presented at Court, in order that the appointment could be effected. They were also instructed to provide post appointment advice and assistance as necessary and as detailed earlier in this report. Weightmans were chosen based on their qualifications and ability to progress the matter in a timely manner.

Also, BTG Advisory, a party within the Begbies Traynor Group and therefore, connected to Begbies Traynor (SY) LLP, have been instructed to pursue the outstanding debtor ledger due to the Company. BTG Advisory have been instructed due to their expertise and knowledge of dealing with similar matters and their success rate in obtaining realisations from book debts.

BTG Advisory's fee is on a percentage basis at a rate of 5% of realisations. No payments have been made to BTG Advisory to date. Any such payments will relate to post appointment work carried out.

Eddisons Insurance Services Limited ("EIS") have also been instructed to place the Company's assets on insurance cover until such time as they have been disposed of. EIS are a connected party to the Begbies Traynor Group and therefore, connected to Begbies Traynor (SY) LLP.

EIS have been chosen due to their experience and timely manner in which cover can be obtained. No payments have been made to EIS to date as the relevant authority has not been obtained. Any such payments following the relevant authority being obtained, will relate to post appointment work carried out. The joint administrators propose to request the relevant disbursement authority from the secured creditor in this regard.

Category 2 Disbursements

Details of the Category 2 disbursements that have incurred but not drawn since the necessary approval was obtained in the total sum of £3,000.61 are as follows:

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Subscriptions	55.69
Mileage	2,621.76
Postage	113.16
Specific Bond	210.00
Inquesta Bond	862.50
TOTAL	3,000.61

The above contains funds in relation to statutory bond payments. Whilst such funds have been paid to a third party, such funds were first paid by Begbies Traynor and Inquesta and subsequently recovered.

Please note that included with the subscription figure above are funds totalling £19.00 which have been incurred but not yet discharged. In addition, funds totalling £17.91 have also been incurred but not yet discharged in relation to postage charges. Such charges have been incurred during the period covered by this report. The sum of £255.30 in relation to Inquesta's bond have also not yet been discharged.

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any ass has an interest	
Type and purpose	Amount £
BTG Advisory, which is a member of the Begbies Traynor group, has provided assistance with the collection of the Company's outstanding book debts at a rate of 5% of the realisations achieved. The purpose of obtaining such services was to maximise realisations in this regard	16,950.64
TOTAL	16,950.64

Please note that the funds due to BTG Advisory have been incurred during the period covered by this report but not yet discharged.

A copy of 'A Creditors' Guide to Administrators' Fees (E&W) 2017' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

8. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3.

Expenses actually incurred compared to those that were anticipated

Creditors will recall that we estimated that the expenses of the administration would total £48,332.00. That estimate has not been exceeded and we do not expect it to be exceeded if matters progress to conclusion as envisaged.

9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

Directors Loan Account

The joint administrators are continuing to review the loan account position as we have been advised by the director that he does not believe this to be an accurate figure. Therefore, investigations surrounding this matter remain ongoing at present.

Items held in storage

Charterfields were instructed to review the assets which were held in the storage unit. However, upon inspection, it was deemed that due to the costs involved in uplifting and paying rental charges to the storage provider, any realisations would be extinguished in this regard. Therefore, an agreement was reached with the storage provider that they would dispose of the assets in question and offset this against any rent due.

Endorsed Academy Limited

This Company falls outside of the group structure however, the director of the Company, Mr E Chapman, is a connected party. Steps have been taken to write to the debtor requesting confirmation of the funds that they believe they owe to the Company. In addition, Inquesta Limited are currently reviewing the Company's bank statements to confirm the balance of any funds due.

Third Party Republic LLC

This Company falls outside of the group structure however, the director of the Company, Mr E Chapman, is a connected party. Steps have been taken to write to the debtor requesting confirmation of the funds that they believe they owe to the Company. In addition, Inquesta Limited are currently reviewing the Company's bank statements to confirm the balance of any funds due.

Various Connected Party Loans

Work continues to be carried out by the joint administrators with a view to finalising the various connected party loans. Steps have therefore been taken to issue letters to the various parties requesting details of their indebtedness. We are currently awaiting some response in this regard while Inquesta conclude their investigations in this matter

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

The joint administrators will continue to complete works required to maintain the administration including periodically reviewing the case to ascertain which works remain outstanding. This includes updating the electronic diary systems and statutory checklists which will ensure all statutory requirements have been completed during the course of the administration and, in readiness for closure as and when required.

In addition, all statutory documentation which is required to be issued to the relevant parties during the course of the administration will be compiled and issued on the statutory due dates.

Periodic case reviews will be carried out at six monthly intervals to ensure that all works have been completed and documentation has been issued in the relevant timescales.

There will be no financial benefit to creditors from our work in this area. However, we have a duty to undertake this work and therefore these costs cannot be avoided.

Compliance with the Insolvency Act, Rules and best practice

The joint administrators will prepare and submit their six monthly progress report as and when appropriate, pursuant to The Insolvency Act and Rules.

When all matters have been completed, a final review will be compiled to ensure that the administration has been finalised. A final report will then be prepared and issued to the Company's creditors and the Registrar of Companies with the necessary notices.

The estate bank account will be regularly monitored and reconciled against our internal system in order to process all income and expenditure.

The joint administrators' statutory bonds will be reviewed on a regular basis to ensure that the case remains adequately bonded for throughout the administration process.

There will be no financial benefit to the Company's creditors from the work undertaken in this area. However, the joint administrators are required by statute to carry out the same.

Investigations

The joint administrators will continue to correspond with the external joint appointee, Inquesta, in relation to their investigations regarding the Company's director.

This work will not provide a better financial return to the Company's creditors however they are a statutory requirement of the administration therefore the costs of the same cannot be avoided.

Realisation of assets

The joint administrators and their staff will continue to liaise in relation to the inter-company positions to ensure that any debts due to the Company can be pursued as necessary. This includes the directors loan account.

The position of any connected debtors who have entered into insolvency proceedings will be reviewed to establish whether a distribution is available to the Company.

The above works will result in further realisations and will therefore be of financial benefit to the Company's creditors as a whole.

Trading

The Company has not traded whilst in administration therefore no time will be incurred in this regard.

Dealing with all creditors' claims (including employees), correspondence and distributions

The joint administrators will continue to correspond with HSBC in relation to updates of the administration process and any anticipated distributions which they may receive.

Time will also be spent corresponding with the Company's creditors by way of verbal and written communications in relation to their claims and any queries that may be raised during the course of the administration.

This work will not result in a better financial return to the Company's creditors however, is required in order to ensure that all creditors are kept up to date with the proceedings.

Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, tax, litigation, pensions and travel

The joint administrators will prepare and submit VAT and Corporation Tax returns as and when these fall due, for the benefit of the estate.

There will be no financial benefit from the work undertaken in this area however, the same is necessary for the progression of the case.

How much will this further work cost?

Our fee estimate indicates that there remains anticipated costs of £58,252.00. We continue to anticipate that our future costs will be within this estimate.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as set out in the estimate of anticipated expenses sent to creditors on 16 March 2020 which included all of the expenses that we anticipate that we will incur throughout the administration.

10. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the directors. We have complied with our duties in this respect.

Investigations completed

As explained in our Statement of Proposals, we have undertaken an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

The joint administrators continue to investigate the inter-company loan and various associated loans due to the Company. To date, this has included a review of the Company's computer system and records in an attempt to reconcile the balances due. Letters have also been issued to each respective debtor.

Connected Party Transactions

In accordance with Statement of Insolvency Practice 13, we confirm that the following assets were sold:

Date of sale	Asset sold and nature of transaction	Consideration paid and date	Name of Purchaser	Relationship with the Company
16 July 2020	Intellectual property and domain names sold via an asset sales invoice.	£2,000.00 plus VAT received on 21 July 2020	Mr E Chapman	Mr E Chapman is a director of the Company.

The above sale was recommended by Charterfields marketed the Company's intellectual property and domain name and the best offer received was that of the above.

Proposed exit route from administration

As soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to deliver a notice of moving from administration to dissolution to the Registrar of Companies. Upon registration of such notice, our appointment as administrators ceases to have effect and at the end of three months, the Company will automatically be dissolved.

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the collection of the outstanding book debts and connected party debts which, are required in order to facilitate a distribution to the secured creditor, HSBC, and the prescribed part to be distributed to the unsecured creditors. The appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become

necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

Use of personal information

Please note that in the course of discharging our statutory duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

11. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

Right to make an application to court

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate.

12. CONCLUSION

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.



Kris Anthony Wigfield
Joint Administrator

Dated: 28 August 2020

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 4 February 2020 to 3 August 2020

Chapman Black Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 03/08/2020

S of A £		£	£
	SECURED ASSETS		
	Intellectual Property/Domain Names	2,000.00	
Uncertain	Investment - Israeli Company	19,443.31	
NIL	Investment-Geektastic	NIL	
(2,015,000.00)	HSBC Bank Plc	NIL	
			21,443.31
	COSTS OF REALISATION		
	Agents/Valuers Fees	2,144.33	
			(2,144.33)
	ASSET REALISATIONS		
200.00	Office Furniture	200.00	
6,050.00	Office Equipment	6,050.00	
Uncertain	January 2020 Invoices	NIL	
340,132.00	Book Debts	339,012.77	
114,293.00	Cash at Bank	NIL	
33,166.00	Directors Loan Account - Mr E Chapm	NIL	
Uncertain	Items held in Storage	NIL	
	Bank Interest Gross	2.43	
110,844.00	Endorsed Academy	NIL	
5,292.50	Third Republic LLC	NIL	
Uncertain	Various Connected Party Loans	NIL	
			345,265.20
	COST OF REALISATIONS		
	Specific Bond	817.20	
	Administrators' Fees		
	Pre Appointment Fees	26,426.50	
	Post Appointment Fees	37,687.50	
	Disbursements		
	Subscriptions	36.69	
	Mileage	2,621.76	
	Postage	95.25	
	Agents/Valuers Fees (1)	9,802.34	
	Agents/Valuers Fees (2)		
	Post Appointment Fees	3,625.00	
	Post Appointment Disbs	41.40	
	IT Costs	2,000.00	
	Statutory Advertising		
	Advertising	81.00	
	Wages & Salaries	3,176.66	
	Employee Debt Collection Commission	20,288.49	
			(106,699.79)
	FLOATING CHARGE CREDITORS		
Uncertain	Grey Communications Group Ltd	NIL	
			NIL
	UNSECURED CREDITORS		
(167,814.56)	Trade Creditors	NIL	
(109,428.40)	HMRC	NIL	
(2,566.79)	Hirestorm	NIL	

Chapman Black Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 03/08/2020

S of A £		£	£
(24,619.80)	Endorsed.com Ltd	NIL	
(427,555.30)	EB Business Intelligence GmbH	NIL	
(4,356.53)	Elliott Browne Int. LLC	NIL	
(7,531.86)	Elliott Browne Int. Ltd	NIL	
			NIL
	DISTRIBUTIONS		
(280,728.00)	Ordinary Shareholders	NIL	
			NIL
(2,429,623.74)			257,864.39
	REPRESENTED BY		
	Vat Receivable		16,389.60
	Bank 1 Current		242,695.92
	Fixed Charge VAT Receivable		428.87
	Fixed Charge VAT Payable		(400.00)
	Vat Payable		(1,250.00)
			257,864.39

TIME COSTS INFORMATION

- a. Begbies Traynor (SY) LLP's charging policy;
- b. Time Costs Analysis for the period from 4 February 2020 to 3 August 2020.

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of physical meetings of creditors is charged at the rate of £100 per meeting;
- Car mileage is charged at the rate of 45 pence per mile;
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements.

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval):

Instruction of BTG Advisory to provide assistance with the collection of the Company's outstanding book debts. Their charges will be equivalent to 5% of realisations.

Instruction of Eddisons Insurance Services Limited ("EIS") to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The forecasted cost of insurance for the 3 month period immediately following appointment is £500.00 inclusive of Insurance Premium Tax. The costs of insurance cover for subsequent quarter periods will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Where relevant, administration fees may be charged. These costs are taken into consideration and included within the forecasted cost of insurance, above.

In accordance with standard insurance industry practice, EIS will receive payment of commission for the services it provides from the insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured.

EIS will invoice the insolvent estate for the premium(s) due on the insurer's behalf and receive payment from the estate. EIS will in turn, account to the insurer for the premium(s) payable after deducting any commission payable by the insurer.

Where EIS have initially been consulted on a policy, but the policy has not been taken out, EIS will charge an administration fee of £150.

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*:

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Sheffield office as at the date of this report, on this particular matter, are set at HSBC Bank plc panel rates which are as follows:

Grade of staff	Charge-out rate (£ per hour)
Partner	260
Director	260
Senior Manager	190
Manager	190
Assistant Manager	190
Senior Administrator	130
Administrator	85
Junior Administrator	85
Support	85

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

[illegible]

STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities not within the Begbies Traynor Group				
Specific Bond	Aon Limited	210.00	210.00	Nil
	Inquesta Limited	607.20	607.20	255.30
Disbursements – Subscriptions	Xero	55.69	36.69	19.00
Disbursements – Mileage	Inquesta IVA Limited	1,642.44	1,642.44	Nil
Disbursements – Postage	Royal Mail	95.25	95.25	Nil
Agents/Valuers Fees	Charterfields	3,625.00	3,625.00	Nil
Agents/Valuers Disbursements	Charterfields	41.40	41.40	Nil
IT Costs	Eurotek UK Limited	2,000.00	2,000.00	Nil
Statutory Advertising	EPE Reynell Advertising Limited	81.00	81.00	Nil
Wages & Salaries	Sourcechain Technologies Ltd	3,176.66	3,176.66	Nil
Employee Debt Collection Commission	Various Parties	20,288.49	20,288.49	Nil
Expenses incurred with entities within the Begbies Traynor Group (for further details see Begbies Traynor Charging Policy)				
Disbursements – Mileage	Begbies Traynor (SY) LLP	979.32	979.32	Nil

Please note that include within the attached receipts and payments account are funds totalling £9,802.34 payable to agents. This is an incorrect posting and will be repaid into the administration estate in due course. As a result, this is not included in the above expenses schedule.