

The Insolvency Act 1986

Statement of administrators' proposals

Name of Company Paddle8 Auctionata Limited	Company number 05356001
In the High Court of Justice, Chancery Division	Court case number 1164 of 2017

We Ben Woodthorpe and Simon Harris of ReSolve Partners Limited, 48 Warwick Street, London, W1B 5NL attach a copy of our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on 17 February 2017


Signed
Joint Administrator

Dated 17 February 2017

Contact Details

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

ReSolve Partners Limited	
48 Warwick Street, London, W1B 5NL	
	Tel 02077029775
DX Number	DX Exchange

SATURDAY



A15 *A60JTVRC* #146
18/02/2017
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

PADDLE8 AUCTIONATA LIMITED (FORMERLY VALUEMYSTUFF LIMITED)
in Administration (the Company)

Joint Administrators' proposals

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1 INTRODUCTION

Ben Woodthorpe and Simon Harris, both of ReSolve Partners Limited (ReSolve), were appointed as Joint Administrators of Paddle8 Auctionata Limited (VMS or the Company) on 13 February 2017

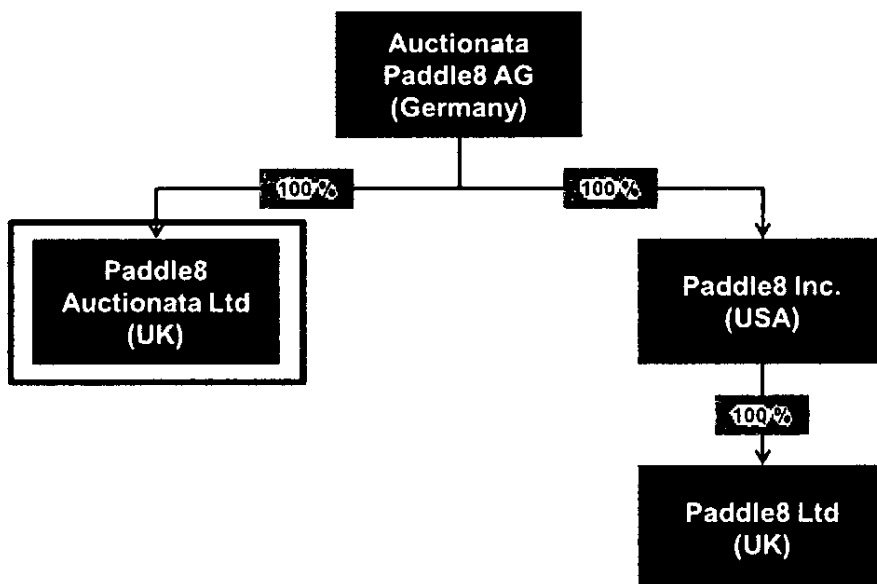
Statutory information relating to the Company is attached at **Appendix I**

2. CIRCUMSTANCES LEADING TO THE APPOINTMENT OF THE ADMINISTRATORS

Company Background

Full details of the circumstances leading to the appointment of the Administrators are reported in the Statement of Insolvency Practice 16 (SIP 16) disclosure attached as **Appendix II**. Accordingly, I have not repeated the same here but I detail below a brief history of the Company starting with a summarised group structure

Summarised group structure



VMS was incorporated in 2005 by Patrick van der Vorst, the current sole director, to provide a simple online platform for customers to have art valued for the fixed price of £15. The valuations are carried out by a team of over 60 freelance professionals who are paid an associated commission for carrying out each valuation. Trading commenced in 2011.

The business idea was pitched to BBC's Dragon's Den programme and the Company received investment from two of the investors in 2011, alongside the director, to build a platform and grow the business. The director retained 60 per cent of the ownership of the Company.

After several years of trading at relatively modest levels, in September 2015 the Company was acquired by a German registered entity, Auctionata Paddle8 AG (AG). AG traded as an online auction house for design objects to be bought and sold.

The Company granted a charge to Kreos Capital IV (Luxembourg) S A R L (Kreos), who then became its sole secured creditor, in September 2015. Whilst no direct lending was given to the Company by Kreos, the Company effectively guaranteed the lending given by Kreos to AG.

To supplement its business model, the Company began providing private treaty sales for clients with high value items. The commissions varied. The director was able to provide these sales because of prior experience at a senior level working for Sotheby's in London.

In June 2016 AG acquired an online art auction website called Paddle8, Inc (P8US), which was located in the US. It held shares in a UK subsidiary called Paddle8 Limited (P8UK).

In August 2016, as part of a subsequent restructuring of the group, the business of P8UK was transferred to the Company along with circa 15 employees of P8UK bringing the total employment to 21 members of staff. We understand there is no written agreement for the transfer, although the staff transferred under the Transfer of Undertaking (Protection of Employment) (TUPE) Regulations. The P8UK staff were experienced in sourcing artwork for online auction purposes.

The Company was unable to afford the staff payroll costs following the transfer and we understand it did not receive a financial benefit for employing them, with P8US alone receiving the buyer and seller commissions. Accordingly, the Company was reliant on AG for funding its operations and an inter-company loan balance accrued.

In the autumn of 2016 the Company organised an event known as London Week. This was not as successful as envisaged and accordingly the Company made a financial loss. Suppliers were seeking payment for organisational costs but the Company was finding it difficult to meet these.

Experiencing cash flow pressure in December 2016 the Company requested funding from AG but it was not forthcoming. The director subsequently became aware of AG's financial difficulties. This emanated from a failed round of fundraising in Germany. An Administration process was scheduled to commence towards the end of January 2017.

On 17 January 2017 I was approached by the director, who was referred to us by Bird & Bird LLP, Solicitors. Bird & Bird was acting for Kreos.

It was apparent the Company had insufficient funding to continue trading without financial support from AG. I was also made aware of an offer for the business and assets of the Company and P8US, from a third party Hong Kong based private equity firm (the Offeror). The offer was subject to a tight timeframe given the projected Administration of AG and the perceived subsequent loss of value in the brand and business.

Notwithstanding the time pressures and the support for the offer from Kreos, the director was advised of his duties, the various options available to him, and all parties were subsequently made aware of the requirement to market the business and assets for sale in advance of what was required to be a pre-packaged sale whether to the Offeror or some other party.

The director engaged ReSolve Partners Limited to carry out the marketing campaign on 19 January 2017 and details of the marketing, together with the process of sale of the Company's assets can be found at **Appendix II**.

On 13 February 2017, the director appointed Simon Harris and I as Joint Administrators of the Company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone, and I have been the Administrator primarily involved in dealing with the Company's affairs.

Following my appointment, a sale of the Company's assets was completed for £120,000 plus VAT.

A summary of the Company's recent trading performance is shown on the following page.



PADDLE8 AUCTIONATA LIMITED
Administrators' proposals
17 February 2017

Balance sheet	As at 13.02.17 Management £	As at 31.08.16 Management £	As at 31.08.15 Unaudited £	As at 31.08.14 Unaudited £
Fixed assets				
Intangible assets	2,520	2,816	4,224	22,592
Tangible assets	47,635	73,950	195,939	321,417
	<u>50,155</u>	<u>76,766</u>	<u>200,163</u>	<u>344,009</u>
Current assets				
Stocks	-	271,987	1,811,082	-
Debtors	53,195	4,799	43,810	15,574
Cash balances	8,743	58,612	116,017	2,839
	<u>61,938</u>	<u>335,398</u>	<u>1,970,909</u>	<u>18,413</u>
Creditors				
Amounts falling due within one year	(1,407,775)	(736,834)	(2,402,209)	(126,383)
Total assets less current liabilities	<u>(1,295,682)</u>	<u>(324,670)</u>	<u>(231,137)</u>	<u>236,039</u>
Creditors				
Amounts falling due after more than one year	-	-	-	(1,252,313)
Net liabilities	<u>(1,295,682)</u>	<u>(324,670)</u>	<u>(231,137)</u>	<u>(1,016,274)</u>
Capital and reserves				
Called up share capital	1,260,166	1,260,166	1,260,166	166
Share premium	49,133	49,133	49,133	-
Profit and loss	(2,604,981)	(1,633,969)	(1,540,436)	(1,016,440)
Shareholder funds	<u>(1,295,682)</u>	<u>(324,670)</u>	<u>(231,137)</u>	<u>(1,016,274)</u>

Source Management information and statutory filed accounts

Profit and loss	Period ended 13.02.17 Management £	Year ended 31.08.16 Management £	Year ended 31.08.15 Management £
Turnover	551,318	6,732,643	300,496
Gross profit/(loss)	<u>(295,505)</u>	<u>508,009</u>	<u>72,238</u>
Administration costs	(646,028)	(475,805)	(446,060)
Depreciation	(29,480)	(125,737)	(150,173)
Operating profit/(loss)	<u>(971,013)</u>	<u>(93,533)</u>	<u>(523,995)</u>

Source Management information

It should be noted the management accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position

The turnover for the year ended 31 August 2016 was circa £6.7m, which appears to be at odds with the other periods. We understand this is principally due to a number of high value private treaty sales, which amounted to £6.4m. The commission payable to the Company was circa 10 per cent of the sale proceeds and the balance payable to the seller is reflected in cost of sales.

3 OBJECTIVES OF THE ADMINISTRATION AND THE ADMINISTRATORS' STRATEGY FOR ACHIEVING THEM

The purpose of an Administration is to achieve one of the three objectives set out in the insolvency legislation, which are to

- (a) rescue the Company as a going concern, or
- (b) achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate

The second objective could not be achieved as the amount due to the Company's chargeholder compared to the value of its assets means that there are only sufficient assets to make a distribution to the chargeholder. As a result, I am seeking to achieve objective (c) for the Company, and will do this by distributing sums received from the pre-packaged sale of the Company's assets to its secured creditor. Because most of the consideration is for the intellectual property of the Company and attributable to the fixed charge granted to the secured creditor, Kreos was consulted throughout the process. A review of the security documentation was carried out by Locke Lord LLP, Solicitors, who confirmed the security to be valid.

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If I am unable to complete the Administration of the Company within 12 months then I will either apply to the Court, or hold a meeting of the appropriate classes of creditors, in order to seek approval to extending the duration of the Administration.

4 ACTIONS OF THE ADMINISTRATORS FOLLOWING APPOINTMENT

I decided that it was not appropriate to continue to trade the business of the Company and that an immediate sale of the Company's business and/or assets was the best way to achieve the objective of the Administration. Reasons for this are given in **Appendix II**.

As a result, on 13 February 2017 I sold the Company's assets to VMS Grosvenor Limited, a connected party purchaser.

A summary of the matters dealt with since my appointment is outlined below.

- Formally notifying the following parties of the Administrators appointment
 - All known creditors, including the secured creditor of the Company
 - All known members, and
 - HMRC
- Liaising with the director regarding various matters including preparation and submission of a Statement of Affairs ('SOA')
- Completed the sale of the Companies' business and assets to VMS Grosvenor Limited ('the Purchaser')
- Attended the trading site on appointment to conclude the handover of the business to the Purchaser, obtain meter readings and make staff redundant
- Advised Willis Insolvency Services ('Willis') of the appointment in order to arrange open cover insurance,

- Arranged for the transfer of funds from the Company's PayPal account, and
- Drafted this proposal and report on the Administrations

5 FINANCIAL POSITION OF THE COMPANY

I have asked the directors to prepare a summary of the Company's estimated financial position as at 13 February 2017, which is known as a Statement of Affairs, but they have not yet prepared it as it is not yet due

In the absence of a Statement of Affairs I have prepared an estimate of the financial position of the Company as at 13 February 2017 from the records of the Company, and that is attached at **Appendix III**, together with a list of names and addresses of all known creditors, and the amounts of their debts

Comments on the Administrators' estimate of the financial position of the Company

- **Sale of the Company's assets**

On 13 February 2017, a sale of certain of the Company's assets was completed to the Purchaser for £120,000 plus VAT ('the Consideration')

A summary of the Consideration received is detailed below

Description	Consideration (£)
Intellectual property	114,999
Goodwill	1
Plant and equipment	5,000
Total	120,000

Full details of the sale of the business and assets are provided at **Appendix II**.

- **Book debts and prepayments**

The Company's records indicate the Company has debtors of £1,150 and other receivables of £52,045

The realisable value of the debtors is presently unknown, in light of the quantum it may not be cost beneficial to pursue

The other receivables principally relate to potential HMRC refunds. We have not received a copy of HMRC's claim in the Administration and cannot comment on the likely realisable value. If there is a claim from HMRC or indeed the Redundancy Payments Office, any HMRC refund is likely to be off-set against the claim

The prepayments will be reviewed but on first glance appear to be uncollectable

- **Plant and equipment**

The majority of the Company's plant and equipment was sold as part of the asset sale to the Purchaser. There remain some residual assets at the Company's former trading premises, however after taking the costs of removal and sale into account, its value is deemed to be negligible. The higher book value represents the value held by the Company in the website

- **Cash balances**

The Company operated a number of bank accounts with HSBC Bank plc however, at the time of my appointment these were overdrawn

A cash balance held on a PayPal account totalled £4,259 and this has been transferred to the Administration

We are currently investigating whether there are any other cash balances available to the Administration

▪ **Preferential creditors**

The only known preferential creditors are former employees of the Company for unpaid wages and holiday pay. Preferential claims for wages are subject to a maximum limit set by the insolvency legislation of £800. Any balance of wages is unsecured. There is no limit in respect to outstanding holiday pay.

▪ **Prescribed part**

There are provisions of the insolvency legislation that require the Administrators to set aside a percentage of a Company's assets for the benefit of the unsecured creditors in cases where the Company gave a floating charge over its assets to a lender on or after 15 September 2003. This is known as the prescribed part of the Company's net property. A Company's net property is that amount left after paying the preferential creditors, but before paying the lender who holds a floating charge. The Administrators have to set aside

- 50% of the first £10,000 of the net property, and
- 20% of the remaining net property up to a maximum of £600,000

The Company gave a floating charge to Kreos on 15 September 2015 and the prescribed part provisions will apply. However, the Administrators' estimate of the financial position of the Company shows that the net property of the Company is £Nil, and I estimate that the prescribed part of the net property for unsecured creditors is £Nil.

▪ **Secured creditor distributions**

Immediately upon appointment I distributed £19,500 to Kreos on account of its fixed charge over the assets of the Company. The security was reviewed and assessed as valid as mentioned earlier. It is currently considered unlikely that there will be a further distribution to Kreos.

6 ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

I attach a summary of the receipts and payments relating to the Company for the period from when it entered Administration, 13 February 2017 to the date of these proposals, at **Appendix IV**. The entries are self-explanatory and have been referred to in the previous sections and appendices.

7. PROPOSED FUTURE ACTIONS OF THE ADMINISTRATORS TO ACHIEVE THE OBJECTIVE OF THE ADMINISTRATION

In order to achieve the objective of the Administration of the Company I propose to

- Review the affairs of the Company and its current and former directors' conduct
- Deal with creditors' enquires and claims
- Investigate and pursue recovery of any assets identified
- Liaise with former employees and the Redundancy Payments Office ('RPS') in order to ensure employee claims are paid
- In the event sufficient funds become available, distribute a dividend to any preferential creditors and any unsecured creditors of the Company, although based on present information this is unlikely
- Address my statutory obligations, and
- Report to creditors on the progress of the Administration

My next report will be provided to creditors in the month following 13 August 2017.

8 ADMINISTRATORS' REMUNERATION AND EXPENSES

I propose that our fees will be charged by reference to the time properly spent by us and our staff in dealing with matters relating to the Administration of the Company. This time will be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken. Information about current charge out rates and the units of time in which work done is recorded is set out in **Appendix V**. When I seek time cost approval I have to set out a fees estimate, which acts as a cap on time costs so we cannot draw fees of more than the estimate without further approval. The fees estimate can be found at **Appendix V**. This shows the estimated time costs, hours charged and average hourly rates split into various categories and

split by grade I estimate the total time costs I will incur in undertaking these tasks in the Administration will be £49,658

I anticipate needing to seek approval to exceed the estimate if this work leads to further areas of investigation, potential further asset recoveries and any associated action, such as arbitration or legal proceedings

To the date this report is prepared, my time costs amount to £7,412, representing 23 hours work, at an average charge out rate of £329 A schedule of the time costs incurred to date is attached as **Appendix VI**

A description of the work undertaken in the Administration to date is set out in **Appendix V**

A meeting of creditors is not being held as the purpose of the Administration of the Company is to achieve objective (c), that is to realise property in order to make a distribution to one or more secured or preferential creditors of the Company

As a result, I will both be convening a general meeting of creditors with a view to obtaining a resolution approving my remuneration in relation to any floating charge costs, and also separately seeking the approval of the chargeholder in relation to any fixed charge costs Informal agreement has been reached with Kreos as regards my costs which are recoverable from the fixed charge recoveries

The relevant creditor's guide to Administrators' Fees can be found under the heading Creditor Guides on my website at <http://www.resolvegroupuk.com/resources/> Please note there are different versions of the guides, and in this case you should refer to the version for insolvencies after 1 October 2015 A hard copy can be obtained on request, free of charge, from this office

Category 2 disbursements and expenses

I also propose that I am permitted to charge what are known as category 2 disbursements Information about category 2 disbursements is set out in **Appendix V**

I have incurred Administration expenses which do not require separate approval and those incurred are detailed below

Type of expense	Amount incurred/accrued to date	Amount paid
Verify credit search	£4	-

I have not been able to draw any expenses in this matter

The following agents or professional advisors have been utilised in this matter and the costs of these also comprise Administration expenses

Professional Advisor	Nature of Work	Fee Arrangement	Fees incurred to date	Paid
Lambert Smith Hampton <i>Valuation agents</i>	Valuation of Company's assets	Time costs	£3,000	No
Gunnercooke <i>Solicitors</i>	Preparation of sale contracts, and appointment documentation	Time costs	£22,500	No
Locke Lorde <i>Solicitors</i>	Security review	Time costs	£2,500	No

The choice of professionals was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them The fees charged have been reviewed and I am satisfied they are reasonable in the circumstances of this case

In addition to the above, I anticipate the following expenses will arise in this Administration

Expense	Category one	Category two	Total
Printing and postage	£100	£200	£300
Bonding	£24	-	£24
Licence fee	£110	-	£110
Statutory advertising	£159	-	£159
Total	£393	£200	£593

Whilst not requiring approval, when reporting to creditors during the course of the Administration the actual expenses incurred will be compared with the original estimate provided and I will explain any material differences

9 PRE-APPOINTMENT FEES AND EXPENSES

The Board of the Company instructed me to assist them in placing the Company into Administration on 19 January 2017. They agreed that I should be paid my pre-appointment fees and expenses on a time cost basis estimated. I attach at **Appendix VII** a detailed time cost table showing the pre-appointment time costs incurred by category and staff grade at my firm.

The following work was undertaken prior to the appointment of the Joint Administrators

- Meetings with the director and his advisors to discuss the options available given the Company's financial difficulties
- A marketing campaign was commenced and made known to previously interested parties, parties listed on an internal ReSolve listing and the IP-Bid com website
- Assessing offers and liaising with interested parties
- Liaising with agents regarding the valuation of the Company's assets
- Liaising with solicitors regarding preparation of the sale agreement, including reviews of draft agreement
- Calls and meetings with the Offeror and director as regards the offers made
- Discussions with solicitors with regards to the offers and terms of sale
- Discussions with Kreos regarding the offers received, the apportionment of assets and informal agreement to costs, and
- Dealing with the formalities of making of the appointments

The following statement sets out my pre-appointment fees and expenses incurred. The statement also shows those fees and expenses that were paid prior to the Administration and those where approval is being sought to pay them from Administration funds.

Description	Paid pre-appointment (£)	To be paid (£)
Administrators' pre-appointment fees (capped)	-	45,000
LSH, Valuation agents	-	3,000
Gunnercooke, solicitors	-	22,500
Locke Lorde, solicitors	-	2,500
Total	-	73,000

As I have already indicated, an initial meeting of creditors is not being convened. As a result, I will both be convening a general meeting of creditors, probably by way of correspondence, with a view to obtaining a resolution approving my remuneration in relation to any floating charge costs, and also separately seeking the approval of the chargeholder in relation to any fixed charge costs.

10. ADMINISTRATORS' INVESTIGATIONS

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress this request for information forms part of my normal investigation procedure.

11. EC REGULATION ON INSOLVENCY PROCEEDINGS

I consider the EC regulation on insolvency proceedings apply to the Administration of the Company. I also consider that they are main proceedings since the Company's registered office and its trading address are in the United Kingdom.

12. ADMINISTRATORS' PROPOSALS

In order to achieve the objective set out at section 3 above, I formally propose to creditors:

- (a) The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration by
 - (i) Realising the Company's assets and distributing the same as deemed appropriate,
 - (ii) Investigating and, if appropriate, pursuing any claims the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company, and
 - (iii) Doing all such things and generally exercising all powers as Administrators as is considered desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) The Administration of the Company will end by filing notice of dissolution with the Registrar of companies. The Company will then automatically be dissolved by the registrar of companies three months after the notice is registered, or
- (c) The Administration will end by placing the Company into Creditors' Voluntary Liquidation, and it is proposed that Simon Harris and I, Ben Woodthorpe are appointed Joint Liquidators of the Company and that we be authorised to act either jointly or separately in undertaking our duties as Liquidator. Creditors may nominate a different person(s) as the proposed liquidator(s), but you must make the nomination(s) at any time after you receive these proposals, but before they are approved. Information about the approval of the proposals is set out below, or
- (d) The Administration of the Company will end by making an application to Court for an order that the Administration ceases, or
- (e) The Administration of the Company will end by giving notice to the Court, creditors and Registrar of Companies the objective of the Administration has been achieved
- (f) The Administrators be remunerated by reference to time properly spent by the Administrators and their staff in dealing with matters relating to the Administration of the Company, such time to be charged at the hourly charge out rate of the grade of staff undertaking the work at the time it was undertaken. Details of the current charge out rates are outlined in **Appendix V** of these proposals.

- (g) The Administrators be authorised to draw category 2 expenses as outlined in **Appendix V** of these proposals
- (h) The Administrators be discharged from liability in respect of any act of theirs 14 days after they cease to be Administrators of the Company

13. APPROVAL OF PROPOSALS

Since the purpose of the Administration of the Company is to achieve objective (c), that is to realise property in order to make a distribution to one or more secured or preferential creditors of the Company, I am not required to hold an initial meeting of creditors to consider these proposals

However, a separate meeting of creditors will be convened in due course to consider the basis of my charging remuneration and certain costs of the Administration

However, creditors whose debts amount to at least ten per cent of the total debts of the company can require that a meeting of creditors is convened. Such a request must be made on Form 2.21B within eight business days from the date of these proposals. If creditors do not require me to convene a meeting of creditors within that time period, then these proposals will be deemed to have been approved

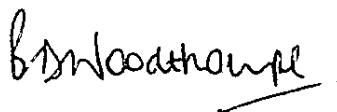
14 FURTHER INFORMATION AND COMPLAINTS

If creditors or members have any queries regarding the proposals or the conduct of the Administration in general, they should contact James Thompson on 020 3372 2899

Should you have any comments or complaints regarding this Administration, please contact Ben Woodthorpe in the first instance. If you consider that we have not dealt with your comment or complaint appropriately, you may request we perform an internal independent review of your complaint. This review would be undertaken by a person within ReSolve not involved in the Administration. A request for a review can be made in writing to the Compliance Manager, ReSolve Partners Limited, 48 Warwick Street, London, W1B 5NL or by email to mark.supperstone@resolvegroupuk.com

If you still feel that you have not received a satisfactory response then you may be able to make a complaint to the Complaints Gateway operated by the Insolvency Service. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 9DA, or you may email ip.complaints@insolvency.gov.uk, or you may phone 0845 602 9848. The Complaints Gateway will in turn determine if such complaint should be addressed by Mr Harris' and Mr Woodthorpe's regulatory body

Yours faithfully
For and on behalf of
Paddle8 Auctionata Limited



Ben Woodthorpe
Joint Administrator

For enquiries regarding this correspondence please contact

Contact name James Thompson
Phone number 020 3372 2899
Email james.thompson@resolvegroupuk.com

The affairs, business and property of the Company are being managed by the joint administrators. Partners and staff acting as administrators, administrative receivers or supervisors act as agents of the company over which they are appointed at all times and without personal liability. Cameron Gunn, Mark Supperstone, Simon Hams and Ben Woodthorpe are licensed in the United Kingdom by the Institute of Chartered Accountants in England and Wales.

APPENDIX I

STATUTORY INFORMATION

Company information

Company name	Paddle8 Auctionata Limited
Previous name	ValueMyStuff Limited
Company number	05356001
Date of incorporation	8 February 2005
Trading address	24 Maddox Street, 4 th Floor, London, W1S 1PP
Current registered office	24 Maddox Street, 4 th Floor, London, W1S 1PP
Principal trading activity	Other business support service activities not elsewhere classified

Appointment details

Date of appointment	13 February 2017
Appointment made by	Director
Court name and reference	High Court of Justice, Chancery Division (1164 of 2017)
Administrators appointed	Simon Harris Insolvency Practitioner Number 11372 Ben Woodthorpe Insolvency Practitioner Number 18370
Paragraph 100(2) statement	Any act required or authorised under any enactment to be done by an administrator may be done by any or all of the Administrators acting jointly or alone

Officers of the Company

Directors	Appointed	Resigned
Patrick Eddy van der Vorst	28 October 2015	-
Jan Thiel	31 August 2015	11 January 2017

Company secretary

Fuller Harvey Limited

Share capital

Authorised	Allotted, called up and fully paid
1,260,166 ordinary shares £1 each	1,260,166 ordinary shares £1 each

Shareholder

Auctionata Paddle8 AG	1,260,166 ordinary £1 shares
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Charges

Kreos Capital Iv (Luxembourg) S A R L

Fixed and floating charge created on 15 September 2015 and registered on 16 September 2015

APPENDIX II

STATEMENT OF INSOLVENCY PRACTICE 16 (SIP 16) – PRE-PACKAGED SALES IN ADMINISTRATION

Background

Please see section two above for details of the background relating to the Company

Initial Introduction

I was introduced to the Company by Bird and Bird LLP, Solicitors, on 17 January 2017. Bird and Bird is an international law firm, in this case acting on behalf of the secured creditor of VMS, Kreos. ReSolve Partners Limited may work with Bird and Bird on a number of different advisory projects in any given year.

I first met with Patrick van der Vorst on 18 January 2017 to discuss the financial affairs of VMS and the wider group structure into which it was incorporated. It was evident that the parent company to VMS, AG, was about to enter insolvency proceedings and the funding on which the Company relied to continue to trade had ceased.

Because of the financial constraints and its inability to trade on without financial support, I was formally instructed to assist with placing VMS into Administration on 19 January 2017. My first task was to seek a buyer for the business and/or assets of the Company.

Prior to the commencement of the Administration I advised the Board, acting on behalf of VMS, about the Company's financial difficulties and provided advice about the options available to the Company to help determine an appropriate course of action to take. No advice was given to the director regarding the impact of the insolvency of VMS on his personal financial affairs. Whilst not formally in office at that time, I was still required to act in my dealings with the Company in accordance with the Insolvency Code of Ethics.

Ultimately VMS was placed into Administration and I was appointed Administrator. As Administrator I am an officer of the Court and I have taken over the management of the Company from its director.

The purpose of the Administration is to achieve one of the hierarchical statutory objectives, namely to -

- (a) rescue the Company as a going concern, or
- (b) achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or
- (c) realise property in order to make a distribution to one or more secured or preferential creditors

In this instance I believe objective (c) is achievable. More information about the objective the Administrators are seeking to achieve in respect of the Company is set out below.

In order to help me achieve the objective I have a wide range of powers, as set out in the insolvency legislation, and I must perform my functions as quickly and efficiently as is reasonably practicable. I must also act in the interests of the creditors of the Companies as a whole.

Pre-appointment considerations

Prior to the Administration of VMS, I liaised with the director of the Company. The director advised that the Company sat within a group of companies as set out in the background to the proposals.

At some point before my engagement with VMS, the assets of VMS and P8US were subject to a bid by the Offeror. The Offeror was keen to move quickly to avoid the dissipation of value in the P8US and VMS assets since he was aware the parent company, AG, was about to enter insolvency proceedings in Germany.

The bid for the VMS assets was a significant bid and had the full support of Kreos. Kreos was equally keen to address the bid quickly so as not to see it fall away.

Notwithstanding the existence of the bid, in my capacity as advisor to the Board and in conversation with the Offeror and Kreos, it was made clear that the Board could not accept an offer for the assets of the Company as an insolvent company without first marketing the business and / or assets for sale to a wider audience to demonstrate that the value achievable was appropriate

Accordingly, an accelerated marketing campaign commenced, details of which are to be found later in this report

Ultimately, the Offeror withdrew its bid for the VMS assets at the last minute and the business and certain assets were sold to a connected party as set out later in this report

The Company operated from two leasehold premises at 24 Maddox Street, London. The leases on the premises are held in the name of P8UK and so are not in the control of the Company

The following matters were considered prior to achieving the pre-packaged sale outlined in this statement

Requests to funders for continued financial support

Since the acquisition of VMS by AG, and the purported transfer of the P8UK business to it in the summer of 2016, the Company had been the recipient of funding from AG to enable it to continue to trade. As noted above, as AG was about to enter insolvency proceedings in Germany, it was unable to provide further financial support to the Company. The other principal trading company in the group, P8US, was also a recipient of financial support and did not have funds to enable the continued trading of VMS.

The original investors into the Company were approached for funding by the director, but I understand were not willing to invest further sums.

Consulting with creditors

The Company's sole secured creditor was not willing to fund VMS but was willing to support the Offeror's bid for the Company's assets.

VMS' majority unsecured creditor was AG, for the finance it gave the Company, and it was unable to continue funding it.

There were no other major creditors of the Company to consult. We understand HM Revenue & Customs was paid up to date save for a month's PAYE and NIC deductions.

Consideration to trade in Administration

I considered trading the Company whilst in Administration in order to market the business for a longer period, in anticipation this may achieve better realisations. However, given the relatively modest interest in the opportunity from the pre-administration marketing (see below) and the requirement to carry out a quick sale, there was no guarantee trading would generate further interest.

The predominant assets of VMS related to intellectual property. The Company had many domains registered in its name and a website through which it generated the bulk of its business. The reputational nature of the Company's business meant any value in the intellectual property would likely diminish in the event the business was marketed for sale whilst in Administration.

Furthermore, the Company's operating costs were such that, in the absence of any funding available to support working capital requirements, it was not deemed financially viable to trade in Administration.

Previous Sales

To the best of the Administrators' knowledge, the Company's business and or assets had not been acquired from an insolvency practitioner within the last 24 months

Other considerations

Kreos has been granted a fixed and floating charge over the Company's assets. The charge was created on 15 September 2015 and registered on 16 September 2015.

As Administrator of the Company the pre-packaged sale of the assets enables me to achieve objective (c) set out above, as the realisations made have enabled me to make a distribution to the secured creditor on account of its fixed charge.

I can also confirm that the outcome achieved as a result of the pre-pack sale was the best available outcome for creditors of the Company as a whole in all the circumstances of the case and that it did not unnecessarily harm the interests of the creditors of the Company as a whole.

Comparison of outcomes and other procedures

The various courses of action that ReSolve considered were as follows:

Do Nothing

It was not feasible for the Company to do nothing and continue to trade. The Company had cash flow difficulties as it could no longer rely on parent funding. As this funding was not forthcoming, the business was at significant risk of trading at a loss and a swift decision on its future needed to be taken by the director. There was mounting pressure from a number of trade creditors particularly in respect to the London Week event that had not delivered the expected returns in the autumn of 2016.

By doing nothing, the Company's director could also have been at risk from potential wrongful trading actions, by continuing to incur credit without being able to pay.

Company Voluntary Arrangement

The option of a company voluntary arrangement (CVA) was dismissed. It was unlikely the Company would have had time to consider and implement a CVA outside of Administration before enforcement action was taken by creditors. Furthermore, there was no available source of additional funding, which would have been required to trade.

Scheme of Arrangement

A Scheme of Arrangement requires the input of the members of the Company and is a complicated and expensive procedure. The Company would have ended up with the same issues with a formal arrangement as above.

Creditors' Voluntary Liquidation

Creditors' voluntary liquidation (CVL) was considered to be a procedure which would damage the prospect of maximising realisations. In a CVL scenario the Company would have likely ceased trading, thereby reducing the opportunity to sell the Company's business.

In addition, the primary asset of the Company is the value in the intellectual property of the business, which would likely have been significantly compromised in a liquidation scenario.

Pre-packaged Administration

In light of the above, the Administrators considered that a pre-packaged Administration sale of Company's business and/or assets would result in the best outcome for creditors and therefore satisfy objective (c) of Administration, to realise property in order to make a distribution to one or more secured or preferential creditors

A pre-packaged Administration would preserve the value in the Company's intangible assets and provide the best opportunity to maximise realisations for the creditors as a whole. A swift decision was necessary given the loss making nature of the Company

Had VMS been placed directly into liquidation, the likely value of the Company's assets would have been limited to any cash balances and the ex-situ value of the Company's plant and equipment, which total £4,200 and £1,500 respectively

Marketing of the business and assets

On 19 January 2017, the date of our engagement with the Company, a teaser and non-disclosure agreement were circulated to 131 potentially interested parties from the ReSolve database of financial investors, venture capitalists and private equity houses known to have an interest in the distressed sector

In addition, the opportunity was marketed for sale on IP-Bid com, an online portal of distressed businesses for sale used by many insolvency practitioners. This is the principal place to register interest in distressed businesses and was appropriate in the circumstances of this case

The marketing was carried out in an accelerated timeframe because of the Company's inability to continue to trade without financial support, the existence at the time of the bid from the Offeror for the business and assets of the Company (who required a swift conclusion to the sale process to ensure value was not diminished), and the support from all relevant stakeholders for a quick sale. The bid from the Offeror was worthy of serious consideration but it was clear to all that the marketing needed to take place to assess whether other potentially interested parties existed that could offer more for the business

The principal assets of the Company happen to be intangible, being domain names and a website, and so the stakeholder with the largest vested interest in any sale of the business and assets was Kreos

Having marketed the business to a range of distressed investors and private equity houses as well as advertising on IP-Bid com, the Administrators felt that they had performed a significantly wide campaign in order to achieve the best price in the timeframe available. An initial deadline for indicative offers was set for 12 noon on 23 January 2017

Three interested parties came forward via IP-Bid com and were provided with the NDA to sign. One party from the ReSolve database signed an NDA but ultimately withdrew its interest. No new offer was therefore received for the business or assets

The Offeror's pre-existing bid for the Company's business and assets was passed to our agent, Lambert Smith Hampton (LSH) for its comments

LSH had previously attended the Company's premises to assess the value of the Company's assets. LSH recommended acceptance of the offer given the circumstances and the marketing undertaken

Sale contracts were drafted, circulated to all parties and, following a period of negotiation, finalised in anticipation of a sale completion before the end of January 2017

Regrettably, having just completed on the acquisition of the P8US assets in the US, the Offeror withdrew its bid for the business and assets of the Company as it claimed it was unable to obtain appropriate assurances from the management information provided

At this stage, in the knowledge that a swift sale and purchase was necessary, the director of VMS approached me with a view to submitting an offer for certain of the assets of the Company through a connected entity

In the absence of any other interest I progressed the director's offer and details of the offer were passed to LSH for its comments

LSH duly recommended acceptance of the offer and a sale of certain assets of VMS completed on 13 February 2017 To be clear, the Offeror is not connected to the purchasing entity

Further details of the purchaser, offer and sale are detailed below

Valuation of the business and assets

LSH was instructed to provide a valuation of the Company's assets LSH is a firm of chartered surveyors, regulated by the Royal Institution of Chartered Surveyors and confirmed it had no conflict of interest in acting in this matter and holds adequate professional indemnity and fidelity insurance

LSH has provided a valuation on two bases, in-situ and ex-situ (based on a three month marketing period) The former represents the value placed on the asset if sold within the workplace as part of a going concern sale The latter represents the value if the assets are removed for sale Both valuation bases are exclusive of the costs of the sale

For ease of comparison, the consideration paid for each asset category has also been disclosed next to each valuation

Asset category	Valuation (£)		Consideration Received (£)
	In-situ	Ex-situ	
Intellectual property	-	-	114,999
Goodwill	-	-	1
Loose plant and equipment	3,000	1,500	5,000
TOTAL	3,000	1,500	120,000

Whilst no value was specifically attributed to goodwill and other intangible assets sold, LSH was satisfied that the price paid represented the demand for that asset In the time available a valuation of the intellectual property and goodwill could not be carried out by LSH The books of the Company carried goodwill and intellectual property at a value of circa £55,000 at the end of November 2016 and the demand for these assets was low following the marketing campaign It was also acknowledged that the director's experience in performing private treaty sales for the Company formed part of the intangible value attributed to the assets being sold

The director confirmed that his offer through a connected entity was on the basis he would not be willing to work for anyone else

Given that there were no other offers for the assets of the Company, the director had indicated he would not be willing to work for anyone else and was a key asset, and time was of the essence, LSH recommended the offer as the best offer in the circumstances

It should be noted the following assets, amongst others, were excluded from the sale of certain of the assets

- Cash balance, estimated to be £4,200
- Any debtor balances and pre-payments, current realisable value unknown, and
- Residual assets located at 24 Maddox Street, value estimated to be negligible after taking costs of removal and sale into account

The transaction

On 13 February 2017, shortly following my appointment as Administrator, certain assets of the Company were sold to VMS Grosvenor Limited (company number 10611203) for £120,000 plus VAT The consideration was received in full on completion

The sale apportionment was outlined above

VMS Grosvenor Limited has also taken on three members of staff of the Company

Patrick van der Vorst, director of the Company, is also a director of VMS Grosvenor Limited and has a controlling interest in VMS Grosvenor Limited

An anti-embarrassment clause was discussed with the purchaser, but was not ultimately included in the sale agreement. This was because the beneficiary of proceeds payable under such a clause in this case would be Kreos. I understand Kreos had separately agreed anti-embarrassment terms with the purchaser and this clause was not therefore considered necessary.

Connected Party Transactions

As indicated above, the purchaser of the business and assets of the Company is a connected party. Connected party purchasers are encouraged to, but are not required to, approach what is known as the pre-pack pool, an independent group of suitably qualified and experienced individuals, in order to obtain their opinion on the pre-pack transaction. The connected party purchaser has to pay £800 to the pre-pack pool for them to provide this opinion.

In this instance I made the purchaser aware of the existence of the pre-pack pool and I understand that the connected purchaser has chosen not to approach the pre-pack pool for their opinion on the pre-pack sale.

Connected party purchasers are also encouraged to, but are not required to, prepare a viability statement indicating how their business will survive for at least 12 months from the date of the purchase, and detailing what they will do differently from the Company in Administration in order that the business will not fail.

In this instance, whilst I requested that the connected purchaser prepare a viability statement, my understanding is that one has not been prepared.

Conclusion

I confirm that the sale price achieved, and also the outcome, was the best available outcome for creditors of the Company as a whole in all the circumstances of the case and that the pre-pack sale achieves the statutory purpose of the Administration that I am seeking to achieve in respect of the Company.

The sale has allowed for

- The realisation of the intellectual property of the Company which would otherwise have been negligible in the event of liquidation
- A distribution to the Company's secured creditor
- The safeguarding of three employee jobs, and
- LSH has recommended the sale consideration received exceeds the in situ valuation of the Company's assets

The transaction enables the statutory purpose of Administration to be achieved (objective c) and the sale price achieved was the best reasonably obtainable in all the circumstances. Accordingly, it is the Administrators' opinion that a pre-packaged Administration was the best approach for the Company.

APPENDIX III

ESTIMATED FINANCIAL POSITION

	Book Value £	Estimated to realise £
Fixed charge assets		
Intellectual property	2,520	114,999
Goodwill	-	1
Less Kreos Capital Iv (Luxembourg) S A R L	(5,500,000)	(5,500,000)
Surplus/shortfall to fixed charge creditors	<u>(5,497,480)</u>	<u>(5,385,000)</u>
Floating charge assets		
Plant and equipment	47,635	5,000
Cash balances	8,743	4,259
Debtors	1,150	-
Other receivables	52,045	-
Estimated net property	<u>109,573</u>	<u>9,259</u>
Preferential creditors		
Employees arrears of wages and holiday pay		(25,101)
Estimated surplus/(deficit) as regards preferential creditors		<u>(15,842)</u>
Estimated prescribed part of net property where applicable (carry forward)		-
Estimated total assets available for floating charge holders		<u>(15,842)</u>
Debts secured by floating charges (b/f from fixed charge shortfall)		(5,385,000)
Estimated surplus/(deficit) of assets after floating charges		<u>(5,400,842)</u>
Estimated prescribed part of net property where applicable (brought down)		-
Total assets available to unsecured creditors		<u>(5,400,842)</u>
Unsecured non-preferential creditors		
Trade creditors	(141,283)	
Employee claims	(45,498)	
Investor claims	(1,092,622)	
HM Revenue & Customs	Unknown	
		<u>(1,279,403)</u>
Estimated deficiency as regards unsecured creditors		<u>(6,664,403)</u>
Issued and call up capital		
Ordinary Shares		(1,260,166)
Estimated total surplus / (deficiency) as regards members		<u><u>(7,924,569)</u></u>

Source Estimated figures provided by management and Company's management accounts

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SUMMARY OF CREDITORS

	ADDRESS	AMOUNT OF DEBT (£)
SECURED CREDITORS		
Kreos Capital Iv (Luxembourg) S A R L	9A Boulevard Prince Henri L-1724 Luxembourg	5 500,000
		<u>5,500,000</u>

PREFERENTIAL CREDITORS

Nicolas Gilton	Redacted	
Shea Goli	Redacted	
Soulana Grigoroglou	Redacted	
William Hughes	Redacted	
Sarah Kobiasvili Fysh	Redacted	
Sarah McLean	Redacted	
Natasha Mendelsohn	Redacted	
Clare Reid	Redacted	
Sophie Salamon	Redacted	
Jenny Shepherd	Redacted	
Louisa Strahl	Redacted	
Edita Zulic	Redacted	
		<u>25,101</u>

UNSECURED CREDITORS

Nicolas Gilton	Redacted	
Shea Goli	Redacted	
Soulana Grigoroglou	Redacted	
William Hughes	Redacted	
Sarah Kobiasvili Fysh	Redacted	
Sarah McLean	Redacted	
Natasha Mendelsohn	Redacted	
Clare Reid	Redacted	
Sophie Salamon	Redacted	
Jenny Shepherd	Redacted	
Louisa Strahl	Redacted	
Edita Zulic	Redacted	

Balancing employee claims 45 498

1607 Experts	Various	5
1611 Experts	Various	10
Alix de Tourquat	Redacted	6 438
Daniel Budnik	Redacted	408
Direct Photographic	200-202 Hercules Road Waterloo London SE1 7LD	244
Door to Door Services	PO Box 1054 Newark 07101 United States	1 305
Fuller Spurling	Patrick G Hope Mill House 58 Guildford Street Chertsey Surrey KT16 9BE	3 420
G4SI	13 The Tramsheds, Coombe Way Croydon London CR0 4TQ	46 966
Gibson Antiques Ltd	Flat 7 Georgian House, 10 Bury Street St James's, London SW1Y 6AA	979
Grouptree	Cleanwater Yard 35 Inverness Street, London NW1 7HB	1,284
HM Revenue and Customs	Dumington Bridge House Barrington Road, Worthing West Sussex BN12 4SE	Unknown
HM Revenue and Customs	The Legal Recovery Unit 5th Floor Regian House James Street Liverpool L75 1AD	Unknown
HSBC Bank PLC	Customer Credit Services, PO Box 8277 Coventry CV3 9JS	25 604
ImagesIndia Dotnet (P) Limited	216-A/1, Gautam Nagar New Delhi Delhi 110049 India	43
Irena Rogers	Irena Rogers Flat1 Nettleden House Cale Street London SW3 3RB	2 000
Jessica van den Brand	Redacted	1 700
Lord & Du Plooy	Redacted	1,124
Malca Amit	Redacted	10 985
Martinspeed	Flat1 Nettleden House Cale Street London, SW3 3RB	1 604
Mayfair Diamonds	Dartmouth House Mayfair London W1J 5ED	1,447
Mishcon de Reya LLP	Africa House 70 Kingsway London WC2B 6AH	1 965
PHA Media	Hammer House 117 Wardour Street London W1F 0UN	1,000
RSV STUDIOS	89 Torvill Drive Wollaton Nottingham NG8 2BR	970
Regency Shipping	Unit 15 Trident Industrial Estate Blackthorne Rd Coinbrook Berkshire SL3 0AX	852
Robert Boys Shipping	100 Vale Road London N4 1PT	996
Statesman Travel	Jacky Kemech Senator House 85 Queen Victoria Street London EC4V 4AB	21 650
Studio Hamburg Media Consult International	Unit 5 Chessington Trade Park Cox Lane, Chessington Surrey KT9 1TW	640
The Garden Catering Ltd	Ottostrasse 5 Dingolfing 84130, Germany	702
Thomasmedia Bewegtbild	1 Canada Square Canary Wharf London E14 5AA	3 171
Newland Chase	Unknown	1,170
Wells Furrer	Unknown	2,603
		<u>186,781</u>

INVESTOR CLAIMS

D Meaden and T Paphitis	Redacted	337 594
Auctionata Paddle8 AG	Franklinstrasse 13, 10587 Berlin Germany	755 028
		<u>1,092,622</u>

APPENDIX IV

RECEIPTS AND PAYMENTS ACCOUNT

FOR THE PERIOD 13 FEBRUARY 2017 TO 17 FEBRUARY 2017

	Estimated financial position	Period 13 02 17 to 17.02 17
	£	£
FIXED CHARGE RECEIPTS		
Intellectual property	114,999	114,999
Goodwill	1	1
		<u>115,000</u>
FIXED CHARGE PAYMENTS		
Distribution to secured creditor		<u>(19,500)</u>
		<u>(19,500)</u>
TOTAL		<u>95,500</u>
FLOATING CHARGE RECEIPTS		
Cash balances	4,259	4,259
Plant and equipment	5,000	5,000
Debtors		-
Prepayments		-
		<u>9,259</u>
FLOATING CHARGE PAYMENTS		
-		-
		<u>-</u>
TOTAL		<u>9,259</u>
REPRESENTED BY		
ReSolve client account		101,759
Solicitor's client account		27,000
VAT payable		(24,000)
TOTAL		<u>104,759</u>

APPENDIX V

ADMINISTRATORS' CHARGE OUT RATES, FEES ESTIMATE, DISBURSEMENT POLICY AND NARRATIVE

Joint Administrators' charge out rates

The Joint Administrators are seeking to be remunerated on a time cost basis. Charge-out rates used are appropriate to the skills and experience of a member of staff and the work that they perform. Time is recorded in 6 minute units. Narrative is recorded to explain the work undertaken and the time spent is analysed into different categories of work.

This document provides an estimate as to how much time the Administrators and their staff will spend undertaking specific tasks, and the costs of undertaking such work. The estimated time that will be spent undertaking the work in each category of work has been multiplied by the applicable charge out rate for each member of staff that it is anticipated will undertake work in that category to arrive at the estimated total time costs attributable to that category of work.

The estimated costs have been divided by the estimated hours required to arrive at an average hourly charge out rate for that category of work. The hourly charge-out rates used on this case are as follows:

Staff grade	Rate per hour (£)
Principal	510
Director	415
Senior Manager	395
Manager	340
Assistant Manager	305
Senior Administrator	255
Administrator	195
Junior Administrator	145

Secretarial and support staff are not charged to the cases concerned, being accounted for as an overhead of ReSolve Partners Limited.

Fees estimate

ADMINISTRATION AND PLANNING (Note 2)	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work (£)	Average charge out rate (£)
Description of the tasks to be undertaken in this category of work			
Case planning and monitoring			
Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case	3 00	1,130 00	
Setting up physical/electronic case files (as applicable)	1 00	255 00	
Setting up the case on the practice's electronic case management system and entering data	2 00	510 00	
Undertaking periodic reviews of the progress of the case	3 00	765 00	
Overseeing and controlling the work done on the case by case administrators	2 00	790 00	
Reporting to creditors			
Preparation of SIP 16 (delete if not applicable)	11 00	3 680 00	
Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment (as applicable)	4 00	1,105 00	
Preparation of proposals	16 00	4,870 00	
Convening and holding general meetings of creditors and members (as applicable)	-	-	
Preparing reviewing and Issuing annual progress reports to creditors and members (as applicable)	7 50	2,350 00	
Preparing, reviewing and issuing final reports to creditors and members (as applicable)	7 50	2,350 00	
Compliance matters			
Obtaining a specific penalty bond	0 50	127 50	
Reviewing the adequacy of the specific penalty bond on a quarterly basis	1 00	255 00	
Correspondence with creditors			
Dealing with all routine correspondence and emails relating to the case	6 00	1,700 00	
Cashiering			
Opening, maintaining and managing the office holder's estate bank account (delete if not applicable)	1 00	255 00	
Creating, maintaining and managing the office holder's cashbook	1 00	255 00	
Undertaking regular bank reconciliations of the bank account containing estate funds	1 00	255 00	
Filing documents with Companies House / Court			
Filing returns at Companies House and/or Court (as applicable)	2 50	707 50	
Filing final returns at Companies House and/or Court (as applicable)	1 50	452 50	
General administration			
Arranging suitable insurance over assets	3 00	850 00	
Regularly monitoring the suitability and appropriateness of the insurance cover in place	1 50	425 00	
Preparing and filing VAT returns (delete if not applicable)	3 50	1 105 00	
Preparing and filing Corporation Tax returns (delete if not applicable)	1 00	255 00	
Seeking closure clearance from HMRC and other relevant parties	1 00	255 00	
Total	81 50	24,702 50	303 10

INVESTIGATIONS (Note 3)

Description of the tasks to be undertaken in this category of work			
D return preparation			
Preparing a report or return on the conduct of the directors as required by the Company Directors Disqualification Act (delete if not applicable)	7 00	2,010 00	
General investigation			
Recovering the books and records for the case	0 50	127 50	
Listing the books and records recovered	1 00	255 00	
Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties such as the bank, accountants, solicitors, etc	3 50	1 047 50	
Other investigation			
Reviewing books and records to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors	3 00	905 00	
Total	15 00	4,345 00	289 67

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	Estimated time to be taken to undertake the work	Estimated value of the time costs to undertake the work (£)	Average charge out rate (£)
REALISATION OF ASSETS (Note 4)			
Description of the tasks to be undertaken in this category of work			
Book debt recoveries			
Corresponding with debtors and attempting to collect outstanding book debts	9 00	2 745 00	
Liaising with the bank regarding the closure of the account	1 50	425 00	
Sale of business / assets			
Instructing agents to value business assets	0 50	197 50	
Liaising with agents to realise assets	5 50	1,840 00	
Instructing solicitors to assist in the realisation of assets	1 00	395 00	
Total	17 50	5,602 50	320 14
CREDITORS (note 5)			
Description of the tasks to be undertaken in this category of work			
Employees			
Obtaining information from the case records about employee claims	8 00	2 295 00	
Completing documentation for submission to the Redundancy Payments Office	6 50	1 897 50	
Corresponding with employees regarding their claims	6 00	1,700 00	
Liaising with the Redundancy Payments Office regarding employee claims	1 00	255 00	
Unsecured creditors			
Dealing with creditor correspondence, emails and telephone conversations regarding their claims	12 00	3,510 00	
Maintaining up to date creditor information on the case management system	2 00	510 00	
Secured creditors			
Liaising with secured creditors	8 00	2 745 00	
Claim agreement and distributions			
Distributions to secured creditors	7 00	2 095 00	
Total	50 50	15,007 50	£297 18
Total time costs and hours	164 50	49,657 50	£301 87

Note 1 This estimate has been provided to creditors at an early stage in the administration of the case and before the office holder has full knowledge of the case. Whilst all possible steps have been taken to make this estimate as accurate as possible, it is based on the office holder's current knowledge of the case and their knowledge and experience of acting as office holder in respect of cases of a similar size and apparent complexity. As a result, the estimate does not take into account any currently unknown complexities or difficulties that may arise during the administration of the case. If the time costs incurred on the case by the office holder exceed the estimate, or is likely to exceed the estimate, the office holder will provide an explanation as to why that is the case in the next progress report sent to creditors. Since the office holder cannot draw remuneration in excess of this estimate without first obtaining approval to do so, then where the office holder considers it appropriate in the context of the case, they will seek a resolution to increase the fee estimate so that they will then be able to draw additional remuneration over and above this estimate.

Note 2 Administration and planning - This represents the work that is involved in the routine administrative functions of the case by the office holders and their staff.

Note 3 Investigations - The insolvency legislation gives the office holders powers to take recovery action in respect of what are known as antecedent transactions, where assets have been disposed of prior to the commencement of the insolvency procedure. An initial investigation determines whether there are potential recovery actions for the benefit of creditors and the time costs recorded represent the costs of undertaking such an initial investigation. If potential recoveries or matters for further investigation are identified then the office holders will incur additional time costs to investigate them in detail and to bring recovery actions where necessary. The office holder is unable to quantify the benefit to creditors of these investigations at present but will include such information in their statutory report to creditors once the position is clear. The office holder is also required by legislation to report to the Department for Business, Innovation and Skills on the conduct of the directors and the work to enable them to comply with this statutory obligations is of no direct benefit to the creditors, although it may identify potential recovery actions.

Note 4 Realisation of Assets - This is the work that needs to be undertaken to realise the known assets in the case.

Note 5 Creditors - **Employees** - The office holders need to deal with the ex-employees in order to ensure that their claims are processed appropriately by the Redundancy Payments Office (RPO). That work will include dealing with queries received from both the ex-employees and the RPO to facilitate the processing of the claims. The office holders are required to undertake this work as part of their statutory functions. **Claims of creditors** - the office holders need to maintain records of the names and addresses of creditors together with the amounts of their claims to ensure notices and reports can be issued to the creditors. The office holders will also have to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holders are required to undertake this work as part of their statutory functions. **Dividends** - the office holders have to undertake certain statutory formalities in order to enable them to pay a dividend to creditors. This includes writing to all creditors who have not lodged proofs of debt and reviewing the claims and supporting documentation lodged by creditors in order to formally agree their claims, which may involve requesting additional information and documentation from the creditors.

Disbursement policy

Separate charges are made in respect of directly attributable expenses (Category 1 disbursements) such as travelling (non-mileage), postage, photocopying, statutory advertising and other expenses made on behalf of the assignment

Indirect charges (Category 2 disbursements) require separate approval and the basis of charging these is as follows

- Photocopying 20 pence per sheet
- Mileage 45 pence per mile

Narrative of work carried out

Administration and Planning

- Preparing documentation required and dealing with all routine correspondence
- *Maintaining case files and electronic case details on Insolv*
- Review of records
- Case planning and Administration
- Maintaining and managing the Administrators' cashbook and bank account
- Notified insurers upon appointment
- Dealing with the formalities of appointments
- Case bordereau
- Ensuring statutory lodgements are made
- Preparation of proposals to all known members and creditors, including notification of our appoint as Administrators

Creditors

- Dealing with creditor correspondence and telephone conversations
- Liaising with employees and the Redundancy Payments Service with regards to employee claims, and
- Maintaining creditor information on Insolv

Investigations

- Review of books and records, and
- Correspondence with director

Realisation of Assets

- Liaising with the Company's bank regarding the closure of the account and to arrange a transfer of cash at bank into the Administration account
- Completed the sale of the Company's assets to the Purchaser

APPENDIX VI

SCHEDULE OF POST-APPOINTMENT TIME COSTS

	PRINCIPAL / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration & Planning									
Case planning / monitoring			0.40	136.00	0.60	153.00	1.00	289.00	289.00
General administration					3.20	816.00	3.20	816.00	255.00
Statutory paperwork / form completion	2.60	1,326.00	2.50	850.00	2.00	510.00	7.10	2,686.00	378.31
Reporting to creditors			5.00	1,700.00			5.00	1,700.00	340.00
	2.60	1,326.00	7.90	2,686.00	5.80	1,479.00	16.30	5,492.00	336.87
Creditors									
Unsecured	1.10	561.00			0.40	102.00	1.50	663.00	442.00
Employees			0.70	238.00	2.40	612.00	3.10	850.00	274.19
	1.10	561.00	0.70	238.00	2.80	714.00	4.60	1,513.00	328.91
Investigations									
General investigation					1.00	255.00	1.00	255.00	255.00
					1.00	255.00	1.00	255.00	255.00
Realisation of Assets									
Sale of business / assets	-				0.40	102.00	0.40	102.00	255.00
Other assets					0.20	51.00	0.20	51.00	255.00
					0.60	153.00	0.60	153.00	255.00
Total hours and cost	3.70	1,887.00	8.60	2,924.00	10.20	2,601.00	22.50	7,412.00	329.42

APPENDIX VII

SCHEDULE OF PRE-APPOINTMENT TIME COSTS

	PRINCIPAL / DIRECTOR		MANAGER		OTHER SENIOR PROFESSIONAL		TOTAL		AVERAGE RATE
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)
Pre Appointment	66.50	33,915.00	60.80	23,317.50	7.00	1,785.00	134.30	59,017.50	439.45
	66.50	33,915.00	60.80	23,317.50	7.00	1,785.00	134.30	59,017.50	439.45

APPENDIX VII

PROOF OF DEBT – GENERAL FORM

PADDLE8 AUCTIONATA LIMITED - (IN ADMINISTRATION)	
Date of administration 13 February 2017	
1	Name of creditor (If a company please also give company registration number)
2	Address of creditor for correspondence
3	Total amount of claim, including any Value Added Tax and outstanding un-capitalised interest as at the date the company went into administration
4	Details of any documents by reference to which the debt can be substantiated (Note There is no need to attach them now but the administrators may call for any document or evidence to substantiate the claim at his discretion as may the chairman or convenor of any meeting)
5	If amount in 3 above includes outstanding un-capitalised interest please state amount
6	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)
7	Particulars of any security held, the value of the security, and the date it was given
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates
9	Signature of creditor or person authorised to act on his behalf
	Name in BLOCK LETTERS
	Position with or in relation to creditor
	Address of person signing (if different from 2 above)
For Administrators' Use only	
Admitted to vote for	Admitted for dividend for
£	£
Date	Date
Joint Administrator	Joint Administrator