



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

1 Company details

Company number 0 7 1 9 3 6 7 2

Company name in full Inclarity Communications Ltd.

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Richard

Surname Keley

3 Administrator's address

Building name/number 82 St John Street

Street

Post town

London

County/Region

Postcode

E C 1 M 4 J N

Country

4 Administrator's name ①

Full forename(s) Andrew

Surname Pear

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 82 St John Street

Street

Post town

London

County/Region

Postcode

E C 1 M 4 J N

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 1	^d 7	^m 1	^m 1	^y 2	^y 0	^y 2	^y 2
To date	^d 1	^d 6	^m 0	^m 5	^y 2	^y 0	^y 2	^y 3

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X *n Kelley*

X

Signature date

^d 1	^d 5	^m 0	^m 6	^y 2	^y 0	^y 2	^y 3
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**Presenter information**

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

Contact name **Fern Taylor**

Company name **Moorfields**

Address **82 St John Street**

Post town **London**

County/Region

Postcode **E C 1 M 4 J N**

Country

DX

Telephone **020 7186 1144**

**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

In the High Court of Justice, Business and Property Courts of England & Wales
Reference No. CR-2022-004243

Inclarity Communications Ltd.
(In Administration)

The Joint Administrators' First Progress Report to 16 May 2023

15 June 2023

Richard Keley
Andrew Pear

Moorfields
82 St John Street, London, EC1M 4JN
0207 186 1151
fern.taylor@moorfieldscr.com

This report has been prepared for the sole purpose of updating the creditors for information purposes. 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 updating them for information purposes, or by any other person for any purpose whatsoever.

Richard Keley and Andrew Pear were appointed Joint Administrators of Inclarity Communications Ltd. on 17 November 2022. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

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1. EXECUTIVE SUMMARY

This is the Joint Administrators' first progress report for the period 17 November 2022 to 16 May 2023 ("the Review Period").

The Company entered Administration on 17 November 2022 and Richard Keley and Andrew Pear, both Licensed Insolvency Practitioners of Moorfields Advisory Limited ("Moorfields"), were appointed to act as Joint Administrators.

This report should be read in conjunction with the Joint Administrators' Statement of Proposals ("the Proposals") circulated to all known creditors on 13 January 2023. There has been no major deviation from the strategy as proposed.

To date fees of £100,000 have been drawn in respect of the Administration and £19,328 in relation to the pre-Administration period. Further information regarding fees is given in Section 5.

Dividend prospects are as follows:

Creditor class	Distribution / dividend paid to date	Anticipated distribution / dividend
Fixed charge creditors	-	100p/£
Floating charge creditors	-	N/a
Preferential creditors	-	100p/£
Secondary Preferential creditors	-	Uncertain
Unsecured creditors	-	0p/£

Statutory information relating to the Company and the Joint Administrators' appointment is attached at Appendix I.

2. THE PROGRESS OF THE ADMINISTRATION

2.1 The Joint Administrators' Receipts and Payments Account

Attached at Appendix II is a receipts and payments account for the Review Period.

Receipts and payments are shown net of VAT throughout this report and appendices, unless otherwise stated.

For a detailed list of work undertaken by the Joint Administrators in the Review Period, see Appendix V.

Administration (including statutory reporting)

The Joint Administrators have met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the administration, which has ensured that the Joint Administrators and their staff have carried out their work to high professional standards.

During the Review Period, primarily these tasks have included:

- Informing all relevant persons of the commencement of the Administration, including filing statutory documents at Companies House and meeting statutory advertising requirements;
- Issuing the Joint Administrators' Proposals, seeking relevant creditors' approvals and issuing notice of the outcome;
- Drafting and issuing this progress report to creditors;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Joint Administrators that materially affect the administration;
- Monitoring and maintaining an adequate statutory bond;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements;
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments.

2.2 Trading

The Administrators are in the process of collecting trading debtors and paying supplier liabilities undertaken. The future value of net trading receipts is currently expected to broadly break even. Trading receipts relate to revenue generated from 17 November 2022 to 13 December 2022 ("the Trading Period"), and will consist of a proportion of November 2022, December 2022 and January 2023 dated customer invoicing. Trading expenses relate to undertakings given to certain suppliers for services received from 17 November to 13 December 2022.

Trading Receipts

£105,586 (net of VAT) has been realised to date with a further £34,814 (net of VAT) outstanding although the process of issuing credit notes for services which it transpires had ceased is not yet complete (discussed in more detail below).

Receipts owed to the Buyer

A proportion of customer receipts received for December 2022 and January 2023 dated invoices has been allocated to receipts due to the Buyer, which will be transferred to the Buyer in full once the debtor collection and reconciliation exercise is complete.

To date, £173,940 (gross) has been received and allocated under this heading, £50,000 of which has been transferred to the Buyer.

Sub-Contractors

Payments totalling £17,024 were paid to Kingsgate Square Mile Ltd which, via John Tiernan, provided interim Directorship services as all other directors had resigned prior to the appointment of Administrators. Mr Tiernan stepped back from the business upon its sale and resigned as a director on 20 December 2022.

Joel Jacobs at Wickham Everett Limited is engaged to bring customer billing up to date, provide ongoing reconciliation of the debtors' position and credit control, in addition to assisting with the marketing process and providing general information. To date, Wickham Everett Limited has been paid £42,900.

Once the debtor reconciliation is complete, a proportion of costs paid to Kingsgate Square Mile Ltd and Wickham Everett Limited will be allocated to non-trading costs as these costs also relate to placing the Company into Administration and assisting with the book debt collection process.

Direct Expenses

Payments totalling £1,839 were paid to the Company's employees to reimburse them for business related costs required to trade the business in Administration.

Wages

The Company's employees were retained to maintain business continuity and have been paid wages for November 2022 totalling £25,405 (net). As per the business sale terms, the Administrators also paid December wages due up to the date of the sale totalling £16,096 (net).

Sales Commission

A third-party company offering IT support and solutions to small businesses has been paid £441 in respect of a sales commission based on receipts received during the Trading Period.

Suppliers

Suppliers have been paid £54,927 to date for services provided during the Trading Period. The Administrators continue to work alongside the Buyer to novate supplier contracts, and estimate a further £25,073 remains payable to suppliers.

Payroll

The Company's payroll provider has been paid £373 to prepare and issue payslips and P45's to the Company's employees during the Trading Period.

PAYE/NIC

The Administrators have paid PAYE and employer's NIC on the wages above totalling £6,348 and £8,179 respectively.

Pension Contributions

The Administrators paid pension contributions to Nest totalling £1,682 for the Trading Period.

2.3 Realisation of Assets

Realisations from the date of our appointment to 16 May 2023 are set out in the attached receipts and payments account at Appendix II.

This includes the receipts and payments for the Trading Period.

Summaries of the material realisations to date are provided below.

Sale of the Company's Business and Assets

As detailed in our Proposals, the Joint Administrators sold the majority of the Company's business and assets for £300,000 to DRD Communications Limited (the "Buyer") on 13 December 2022, with all of the consideration paid on completion.

A summary of the apportionment of the sale consideration is below:

Assets	Security	£
Goodwill	Fixed	294,995
Seller's Records	Fixed	1
Customer Contracts	Fixed	1
Supplier Contracts	Fixed	1
Business Intellectual Property Rights	Fixed	1
Plant & Machinery	Floating	5,000
Stock	Floating	1
Total		<u>300,000</u>

Cash at bank

The Joint Administrators made immediate contact with the Company's bankers in order to freeze the Company's bank accounts and to request the transfer of any credit balances to the Joint Administrators' control. £147,353 has been received in this regard together with a further £98.60 of bank interest.

Book Debts

Billing was not up to date at the Administrators' appointment, therefore, the Administrators have been working alongside the Buyer and engaged one of the former directors as a sub-contractor to facilitate billing, reconcile the debtor position and provide general support to operations.

Customers are billed one month in arrears for calls and one month in advance for services. The Administrators have subsequently established that some customers had paid October 2022 and November 2022 dated invoices pre-administration, which has reduced the Book Debts. In addition, various credit notes are in the process of being raised for 1) ceased services, 2) disruption to services, and 3) compensation requests. The allocation of credit notes against invoices dated October, November and December in 2022 and outstanding debtors for previous periods remains ongoing. As a result, the amount due to the Administration may reduce. Any amounts billed relating to post-sale periods will be allocated and paid to the Buyer.

To date, £257,204 (gross) has been realised with a further £35,363 (gross) outstanding before credit notes are finalised and any bad debts are written off.

Suspense Account

Customer receipts allocated to the suspense account consists of payments allocated to February 2023 dated invoices and onwards which will be transferred to the Buyer once debtors collection and reconciliation is complete.

£50,000 has been transferred to the Buyer under this asset category.

2.4 Estimated Future Realisations

Trading Receipts Trading Account

As the debtor position is not yet up to date, the value of future realisations is currently uncertain, however, based on present information the Administrators estimate trading receipts to total £34,814 (net) before credit notes are finalised and any bad debts are written off.

Book Debts

Book debts relate to revenue generated prior to the administration and will consist of a proportion of October, November and December 2022 customer billing plus any uncollected prior invoicing. The Administrators are in the process of collecting book debts and reconciling the opening position therefore the estimated value of future book debt collection remains uncertain, however, based on present information the Administrators estimate future book debts to total £35,363 (gross). The value of future books debts will be reduced by the credit notes issued, discussed above.

IPv4 Addresses ("**IPv4's**")

The Administrators have engaged Hilco Valuation Services ("Hilco") to value and dispose of the IPv4's. Hilco valued the IPv4's at £300,000. In the business sale agreement the Administrators allowed the Buyer to use the IPv4's for three months (which was extendable by a further month) and have since informally allowed this to be extended until the end of July whereupon the IPv4's can be sold. Hilco have advised that these have a fairly liquid market with a readily identifiable price per address.

The Administrators anticipate paying corporation tax on any trading surplus and potentially a chargeable gain on the sale of goodwill and the IPv4's (subject to external tax advice).

2.5 Sale of Assets to a Connected Party

In accordance with SIP 13, England & Wales, the Joint Administrators confirm that they are not aware of any sales to connected parties in the period of the Administration or in the two years preceding the Administration Order.

3. CREDITORS: CLAIMS AND DISTRIBUTIONS

3.1 Secured Creditors

The Company's secured creditor's debt at the date of the appointment of the Joint Administrators is £127,227. It is anticipated that full repayment to the secured creditor will be possible once the debt and associated security has been verified (this process is ongoing).

3.1 Preferential Creditors

All of the employees transferred to the Buyer as part of the business sale however we recently received an unpaid contributions schedule from the pension provider which we are reviewing.

It is anticipated that a dividend will be paid to preferential creditors however the timing and quantum of any dividend is dependent on the Administrators' review on the validity of the pension provider's claim.

3.2 Secondary Preferential Creditors

In any insolvency process starting from 1 December 2020, HM Revenue & Customs ("HMRC") is a secondary preferential creditor for the following liabilities:

- VAT
- PAYE Income Tax
- Employees' NIC
- CIS Deductions
- Student Loan Deductions

This will mean that, if there are sufficient funds available, any of the above amounts owed by the Company will be paid after the preferential creditors have been paid in full.

Secondary Preferential claims relating to VAT, PAYE, employees' NIC deductions and student loan deductions were estimated at £862,339 in the Director's Estimated Statement of Affairs. HMRC has submitted a claim in the sum of £1,020,280, which the Joint Administrators have not yet adjudicated.

We expect there will be sufficient funds available to pay a modest distribution to secondary preferential creditors.

3.3 Prescribed Part

Section 176A of the Act requires Administrators to make a prescribed part of the company's net property, which is the balance remaining after discharging the preferential claims but before paying the floating charge-holder, available for the partial satisfaction of unsecured debts.

The Company granted fixed and floating charges to Dameon Holdings Limited on 23 July 2015, and therefore the Prescribed Part would usually apply.

However, in this case it is anticipated that the Prescribed Part provision will not apply as it is likely that the secured creditor will be paid in full under its fixed charge so there would be no residual liability due under its floating charge.

3.4 Unsecured Creditors

Unsecured creditor claims were estimated at £203,940 in the Director's Estimated Statement of Affairs. To date, the Joint Administrators have received claims totalling £498,220.

We do not expect a distribution to be available to unsecured creditors in this matter based on our estimated outcome.

4 INVESTIGATIONS

Investigations

As part of the Joint Administrators' statutory duties, an investigation into the conduct of the Company Directors was completed.

In this regard, a confidential report was submitted to The Insolvency Service on 17 February 2023.

Initial Assessment of Potential Recoveries

As part of our duties as Joint Administrators, we are obliged to review shortly after appointment all the information available to us and conduct an initial assessment of whether there are any matters which may lead to any recoveries for the benefit of creditors. This would typically include any potential claims which may be brought against parties either connected to or who have past dealings with the Company.

The Administrators' review remains on-going.

If creditors wish to bring any matters they believe to be relevant to the attention of the Joint Administrators, they are invited to do so in writing to Richard Keley and Andrew Pear at Moorfields, 82 St John Street, London EC1M 4JN.

5 THE JOINT ADMINISTRATORS' FEES AND EXPENSES

5.1 Pre-Administration Costs

Included within the Joint Administrators' Proposals was a Statement of Pre-Administration Costs.

These costs were approved as detailed below:

Party instructed	Amount approved (£)	Amount paid (£)	Date approved
Joint Administrators fee	19,328	19,328	22/02/2023
Kingsley Napley LLP	6,993	6,993	22/02/2023
TOTAL APPROVED	£26,321	£26,321	

5.2 The Joint Administrators' Fees

The basis of the Joint Administrators' floating charge fees was fixed on 22 February 2023 by the resolution of creditors as follows:

That the Joint Administrators' fees be fixed by reference to the time given by them and their staff in attending to matters arising in the Administration, 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.

When the Joint Administrators seek approval for their fees on a time cost basis, they have to provide a fee estimate. A fee estimate of £267,388 provided with the Administrators' report dated 13 January 2023.

The Secured Creditor has agreed that the Administrators' fees of £132,901 within the fee estimate of £267,388 will be paid from fixed charge realisations, as well as the following professional costs:

Party instructed	Amount approved (£)	Amount paid (£)	Amount outstanding (£)
Hilco Valuation Services	77,320.00	31,781.22	45,539.78
Kingsley Napley LLP	40,000.00	19,290.00	20,710.00
TOTAL APPROVED	117,320.00	51,071.22	66,248.78

To date, fees of £100,000 have been drawn from floating charge realisations, which were drawn in the period.

A breakdown of the time costs incurred during the Review Period and for the Administration as a whole is provided at Appendix III and further information regarding the charge-out rates of the Joint Administrators and their staff is provided at Appendix IV.

Time costs for the Review Period are £237,181. This represents 547 hours at an average hourly rate of £433 per hour.

A comparison of the Joint Administrators time costs and fee estimate is attached at Appendix VI.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with SIP 9, and they can be accessed at <http://www.icaew.com/en/technical/insolvency/creditors-guides>

Should you require a paper copy, please send your request in writing to the Joint Administrators and this will be provided to you at no cost.

5.3 Expenses

An amended SIP 9, was issued on 1 April 2021. The amended SIP 9 has changed some of the terminology and introduced additional disclosure requirements. The information below may therefore not reflect the information previously provided.

The expenses, which include disbursements, that have been incurred and not yet paid during the Review Period are detailed at Appendix VI. Also at Appendix VI is a comparison of the expenses likely to be incurred in the Administration as a whole with the original expenses estimate, together with reasons where any expenses are likely to exceed that estimate.

The category 1 expenses paid for in the Review Period are detailed on the Receipts and Payments account at Appendix II and represent payments to parties not associated with the firm, who have provided services or goods for the administration of the assignment.

No category 2 expenses have been incurred or paid for during the Review Period.

5.4 Other Professional Costs

Other professional costs paid for in the Review Period are detailed on the Receipts and Payments account at Appendix II and further detailed at Appendix VI.

The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend upon the position at the end of the tax accounting period.

6 EXIT FROM ADMINISTRATION

As outlined in the Proposals, it is the Joint Administrators' intention to exit the Administration by filing notice of dissolution with the Registrar of Companies as there are expected to be insufficient funds to enable a distribution to unsecured creditors other than by virtue of the Prescribed Part. The Company will then automatically be dissolved by the Registrar of Companies, three months after the notice is registered.

The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

7 ETHICS

Please also be advised that the Joint Administrator are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

General Ethical Considerations

Prior to the Joint Administrator's appointment, a review of ethical issues was undertaken and no ethical threats were identified. A further review has been carried out and no threats have been identified in respect of the management of the insolvency appointment over the Review Period.

Specialist Advice and Services

When instructing third parties to provide specialist advice and services or having the specialist services provided by the firm, the Joint Administrator are obligated to ensure that such advice or work is warranted and that the advice or work contracted reflects the best value and service for the work undertaken. The firm reviews annually the specialists available to provide services within each specialist area and the cost of those services to ensure best value. The specialists chosen usually have knowledge specific to the insolvency industry and, where relevant, to matters specific

to this insolvency appointment. Details of the specialists specifically chosen in this matter are detailed below.

8 CREDITORS RIGHTS

8.1 Creditors' Right to Request Information

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Joint Administrators to provide additional information regarding fees or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

8.2 Creditors' Right to Challenge Fees and/or Expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

9 FURTHER INFORMATION

To comply with the Provision of Services Regulations, some general information about Moorfields, including about our complaints policy and Professional Indemnity Insurance, can be found at <http://www.moorfieldscr.com/terms-and-conditions>.

In accordance with the provisions of the General Data Protection Regulations the lawful basis for processing your personal data is in order to comply with my legal obligations set out in the Insolvency Legislation, the purpose of processing the data is to administer the insolvent estate. Your data will be retained by me for 6 years and 3 months following my vacation of office. Further details regarding how we process your personal data can be found in our Privacy policy located here: <https://www.moorfieldscr.com/privacy-policy>

If you have any queries regarding this report, please contact Fern Taylor of this office in the first instance.

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

For and on behalf of
Inclarity Communications Ltd.

A handwritten signature in black ink, appearing to read 'R Keley', written in a cursive style.

Richard Keley
Joint Administrator

DDI 0207 186 1151
Email fern.taylor@moorfieldscl.com

STATUTORY INFORMATION

Company Name	Inclarity Communications Ltd.
Company Number	07193672
Previous Names	None
Trading Address	Inclarity Communications
Proceedings	In Administration
Court	In the High Court of Justice, Business and Property Courts of England & Wales
Court Reference	CR-2022-004243
Date of Appointment	17 November 2022
Joint Administrators	Richard Keley and Andrew Pear Moorfields 82 St John Street, London, EC1M 4JN
Registered office address	c/o Moorfields 82 St John Street, London, EC1M 4JN
Appointment by	Directors
Function	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Joint Administrators acting jointly or alone.
EU Regulations	<p>The Joint Administrators have not sought an extension to the period defined by Paragraph 76(1) of Schedule B1 of the Act that provides for the automatic end of the Administration after 12 months from the date of appointment.</p> <p>The Company's registered office is from where the Company carries on its business. Therefore, in the absence of proof to the contrary, the Company's centre of main interests is in the United Kingdom and as such these proceedings will be the main proceedings as defined in article 3 of the EU regulation</p>

DEFINITIONS

The Act	Insolvency Act 1986
The Rules	Insolvency (England & Wales) Rules 2016
The Joint Administrators	Richard Keley and Andrew Pear of Moorfields
The Company	Inclarity Communications Ltd. (in Administration)
The Court	In the High Court of Justice, Business and Property Courts of England & Wales
SIP	Statement of Insolvency Practice

APPENDIX II

Inclarity Communications Ltd.
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs £	From 17/11/2022 To 16/05/2023 £	From 17/11/2022 To 16/05/2023 £
POST APPOINTMENT SALES		
Sales	105,586.24	105,586.24
Receipts owed to the Buyer	173,939.66	173,939.66
	<u>279,525.90</u>	<u>279,525.90</u>
OTHER DIRECT COSTS		
Sub Contractors	59,923.99	59,923.99
Direct Expenses	1,839.35	1,839.35
	<u>(61,763.34)</u>	<u>(61,763.34)</u>
TRADING EXPENDITURE		
Surplus Funds Paid to Buyer	50,000.00	50,000.00
Wages	41,501.33	41,501.33
Sales Commission	441.09	441.09
Suppliers	54,926.77	54,926.77
Payroll	373.00	373.00
PAYE	6,348.41	6,348.41
NIC	8,179.40	8,179.40
Pension contributions	1,682.25	1,682.25
	<u>(163,452.25)</u>	<u>(163,452.25)</u>
TRADING SURPLUS/(DEFICIT)	<u>54,310.31</u>	<u>54,310.31</u>

Inclarity Communications Ltd.
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 17/11/2022 To 16/05/2023 £	From 17/11/2022 To 16/05/2023 £
	SECURED ASSETS		
35,610.00	Plant & Machinery	NIL	NIL
	Goodwill	294,995.00	294,995.00
	Seller's Records	1.00	1.00
	Supplier Contracts	1.00	1.00
	Customer Contracts	1.00	1.00
	Business Intellectual Property Rights	1.00	1.00
	Bank Interest	98.60	98.60
		<u>295,097.60</u>	<u>295,097.60</u>
	COSTS OF REALISATION		
	Legal Fees	19,290.00	19,290.00
	Agents/Valuers Fees	31,781.22	31,781.22
		<u>(51,071.22)</u>	<u>(51,071.22)</u>
	SECURED CREDITORS		
(127,227.00)	Chargeholder (1)	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	ASSET REALISATIONS		
379,935.00	Book Debts	257,203.75	257,203.75
250,000.00	Business Intellectual Property Rights	NIL	NIL
210,130.00	Cash at Bank	147,353.20	147,353.20
	Plant & Machinery	5,000.00	5,000.00
10,237.00	Stock	1.00	1.00
	Bank Interest	218.40	218.40
	Suspense Account	80,925.61	80,925.61
	TRADING SURPLUS/(DEFICIT)	54,310.31	54,310.31
		<u>545,012.27</u>	<u>545,012.27</u>
	COST OF REALISATIONS		
	Agents/Valuers Fees	1,438.78	1,438.78
	Bank Charges	30.00	30.00
	Insurance of Assets	224.00	224.00
	Office Holders Fees	100,000.00	100,000.00
	Office Holders Pre-appointment Fees	19,328.00	19,328.00
	Pre-Appointment Legal Fees	6,993.00	6,993.00
	Customer Receipts Paid to Buyer	50,000.00	50,000.00
	Stationery & Postage	829.68	829.68
	Statutory Advertising	103.50	103.50
	Storage Costs	1,328.00	1,328.00
		<u>(180,274.96)</u>	<u>(180,274.96)</u>
	PREFERENTIAL CREDITORS		
(862,339.00)	HM Revenue & Customs	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	UNSECURED CREDITORS		
(1,825,343.00)	Trade & Expense Creditors	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(10,523.00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(1,939,520.00)</u>		<u>608,763.69</u>	<u>608,763.69</u>
	REPRESENTED BY		
	Bank 1 IB Deposit		233,812.14
	Bank 2 IB Current		167,340.14
	Bank 2 IB Deposit		185,442.69
	Fixed Ch Vat Receivable		10,214.24
	Vat Payable		(21,117.25)
	Vat Receivable		33,071.73
			<u>608,763.69</u>

Note:

IB- Interest Bearing

NIB-Non Interest Bearing

APPENDIX III

Time Entry - The Joint Administrators' Cumulative Time Costs & Cost Summary

INCL002 - Inclarity Communications Ltd.

From: 17/11/2022 To: 16/05/2023

All Post Appointment Project Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Avg Hourly Rate (£)	Hours Cum (POST Only)	Time Costs Cum (POST Only)
10 : Case Planning	0.00	1.50	0.00	0.00	1.50	795.00	530.00	1.50	795.00
11 : Administrative Set Up	0.00	0.30	0.70	0.00	1.00	474.00	474.00	1.00	474.00
12 : Appointment Notification	0.00	1.40	5.30	0.00	6.70	3,127.00	466.72	6.70	3,127.00
13 : Maintenance of Records	0.00	0.00	0.60	0.00	0.60	270.00	450.00	0.60	270.00
14 : Statutory Reporting	23.10	3.67	16.90	0.00	43.67	20,697.60	473.95	43.67	20,697.60
15 : Case Monitoring	3.30	1.60	9.50	1.00	15.40	6,830.50	443.54	15.40	6,830.50
17 : General Administration	1.10	0.00	16.90	2.00	20.00	7,247.50	362.37	20.00	7,247.50
18 : Cashiering	11.70	2.30	36.40	19.90	70.30	25,927.00	368.81	70.30	25,927.00
19 : Partner Review	0.60	0.00	0.00	0.00	0.60	337.50	562.50	0.60	337.50
2 : Pre Appointment Work	3.50	0.00	0.00	0.00	3.50	1,662.50	475.00	3.50	1,662.50
70 : Post appoint VAT and CT returns	0.10	0.00	0.00	0.00	0.10	47.50	475.00	0.10	47.50
BILL : Bill	0.40	0.00	0.00	0.00	0.40	190.00	475.00	0.40	190.00
Admin & Planning	43.80	10.77	86.30	22.90	163.77	67,606.10	412.81	163.77	67,606.10
30 : Freehold / Leasehold Property	0.00	0.00	0.40	0.00	0.40	100.00	250.00	0.40	100.00
34 : Debtors	9.10	1.50	29.70	0.00	40.30	18,312.50	454.40	40.30	18,312.50
35 : Sale of Business	43.60	0.80	2.80	0.00	47.20	22,534.00	477.42	47.20	22,534.00
36 : Identifying, Securing, Insuring	0.00	0.00	0.70	0.00	0.70	315.00	450.00	0.70	315.00
38 : Asset related legal Matters	0.70	0.00	0.00	0.00	0.70	332.50	475.00	0.70	332.50
47 : Intangible Assets - Intellectual Property, etc	11.90	0.00	0.70	0.00	12.60	5,967.50	473.61	12.60	5,967.50
71 : Other Assets	0.20	0.00	0.00	0.00	0.20	95.00	475.00	0.20	95.00
Asset Realisation	65.50	2.30	34.30	0.00	102.10	47,656.50	466.76	102.10	47,656.50
72 : Legal Matters	1.20	0.00	1.30	0.00	2.50	1,155.00	462.00	2.50	1,155.00
Case Specific Matters	1.20	0.00	1.30	0.00	2.50	1,155.00	462.00	2.50	1,155.00
50 : Creditor Correspondence	0.80	0.00	8.50	0.00	9.30	3,405.00	366.13	9.30	3,405.00
51 : Unsecured creditor claims	0.70	0.00	13.10	0.00	13.80	5,827.50	422.28	13.80	5,827.50
52 : Secured creditor claims	4.40	0.00	1.70	0.00	6.10	2,855.00	468.03	6.10	2,855.00
57 : Employee creditor claims	0.00	0.00	1.60	0.00	1.60	640.00	400.00	1.60	640.00
63 : Secured creditor reports	1.20	0.00	0.00	0.00	1.20	570.00	475.00	1.20	570.00
73 : Preferential creditor claims	0.10	0.00	0.00	0.00	0.10	47.50	475.00	0.10	47.50
75 : s120 pension reporting	0.00	0.00	1.80	0.00	1.80	550.00	305.56	1.80	550.00
UNSECURED : Unsecured Creditors	0.20	0.00	0.00	0.00	0.20	95.00	475.00	0.20	95.00
Creditors	7.40	0.00	26.70	0.00	34.10	13,990.00	410.26	34.10	13,990.00
20 : SIP2 Review	8.10	0.00	19.00	25.00	52.10	17,397.50	333.93	52.10	17,397.50
21 : CDDA Reports	0.80	1.50	1.20	0.00	3.50	1,855.00	530.00	3.50	1,855.00
22 : Antecedent Transactions	0.00	0.70	0.20	0.00	0.90	461.00	512.22	0.90	461.00
65 : Director Correspondence	1.00	0.00	1.60	0.00	2.60	1,195.00	459.62	2.60	1,195.00
Investigations	9.90	2.20	22.00	25.00	59.10	20,908.50	353.78	59.10	20,908.50
40 : Management of Operations	88.50	4.30	6.30	0.00	99.10	47,169.00	475.97	99.10	47,169.00
41 : Accounting for Trading	4.70	0.00	19.90	0.00	24.60	11,187.50	454.78	24.60	11,187.50
42 : On going employee issues	4.80	0.60	6.40	0.00	11.80	4,698.00	398.14	11.80	4,698.00
43 : Planning Trading	0.00	0.00	1.30	0.00	1.30	585.00	450.00	1.30	585.00
44 : Negotiating with Customers	0.00	0.00	17.20	0.00	17.20	7,740.00	450.00	17.20	7,740.00
45 : Negotiating with Suppliers	2.40	0.00	24.90	0.00	27.30	12,300.00	450.55	27.30	12,300.00
49 : Tax on post appointment trading	0.90	0.00	0.00	0.00	0.90	427.50	475.00	0.90	427.50
TRADING : Trading	3.70	0.00	0.00	0.00	3.70	1,757.50	475.00	3.70	1,757.50
Trading	105.00	4.90	76.00	0.00	185.90	85,864.50	461.89	185.90	85,864.50
Total Hours	232.80	20.17	246.60	47.90	547.47	237,180.60	433.23	547.47	237,180.60
Total Fees Claimed						100,000.00			

** - Denotes codes included in cumulative data that are not present in the period.

MOORFIELDS STATEMENT OF POLICY ON CHARGING REMUNERATION AND EXPENSES

In accordance with best practice we provide below details of Moorfields' policies, in respect of fees and expenses for work in relation to insolvency estates.

The Partners will engage managers and other staff to work on the insolvent estate and statutory compliance diaries. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the estate's bank accounts. Work carried out by all staff is subject to the overall supervision of the Partners.

All time spent by staff working directly on case related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time.

The current charge out rates per hour of staff within the firm who may be involved in working on the insolvency is as follows but in no way implies that staff at all such grades will work on the case:

GRADE	£
Partner	475-650
Director	400-550
Senior Manager	375-530
Manager	345-500
Assistant Manager	315-450
Senior Associate	265-375
Associate	205-250
Junior Associate	140-200
Cashier/ Support	95-195

The rates charged by Moorfields are reviewed annually and are adjusted to take account of inflation and the firm's overheads.

Our rates increased on 1 January 2022. The charge out rates prior to the increase were as follows:

GRADE	£
Partner	625
Director	550
Senior Manager	530
Manager	500
Assistant Manager	450
Senior Associate	375
Associate	250
Junior Associate	200
Cashier/ Support	195

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time in units of 6 minutes.

Where an office holder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time cost basis the time invoiced will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors, the report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by the fee request.

Approved remuneration will be drawn at such times that sufficient funds are available.

EXPENSES

In accordance with SIP 9, expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the office holder, and then reimbursed to the office holder from the estate.

Expenses are divided into those that do not need approval before they are charged to the estate (category 1) and those that do (category 2).

Category 1 expenses

Separate charges are made in respect of directly attributable expenses (Category 1 expenses) such as travelling, postage, photocopying (if external provider), statutory advertising and other expenses made on behalf of the assignment. These are payments made to persons providing the service to which the expense relates who are not an associate of the office holder.

Such expenses can be paid from the estate without approval from the Creditors' Committee or the general body of creditors. In line with SIP 9, it is our policy to disclose Category 1 expenses drawn but not to seek approval for their payment. We are prepared to provide such additional information as may reasonably be required to support the expenses drawn.

Category 2 expenses

Category 2 expenses do require approval from creditors and approval will be sought before they are drawn.

These are payments to associates or which have an element of shared costs. Before being paid, category 2 expenses require approval in the same manner as an office holder's remuneration. Category 2 expenses require approval whether paid directly from the estate or as a disbursement.

The following Category 2 expenses are currently charged by this firm:

- Mileage allowances are paid at HM Revenue & Customs approved rates. For personnel using their own vehicles, these are currently 45 pence per mile for the first 10,000 miles and 25 pence per mile thereafter.

It should be noted that expenses might increase from time to time, however, increases would only be in line with inflation or increases from our suppliers.

DETAILS OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS IN THE REVIEW PERIOD

The Joint Administrators have met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the administration, which has ensured that the Joint Administrators and their staff have carried out their work to high professional standards.

It is the Joint Administrators' policy to delegate the routine administrative tasks to less senior staff in order to maximise the cost effectiveness of the work performed. These staff are supervised by senior staff and the Joint Administrators. Any matter of complexity or significance is dealt with by the senior staff on the team and the Joint Administrators.

General Description	Includes
Statutory and General Administration	
Statutory/advertising	Filing of documents to meet statutory requirements including six monthly receipts and payments accounts Advertising in accordance with statutory requirements Bonding the case for the value of the assets
Document maintenance/file review/checklist	Filing of documents Periodic file reviews documenting strategy Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards Maintenance of statutory and case progression task lists/diaries Updating checklists
Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Maintenance of the estate cash book Banking remittances and issuing BACS payments
Planning / Review	Discussions regarding strategies to be pursued Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case
Books and records / storage	Dealing with records in storage Sending job files to storage
Pension scheme	Identifying whether there is a pension scheme Submitting the relevant notices if a pension scheme is identified
Reports	Circulating initial report to creditors upon appointment Preparing six monthly progress report, investigation and general reports to creditors
Creditors' decisions	Preparation of decision procedure notices, voting forms and advertisements Notice of decision procedure to all known creditors Collate and examine proofs and votes to conclude decisions Responding to queries and questions following decisions
Investigations	
SIP 2 Review	Collection and making an inventory of company books and records Correspondence to request information on the company's dealings, making further enquiries of third parties Reviewing questionnaires submitted by creditors and directors Reconstruction of financial affairs of the company Reviewing company's books and records Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with the committee/creditors or major creditors about further action to be taken
Statutory reporting on conduct of	Preparing statutory investigation reports Liaising with Insolvency Service

General Description	Includes
director(s)	Submission of report with the Insolvency Service Preparation and submission of supplementary information if required Assisting the Insolvency Service with its investigations
Realisation of Assets	
Sale of Business as a Going Concern	Instructing and liaising with agents Preparing an information memorandum Liaising with potential purchasers Assessment and review of offers received Negotiating with intended purchaser Liaising with secured creditors and seeking releases Exchanges with solicitors to agree sale and purchase agreement Surrender of lease
Plant and Equipment	Liaising with valuers and interested parties Reviewing asset listings
Freehold/Leasehold Property	Liaising with landlords Surrender of leases
Debtors	Reviewing and assessing debtors' ledgers Liaising with debt collectors
Other assets: intangibles, intellectual property,	Recovering cash at bank Liaising with valuers regarding the valuation and disposal strategy of IPv4 addresses Liaising with the Buyer to extend the migration period as per the sale agreement Liaising with the Buyer regarding the progress of migrating customer's off the Company's three platforms for the purpose of pursuing a sale of the IPv4 addresses
Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies
Trading	
Management of operations	Analysing work in progress Liaising with suppliers to secure supplies and credit terms Negotiating with ransom creditors Establishing new accounts with utility providers Liaising with management and staff Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Concluding payroll and issuing forms P45 when trading ceases Collecting sales ledger
Accounting for trading	Reviewing company's budgets and financial statements Preparing budgets Finalising trading profit or loss Trading strategy review
On-going Employee issues	Consultation with staff, employee and sub-contractors Review of staffing requirements for trading period
Creditors and Distributions	
Creditor Communication	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via email and post Corresponding with the PPF and the Pensions Regulator
Dealing with proofs of debt ("POD")	Receipting and filing POD when not related to a dividend
Case Specific Matters	
Legal Matters	Liaising with solicitors regarding validity of secured creditor's security

DETAILS OF THE JOINT ADMINISTRATORS FEES AND EXPENSES

Comparison of estimates

The Joint Administrators' time costs incurred to date (whether or not they have been charged to the Administration estate) are compared with the original fees estimate as follows:

Work category	Original fees estimate			Time costs incurred during the Review Period		
	Number of hours	Total time costs £	Blended hourly rate £ per hour	Number of hours	Total time costs £	Average hourly rate £ per hour
Administration (including statutory reporting)	180.50	69,512.50	385.11	163.77	67,606.10	412.81
Realisation of assets	183.00	88,187.50	481.90	102.10	47,656.50	466.76
Creditors (claims and distribution)	54.00	22,437.50	415.51	34.10	13,990.00	410.26
Investigations	37.00	17,000.00	459.46	59.10	20,908.50	353.78
Trading	129.50	61,875.00	477.80	185.90	85,864.50	461.89
Case Specific Matters	20.00	8,375.00	418.75	2.50	1,155.00	462.00
Total	604.00	267,387.50	439.75	547.47	237,180.60	433.23

EXPENSES

The expenses incurred in the Review Period are compared with the original expenses estimate as follows:

Expenses	Basis of fees	Original expenses estimate £	Expenses incurred in the Review Period £	Expenses paid in the Review Period	Expenses incurred to date £	Estimated future expenses £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Legal costs	Tim Costs	34,320	19,290.00	19,290.00	19,290.00	15,030.00	
<u>Agents' and valuers' costs</u>							
Hilco	Time Costs	77,320	32,320.00	32,320.00	32,320.00	45,000.00	
Sirces.net	Fixed fee	1,800	900.00	900.00	900.00	900.00	
Advertising	Fixed fee	104.00	103.50	103.50	103.50	-	
Storage Costs	Fixed fee	3,000	1,328.00	1,328.00	1,328.00	1,672.00	
Insurance	Fixed fee	10,000	224.00	224.00	224.00	-	
Printing and postage	Fixed fee	2,000	829.68	829.68	829.68	1,170.32	
Bank charges	Fixed fee	100	30.00	30.00	30.00	70.00	
Trading expenses:							
Sub-Contractors	Fixed fee	55,000	59,923.99	59,923.99	59,923.99	9,000.00	Debtor reconciliation is taking longer than expected due to credit notes being issued therefore Wickham Everett Limited is being retained for longer than originally anticipated.
Direct Expenses	Fixed fee	1,839	1,839.35	1,839.35	1,839.35	-	
Suppliers	Fixed fee	80,000	54,926.77	54,926.77	54,926.77	25,073.23	
Sales Commission	%	-	441.09	441.09	441.09	-	Not originally estimated as we were unaware of selling agent's engagement upon appointment.
Wages	Fixed fee	39,207	41,501.33	41,501.33	41,501.33	-	The Administrators subsequently agreed to pay a proportion of Dec 22 wages to

Expenses	Basis of fees	Original expenses estimate £	Expenses incurred in the Review Period £	Expenses paid in the Review Period	Expenses incurred to date £	Estimated future expenses £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate) the Buyer.
PAYE/NIC	Fixed fee	19,266	14,527.81	14,527.81	14,527.81	-	
Payroll	Fixed fee	373	373.00	373.00	373.00	-	
Pension contributions	Fixed fee	2,523	1,682.25	1,682.25	1,682.25	-	
TOTAL		326,852	230,240.77	230,240.77	230,240.77	97,915.55	

The bases on which the expenses defined as Category 2 expenses are calculated are explained in Appendix IV.

OTHER PROFESSIONAL COSTS

Sub-contracted work

During the administration of the case some of the work that was required to be undertaken was sub-contracted. Joel Jacobs, a former director of the Company, via Wickham Everett Limited was engaged to bring customer billing up to date, provide ongoing reconciliation of the debtors position and credit control together with assisting with the marketing process and providing general information. This work could have been carried out by the office holder and their staff, but the decision was made to instruct Wickham Everett Limited, because they had existing knowledge of the business and relevant contacts for customers. The Administrators have agreed a weekly fixed fee of £1,500 which amounts to £42,900 during the review Period and has been paid in full as at the date of this report.

Solicitors

Kingsley Napley LLP were instructed as legal advisors to provide advice in respect of validity of security and appointment, sale of the business. Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT. The solicitors' fees for the Review Period amount to is £23,840, £19,290 plus VAT of which has been paid.

Agents and valuers

Kingsgate Square Mile Ltd, via John Tierman providing interim Directorship services to assist placing the Company into Administration. Their costs have been agreed on a fixed fee basis, plus disbursements and VAT. The agents' fees for the Review Period amount to £17,023.99, which has been paid in full.

Hilco Valuation Services were instructed as agents and valuers in relation to providing a valuation and assisting with a sale of the company's business and assets. Their costs have been agreed on the basis of their standard sales commission rate on a time-cost basis, plus disbursements and VAT. The agents' fees for the Review Period amount to £31,781.22, which has been paid in full.

Sircles.net were instructed as agents and valuers in relation to obtain a backup of the Company's emails and accounting software. Their costs have been agreed on a fixed fee basis, plus disbursements and VAT. The agents' fees for the Review Period amount to £900 plus VAT, which have been paid in full.

Having regard for the costs that are likely to be incurred in bringing this Administration to a close, the Joint Administrators consider that:

- the original fees estimate is likely to be exceeded; and
- the original expenses estimate is likely to be exceeded for the reasons given above

The main reason why the fees estimate is likely to be exceeded is due to the debtor reconciliation exercise taking longer than anticipated as a result of various credit notes issued post-appointment. However, given the limited realisations anticipated in this case, the Joint Administrators do not presently propose to draw fees in excess of the fees estimate.