



For further information, please  
refer to our guidance at  
[www.gov.uk/companieshouse](http://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	<sup>d</sup> 1	<sup>d</sup> 7	<sup>m</sup> 0	<sup>m</sup> 5	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 3
To date	<sup>d</sup> 1	<sup>d</sup> 6	<sup>m</sup> 1	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 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

<sup>d</sup> 3	<sup>d</sup> 0	<sup>m</sup> 1	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 2	<sup>y</sup> 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](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto: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](http://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' Second Progress Report to 16 November 2023**

30 November 2023

Richard Keley  
Andrew Pear

Moorfields  
82 St John Street, London, EC1M 4JN  
0207 186 1144  
[fern.taylor@moorfieldscr.com](mailto: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' second progress report for the period 17 May 2023 to 16 November 2023 ("the Review Period").

The Company entered Administration on 17 November 2022 when 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 and our progress report dated 15 June 2023. There has been no major deviation from the strategy as proposed.

To date fees of £150,000 have been drawn in respect of the Administration. 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/£

An extension to the period of Administration of 12 months was granted by the relevant creditors on 9 October 2023 and thus the Administration is now scheduled to end on 16 November 2024.

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 together with a summary of the transactions in the previous 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:

- Drafting and issuing the progress report to creditors;
- Considering whether an extension to the Administration is necessary and seeking approval for this via creditors and issuing notice of the outcome;
- 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 sold the Company's business and assets to DRD Communications Limited (the "Buyer") on 13 December 2022 and consequently, a proportion of receipts relating to monthly sales invoices raised during the Administration are due to the Buyer.

Trading receipts relate to revenue generated from 17 November 2022 to 13 December 2022 ("the Trading Period") and 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.

The trading account included in our receipts and payments at Appendix II shows a loss suffered of approximately £40,000 with an estimated further £10,000 of suppliers to settle. The Administrators would comment that trading in Administration enabled the Administrators to achieve a higher value for the Company's business and assets compared to alternative i.e. cessation of trade and liquidation of the assets and therefore it was considered to be in the creditors' interests.

### Trading Receipts

£5,982 (net of VAT) has been realised during the Review Period, with £111,525 (net of VAT) received to date.

No further asset realisations are expected under this asset category heading.

### Receipts owed to the Buyer

A proportion of customer receipts received for December 2022 and January 2023 dated invoices are allocated to receipts due to the Buyer.

To date, £179,632.46 (gross) has been received and allocated under this heading, all of which has been transferred to the Buyer.

### Sub-Contractors

Joel Jacobs at Wickham Everett Limited was engaged to assist in bringing 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. Wickham Everett Limited has been paid £30,000 during the Review Period.

£63,911 of these costs paid to sub-contractors, Kingsgate Square Mile Ltd and Wickham Everett Limited, has been allocated to non-trading costs as these costs relate to placing the Company into Administration and assisting with the book debt collection process, leaving trading sub contractor cost of £26,013.44. No further sub contractor costs are anticipated.

### Suppliers

Suppliers have been paid £10,420 during the Review Period for services provided during the Trading Period. The Administrators continue to work alongside the Buyer to novate supplier contracts and settle supplier invoices for the Trading Period and estimate a further £10,000 remains payable to suppliers.

## 2.3 Realisation of Assets

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

Summaries of the material realisations to date are provided below.

### Book Debts

Customers are billed one month in arrears for calls and one month in advance for services. The Administrators, alongside Wickham Everett Limited and the Buyer have issued credit notes for 1) ceased services, 2) disruption to services, and 3) compensation requests.

During the Review Period, £22,156 (gross) was realised, bringing cumulative collections to £273,999, with no further debtor collections expected.

Credit notes totaling £33,588 (gross) were granted by the Buyer (with the approval of the Administrators), the majority of which were allocated against book debt then trading receipts (depending on when they related to).

### Suspense Account

Customer receipts allocated to the suspense account consist of payments allocated to February 2023 onward dated invoices due to the Buyer.

To date, £107,813.93 (gross) has been received and allocated under this heading including £49,078.84 in the Review Period, all of which has been transferred to the Buyer.



## 2.4 Estimated Future Realisations

### IPv4 Addresses ("IPv4's")

The Administrators engaged Hilco Valuation Services ("Hilco") to value and dispose of the IPv4's. A total of 8,704 IPv4 addresses comprise of block sizes /19 (containing 8,192 IP addresses) and /23 (containing 512 IP addresses) and are valued in the region of mid to high \$30s per IP address.

The Administrators have accepted an offer to purchase the IPv4 addresses in principle and are in the process of negotiating the terms of sale including in respect of an indemnity which is required by the relevant internet registry.

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 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 granted a fixed and floating charge to Dameon Holdings Limited ("the Secured Creditor") on 23 July 2015, which was owed £127,227 on appointment.

During the Review Period, the Joint Administrators' legal advisors, Kingsley Napley LLP, confirmed the validity of the charge. The Administrators propose to pay the Secured Creditor a distribution once they have completed a sale of all fixed charge assets and finalised the trading position together with their investigations.

It is anticipated that the Secured Creditor will be paid in full.

### 3.2 Preferential Creditors

Preferential claims relating to unpaid pension contributions in the sum of £7,200 has been received from the Company's pension provider.

The Joint Administrators are currently reviewing this claim and anticipate that a dividend of 100p in the £ will be paid to preferential creditors during the next reporting period.

### 3.3 Secondary Preferential Creditors

In any insolvency process started from 1 December 2020, 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 £1,020,279.74 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.

### 3.4 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.

### 3.5 Unsecured Creditors

Unsecured claims were estimated at £203,940 in the Director's Estimated Statement of Affairs. To date, the Joint Administrators have received claims totalling £498,756.

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.

### 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 and commercially sensitive.

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 The Joint Administrators' Fees

The basis of the Joint Administrators' 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 was 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	31,781.22	45,538.78
Kingsley Napley LLP	40,000	22,290	17,710
TOTAL APPROVED	117,320	54,071.22	63,248.78

To date, fees of £150,000 have been drawn, £50,000 of which were drawn in the Review 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 £84,516. This represents 233 hours at an average hourly rate of £363 per hour. Time costs for the cumulative period are £324,695, representing 789 hours.

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-guide>

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.

## 5.2 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.

## 5.3 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. 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 Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

## General Ethical Considerations

During the Review Period, no new threats to compliance with the Code of Ethics have been identified.

## 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@moorfieldscr.com](mailto:fern.taylor@moorfieldscr.com)

## STATUTORY INFORMATION

Company Name	Inclarity Communications Ltd.
Company Number	07193672
Previous Names	None
Trading Address	N/A
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	Director
Functions	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.
Extension	The secured creditors and unsecured company creditors consented to the extension of the Administration by a further 12 months to 16 November 2024.
EU Regulations	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.

## DEFINITIONS

The Act	Insolvency Act 1986
The Rules	Insolvency Rules 1986 or 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

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

Statement of Affairs £	From 17/05/2023 To 16/11/2023 £	From 17/11/2022 To 16/11/2023 £
POST APPOINTMENT SALES		
Sales	5,981.71	111,525.37
Receipts owed to the Buyer	6,781.27	179,632.46
	<u>12,762.98</u>	<u>291,157.83</u>
OTHER DIRECT COSTS		
Sub Contractors	(33,910.55)	26,013.44
Direct Expenses	NIL	1,839.35
	<u>33,910.55</u>	<u>(27,852.79)</u>
TRADING EXPENDITURE		
Wages	NIL	41,501.33
Sales Commission	NIL	441.09
Suppliers	10,420.19	64,980.30
Payroll	NIL	373.00
PAYE	NIL	6,348.41
NIC	NIL	8,179.40
Pension contributions	NIL	1,682.25
Customer Receipts Owed to Buyer	179,632.46	179,632.46
	<u>(190,052.65)</u>	<u>(303,138.24)</u>
<b>TRADING SURPLUS/(DEFICIT)</b>	<b><u>(143,379.12)</u></b>	<b><u>(39,833.20)</u></b>



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

Statement of Affairs £		From 17/05/2023 To 16/11/2023 £	From 17/11/2022 To 16/11/2023 £
	SECURED ASSETS		
35,610.00	Plant & Machinery	NIL	NIL
	Goodwill	NIL	294,995.00
	Bank Interest	790.69	889.29
	Seller's Records	NIL	1.00
	Supplier Contracts	NIL	1.00
	Customer Contracts	NIL	1.00
	Business Intellectual Property Rights	NIL	1.00
		790.69	295,888.29
	COSTS OF REALISATION		
	Office Holders Fees	50,000.00	50,000.00
	Legal Fees	3,000.00	22,290.00
	Agents/Valuers Fees	NIL	31,781.22
		(53,000.00)	(104,071.22)
	SECURED CREDITORS		
(127,227.00)	Chargeholder (1)	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
	Bank Interest Gross	1,276.00	1,494.40
379,935.00	Book Debts	22,155.50	273,998.70
250,000.00	Business Intellectual Property Rights	NIL	NIL
210,130.00	Cash at Bank	NIL	147,353.20
35,610.00	Plant & Machinery	NIL	5,000.00
10,237.00	Stock	NIL	1.00
	Suspense Account	49,078.84	107,813.93
	Trading Surplus/(Deficit)	(143,379.12)	(39,833.20)
		(70,868.78)	495,828.03
	COST OF REALISATIONS		
	Agents/Valuers fees	NIL	1,438.78
	Bank Charges	15.00	15.00
	Customer Receipts Owed to Buyer	7,813.93	107,813.93
	Credit Notes	33,587.68	33,587.68
	Insurance of Assets	NIL	224.00
	Office Holders' Cat 1 disbursements	42.44	42.44
	Office Holders Fees	NIL	100,000.00
	Office Holders Pre-appointment Fees	NIL	19,328.00
	Pre-Appointment Legal Fees	NIL	6,993.00
	Stationery & Postage	NIL	829.68
	Statutory Advertising	NIL	103.50
	Storage Costs	NIL	1,328.00
	Sub Contractors	63,910.55	63,910.55
		(105,369.60)	(335,614.56)
	PREFERENTIAL CREDITORS		
(862,339.00)	HM Revenue & Customs	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(1,825,343.00)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(10,523.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(1,903,910.00)		(228,447.69)	352,030.54

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

Statement of Affairs £	From 17/05/2023 To 16/11/2023 £	From 17/11/2022 To 16/11/2023 £
REPRESENTED BY		
Bank 1 IB FIXED		171,002.83
Bank 2 IB Floating		154,613.14
Fixed Ch Vat Receivable		20,814.24
Vat Payable		(27,406.55)
Vat Receivable		33,006.88
		<u>352,030.54</u>

Note:

IB- Interest Bearing

NIB-Non Interest Bearing

## Time Entry - Joint Administrators' Time Costs

INCL002 - Inclarity Communications Ltd.

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

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	0.00	0.00	0.60	0.60	120.00	200.00	2.10	915.00
11 : Administrative Set Up	0.00	0.00	0.10	1.30	1.40	305.00	217.86	2.40	779.00
** 12 : Appointment Notification	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.70	3,127.00
13 : Maintenance of Records	0.40	0.00	0.00	7.00	7.40	1,590.00	214.86	8.00	1,860.00
14 : Statutory Reporting	7.00	2.40	6.40	33.20	49.00	14,150.00	288.78	95.67	35,447.60
15 : Case Monitoring	0.00	2.40	0.00	10.50	12.90	3,300.00	255.81	28.30	10,130.50
17 : General Administration	0.40	0.10	0.60	6.00	7.10	1,723.50	242.75	27.10	8,971.00
18 : Cashiering	4.40	3.80	1.60	21.60	31.40	9,072.00	288.92	101.80	35,044.00
19 : Partner Review	1.50	0.00	0.00	0.00	1.50	747.50	498.33	2.10	1,085.00
** 2 : Pre Appointment Work	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.50	1,662.50
70 : Post appoint VAT and CT returns	0.40	0.40	0.20	0.90	1.90	660.00	347.37	2.10	752.50
80 : Case closure	0.00	0.00	0.00	0.20	0.20	40.00	200.00	0.20	40.00
** BILL : Bill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	190.00
Admin & Planning	14.10	9.10	8.90	81.30	113.40	31,708.00	279.61	280.37	100,004.10
** 30 : Freehold / Leasehold Property	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	100.00
34 : Debtors	30.00	2.20	0.00	1.00	33.20	15,550.00	468.37	73.50	33,862.50
35 : Sale of Business	0.20	0.00	0.00	0.00	0.20	95.00	475.00	47.40	22,629.00
36 : Identifying, Securing, Insuring	0.00	0.00	0.20	0.00	0.20	90.00	450.00	0.90	405.00
38 : Asset related legal matters	1.10	0.00	0.00	0.00	1.10	522.50	475.00	1.80	855.00
47 : Intangible Assets - Intellectual Property, etc	6.40	3.10	0.90	0.00	10.40	4,995.00	480.29	23.00	10,962.50
** 71 : Other Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	95.00
Asset Realisation	37.70	5.30	1.10	1.00	45.10	21,252.50	471.23	147.20	68,909.00
72 : Legal Matters	0.00	0.00	0.10	0.00	0.10	45.00	450.00	2.60	1,200.00
Case Specific Matters	0.00	0.00	0.10	0.00	0.10	45.00	450.00	2.60	1,200.00
50 : Creditor Correspondence	1.00	0.20	0.00	0.00	1.20	575.00	479.17	10.50	3,980.00
51 : Unsecured creditor claims	0.00	0.60	0.70	2.20	3.50	1,055.00	301.43	17.30	6,882.50
52 : Secured creditor claims	1.70	0.40	0.50	0.00	2.60	1,232.50	474.04	8.70	4,087.50
57 : Employee creditor claims	0.40	0.70	0.30	2.00	3.40	1,075.00	316.18	5.00	1,715.00
63 : Secured creditor reports	0.70	0.10	0.00	0.00	0.80	382.50	478.13	2.00	952.50
73 : Preferential creditor claims	0.20	0.20	0.10	0.00	0.50	240.00	480.00	0.70	332.50
** 75 : s120 pension reporting	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.80	550.00
** UNSECURED : Unsecured Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	95.00
Creditors	4.00	2.20	1.60	4.20	12.00	4,560.00	380.00	46.20	18,595.00
20 : SIP2 Review	2.10	0.30	4.10	10.30	16.80	5,052.50	300.74	68.90	22,450.00
21 : CDDA Reports	0.00	0.00	0.00	0.20	0.20	40.00	200.00	3.70	1,895.00
22 : Antecedent Transactions	0.20	3.00	0.00	0.00	3.20	1,685.00	526.56	5.40	2,835.00
65 : Director Correspondence	0.20	0.00	0.00	0.00	0.20	95.00	475.00	2.80	1,290.00
Investigations	2.50	3.30	4.10	10.50	20.40	6,872.50	336.89	80.80	28,470.00
40: Management of Operations	0.00	4.60	3.30	0.00	7.90	3,785.00	479.11	107.10	50,999.00
41 : Accounting for Trading	1.70	17.20	13.50	0.00	32.40	15,482.50	477.85	60.30	28,155.00
** 42 : On going employee issues	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.80	4,698.00
** 43 : Planning Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.30	585.00
44 : Negotiating with Customers	0.00	0.70	0.00	0.00	0.70	350.00	500.00	17.90	8,090.00
45 : Negotiating with Suppliers	0.00	0.20	0.80	0.00	1.00	460.00	460.00	28.40	12,805.00
** 49 : Tax on post appointment trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.90	427.50
** TRADING : Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.70	1,757.50
Trading	1.70	22.70	17.60	0.00	42.00	20,077.50	478.04	231.40	107,517.00
Total Hours	60.00	42.60	33.40	97.00	233.00	84,515.50	362.73	788.57	324,695.10
Total Fees Claimed						150,000.00			

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

## POLICY ON CHARGING REMUNERATION AND EXPENSES

### Remuneration and charge out rates

Work undertaken on the insolvency estate (“estate” or “case”) will include statutory and professional best practice duties, case management and cashiering. It is the firm’s policy to delegate work to the most appropriate level of staff taking account of the nature of the work and the individual’s experience, including to a sub-contractor where engaged. The rate agreed with a sub-contractor may vary but is subject to commercial considerations. Work carried out by all staff and any sub-contractor is subject to the overall supervision of the Partners.

All time spent working directly on the estate is charged at the prevailing specific hourly charge out rate for the relevant Partner or member of staff to a time code established for the case. Time spent by a sub-contractor may also be charged to the time code at a charge out rate commensurate with the applicable staff grade. Time spent on case work is recorded directly to the relevant estate in units of six minutes.

The rates charged by Moorfields are reviewed periodically and may be adjusted from time to time. The current hourly rates of Partners and staff who may be involved in working on the estate are detailed below, together with prior rates:

Grade	Current hourly rate £	Hourly rate up to 31 Dec 2021 £
Partner	475-650	625
Director	400-550	550
Senior Manager	375-530	530
Manager	345-500	500
Assistant Manager	315-450	450
Senior Associate	265-375	375
Associate	205-250	250
Junior Associate	140-200	200
Cashier/Support	95-195	195

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 applicable. Information on the time incurred and remuneration drawn will be provided to any creditors’ committee (“committee”) appointed by the creditors or, in the absence of a committee, to the creditors.

### Expenses and disbursements

Expenses and disbursements (“expenses”) are any payments from the estate which are not office holder’s remuneration nor a distribution to a creditor or member. Disbursements are payments which are first met by the office holder, or their firm, and then reimbursed from the estate. It should be noted that expense rates may increase periodically in line with increases from our suppliers.

Category 1 expenses: these are directly attributable to the estate and may include travelling, postage, photocopying (where external provider), statutory advertising, professional advisors and other expenses made on behalf of the estate. These are payments made to providers who are not an associate of the office holder or firm. Such expenses can be paid from the estate without approval from the committee or the creditors. We will provide such additional information as may reasonably be required to support the expenses paid.

Category 2 expenses: these are payments to associates or those which have an element of shared costs. Before being paid, they require approval from the committee or creditors in the same manner as an office holder’s remuneration. Mileage is a Category 2 expense charged by this firm, which is paid at prevailing 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.

## 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 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 cheques/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
Pension scheme	Identifying whether there is a pension scheme Liaising and providing information to be able to finalise winding up the pension scheme
Reports	Preparing six monthly progress report, investigation and general reports to creditors
Creditors' decisions	Preparation of decision procedure notices, voting forms 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	Correspondence to request information on the company's dealings, making further enquiries of third parties Reviewing company's books and records Review of specific transactions and liaising with directors regarding certain transactions
Realisation of Assets	
Debtors	Reviewing and assessing debtors' ledgers Liaising with the Buyer regarding the allocation of funds Liaising with the Buyer to agree credit note amounts Collecting debtor funds Raising and issuing credit notes
Other assets: intangibles, intellectual property,	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 customers off the Company's three platforms for the purpose of pursuing a sale of the IPv4 addresses
Insurance	Correspondence with insurer regarding ongoing insurance requirements

General Description	Includes
	Reviewing insurance policies
Trading	
Management of operations	Analysing work in progress Liaising with suppliers regarding payment of final invoices Liaising with management and staff regarding issuance of credit notes Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Maintaining sales ledger
Accounting for trading	Preparing budgets Finalising trading profit or loss Trading strategy review
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
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

## APPENDIX VI

### 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			Actual time costs incurred to date		
	Number of hours	Total time costs £	Blended hourly rate £ per hour	Number of hours	Total time costs £	Average hourly rate £ per hour	Number of hours	Total time costs £	Average hourly rate £ per hour
Administration (including statutory reporting)	181	69,513	385	113	31,708	280	280	100,004	357
Realisation of assets	183	88,188	482	45	21,253	471	147	68,909	468
Creditors (claims and distribution)	54	22,438	416	12	4,560	380	46	18,595	402
Investigations	37	17,000	459	20	6,873	337	81	28,470	352
Trading	130	61,875	478	42	20,078	478	231	107,517	465
Case specific matters	20	8,375	419	0.10	45	450	3	1,200	462
<b>Total</b>	<b>604</b>	<b>267,388</b>	<b>440</b>	<b>233</b>	<b>84,516</b>	<b>363</b>	<b>789</b>	<b>324,695</b>	<b>412</b>

## APPENDIX VI

### 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 Kingsley Napley	Time Costs	34,320	3,000	3,000	22,290	12,030	
Storage Costs	Fixed fee	3,000	302	-	1,630	1,672	
Bank charges	Fixed fee	100	15	15	15	85	
Cat 1 disbursements	Fixed fee	-	70	42	70	-	
Trading expenses:							
Sub-Contractors	Fixed fee	55,000	30,000	30,000	89,924	-	Debtor reconciliation took longer than expected due to credit notes being issued therefore Wickham Everett Limited was being retained for longer than originally anticipated.
Suppliers	Fixed fee	80,000	10,420	10,420	64,980	10,000	
TOTAL		172,420	43,807	43,477	178,909	22,787	

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



## APPENDIX VI

### 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 fee for completing this work was £1,500 per week, which has been paid in full.

#### 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 £3,000 plus VAT of which has been paid. The solicitors' fees during the administration amount to £22,290 which has been paid in full.

#### Agents and valuers

JG Collections are engaged to securely store Company records. Their costs have been agreed on a fixed basis plus VAT. The agents' fees for the Review Period amount to £301.76 plus VAT. The agents' fees from the date of appointment amount to £1,629.76, of which the sum of £1,328 has been paid.

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 has been 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.

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