

AM10

Notice of administrator's progress report



Companies House

FRIDAY



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05/01/2024

#52

COMPANIES HOUSE

1 Company details

Company number 0 7 4 4 6 3 3 4

Company name in full Freehand 2010 Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Anthony Malcolm

Surname Cork

3 Administrator's address

Building name/number Cork Gully LLP

Street 40 Villiers Street

Post town London

County/Region

Postcode W C 2 N 6 N J

Country United Kingdom

4 Administrator's name ①

Full forename(s) Stephen Robert

Surname Cork

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Cork Gully LLP

Street 40 Villiers Street

Post town London

County/Region

Postcode W C 2 N 6 N J

Country United Kingdom

② Other administrator
Use this section to tell us about
another administrator.

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6 Period of progress report

From date	d	2	d	2	m	0	m	5	y	2	y	0	y	2	y	3
To date	d	2	d	1	m	1	m	1	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

hyc

X

Signature date	d	2	d	0	m	1	m	2	y	2	y	0	y	2	y	3
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AM10

Notice of administrator's progress report



Presenter information

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

Contact name Samuel Warlow

Company name Cork Gully LLP

Address 40 Villiers Street

Post town London

County/Region

Postcode W C 2 N 6 N J

Country United Kingdom

DX

Telephone 020 7268 2150



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- ☐ You have attached the required documents.
- ☐ You have signed the form.



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Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



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Freehand 2010 Limited

(in Administration) ("the Company")

Joint Administrators' Six-Month Progress Report

December 2023

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Joint Administrators' Six-Month Progress Report

Joint Administrators' Six-Month Progress Report

We refer to the appointment of Anthony Cork and Stephen Cork as Joint Administrators of the Company on 22 November 2022.

This report is addressed to the creditors of the Company and forms the Joint Administrators second six-month progress report. This report is a statutory requirement as part of the Administration process and contains information for creditors covering the period from 22 May 2023 to 21 November 2023 ("the Period").

This report should be read in conjunction with the Joint Administrators' Proposals for dealing with the Company's affairs, which were approved by creditors on 25 January 2023 and the Joint Administrators first six-month progress report dated 21 June 2023.

Cork Gully LLP uses personal information in order to fulfill the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also fulfil the legitimate interest of keeping creditors and others informed about the insolvency proceedings. The privacy statement, which explains how Cork Gully LLP process personal data, can be accessed at:

<http://corkgully.com/wp-content/uploads/2022/12/GDPR-Privacy-note-September-2022.pdf>.

On 2 November 2023 creditors duly approved the extension of the Administration of the Company for an additional period of 12 months. As such, the Administration will now automatically end on 21 November 2024.

1. Statutory Information

The statutory information relating to the Company is attached at Appendix I.

2. Joint Administrators Actions Since the Last Progress Report

The Joint Administrators have complied with all statutory tasks in the Period. A summary of the main tasks undertaken in the Period are as follows:

- The completion of a sale of the Company's assets, for which further details can be found at paragraph 8.1.2;
- Dealing with routine correspondence with the creditors and members of the Company;

- Issuing a report to creditors for the approval of the Joint Administrators remuneration;
- Liaising with employment specialists for the calculation of the employees' preferential claims in the Administration; and
- Seeking approval from creditors for the extension of the Administration, for the purpose of recovering additional consideration in respect of the sale of the Company's assets.

3. Receipts and Payments

A summary of the Joint Administrators' receipts and payments for the Period 22 May 2023 to 21 November 2023 is attached at Appendix II. These have been reconciled to the estate bank account, which is an interest-bearing account held at Barclays Bank. All receipts and payments are net of VAT and VAT is recoverable in this matter.

3.1. Receipts

The receipts during the Period total £10,539.02, which are broken down as follows:

- Sale of Company's Assets
An Initial sum of £8,389.26 (€10,000) has been received from Hyb d.o.o. with regards to the sale of the Company's assets.
- Insurance Refund
An insurance refund of £1,357.55 has been received.
- Refund of Legal Fees
A refund of £562.86 was received from Forresters IP LLP in relation to dealing with the Company's Intellectual Property Rights ("IPR").
- Bank Interest
Bank interest of £229.35 was earned during the Period.

3.2. Payments

There were no payments during the Period.

4. Assets

4.1. Assets Subject to a Fixed Charge

- Intellectual Property Rights ("IPR")

The Directors' Statement of Affairs estimated the realisable value of the Intellectual Property Rights to be uncertain due to the difficulty in assigning a value outside of a sale of the Company's business and assets.

Realisations in the sum of £2,420.48 were attributable to IPR from the total sale proceeds, which is being held in an interest-bearing account in the Company's name.

Following the sales process, as outlined in paragraph 8.1.2, these assets were sold to Hyb d.o.o.

4.2. Assets Subject to a Floating Charge

— Stock and Tooling

Following the sales process, as outlined above and in paragraph 8.1.2, these assets were sold to Hyb d.o.o. Realisations of £1,210.22 and £2,420.48 were attributable to stock and tooling respectively from the total proceeds of the sale.

The tooling was based in multiple locations mainly in Slovenia and considered of no value without the IPR.

— Book Debts

The Company's balance sheet identified outstanding debtors in the sum of £101,924, of which the Directors' Statement of Affairs estimated £82,989 would be realisable. To date, the Joint Administrators have recovered £59,877. The Joint Administrators do not consider there will be any further recoveries. The trade debtors didn't form part of the sale to Hyb d.o.o.

5. Liabilities

5.1. Secured Creditors

The Company granted a debenture, containing a fixed and floating charge to OR Productivity Limited (In Administration) ("ORP"), which was created on 25 November 2011. This claim is estimated to total £7,789,306.

5.2. Preferential Creditors

The preferential creditors of the Company are broken down as follows:

— Ordinary Preferential Creditors

The ordinary preferential claim consists of employee claims for arrears of wages (up to a maximum of £800 per employee) and accrued holiday pay in accordance with the Insolvency Act 1986. Such claims are paid out of net realisations in priority to unsecured creditors and the floating charge creditor.

The Company has preferential creditor claims of £29,395.50 comprising:

- £17,001.16 from the Redundancy Payments Services ("the RPS"); and
- residual preferential claims from nine employees totaling £12,394.34.

— Secondary Preferential Creditors

HMRC are secondary preferential creditors for certain specified debts, such as VAT, PAYE, employee National Insurance Contributions, student loan deductions and Construction Industry Scheme deductions. Secondary preferential debts are payable after all ordinary preferential debts have been paid in full, and before non-preferential unsecured debts.

HMRC have been notified of the Joint Administrators' appointment and have not submit a claim as they have identified a potential refund being due in respect of Corporation Tax, which may extinguish their preferential claims. The Joint Administrators continue to investigate the prospect of recovering this refund and have been informed by HMRC that any refund may be subject to further Crown set-off. HMRC will be able to provide further detail in this regard once the pre-appointment VAT return has been submitted.

5.3. Prescribed Part

There are provisions in insolvency legislation that require an administrator to set aside a percentage of a company's floating charge assets for the benefit of the unsecured creditors, known as the "prescribed part". The prescribed part applies for the Company as there is an outstanding floating charge registered after 15 September 2003.

Depending on the level of floating charge realisations, there may be sufficient funds to pay a prescribed part distribution to unsecured creditors.

5.4. Unsecured Creditors

The unsecured creditors of the Company are broken down as follows:

— Unsecured non-preferential claims

At the date of administration, the Company's records detailed 74 unsecured creditors, with an estimated amount owed to them of £413,187. So far, the Joint Administrators have received 22 unsecured claims amounting to £144,809. This amount has decreased since the previous report issued to creditors as, upon review, a valid proof of debt form had not been lodged for one creditor. In addition, two further creditor claims have been received since the previous six-month progress report.

— Employees' unsecured non preferential claims

The SoA indicated an estimated value of £68,948 for the unsecured non-preferential claims of the employees. To date we have not received any claims in this regard.

The Joint Administrators do not intend to review or agree unsecured creditor claims until such time as it is clear

there are sufficient asset realisations to pay a distribution to unsecured creditors.

Given the quantum of the secured creditor's claim, it is unlikely there will be a distribution to unsecured creditors, other than by way of the prescribed part.

6. Investigations into the affairs of the Company

The Joint Administrators undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation.

There were no matters that justified further investigation in the circumstances of this appointment. However, should creditors have any matters they wish to bring to the Joint Administrators attention please contact us on the details provided with this report.

7. Pre-Administration Costs

On 2 November 2023, creditors approved payment of the outstanding pre-administration costs of Cork Gully of £4,778.17, plus VAT.

No payment has yet been made in relation to this amount, which currently remains outstanding.

8. Joint Administrators' Remuneration and Expenses

8.1. Joint Administrators Remuneration

The Joint Administrators' remuneration was approved by creditors, on 2 November 2023 on a fixed-fee basis of £160,000 plus VAT and disbursements, for work undertaken since their appointment.

The Joint Administrators are yet to draw any remuneration in respect of the approved fixed fee but will do so in due course.

A summary of the main actions undertaken in the Period are as follows:

8.1.1. Administration & Planning Tasks

This represents the work involved in the routine administrative functions of the case by the office holders and their staff, together with the control and supervision of the work done on the case by the office holders. It does not give direct financial benefit to the creditors, but must be undertaken to comply with Insolvency legislation and the Statements of Insolvency Practice, which set out required practice that an office holder must follow.

- Case planning – complying with and reviewing the strategy for dealing with the case and giving

instructions to staff to undertake the work on the case.

- Maintaining electronic case files and the practice's electronic case management system.
- Dealing with all routine correspondence and emails relating to the case.
- Maintaining and managing the estate bank account and cashbook, including undertaking regular bank reconciliations of the estate bank account.
- Maintaining and reviewing a specific penalty bond (this is insurance required by statute that every insolvency office holder must obtain for each insolvency appointment).
- Supervising the work of advisors instructed on the case to assist in dealing with the assets, obtaining updates from them on the work done, and checking the adequacy of the work done.
- Undertaking regular bank reconciliations of the estate bank account.
- Undertaking periodic reviews of the progress of the case, publishing the 6 monthly report to members and creditors and publishing the report to creditors in respect of the Joint Administrators remuneration approval.
- Overseeing and controlling the work done on the case by case administrators.

8.1.2. Realisation of Assets

This represents the work involved in the protection and realisation of assets, which is undertaken directly for the benefit of creditors.

The Joint Administrators concluded the sale of the Company's assets to Hyb d.o.o. ("Hyb") following an extensive marketing, sales and due diligence process, as detailed in their previous six-month progress report.

Hyb initially signed a Heads of Terms ("HOTs") and provided a non-refundable deposit of €7,000. The offer detailed in the original HOTs subsequently changed, primarily due to the passage of time and the subsequent expiry of the Company's CE Mark.

On 19 June 2023, Hyb purchased such right and title and interest (if any) as the Company had and could transfer in and to all the assets relating to the business as follows:

- IPR
- The Stock
- The Tooling
- The Seller's records

The following consideration that has been received to date is as follows (in addition to the €7,000 referred to above):

- €10,000 to be paid no later than 9 June 2023 but prior to any assets being sold or assets removed from the UK or any other location. These funds were received in June 2023 and are being held in an interest-bearing account under the Company's name.

The Joint Administrators will oversee the realisation of the following deferred consideration (if applicable) prior to the conclusion of the Administration:

- The Buyer will pay 30% of all gross sales achieved until 31 December 2023 subject to the Buyer having obtained all necessary legal and regulatory approvals, registrations, licences, consents, and permissions in order to make those sales in whatever jurisdiction.
- The Buyer will pay 75% of the two orders placed by UroPMS totalling €62,360.40 immediately upon payment being received by the Buyer subject to the Buyer having obtained all necessary legal and regulatory approvals, registrations, licences, consents, and permissions in order to make those sales in whatever jurisdiction.
- If the intellectual property rights are sold (whether in one transaction or a series of transactions) by the Buyer to any other person within the first 12 months of completion, then 25% of the gross sale proceeds will be payable if the proceeds are higher than €125,000.

8.1.3. Creditors

Work undertaken in relation to creditors comprises:

- Maintaining creditor information on IPS case management software.
- Dealing with creditor correspondence, emails and telephone conversations in respect to their claims.
- Liaising with the Redundancy Payments Service ("RPS") and Evolve IS regarding employees' claims, the adjudication of their claims and the subsequent claim from the RPS.

A dividend to the secured and preferential creditors will also be agreed and paid if sufficient asset realisations are made, and possibly also a distribution of the Prescribed Part to unsecured creditors.

The Joint Administrators have currently incurred post Administration time costs of £147,459.10, representing 334.2 hours of work at an average hourly rate of £441.23.

Cork Gully LLP's Fee Practice Recovery Policy, including charge out rates, can be found at [http://corkgully.com/wp-](http://corkgully.com/wp-content/uploads/2023/03/Practice-Fee-Recovery-February-2023.pdf)

[content/uploads/2023/03/Practice-Fee-Recovery-February-2023.pdf](http://corkgully.com/wp-content/uploads/2023/03/Practice-Fee-Recovery-February-2023.pdf).

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 administrator's fees may be approved is available in a Guidance Note issued with Statement of Insolvency Practice 9, and they can be accessed at <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page/1/administration-a-guide-for-creditors-on-insolvency-practitioner-fees/>. There are different versions of these Guidance Notes, and in this case please refer to the April 2021 version.

8.2. Joint Administrators' Expenses

When requesting the basis of our fee authority, we are required to estimate the anticipated expenses likely to be incurred in administering the estate. Such expenses are categorised as either Category 1 or Category 2 expenses.

8.2.1. Category 1 Expenses

Category 1 expenses are directly referable to an invoice from a third party which is either in the name of the estate or Cork Gully LLP. In the case of the latter, the invoices make reference to, and can therefore be directly attributed to, the estate. These disbursements are recoverable in full from the estate without prior approval of creditors either by a direct payment from the estate or, where the firm has made payment on behalf of the estate, by a recharge of the amount invoiced by the third party.

Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and company search fees.

Some category 1 disbursements are yet to be recovered from the estate, as such they do not appear in the receipts and payments account for the Period.

No category 1 expenses were incurred during the Period.

A breakdown of the category 1 expenses that have been paid during the Administration are outlined in the table below:

Expense	Expenses incurred to date (£)	Estimated further expenses (£)
Statutory Bonding	420.00	-
Statutory Advertising	93.24	100.80
Preparation of S of A Expenses	1,500.00	-
Postage of initial creditors letter	88.40	-
Storage costs - JG Collection Services Limited	150.00	400.00
IP-Bid advertising costs	245.00	-
Insurance	-	587.12
Total	2,496.64	1,087.92

8.2.2. Category 2 Expenses

Category 2 expenses are payments to associates or which have an element of shared costs; they are not attributed to the estate by a third-party invoice and/or they may include a profit element. These disbursements are only recoverable from the estate with the approval of creditors. Examples of category 2 disbursements are photocopying, internal room hire, internal storage and mileage.

Cork Gully LLP will not seek to charge or recover any category 2 disbursements incurred in respect of work undertaken on this assignment.

8.3. Agents and Professional Advisors

The Joint Administrators have utilised various professional advisors during the Administration. The following professional advisors have been instructed, or are anticipated to be instructed, during the course of the Administration:

- Forrester IP LLP ("Forresters")
The amount of £4,251.00 (plus VAT) has been paid to Forresters in respect of legal fees for matters pertaining to IPR. Forresters took steps to preserve the Company's patents, which were necessary to enable a sale of the Company's business and assets. Forresters were remunerated on a fixed fee basis and no further costs are expected to be incurred in this regard. A subsequent refund of £562.86 was received from Forresters.
- AMB Law
AMB Law provided legal advice in relation to the ongoing sale process of the Company's business and/or assets. It is anticipated that their costs will be approximately £500 (plus VAT) in this regard.

— Tax Agents

Whilst a tax agent has not yet been engaged, it is anticipated that a tax agent will be engaged in due course. They will be required to prepare tax returns to account for a sale of the Company's business and assets. A reasonable expectation of the cost for this work would be approximately £2,000-4,000 (plus VAT).

— Employment Specialist

The Joint Administrators have engaged an employment specialist, Evolve IS Limited, as a sub-contractor to assist with the handling of employee claims, pensions and communications with the Redundancy Payments Office. The Joint Administrators had previously been advised that a fixed fee of £285 (plus VAT) had been incurred, however, Evolve IS Limited have now advised that the fixed fee incurred was £195 (plus VAT), this will be settled shortly. It is expected that additional work may be required in relation to the Company's pension scheme and their fees for this work will amount to approximately £350 (plus VAT), which is likely to be on a fixed fee basis.

This work has been subcontracted because Evolve IS will be able to agree employee claims more cost effectively than if this work was undertaken by the Joint Administrators' staff.

Expenses and professional advisor's fees do not have to be approved, but when reporting to any committee and the creditors during the course of the Administration, the actual expenses incurred will be compared with the original estimate and an explanation of any material differences will be provided.

The choice of professionals has been based on the Joint Administrators' perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement. We have reviewed the fees charged above and are satisfied that they are reasonable in the circumstances of this case.

9. Dividend Prospects

9.1. Secured Creditors

Subject to any further realisation of assets, there may be a distribution to ORP as the Company's sole secured creditor. The exact quantum and timing of any distribution is unknown at present.

9.2. Preferential Creditors

Based on current information, and subject to future realisations, there may be sufficient funds to enable a dividend to preferential creditors of the Company. The

exact quantum and timing of this dividend is unknown at present.

9.3. Unsecured Creditors

Given the level of secured and preferential debts owed, it's unlikely there will be sufficient asset realisations to enable a dividend to be paid to non-preferential unsecured creditors, other than by way of a prescribed part.

10. Further Information

An unsecured creditor may, with the permission of the court or with the concurrence of 5% in value of the unsecured creditors (including the creditor in question), request further details of the Joint Administrators' remuneration and expenses, within 21 days of receipt of this report. Any secured creditor may request the same details in the same time limit.

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Joint Administrators' fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report.

To comply with the Provision of Services Regulations, some general information about Cork Gully LLP, including about our complaints policy and Professional Indemnity Insurance, can be found at <http://corkgully.com/wp-content/uploads/2022/12/Provision-of-Services-Regulations-Summary-September-2022-002.pdf>.

11. Summary

The Administration will remain open until the Joint Administrators have discharged their duties. The Joint Administrators will continue to take appropriate action to realise assets for the purpose of paying a dividend to the Company's preferential creditors.

If creditors have any queries regarding this report, the Administration in general, or want hard copies of any of

the documents made available on-line, they should contact Samuel Warlow by email at samuelwarlow@corkgully.com, or by phone on 020 7268 2150.

For and on behalf of the Company



Anthony Malcolm Cork
Joint Administrator

Anthony Cork and Stephen Cork were appointed Joint Administrators of the Company on 22 November 2022. The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents and contract without personal liability. Anthony Cork and Stephen Cork are authorised to act as an Insolvency Practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales and are bound by the Insolvency Code of Ethics.

Appendix I – Statutory Information

Company Name:	Freehand 2010 Limited
Previous Name:	-
Trading Name:	-
Company Number:	07446334
Date of Incorporation:	22 November 2010
Former Trading Address:	Unit 2 Weyvern Park, Portsmouth Road, Guildford Surrey, GU3 1NA
Current Registered Office:	C/O Cork Gully LLP, 40 Villiers Street, London WC2N 6NJ
Former Registered Offices:	C/O Berry Smith LLP, Haywood House, Dumfries Place, Cardiff, CF10 3GA
Nature of Business:	82990 - Other business support service activities not elsewhere classified
Appointment Details	
Administrators:	Anthony Malcolm Cork (IP No. 9401) and Stephen Robert Cork (IP No. 8627)
Administrators' Address:	Cork Gully LLP, 40 Villiers Street, London, WC2N 6NJ
Date of Appointment:	22 November 2022
Court Name and Reference:	High Court of Justice, Business and Property Courts of England and Wales, Court Reference No. CR-2022-004331
Appointment Made By:	Directors
Actions of Administrators:	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

Directors:	Appointed	Resigned	Shareholding (personal)
Charles Breece	18 January 2011	-	-
Jeremy Russell	16 February 2011	-	-

Share Capital:

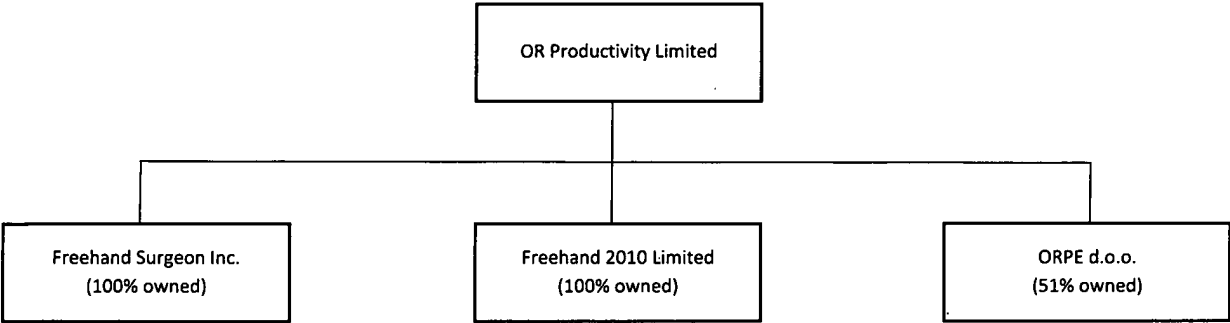
Ordinary Shares	1,106,999 Ordinary Shares of £0.01 1 Ordinary Share pf £1.00	Total called up capital £11,070
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Charges

The Company granted a Debenture (containing a fixed and floating charge) to OR Productivity Limited which was created on 25 November 2011 and delivered pursuant to Chapter A21 Part 5 of the Companies Act 2006 on 10 December 2011.

The Company granted a Rent Deposit Deed (containing all monies due or to become due from the company to the charge under the terms) to Nortrust Nominees Limited on 28 January 2011 and delivered pursuant to Chapter A21 Part 5 of the Companies Act 2006 on 2 February 2011.

Structure Chart:



Appendix II – Joint Administrators' Receipts and Payments Account

Statement of Affairs (£)	From 22/11/2022 to 21/05/2023 (£)	From 22/05/2023 to 21/11/23 (£)	Total (£)
FIXED CHARGE RECEIPTS			
Intellectual Property Rights	2,420.48	3,355.70	5,776.18
Legal Fees Refund	0.00	562.86	562.86
Bank Interest Gross	2.22	18.69	20.91
	2,422.70	3,937.25	6,359.95
FIXED CHARGE PAYMENTS			
Legal Fees	(4,251.00)	0.00	(4,251.00)
	(4,251.00)	0.00	(4,251.00)
TOTAL FIXED CHARGE	(1,828.30)	3,937.25	2,108.95
FLOATING CHARGE RECEIPTS			
Tooling	2,420.48	3,355.70	5,776.18
Stock	1,210.22	1,677.86	2,888.08
82,989.00 Book Debts	59,877.81	0.00	59,877.81
9.00 Cash at Bank	1,560.00	0.00	1,560.00
Insurance Refund	0.00	1,357.55	1,357.55
Bank Interest Gross	25.06	210.66	235.72
	65,093.57	6,601.77	71,695.34
FLOATING CHARGE PAYMENTS			
Preparation of S. of A.	(1,500.00)	0.00	(1,500.00)
Advertising Costs	(245.00)	0.00	(245.00)
Storage Costs	(150.00)	0.00	(150.00)
Statutory Advertising	(93.24)	0.00	(93.24)
	(1,988.24)	0.00	(1,988.24)
TOTAL FLOATING CHARGE	63,105.33	6,601.77	69,707.10
BALANCE	61,277.03	10,539.02	71,816.05
Represented by			
Bank 2 Deposit	60,329.18	11,486.87	71,816.05
VAT Receivable	947.85	(947.85)	0.00

Note:

- All funds are held on interest-bearing accounts in the Company's name.
- The assets realised to date have been split between fixed and floating charge assets. OR Productivity holds both a fixed and floating charge. Realisations have been separated into the two categories to show floating charge realisations that may be subject to the Prescribed Part (see Section 5.3).
- There was a transposition error in the receipts and payments account of the previous report issued to creditors in respect of 'Stock'. This error has now been corrected.

Cork Gully

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