

AM03

Notice of administrator's proposals



Companies House

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1 Company details

Company number	0	9	4	8	3	2	5	2
Company name in full	MRS WORDSMITH LIMITED (IN ADMINISTRATION)							

→ **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	6 SNOW HILL
Post town	LONDON
County/Region	
Postcode	E C 1 A 2 A Y
Country	UK

4 Administrator's name ①

Full forename(s)	STEPHEN ROBERT
Surname	CORK

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

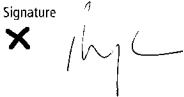
5 Administrator's address ②

Building name/number	CORK GULLY LLP
Street	6 SNOW HILL
Post town	LONDON
County/Region	
Postcode	E C 1 A 2 A Y
Country	UK

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

AM03

Notice of Administrator's Proposals

6		Statement of proposals		
	<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals		
7		Sign and date		
Administrator's Signature	Signature			
Signature date	<div><div>d0</div><div>d9</div><div>m0</div><div>m4</div><div>y2</div><div>y0</div><div>y2</div><div>y1</div></div>			

AM03 Notice of Administrator's Proposals



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	LIAM JONES
Company name	CORK GULLY LLP
Address	6 SNOW HILL
Post town	LONDON
County/Region	
Postcode	E C 1 A 2 A Y
Country	UK
DX	
Telephone	020 7268 2150



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- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



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The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



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CORK GULLY

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Joint Administrators' Proposals

This report is addressed to the creditors of the Company and incorporates the Joint Administrators' proposals. The proposals were issued on 9 April 2021 and are delivered to creditors on 13 April 2021.

Anthony Malcolm Cork and Stephen Robert Cork were appointed Joint Administrators of the Company on 5 March 2021 and these are the Joint Administrators' statutory proposals relating to the Company. The Joint Administrators were appointed by the directors of the Company.

These proposals follow the SIP 16 report issued to creditors on 11 March 2021 which provided information about the pre-packed administration sale of the Company's business, certain assets and shares in the Denmark Subsidiary, Mrs Wordsmith Aps, to Hatch House Games Limited ("HHGL") and Hatch House IP Limited ("HHIL") (together, "the Purchasers"). A copy of our SIP 16 report to creditors is attached at Appendix IX.

1. Statutory Information

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

2. Circumstances Leading to the Appointment of the Joint Administrators

2.1. Company Background

Creditors should note that, unless otherwise stated, this section of the proposals have been prepared based on information provided by the directors of the Company and not from the personal knowledge of the Joint Administrators. It should be noted that much of the disclosure in this report has previously been outlined in our SIP 16 report.

Incorporated on 11 March 2015, the Company specialised in creating and developing children's educational material aimed at improving reading and writing. It used platforms such as mobile apps, printed products and digital content aimed at children aged 4 to 11. All educational content was internally developed using Hollywood-quality animation and state-of-the-art game design, with a view to making the learning experience entertaining and engaging.

The Company had 32 employees and six statutory directors (two of who were employees), and operated from premises at Unit 201 The Shepherds Building, Charecroft Way,

London, United Kingdom ("the Premises").

The Company was founded by Sofia Fenichell, a mother and writer with a simple vision: to create educational content that worked, and that her kids wanted to use as schools weren't keeping pace with entertainment and technology. The Company has gone through various phases in its trading since inception. The most notable being in 2019 when the Company began to deviate from selling print products on a subscriptions basis to selling individual print products. It also launched the mobile application 'Epic Word Adventure' in the fourth quarter of 2019. Unfortunately, 'Epic Word Adventure' was withdrawn in the same quarter due to functionality issues.

Despite having raised over £11.5m in funding the Company was selling print products on a negative gross contribution margin basis. In March 2020, the Company had negative EBITDA of c. £200k. For the period April 2020 through to August 2020, performance improved driven by the growth of the print game "Blah Blah Blah" plus digital printable products.

Momentum was broken when the Company briefly ran out of stock in the USA in September 2020. The Company had been managing stock levels carefully in order to conserve cash, awaiting investment from the Future Fund. The Future Fund is a scheme to provide government loans to UK based companies ranging from £125k to £5m, subject to at least equally match funding from private investors.

In 2020 the Company took measures to preserve cash reserves with revenue loans, furloughing employees, factoring a Video Games Tax Relief payment, and agreeing to a payment plan with a large trade creditor. Total funds raised from the Future Fund, private investors and several shareholders totalled £1.28m, which was raised by way of a convertible loan note. These funds were advanced in September 2020, £771k of which was used to pay off existing creditors equitably, *pari passu*, with the balance being used to finance the business.

Despite increasing its marketing efforts, the Company was unable to regain sales momentum. The Company adjusted their forecasts accordingly to reflect the reduced demand for printable products and to account for the impact of delayed app launches.

Joint Administrators' Proposals

During December 2020, the Company was no longer able to sustain printing activities and focused almost entirely on the digital products. With reference to the Company's Management Accounts attached at Appendix II, in 2020 revenues fell by 31% compared to the previous year, being £829,948 (2020) and £1,206,544 (2019). The reduction in physical product revenue from year end 2019 to 2020 was 44% (£528,347). The combination of a deteriorating cash position from printable products, a significantly delayed launch of the digital apps and delayed furlough payments meant that the Company would run out of cash in February 2021. This led to an emergency funding requirement, which the Board actioned in mid-December 2020.

Within a 2-3 week period, the Directors had identified, attracted and negotiated with an individual who was prepared to lend the Company. In addition, the Board were able to provide a Term Sheet for investment of at least £800k from existing shareholders. However, the Company was not able to secure the financing from existing or prospective shareholders that satisfied the nuances of each relevant party, including that of existing management, that of prospective management and that of the shareholders.

The severe cash restraint meant the Company was no longer able to resist the mounting pressure from HM Revenue & Customs and other key creditors. Nor could it continue to incur losses, which were in excess of c. £2.6m in 2020.

The Company has four wholly owned subsidiaries. A corporate structure is set out below.

On 5 March 2021, Anthony Malcolm Cork & Stephen Robert Cork were appointed by the directors as Joint Administrators of the Company and took over responsibility for the management of the affairs, business and property of

the Company from the Board. The appointment permitted the Joint Administrators to take any actions required either jointly or alone, and Anthony Malcolm Cork has been the Administrator primarily involved in dealing with the Company's affairs.

2.2. Summary of Financial Accounts

A summary of the Company's recent trading performance is at Appendix II. It should be noted that the Management Accounts have not been verified for accuracy and therefore may not reflect the Company's true trading position.

2.3. Reason for Insolvency

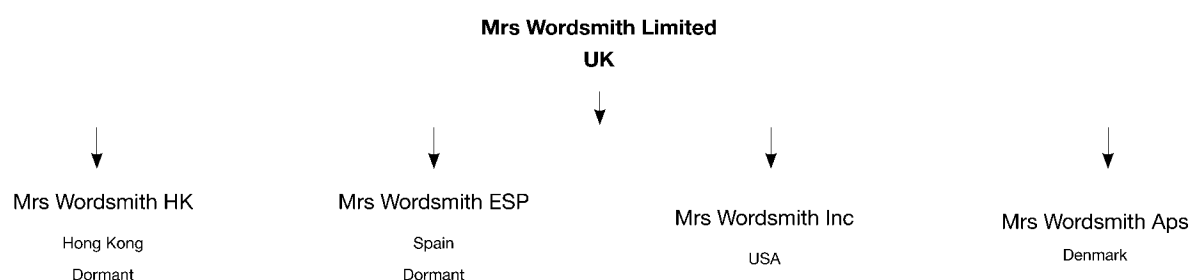
The Joint Administrators understand from the management team that the following factors have contributed to the Company being placed into administration:

- the cash position of the Company deteriorating rapidly in Q4 2020; and
- despite the Board securing promises of further funding from existing shareholders, they were unable to agree and finalise terms with those shareholders.

2.4. Pre-appointment considerations

This matter was referred to Cork Gully LLP ("Cork Gully") by Marriott Harrison LLP ("Marriott") on 3 February 2021. Marriott is a law firm based in London, which had been engaged by the Board to provide advice and assistance. They were asked by the Board to facilitate introductions to various Insolvency Practitioners.

Cork Gully had an initial discussion with the Board on 4 February 2021. Following the initial consultation, Cork Gully attended a further board meeting on 10 February 2021. An



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engagement letter was prepared on 12 February 2021 and Cork Gully was instructed to provide the Company with professional advice relating to its ongoing business.

In relation to this initial engagement, Cork Gully provided advice to the Board of Directors about their duties and responsibilities to creditors, as well as the options available for the Company.

The Board then concluded that formal insolvency was unavoidable and that appointing an administrator would result in the best outcome for creditors.

A further engagement letter, confirming the work that had already commenced, was prepared on 22 February 2021 and Cork Gully was subsequently instructed to provide the following additional advice:

- Advise and assist the Board in relation to the Company's affairs and business prior to any appointment of an Administrator;
- Advise and assist the Board in relation to any discussions or negotiations with potential purchasers of the Company's business and assets;
- Liaising with agents to advise on the value of the Company's business and assets, and how best to market and realise the business and assets to further the purpose of Administration;
- Liaising with other relevant professional advisors to advise on matters relating to how best to further the purpose of Administration;
- Assisting the Board in dealing with the formalities of compiling the relevant documentation to place the Company into Administration and liaising with any solicitors instructed to assist in completing such formalities;
- Contacting all relevant parties on behalf of the Company with a view to carrying out the above functions.

Cork Gully has received remuneration from the Company in the amount of £25,833.33 (excluding VAT) for providing the above professional advice to the Company. Outstanding time costs in the pre-appointment period amount to £30,172.17 (excluding VAT) for time incurred up to and including the

date of administration. It was previously reported in the SIP16 disclosure that the outstanding time costs in the pre-appointment period amounted to £29,854.17, however, due to a clerical error this was reported incorrectly and the actual time costs outstanding are £30,172.17. These time costs remain unpaid and further information, and a request for approval of our pre-administration costs, can be found in section 8.

Pre-administration legal advice was provided to the Company by Marriott. Their time costs incurred up to and including the date of administration was £38,293.50 (excluding VAT), of which £13,925 (excluding VAT) was paid by the Company. Outstanding time costs in the pre-appointment period amount to £24,368.50 (excluding VAT). These time costs remain unpaid. In addition to this, there were disbursements of £2,837.24 (excluding VAT), which includes £2,750 of Danish counsel fees, and remains outstanding. Further details, and a request for approval of Marriott's pre-administration fees and expenses, are provided in section 8.2.

Prior to the commencement of the Administration we advised the Board as a whole, acting on behalf of the Company, about the options available to them in view of the Company's financial difficulties to help determine an appropriate course of action to take. No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. The directors were advised that, if appropriate, they should obtain separate independent legal advice as to their own personal positions and that Cork Gully LLP would not be advising them in their personal capacity. Whilst not formally in office at that time, we are still required to act in our dealings with the Company in accordance with the Insolvency Code of Ethics.

As required by the Insolvency Code of Ethics, the Joint Administrators considered the various threats to their objectivity arising from this prior involvement. They concluded that those threats were at an acceptable level such that they could still act objectively and hence could be appointed Joint Administrators of the Company.

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3. Objectives of the Administration and the Joint Administrators' Strategy for Achieving them

The Joint Administrators are officers of the Court, and must perform their duties in the interests of the creditors as a whole in order to achieve the purpose of the Administration, which is to achieve one of the three objectives set out in the insolvency legislation, namely to:

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

In order to help them achieve the objective the Joint Administrators have a wide range of powers, as set out in insolvency legislation, and they must perform their functions as efficiently as is reasonably practicable. The Joint Administrators are required to act in the interests of the creditors of the Company as a whole, unless the third objective (c) is being pursued. In that instance, the Joint Administrators must ensure they do not unnecessarily harm the interests of the creditors of the Company as a whole.

In the case of the Company, objective (a) could not be achieved as no purchaser could be found for the shares of the Company that would be willing to acquire the Company with its current level of debt. Whilst a Company Voluntary Arrangement ("CVA") was considered, the nature of the Company's trading, and its financial circumstances, meant that there was insufficient time to implement a CVA and that the terms of any CVA were unlikely to be acceptable to creditors.

The pre-pack sale of the Company's business, certain assets and the shares in the Denmark Subsidiary enabled the Joint Administrators to achieve objective (b) as it achieved a better result for the creditors as a whole than would be likely if the Company had been placed into Liquidation first without being in Administration.

As disclosed in our SIP 16 report, all employee contracts were transferred pursuant to Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE") to HHGL as part of the pre-pack sale. The transfer of the employee contracts means that the Company has no preferential creditors in

respect of claims by the employees, which will in turn means that the return to unsecured creditors of the Company is likely to be higher.

The insolvency legislation has set a 12 month maximum duration for Administrations, unless the duration is extended by the Court or the creditors. If the Joint Administrators are unable to complete the Administration of the Company within 12 months then we will either apply to the Court, or seek a decision from the creditors to extend the duration of the Administration. However, it is anticipated that the Administration will end by converting to Creditors Voluntary Liquidation which is discussed in further detail below.

4. Actions of the Joint Administrators following appointment

4.1. Task undertaken

A summary of the main tasks performed by the Joint Administrators following their appointment include:

- Executing the pre-packaged administration sale of the Company's business, certain assets and the Denmark Subsidiary;
- Liaising with the Purchasers and their solicitors in order to complete the sale process, including, but not limited to, issuing a one-month licence to occupy the Company's Premises to the Purchasers and obtaining the relevant insurances;
- Amending bank details for online selling platforms, such as Apple and Amazon, to secure funds due to the Company and engaging with these merchant service providers;
- Issuing chaser letters to all of the Company's debtors to obtain payment of the monies owed to the Company;
- Filing the pre-appointment VAT return, based on the Company's records, which showed that a refund was due;
- Filing notice of the Joint Administrators appointment at Companies House, with the Company and HM Revenue & Customs;
- Advertising our appointment in the London Gazette;

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- Preparing and issuing notice of our appointment and our SIP 16 report to all known creditors of the Company;
- Issuing a notice to the directors regarding their requirement to deliver a statement of affairs as at the date of Administration;
- Preparing this Administrators report to creditors with accompanying proposals;
- Liaising with the Company's pre-appointment bankers to secure the cash balances held and obtain bank statements across the seven different bank accounts;
- Liaising with the Company's former finance team;
- Writing to the directors regarding the Joint Administrators' duty to investigate the affairs of the Company and the reasons for its insolvency. Issuing letters to various third parties to request information and documentation regarding the Company's affairs which will assist with these investigations.

Further details in respect of the task undertaken subsequent to our appointment are provided later in this report. It should be noted that some of these tasks are required by statute or best practice, or are necessary for the orderly conduct of the proceedings, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

4.2. SIP 16 Disclosure

As mentioned earlier, immediately after our appointment on 5 March 2021, the Joint Administrators effected a sale of the Company's business, certain assets and the Denmark Subsidiary. This is known as a pre-pack sale and as a result the Joint Administrators are required to provide creditors with a detailed narrative (SIP 16 Disclosure) explaining inter alia:

4.2.1 A background to the Company and the events leading up to the insolvency;

4.2.2 Details of the pre-packaged sale and the processes undertaken by the Company prior to the appointment of the Joint Administrators (including but not limited to asset valuations and the marketing process);

4.2.3 A summary the Company's financial position and the

likely recoveries to be expected if alternate courses of actions were considered (including but not limited to efforts made to consult with major creditors and potential funders).

4.2.4 The Joint Administrators justification as to why the pre-packaged sale is in the interest of creditors as opposed to alternate courses of action to be considered.

In this regard, on 11 March 2021, the Joint Administrators issued creditors with notice of our appointment together with their SIP 16 Disclosure. Appended to this report is a copy of the SIP 16 Disclosure (see Appendix IX) that the Joint Administrators have previously made to the creditors about the pre-packaged sale. The Joint Administrators did not have sufficient time to draft the proposals within the 7 day period which the SIP16 was required to be completed within due to the complexity of the sale and the various transactional processes that needed to be undertaken as part of the sale.

5. Financial Position of the Company

The Joint Administrators have asked the directors to prepare a summary of the Company's estimated financial position as at 5 March 2021, which is known as a Statement of Affairs, but they have not yet finalised it. I understand that the reason for the delay is the preparation of the Statement of Affairs has taken longer than anticipated, despite the Joint Administrators guidance regarding how to prepare the Statement of Affairs.

In the absence of a Statement of Affairs the Joint Administrators have prepared an estimate of the financial position of the Company as at 5 March 2021 from the records of the Company. A copy of the estimate is attached at Appendix III, together with a list of names and addresses of all known creditors and the amounts of their debts. As mentioned above, there are no employee claims as they were transferred pursuant to TUPE.

Comments on the Administrators' estimate of the financial position of the Company are below:

Assets

5.1. Sale of business, certain assets and the shares in Denmark Subsidiary

As mentioned above, the Company's business, certain

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assets and the shares in the Denmark Subsidiary were sold immediately following appointment to the Purchasers. A copy of the SIP 16 report to creditors is attached at Appendix IX, which details the marketing process undertaken and the sale proceeds achieved with supporting valuations.

For ease of reference, the sale price achieved is set out below with reference to the respective high and low valuation:

Assets not subject to charge	Valuation		
	Sale price £	High £	Low £
HHGL; purchased as going concern:			
Goodwill	1		
Fixtures & Fittings	69,640	50,750	13,500
Sellers' records	1		
Stock	214,066	156,000	59,000
Shares	1		
Business Contracts	1		
WIP	1		
Licences	1		
Deferred consideration*	TBC		
	283,712	206,750	72,500
HHIL; purchased (plus VAT):			
Business Intellectual Property Rights and associated licences	216,288	157,619	157,619
Deferred consideration*	TBC		
	216,289	157,619	157,619
Total	500,000	364,369	230,119

* Deferred consideration is defined as the amount equal to 10% of the total net sales revenue of the Purchasers for the period of 12 months following the Completion Date and, for these purposes "net sales" shall mean the gross revenue minus VAT, applicable sales returns, allowances and discounts. On the basis that the deferred consideration was not quantified, and there is currently a large level of economic uncertainty, no security has been obtained.

A further condition of the sale is that there may be additional consideration due if within two years of the transaction, there is a sale or disposal of the entire issued share capital of the Purchasers to any other person, and/or the sale or disposal (whether in one transaction or a series of transactions) by

the Purchasers to another person of all or a substantial part of the business and / or the assets of the Company including, without limitation, the business and the assets sold to the Purchaser, 10% of the net proceeds of a (or each) transaction shall be payable to the Company.

5.2. Book debts

As at the date of appointment, there were outstanding book debts owing to the Company of £32,510. The balance consisted of online debtors, being those debts which relate to online sales platforms such as Amazon, as well as trade debtors, such as schools.

Online debtors as at the date of appointment totalled £25,067. There are no known bad debts in this category of book debts.

Trade debtors as at the date of appointment totalled £7,443. It is considered that there will be significant bad debts in this category due to aging.

5.3. VAT

There is a VAT refund due as at 5 March 2021 for £28,006.81. The extent of any VAT refund is uncertain as it may be subject to Crown right of set-off.

5.4. Intercompany Loan

At the date of appointment, the Company owned 100% of the following subsidiaries; Mrs Wordsmith HK in Hong Kong (dormant), Mrs Wordsmith ESP in Spain (dormant), Mrs Wordsmith Inc in the US and Mrs Wordsmith Aps in Denmark.

The information provided to the Joint Administrators by the Company's management team suggests that Mrs Wordsmith Inc (USA) owes the Company £730,251. This balance is considered to be unrecoverable by the Company's management team. Intercompany balances will be reviewed as part of the Joint Administrators' investigations.

5.5. Cash at bank

The Company held a number of accounts with Silicon Valley Bank ("SVB") in various currencies and the closing balances have been pursued by the Joint Administrators. All known SVB account balances have now been received, totalling £8,158.36.

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Liabilities

5.6. Preferential creditors

5.6.1 Primary Preferential Creditors

The primary preferential creditor claims consist of employee claims for arrears of wages and holiday pay. As discussed above, and as disclosed in the SIP 16 report, all employee contracts were transferred pursuant to TUPE as part of the pre-pack sale and as such there are no primary preferential claims. This reduced the estimated preferential claims by £105,799 in respect of outstanding wage arrears, holiday pay and pensions.

5.6.2 Secondary Preferential Creditors

Following legislation introduced on 1 December 2020, any amounts owed to HM Revenue & Customs ("HMRC") that an insolvent company has collected on behalf of third parties (such as VAT, PAYE and employees' National Insurance Contributions), rank as a secondary preferential creditor and are paid in priority to the Prescribed Part and a secured creditor's floating charge, but is paid after primary preferential creditors.

According to the Company's records approximately £249,166 is owed to HMRC for PAYE and employees' National Insurance Contributions. It is anticipated that there will be sufficient funds to pay the secondary preferential creditor in full from the funds currently held in the Administration.

5.7. Prescribed part

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

As the Company has no outstanding floating charges registered at Companies House, the prescribed part provisions will not apply.

5.7. Unsecured creditors

At the date of Administration, the Company's records detailed 51 creditors with estimated claims of £3,239,599.42.

The unsecured creditor claims were significantly reduced by the transfer of the employee contracts pursuant to TUPE as part of the pre-pack sale.

The Joint Administrators have received £1,977,825.09 in claims from 13 creditors in the Administration to date. Based on the information available at present, it is anticipated that there will be a dividend to the unsecured creditors, which at present we estimate will be in the region of 3p in the £.

However, the Joint Administrators do not have the power to declare and pay a dividend to unsecured creditors without obtaining a Court order to do so and therefore the Joint Administrators do not intend to review or agree the claims of the unsecured creditors. It is anticipated that at the conclusion of the Administration the Company will be placed into Creditors' Voluntary Liquidation and the Joint Administrators will be appointed Joint Liquidators. A dividend will be paid to unsecured creditors in the subsequent liquidation.

6. Joint Administrators' Receipts and Payments Account

A summary of the receipts and payments relating to the Company for the period from when it entered Administration, 5 March 2021, to the date of these proposals, is at Appendix IV.

To date the Joint Administrators have received £500,000 (excluding VAT) which represent the sale proceeds from the pre-pack sale as well as additional realisations from debtor collections of £10,537.31, cash at bank of £8,158.36 as well as £16,590 (plus VAT) and £6,000 in respect of monies held relating to the Licence to Occupy. The Joint Administrators estate bank account is held with Barclays Bank and is interest bearing.

Note that at the time of writing, £3,994 of funds held relating to Shopify are post-administration receipts which will be payable to the Purchaser once the appropriate novation or assignments have been enacted.

Joint Administrators' Proposals

7. Proposed future actions of the Administrators to achieve the objective of the Administration and anticipated exit

Below is a summary of the activities that the Joint Administrators anticipate undertaking in the Administration:

- 7.1. Provide such assistance to the Purchasers as is required under the terms of the sale contract;
- 7.2. Collect the remaining book debts payable to the Company as well as the pre-appointment VAT refund.
- 7.3. Monitor receipt of the deferred consideration, being 10% of the total net sales revenue of the Purchasers for the period of twelve months following the completion date (5 March 2021), as detailed in the SIP 16 Disclosure;
- 7.4. Monitor whether any additional consideration falls due if within two years of the sale of the business there is a sale or disposal of the entire share capital of the Purchasers, as detailed in the SIP 16 Disclosure;
- 7.5. Undertake their statutory duties as Administrators, including undertaking an investigation into the Company's affairs and the conduct of the directors in the period prior to Administration for the purposes of reporting to the Insolvency Service on the same and identifying any transactions capable of being challenged;
- 7.6. Pay a dividend to preferential creditors.

It is anticipated that there will be sufficient funds available to pay a small dividend to unsecured creditors (as shown by the enclosed estimated outcome statement at Appendix III) once the administration is finalised and the Company enters liquidation, though the timing and quantum is not yet known, it is anticipated to be in the region of 3p in the £. Upon completion of the above work, or to the extent that this work can be carried out effectively in liquidation, it is proposed that a Notice of Move from Administration to Creditors Voluntary Liquidation be filed with the Registrar of Companies to place the Company into liquidation and the Joint Administrators be appointed Joint Liquidators. However, creditors are able to nominate a different person as liquidator if they so wish, as detailed further in section

11 below.

Once in liquidation, the Company can collect any further monies payable by the Purchasers pursuant to the terms of the sale agreement in relation to the deferred consideration or additional consideration as detailed in the SIP 16 report.

8. Pre-administration Remuneration and Expenses

All pre-administration costs incurred, including the Joint Administrators pre-appointment costs, are subject to approval of creditors in accordance with Rule 3.52 of the Insolvency Rules 2016, and we are therefore seeking creditor approval for our pre-appointment costs incurred.

If a Creditors' Committee is appointed, it will be for the Committee to approve payment of the pre-administration costs and expenses that have not yet been paid. If a Committee is not appointed, then the Joint Administrators will be seeking a separate decision from the creditors at the same time of seeking a decision from them on whether or not to approve these proposals (see Section 12).

The costs incurred prior to the administration are outlined as follows.

8.1. Cork Gully LLP Time Costs

As mentioned earlier herein, Cork Gully LLP was instructed to provide the Company with professional advice relating to its ongoing business. Cork Gully LLP provided advice about the options available to the Company to help determine an appropriate course of action.

The pre-administration costs are based on time costs and expenses incurred in accordance with the charge out rates for Cork Gully LLP. Cork Gully LLP's Fee Practice Recovery Policy can be found at <https://www.corkgully.com/files/7016/1616/8151/practicefeerecoverypolicy.pdf>.

With reference to those works mentioned in section 2.4, the following additional work was undertaken pre-appointment:

- Advising the Board as to the options available to the Company, including a pre-packaged sale of the business and assets in administration and the appropriate action to be taken to achieve this purpose;

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- Advising on the financial position of the Company up to the date that the Company entered into Administration and advising on the protection of the Company's business and assets and/or the sale of its business and assets;
- Advising on the timing of the appointment of Administrators;
- Liaising with the Company's finance team to ensure the data room provided adequate information (where available) to aid the interested parties;
- Liaising with the Company, agents and interested parties regarding interest in the Company and the final offers;
- Engaging with potential purchaser, to ensure that the pre-pack sale of the Company's business, certain assets and Denmark Subsidiary was achieved;
- Attending numerous Board meetings, extensive correspondence with Marriott and the prospective purchaser regarding the structure of the pre-pack sale and the sale agreement;
- Extensive telephone conversations and email correspondence with various parties to ensure the sale was concluded;
- Review of various draft sale agreements and discussing the terms with Marriott.

Cork Gully also assisted the Board, along with Marriott, to take the appropriate steps to place the Company into Administration. This task, together with some of the other tasks mentioned above are required by statute or regulatory guidance, and whilst they do not produce any direct benefit for creditors, they still have to be carried out.

Attached at Appendix V is a schedule summarising the time spent by Cork Gully LLP in the period prior to the administration. The pre-administration time costs incurred (excluding VAT) amount to £56,005.50 of which the amount of £25,833.33 (excluding VAT) has already been paid by the Company prior to the appointment of the Joint Administrators.

Accordingly, the Joint Administrators are seeking approval in

the amount of £30,172.17 in respect to our pre-appointment time costs that remained unpaid.

8.2. Expenses

As set out in section 2.4, the following expenses were incurred in relation to pre-administration legal advice as provided by Marriott, including but not limited to works undertaken for the necessary legal formalities to place the Company into Administration as well as specific advice regarding the structure and form of the pre-packaged administration sale:

- Marriott incurred time costs up to and including the date of administration of £38,293.50 (excluding VAT), of which £13,925 (excluding VAT) was paid by the Company.
- Marriott incurred disbursements of £2,837.24 (excluding VAT), which are set out below.

Disbursement (excluding VAT)	£
Court fee	50.00
2 x Insolvency searches	13.34
Courier charges	18.90
Swear fee	5.00
Danish counsel fees	2,750.00
Total	2,837.24

Marriott's outstanding time costs for the pre-appointment period of £24,368.50 (excluding VAT) as well as their outstanding disbursements of £2,837.24 remain outstanding. Due to transposition error an amount of £2,832.80 was reported in the SIP16 report which was incorrect.

9. Joint Administrators' Remuneration and Expenses

The insolvency legislation allows different fee bases to be used for different tasks within the same appointment. The fee bases, or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors or, failing which, the creditors or the Court.

The alternative fee bases by which an office holder may now

Joint Administrators' Proposals

charge his fees for tasks within an appointment are either by reference to the time spent on attending to particular matters or, alternatively, either as a fixed fee or as a percentage of realisations.

Those responsible for approving the payments to an office holder or their associates should be provided with sufficient information to make an informed judgement about the reasonableness of the office holder's requests. This report is therefore written to comply with this requirement.

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/guide-to-administrators-fees/>. There are different versions of these Guidance Notes, and in this case please refer to the April 2017 version. Please note that we have also provided further details in the practice fee recovery sheet. Further information on our Fee Practice Recovery Policy can be found at <https://www.corkgully.com/files/7016/1616/8151/practicefeerecoverypolicy.pdf>.

Fee Basis

The Joint Administrators are seeking a fixed fee of £95,000 in respect of the work outlined below, which includes work undertaken in the subsequent Creditors' Voluntary Liquidation ("CVL"). The CVL will need to remain open in order to realise any additional consideration with regards to the sale of the share capital of the Purchasers. The Joint Administrators consider that the work outlined below, after taking into account the nature and value of the assets involved, demonstrates why the fixed fee is expected to produce a fair and reasonable reflection of the work that is anticipated will be necessarily and properly undertaken.

The proposed fee is necessary to cover the following work:

Administration:

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.

- Setting up electronic case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing statutory notifications to creditors and others as required on appointment as office holder, including advertising the office holder's appointment.
- Issuing notifications to the directors of the Company regarding the requirement to provide a Statement of Affairs.
- Obtaining a specific penalty bond (this is insurance required by statute that every insolvency office holder has to obtain for the protection of each estate).
- Preparing, reviewing and issuing the SIP 16 report to creditors.
- Preparing, reviewing and issuing the proposals to the creditors and members
- Filing the proposals at Companies House.
- Reporting on the outcome of the approval of the proposals to the creditors, Companies House and the Court.
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing 6 monthly progress

Joint Administrators' Proposals

reports to creditors and members.

- Filing progress reports at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.
- Seeking closure clearance from HMRC and other relevant parties.
- Preparing, reviewing and issuing final reports to creditors and members.
- Preparing, reviewing and filing the Notice of Move from Administration to Creditors Voluntary Liquidation at Companies House together with the final account of the conduct of the Administration.

Realisation of assets:

- Arranging suitable insurance over the premises subject to the Licence to Occupy.
- Completion of the pre-pack sale.
- Liaising with the bank regarding the closure of the Company's pre-administration bank accounts.
- Collecting the outstanding book debts as well as the pre-appointment VAT refund.
- Liaising with the Purchasers regarding the deferred consideration and possible amounts payable as additional consideration.
- Liaising with the Company's landlord regarding the Licence to Occupy.
- Reviewing the Company's records to identify potential additional assets to be realised for the benefit of creditors.
- Instructing solicitors to assist in the realisation of assets.

Creditors:

- Corresponding with creditors regarding their claims.
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.

- Maintaining up to date creditor information on the case management system.
- Liaising with HMRC regarding their claim, adjudicating their claim and paying a preferential dividend in respect of their claim.

Investigations:

- Recovering the books and records of the Company.
- Listing and reviewing books and records recovered to identify any transactions or actions the office holder may take against a third party in order to recover funds for the benefit of creditors.
- Submitting an online return on the conduct of the directors as required by the Company Directors Disqualification Act.
- Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.
- Review of the intercompany balances with the Company's subsidiaries.

Conversion to Creditors Voluntary Liquidation:

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up electronic case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing statutory notifications to creditors and others required on appointment as liquidators.
- Converting specific penalty bond to liquidation.
- Preparing, reviewing and issuing statutory reports to the creditors and members, and filing the same at Companies House.
- Dealing with all routine correspondence and emails relating to the case.

Joint Administrators' Proposals

- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.
- Seeking closure clearance from HMRC and other relevant parties.
- Preparing, reviewing and issuing final reports to creditors and members.
- Filing the Notice of Move from Administration to Creditors Voluntary Liquidation at Companies House together with the final account of the conduct of the Administration.
- Liaising with the Purchasers regarding the deferred consideration and possible amounts payable under the anti-embarrassment clause.
- Corresponding with creditor regarding their claims
- Adjudicating and agreeing creditor claims and paying a dividend to unsecured creditors
- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.

The work for which fee approval is being sought includes the work that will need to be undertaken should the Joint Administrators be appointed Liquidators following

conversion to Creditors' Voluntary Liquidation.

There are certain tasks that the Joint Administrators have to carry out on nearly every case and although they are required by statute or regulatory guidance, or are necessary for the orderly conduct of the proceedings, they do not produce any direct benefit for creditors, but still have to be carried out. In the event the known asset realisations become protracted or our work leads to further areas of investigation and/or the identification of potential additional asset recoveries and any associated action, such as legal proceedings, it may be necessary to seek further creditor approval to draw fees in excess of the fixed fee.

If a Creditors' Committee is appointed, it will be for the Committee to approve the basis of the Joint Administrators' remuneration. If a Committee is not appointed, then the Joint Administrators will be seeking a decision from the creditors.

As shown in the receipts and payments account attached at Appendix IV, pursuant to the sale to the Purchasers, the Joint Administrators received £1,542 (excluding VAT) from HHIL to cover the Joint Administrators' time costs in relation to reviewing and signing an assignment and transfer of various trademark applications. This is an obligation of the Purchaser pursuant to the asset sale agreement, to meet the reasonable costs of the Joint Administrators in order to execute such transfers, assignments and novations as the Purchaser may reasonably require. These costs were not to be borne from the funds held in the Administration estate and were paid directly by the Purchasers.

Joint Administrators' Expenses

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

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 the prior approval of creditors either by

Joint Administrators' Proposals

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.

The following schedule confirms the Category 1 disbursements incurred to date and the anticipated additional expense to be incurred in respect of this matter:

Expense	Expenses to date (£)	Estimated expenses (£)
Statutory Bonding	-	690.00
Statutory Advertising	89.81	89.81
Asset Insurance	140.00	-
Postage	-	50.00
Total	229.81	829.81

These disbursements are a necessary expense of administering the estate. Please note the above amounts are exclusive of VAT.

We note that the cost of insurance relates to the cost of insuring the Company's premises and will be recoverable from the Purchaser as it was a condition of the Licence to Occupy that they would obtain insurance cover for the Premises, naming the Company as a beneficiary. However, no such cover appears to have been obtained prior to the Purchasers vacating the Company's premises, leaving the Joint Administrators to seek independent cover.

Category 2 Expenses

Category 2 expenses are incurred by the firm and recharged to the estate; they are not attributed to the estate by a third-party invoice and/or they may include a profit element. These disbursements are recoverable in full from the estate, subject to the basis of the disbursement charge being approved by creditors in advance. 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. Creditors' approval to draw

category 2 disbursements is, therefore, not being sought on this occasion.

Agents and Professional Advisors

The following professional advisors have been instructed, or are anticipated to be instructed, during the course of the Administration:

Marriott Harrison LLP ("Marriott")

Marriott have been engaged to provide legal advice and assist with completing the pre-pack sale. It is also anticipated that they will also assist the Joint Administrators with any post-completion sale matters during the course of the Administration, as required. These matters include, but are not limited to, drafting and circulating such resolutions to change the Company's name to W Realisations 2021 Limited so that the Purchaser can assume the Company's name, Mrs Wordsmith Limited. At the time of writing, this has not occurred. Their current time costs are £3,596 plus VAT and disbursements. Further fees are not expected to exceed £7,500 plus VAT and disbursements.

Tax Agents

Whilst a tax agent has not yet been engaged, it is foreseen that a tax agent will be engaged in due course to prepare tax computations in respect of the Company Tax returns which will be required for the pre-pack administration sale. A reasonable expectation for this work would be £4,500 (plus VAT).

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 and subsequent Liquidation, 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 was based on our perception of their experience and ability to perform this type of work and the complexity and nature of the assignment. The Joint Administrators also considered that the basis on which they will charge their fees represented value for money.

Joint Administrators' Proposals

10. Joint Administrators' Investigations

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

11. Joint Administrators' Proposals

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

- (a) The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that we:
 - (i) will liaise with the Purchaser and Landlord with regards to the Licence to Occupy;
 - (ii) will seek regular updates from the Purchaser regarding the additional consideration;
 - (iii) continue to collect the outstanding book debts as well as the pre-appointment VAT refund and cash balances held by the Company's pre-appointment bank;
 - (iv) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or Company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or Company which supplies or has supplied goods or services to the Company; and
 - (v) do all such things and generally exercise all their powers as Joint Administrators as we consider desirable or expedient at our discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals.

- (b) the Administration will end by placing the Company into Creditors' Voluntary Liquidation, and it is proposed that Anthony Cork and Stephen Cork are appointed Joint Liquidators of the Company and that they be authorised to act either jointly or separately in undertaking their duties as Joint Liquidators. Creditors may nominate a different person(s) as the proposed liquidator(s), but they must make the nomination(s) at any time after these proposals are delivered to them, but before they are approved. Information about the approval of the proposals is set out at section 12.
- (c) In the event that the Administration is not able to be exited by Creditors Voluntary Liquidation, and the Joint Administrators don't consider it appropriate to extend the Administration, the Administration will end by filing notice of dissolution with the Registrar of companies. The Company will then automatically be dissolved by the Registrar of Companies three months after the notice is registered. The Joint Administrators are seeking approval from creditors that they will be discharged from liability in relation to the administration of the Company upon filing of their final report with the Registrar of Companies.

12. Approval of Proposals

The Joint Administrators are seeking decisions by correspondence (see Appendix VI) from the creditors to approve these proposals, the pre-administration time and costs, fix the basis of the Joint Administrators remuneration, the establishment of a creditor committee and approve the Joint Administrators' discharge from liability upon filing the Joint Administrators' final report at Companies House.

If a creditor wishes to vote on the decisions, they must complete and return the enclosed voting form (see Appendix VI) to the Joint Administrators by no later than 23.59 on 29 April 2021, the decision date. If a creditor has not already submitted proof of their debt, they should complete the enclosed form (see Appendix VII) and return it to this office, together with the relevant supporting documentation. A vote on the decisions by a creditor will not count unless they have lodged proof of their debt by no later than 23.59 on 29 April 2021.

Creditors are also invited to determine whether to form a Creditors' Committee, and a notice of invitation to form

Joint Administrators' Proposals

a Creditors' Committee (see Appendix VIII) and further instructions are enclosed. To enable the creditors to make an informed decision as to whether they wish to either seek to form a Committee, or to nominate themselves to serve on a Committee (see Appendix VIII), further information about the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/29111/page/1/liquidation-creditors-committees-and-commissioners/>.

Please note that the Joint Administrators must receive at least one vote by the decision date or the decisions will not be made. The Joint Administrators would therefore urge creditors to respond promptly. Should no creditors respond the Joint Administrators will need to apply to Court for approval of our proposals.

Should any creditor or group of creditors wish to request a physical meeting of creditors, they must do so within 5 business days of the delivery of the notice that accompanies this letter. Such requests must be supported by proof of their debt, if not already lodged. The Joint Administrators will convene a meeting if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."

13. EC Regulation on Insolvency Proceedings

The Joint Administrators consider that the EC regulation on insolvency proceedings apply to the Administration of the Company. The Joint Administrators also consider that they are "main" proceedings since the Company's registered office in the United Kingdom.

14. Further information


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 <https://www.corkgully.com/files/6316/1720/7390/provisionofservicesregulationssummary.pdf>.

If creditors have any queries regarding these proposals or the conduct of the Administration in general, or if they want

hard copies of any of the documents made available online, they should contact Liam Jones by email at liamjones@corkgully.com, or by phone on 020 7268 2150.

Yours faithfully

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 5 March 2021. The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents and without personal liability. 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. The Joint Administrators' proposals report has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Appendix I - Statutory Information

Company name:	Mrs Wordsmith Limited		
Previous name:	None		
Trading name:	Wordtag, Epic Word Adventure, Blah Blah Blah and Foolproof Reading		
Company number:	9483252		
Date of incorporation:	11 March 2015		
Trading address:	Unit 201 The Shepherds Building, Charecroft Way, London W14 0EE		
Current registered office:	6 Snow Hill, London EC1A 2AY		
Former registered office:	Unit 201 The Shepherds Building, Charecroft Way, London W14 0EE		
Principal trading activity:	Other publishing activities		
Appointment Details			
Administrators	Anthony Malcolm Cork (IP No. 9401) and Stephen Robert Cork (IP No. 8627)		
Administrators' address	6 Snow Hill, London EC1A 2AY		
Date of appointment	5 March 2021		
Court name and reference:	High Court of Justice, Business and Property Courts of England and Wales Court Reference No. CR-2021-000423		
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.		
Officers of the Company:			
Directors:	Appointed	Resigned	Shareholding
Alex Dale	24 April 2020	-	4.91%
Sofia Fenichell	11 March 2015	-	20.84%
Leila Zegna Di Monterubello	20 April 2017	-	None directly held
Ben Legg	24 April 2020	-	0.50%
Basma Alireza	20 April 2017	-	7.84%
David Lin	14 March 2018	-	None directly held
Company Secretary:			
CL Secretaries Limited	11 March 2015	-	
Share Capital			
Authorised (as advised by the Company)	37,116,751 shares, at 0.00p to 0.84 p		Total called up capital £13,118,390
Charges	At the time of appointment, there were no unsatisfied charges registered at Companies House		

Appendix II - Company's recent Trading Performance

	Dec Management Accounts Y/E 2020 £	Dec Management Accounts Y/E 2019 £	Dec Management Accounts Y/E 2018 £
Jan - Dec			
Gross Income			
Physical Product Income	677,310	1,205,657	
Digital Product Income	152,638	887	
Total Gross Income	829,948	1,206,544	859,630
Cost of Sales	(461,994)	(358,329)	(687,248)
Gross Profit	367,955	848,215	172,382
Gross Profit Margin	44%	70%	20%
Operational Expenses and Other	(3,010,950)	(4,116,625)	(4,786,369)
Net Profit / (Loss)	(2,642,996)	(3,268,410)	(4,613,987)

Appendix III - Administrators' Estimate of the Financial Position

	Book Value £	Estimated to Realise £
Assets Not Specifically Pledged		
Sale of business, certain assets and the Denmark Subsidiary		
Goodwill		1
Fixtures & Fittings (and equipment)	42,847	69,640
Sellers' records		1
Stock	268,055	214,066
Shares		1
Business Contracts		1
Business Intellectual Property Rights (including associated licences) (excluding VAT)	2,306,568	216,288
WIP		1
Licences		1
Debtors	32,510	Uncertain
VAT Refund	28,006	Uncertain
Intercompany Loan	730,251	-
Cash at Bank	10,750	8,158
Deferred Consideration		Uncertain
Estimated Total Assets Available for Preferential Creditors	3,418,566	508,158
Less Preferential Creditors		
Employees (arrears of wages, holiday pay and pension)		-
HMRC PAYE / NI		(249,166)
Total Preferential Creditors		(249,166)
Estimated Total Assets Available to Unsecured Creditors		286,998
Estimated Unsecured Creditors		(3,239,599)

*Excluding VAT and subject to costs

Appendix III - Administrators' Estimate of the Financial Position

Name of creditor	Amount of debt	Address
Adam Monaco	526.76	Redacted
Adore Digital Media Limited	2,880.00	Unit 3F Aston Business Park, Shrewsbury Avenue, Peterborough, Cambridgeshire, PE2 7EY
Artington Legal	7,171.52	Albion House, High Street, Woking, Surrey, GU21 6BG
Basma Alireza	153,041.00	Redacted
Bynder LLC	2,153.26	24 Farnsworth Street, Suite 400, Boston, MA, 2210
Cameron Cunningham Ltd	1,140.00	1st Floor, Buckhurst House, 42-44 Buckhurst Avenue, Sevenoaks, Kent, TN13 1LZ
Catamaran Ventures UK Ltd	153,041.00	83 Victoria Street, London, SW1H 0HW
CDS	85,792.00	Chicago, Illinois, 60677-7088
Cheer Best Secretaries Ltd	114.57	Unit J, 21/F COS Centre, 56 Tsun Yip Street, Kwun Tong, Kowloon
CodeIT	7,828.48	Parnu mnt 158-88, Tallinn, 11317
Conversant	5,720.58	Floor 3 2, Television Centre , 101 Wood Lane, Shepherd's Bush, London, W12 7FR
Deltadna	2,800.00	25 Greensie Place, Edinburgh, EH1 3AA
Digital people international	7,500.00	17 Queen's Gate Mews, London, SW7 5QJ
Facebook	147,223.63	4 Grand Canal Square, Grand Canal Harbour, Dublin, D02X525
Fernando Vega	1,802.53	Redacted
Fieldfisher LLP	5,070.00	Fieldfisher LLP, Riverbank House, 2 Swan Lane, London, EC4R 3TT
Ganian Ltd	7,544.88	Ganian Ltd, 61 Bridge Street, Kington, HR5 3DJ
H Charlesworth & Co Ltd	3,246.16	Flanshaw Way, Flanshaw Lane, Wakefield, WF2 9LP
Hammersmith & Fulham Council	63,738.00	45 Beavor Ln, Hammersmith, London W6 9AR
Hayes recruitment	5,400.00	Hays House, 40-44 Coombe Road, New Malden, Surrey, KT3 4QF
HMRC - P&I	4,855.85	National Insurance Contributions and Employers Office, HM Revenue and Customs, BX9 1BX
Ildar Kulmukhametov	15,293.11	Sharykova st., b.52, apt. 35, Kharkiv, Kharkivska, 61047
Kindred Capital Opportunity I SCSp	408,110.00	1st Floor, 44-46 Sekforde Street, London, EC1R 0HA, GB
Leon Welters	64.46	Redacted
Louisa Brown	153,041.00	Redacted
MetaMetrics	5,685.17	1000 Park Forty Plaza Dr Suite 120, Durham, NC, 27713
P2P	1,542.76	Hollinwood Business Centre, Albert Street, Oldham, Lancashire, OL8 3QL
Patrick Keenan Givden	1,500.00	Redacted

Appendix III - Administrators' Estimate of the Financial Position

Name of creditor	Amount of debt	Address
Premium Credit Limited	7,851.00	Ermyrn House, Ermyrn Way, Leatherhead, Surrey,
Priori Data GmbH	425.53	Techspace Kreuzberg, Lobeckstrasse 36-40, Berlin, 109969
Pubvendo	461.92	Georgetown Venture Lab, 1440 G Street NW, Washington DC, 20005
Rachel Seed	5.35	1 The Broadway, Il Essex IG10 2FA
RSM UK	5,848.60	R S M Restructuring Advisory LLP, 1 London Square, Cross Lanes, Guildford, Surrey, GU1 1UN
Sawyer Eaton	1,240.86	Redacted
Shukri Shammam	70,276.00	Redacted
Silicon Valley Bank	46,879.00	Alphabeta, 14-18 Finsbury Square, London EC2A 1BR
Sofia Fenichell	258.22	Redacted
Sofia Fenichell	70.35	Redacted
Soundcuts Ltd	504	64 Abbey Road, Chertsey, Chersley, KT16 8NG
Steffen Jensen	40.65	Redacted
Taylor Vinters LLP	1,560.00	Merlin Place, Milton Road, Cambridge, Cambridgeshire, CB4 0DP
The Future Fund	1,315,011.00	Level 37, 25 Canada Square, London E14 5LQ
Titan software studios	8,527.75	La Luna 2911 Jardines del Bosque, Guadalajara, Jalisco, 44520
Trust FBO Todd A. Goergen under Article II of the Goergen 2008	51,014.00	C/O Ropart Group, Three Greenwich Office Park, Greenwich, CT 06831, USA
Trustbridge Global Media Holdings Co., Ltd	326,488.00	Coastal Building, Wickham's Cay II, P. O. Box 2221, Road Town, Tortola, British Virgin Islands
Uncapped Limited	74,697.00	office 42/44 Buckhurst Avenue, 1st Floor, Buckhurst House, Sevenoaks, Kent, England, TN13 1LZ
UO Solutions LLC	3,411.11	Suite 20-107C 200 S Biscayne Blvd, Miami, FL, 33131
Visartech	8,547.48	8 The Green, Suite 7877, Dover, DE, 19901
Weavee	1,080.00	124 Goswell Road, London, EC1V 7DP
Wilson Sonsini Goodrich & Rosati	1,598.95	650 Page Mill Road
Workspace Management Ltd	59,975.93	Canterbury Court, Kennington Park, 1-3 Brixton Road, London, SW9 6DE
Total estimated unsecured creditors	3,239,599.42	

Appendix IV- Joint Administrators' Summary of Receipts & Payments

Summary of Receipts & Payments 5 March 2021 to 9 April 2021

RECEIPTS	Total (£)
Contribution to costs from Purchaser*	1,850.40
Goodwill	1.00
Furniture & Equipment	69,640.00
Sellers Records	1.00
Stock	214,066.00
Stock/WIP	1.00
Book Debts	10,537.31
Shares & Investments	1.00
Business Contracts	1.00
Property Rights/Patents	216,288.00
Licences	1.00
Cash at Bank	8,158.36
Rent	16,590.00
Monies held for Utilities/Rates	6,000.00
VAT Payable	46,575.60
	589,711.67
PAYMENTS	
Joint Administrators costs for assisting the Purchaser*	(1,542.00)
Statutory Advertising	(89.91)
Insurance of Assets	(140.00)
VAT Receivable	(326.39)
	(2,098.30)
BALANCE IN HAND	587,613.37

Appendix V - Pre-Appointment Time Costs

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
AML	0.50	0.80	0.00	0.00	1.30	668.50	514.23
Engagement letter	1.40	1.50	0.00	0.00	2.90	1505.50	519.14
Company searches & background checks	0.00	0.00	0.40	0.00	0.40	88.00	220.00
Initial meeting & general advisory	9.40	3.00	0.00	0.00	12.40	6,608.00	532.90
Internal strategy & planning meetings	0.90	14.00	2.10	0.00	17.00	7,882.50	463.68
Instructing & liaising with agents/valuers	0.80	1.30	0.00	0.00	2.10	1079.50	514.05
Prepack sale of business	61.80	7.50	1.60	0.00	70.90	37,745.50	532.38
Interested parties	0.00	0.00	0.50	0.00	0.50	110.00	220.00
Other Matters	0.00	0.00	0.00	1.20	1.20	318.00	265.00
Total Hours	74.80	28.10	4.60	1.20	108.70	56,005.50	515.23
Total Fees Claimed						25,833.33	
Fees Outstanding						30,172.17	

Appendix VI - Notice of Voting on Decision by Correspondence

Mrs Wordsmith Limited - In Administration ("the Company")

Company Number - 09483252

In the High Court of Justice, Business and Property Courts of England and Wales: CR-2021-000423

NOTICE IS GIVEN by Anthony Malcolm Cork and Stephen Robert Cork to the creditors of Mrs Wordsmith Limited that set out below are decisions for your consideration under paragraph 51 of Schedule B1 of the Insolvency Act 1986.

Please complete the voting section below indicating whether you are in favour or against the following decision under rule 15.8 of The Insolvency (England and Wales) Rules 2016 ("the Rules").

Please complete the voting section below indicating whether you are in favour or against the following decisions:

1. That a creditors committee be established.
2. That the Administrators' proposals be approved.
3. That the unpaid pre-Administration time costs of Cork Gully, in the amount of £30,172.17 plus VAT as set out in the Joint Administrators' proposals, be approved and paid from the funds available in the Administration and that the pre-Administration solicitors' costs, in the amount of £24,368.50 plus VAT and disbursements of £2,837.24 plus VAT, also be approved and paid from the funds available in the Administration.
4. That the Joint Administrators' remuneration be fixed at £95,000.00 plus VAT and disbursements and that this fee be drawn from the funds available in the Administration.
5. That the Joint Administrators are discharged from liability, in accordance with Paragraph 98 of Schedule B1 of the Insolvency Act 1986, upon filing the Administrators' final report at Companies House.

The final date for votes is 29 April 2021, the decision date.

1. In order for their votes to be counted creditors must submit to me their completed voting form so that it is received at Cork Gully LLP, 6 Snow Hill, London, EC1A 2AY by no later than 23.59 hours on 29 April

2021. It must be accompanied by proof of their debt, (if not already lodged). Failure to do so will lead to their vote(s) being disregarded.

2. Creditors must lodge proof of their debt (if not already lodged) at the offices of Cork Gully LLP, 6 Snow Hill, London, EC1A 2AY
3. Creditors with claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.
4. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decisions provided they have lodged proof of their debt.
5. Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decisions above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."
6. Creditors have the right to appeal a decision of the convener made under Chapter 8 of Part 15 of The Insolvency (England and Wales) Rules 2016 about Creditors' Voting Rights and Majorities, by applying to Court under Rule 15.35 of The Insolvency (England and Wales) Rules 2016 within 21 days of 29 April 2021 the Decision Date.

Creditors requiring further information regarding the above, should either contact me at 6 Snow Hill, London, EC1A 2AY, or contact Liam Jones by email at liamjones@corkgully.com, or by phone on 020 7268 2150.

9 April 2021



Anthony Malcolm Cork
Joint Administrator

Appendix VI - Notice of Voting on Decision by Correspondence

Mrs Wordsmith Limited – In Administration (“the Company”)

Company Number – 09483252

In the High Court of Justice, Business and Property Courts of England and Wales: CR-2021-000423

Voting on Decisions

1. That a creditors committee be established

***For / Against**

2. That the Administrators' proposals be approved *

For / Against

3. That the unpaid pre-Administration time costs in the amount of £30,172.17 plus VAT as set out in the Joint Administrators' proposals be approved and paid from the funds available in the Administration and that the pre-Administration solicitors' costs in the amount of £24,368.50 plus VAT and disbursements of £2,837.24 plus VAT also be approved and paid from the funds available in the Administration

***For / Against**

4. That the Joint Administrators' remuneration be fixed at £95,000.00 plus VAT and disbursements and that this fee be drawn from the funds available in the Administration

***For / Against**

5. That the Joint Administrators are discharged from liability, in accordance with Paragraph 98 of Schedule B1 of the Insolvency Act 1986, upon filing their final report at Companies House

***For / Against**

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of Creditor : _____

Signature of Creditor : _____

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which signing document: _____

Dated _____

Appendix VII - Statement of Claim

Company Name Mrs Wordsmith Limited (In Administration)
Relevant Date for Claims 5 March 2021
Company Number 09483252
Registered Office c/o Cork Gully LLP, 6 Snow Hill, London, EC1A 2AY
Creditor Name

Creditor Contact Details **Address:**

Email:

Amount Claimed £

Evidence of your claim must be attached to this form which may include copy invoices, statements, contracts or any other such documentation necessary to prove your claim.

Signed : _____ Date _____
Signature of Creditor or person authorised to act on his behalf

Name : _____
Please write in block letters

Position with or in
relation to Creditor: _____
e.g. director/solicitor/partner

Please complete and return to : Liam Jones, Cork Gully LLP
6 Snow Hill, London
EC1A 2AY

Appendix VIII - Notice of Invitation to Form a Creditor's Committee

Mrs Wordsmith Limited – In Administration (“the Company”)

Company Number – 09483252

In the High Court of Justice, Business and Property Courts of England and Wales: CR-2021-000423

NOTICE IS GIVEN by Anthony Malcolm Cork and Stephen Robert Cork to the creditors of Mrs Wordsmith Limited of an invitation to establish a Creditors' Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016.

In addition to seeking a decision on the matters set out in the accompanying notice, creditors are also invited to determine by correspondence, at the same time, whether a Creditors' Committee should be established. A Committee may be formed if a minimum of 3 and a maximum of 5 creditors are willing to become members.

Nominations can only be accepted for a creditor to become a member of the Committee if they are an unsecured creditor and have lodged a proof of their debt that has not been disallowed for voting or dividend purposes.

The specified date for receipt of nominations for creditors to act as a member of the Committee under rule 3.39 of The Insolvency (England and Wales) Rules 2016 is 29 April 2021, the Decision Date.

Please complete the form sent with this notice, and include the name and address of any person you wish to nominate to act as a member of the Committee. The completed document should be returned to Cork Gully LLP of 6 Snow Hill, London, EC1A 2AY so that it is received by no later than 23.59 hours on 29 April 2021, the decision date.

Note: Further information on the rights, duties and the functions of a Committee is available in a booklet published by the Association of Business Recovery Professionals (R3). This booklet can be accessed at: <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/291111/page/1/liquidation-creditors-committees-and-commissioners/>.

The final date for votes to establish a committee is 29 April 2021, the decision date.

1. In order for their votes to be counted creditors must submit to me their completed voting form so that it is received at Cork Gully LLP, 6 Snow Hill, London, EC1A 2AY by no later than 23.59 hours on 29 April 2021. It

must be accompanied by proof of their debt, (if not already lodged). Failure to do so will lead to their vote(s) being disregarded.

2. Creditors must lodge proof of their debt (if not already lodged) at the offices of Cork Gully LLP, 6 Snow Hill, London, EC1A 2AY by no later than 23.59 on 29 April 2021, without which their vote will be invalid.
3. Creditors with small debts, that is claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.
4. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the decision provided they have lodged proof of their debt.
5. Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decision above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where “creditors” means “all creditors.”
6. Creditors have the right to appeal a decision of the convener made under Chapter 8 of Part 15 of The Insolvency (England and Wales) Rules 2016 about Creditors' Voting Rights and Majorities, by applying to Court under Rule 15.35 of The Insolvency (England and Wales) Rules 2016 within 21 days of 29 April 2021 the Decision Date.

Creditors requiring further information regarding the above, should either contact me at 6 Snow Hill, London, EC1A 2AY, or contact Liam Jones by telephone on 020 7268 2150, or by email at liamjones@corkgully.com.

9 April 2021



Anthony Malcolm Cork
Joint Administrator

Appendix VIII - Notice of Invitation to Form a Creditor's Committee

Mrs Wordsmith Limited – In Administration (“the Company”)

Company Number – 09483252

In the High Court of Justice, Business and Property Courts of England and Wales: CR-2021-000423

Decision

1. That a Creditors' Committee should be established.

***For/Against**

Please note that if creditors vote to establish a Committee, then unless at least 3 nominations for creditors to act as Committee members are received at the same time, it will be necessary to convene a further decision procedure to decide which creditors are to act as Committee members. That will involve incurring additional costs, so if you intend to vote to establish a Committee, please also nominate either yourself or another creditor to act as a Committee member.

I wish to nominate the following creditor to act as a member of the committee:

Name of nominated Creditor : _____

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM:

Name of Creditor : _____

Signature of Creditor : _____

(Complete the following if signing on behalf of creditor, e.g. director/solicitor)

Capacity in which signing document: _____

Dated _____

Note: The completed form should be delivered to Anthony Malcolm Cork and Stephen Robert Cork either by posting it to Cork Gully LLP of 6 Snow Hill, London, EC1A 2AY, or by emailing it to liamjones@corkgully.com.

Appendix IX- Statement of Insolvency Practice 16 Disclosure

Based on a solid heritage we are an advisory firm bringing clarity to complex restructuring, recovery and insolvency situations.

The firm remains as committed to our founding principles today as we were a hundred years ago. Our partners and staff have worked together for many years, reorganising operations and structures to deliver sustainable stakeholder value. The current trading environment is increasingly complex, so the solutions we provide for our clients are more creative, more responsive and more effective than ever.

CORK GULLY

Mrs Wordsmith Limited

(In Administration)

**Statement of Insolvency Practice
16 Disclosure**

March 2021

Appendix IX- Statement of Insolvency Practice 16 Disclosure

Cork City, LLP

Statement of Insolvency Practice 16 Disclosure

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Despite having raised over £11.5m the Company was selling print products on a negative gross contribution margin basis. In March 2020, the Company had negative EBITDA of c. £20k. For the period April 2020 through to August 2020, performance improved driven by the growth of the print game "Blah Blah Blah" plus digital printable products. Monetium was broken when the Company briefly ran out of stock in the USA in September 2020. The Company had been managing stock levels carefully in order to conserve cash, awaiting investment from the Future Fund. The Future Fund is a scheme to provide government loans to UK based companies ranging from £125k to £5m, subject to at least equal match funding from private investors.

The Company took measures to preserve cash reserves with revenue loans, furloughing employees, factoring a Volvo Games tax holiday payment, and agreeing to a payment plan with a large trade creditor.

Total funds raised from the Future Fund, private investors and saved shareholders totalled £1.28m and was raised by way of a convertible loan note. These funds were advanced in September 2020, £771k of which was used to pay off existing creditors equitably, part passu, with the balance being used to finance the business.

Despite increasing its marketing efforts the Company was unable to regain sales momentum. The Company adjusted their forecasts accordingly to reflect the reduced demand for printable products and to account for the impact of delayed app launches.

During December 2020, the Company was no longer able to sustain printing activities and focused almost entirely on the digital products. With reference to the Management Accounts in section 3, in 2020 revenues fell by 31% compared to the previous year, being £359,348 (2020) and £1,205,544 (2019). The reduction in physical product revenue from year end 2019 to 2020 was 44% (£528,347).

The combination of a deteriorating cash position from printable products, a significantly delayed launch of the digital apps and delayed furlough payments meant that the Company would run out of cash in February 2021. This led to an emergency funding requirement, which the Board acted on in mid-December 2020.

Within a 2-3 week period, the Directors had identified,

Appendix IX- Statement of Insolvency Practice 16 Disclosure

Cork Gully LLP

Statement of Insolvency Practice 16 Disclosure

In Q4 2020, and

- the Board securing the promise of further funding from existing shareholders but were unable to agree and finalise terms with those shareholders.

5. Pre-Appointment Considerations

This matter was referred to Cork Gully LLP ("Cork Gully") by Marriot Harrison LLP ("Marriott") on 3 February 2021. Marriott is a law firm based in London, which had been engaged by the Board to provide advice and assistance. They were asked by the Board to facilitate introductions to various Insolvency Practitioners.

Cork Gully had an initial discussion with the Board on 4 February 2021. Following the initial consultation, Cork Gully attended a further board meeting on 10 February 2021. An engagement letter was prepared on 12 February 2021 and Cork Gully was instructed to provide the Company with professional advice relating to its ongoing business.

In relation to this initial engagement, Cork Gully provided advice to the Board of Directors about their duties and responsibilities to creditors, as well as the options available for the Company.

The Board then concluded that formal insolvency was unavoidable and that appointing an administrator would result in the best outcome for creditors.

A further engagement letter confirming work that had already commenced was prepared on 22 February 2021 and Cork Gully was subsequently instructed to provide the following additional advice:

- Advise and assist the Board in relation to the Company's affairs and business prior to any appointment of an Administrator;

- Advise and assist the Board in relation to any discussions or negotiations with potential purchasers of the Company's business and assets;

- Liaising with agents to advise on the value of the Company's business and assets, and how best to market and realise the business and assets to further the purpose of Administration;

- Liaising with other relevant professional advisors to advise on matters relating to how best to further the purpose of Administration;

- Assisting the Board in dealing with the formalities of compiling the relevant documentation to place the Company into Administration and liaising with any solicitors instructed to assist in completing such formalities;

- Contacting all relevant parties on behalf of the Company with a view to carrying out the above functions.

Cork Gully has received remuneration from the Company in the amount of £25,833.33 (excluding VAT) for providing the above professional advice to the Company. Outstanding time costs in the one appointment period amount to £29,854.17 (excluding VAT) for time incurred up to and including the date of administration. These time costs remain unpaid.

Pre-administration legal advice was provided by Marriott. Their time costs incurred up to and including the date of administration was £38,293.50 (excluding VAT), of which £13,995 (excluding VAT) been paid by the Company. Outstanding time costs in the pre-appointment period amount to £24,368.50 (excluding VAT). These time costs remain unpaid. In addition to this there was disbursements of £2,832.89 (excluding VAT), which includes £2,750 of Danish counsel fees, and remains outstanding.

Prior to the commencement of the administration, Cork Gully advised the Board as a whole, acting on behalf of the Company, about the Company's financial difficulties and provided advice about the options available to the Company to help determine an appropriate course of action to take.

No advice was given to the individual directors regarding the impact of the insolvency of the Company on their personal financial affairs. Whilst not formally in office at that time, we are still required to act in our dealings with the Company in accordance with the Insolvency Code of Ethics.

6. Appointment of Administrators

Ultimately, the Company was placed into administration and Anthony Cork and Stephen Cork were appointed Joint Administrators on 5 March 2021. The Joint Administrators are officers of the Court and have taken over responsibility for the affairs, business and property of the Company. They are

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Statement of Insolvency Practice 16 Disclosure (March 2021)

Statement of Insolvency Practice 16 Disclosure

Mrs Wordsmith Limited
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Statement of Insolvency Practice 16 Disclosure

also bound by the Insolvency Code of Ethics when carrying out professional work in relation to this appointment.

The purpose of an administration is to achieve one of the hierarchies of statutory objectives, namely to:

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

In order to help them achieve the objective the Joint Administrators have a wide range of powers, as set out in Insolvency legislation, and they must perform their functions as efficiently as is reasonably practicable. The Joint Administrators are required to act in the interests of the creditors of the Company as a whole, unless the third objective (c) is being pursued. In those instances they must ensure they do not unnecessarily harm the interests of the creditors of the Company as a whole.

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

The pre-pack sale of the Company's business, certain assets and the shares in the Denmark Subsidiary enables the Joint Administrators to achieve objective (b) as it achieves a better result for the creditors as a whole than would be likely if the Company had been placed into Liquidation first without being in Administration.

The Joint Administrators confirm that the outcome achieved as a result of the pre-pack sale was the best available outcome for creditors of the Company as a whole.

7. Alternate Courses of Action

The following alternate courses of action were considered:

- Continue to trade and do nothing

This was not feasible because it was apparent that the Company was unable to pay its debts as and when they fell

due unless further investment was forthcoming

Prior to the Joint Administrators' appointment, the Board had identified a potential investor who purported to be interested in investing in the Company and/or taking a majority stake in the Company. However, having carried out extensive due diligence into the Company, the potential investor withdrew his interest and on 19 February 2021 the investor wrote to the Board expressing an interest in purchasing the business and certain assets of the Company by way of a pre-packaged administration sale.

7.2. Meritum

A moratorium, as introduced by the Corporate Insolvency and Governance Act 2020 to enable a plan to be formulated by the Company to restructure its debts was not considered to be appropriate, as additional financial support was not able to be obtained. It was not possible to see how the Company could be rescued as a going concern in the absence of further funding.

7.3. Restructuring Plan

A restructuring plan, as also introduced by the Corporate Insolvency and Governance Act 2020, was considered less favourable than administration because it was likely to result in significant cost and time to implement.

7.4. Company Voluntary Arrangement

A Company Voluntary Arrangement ("CVA") was considered, but was deemed unfeasible for the Company as it did not have access to the required funding in order to facilitate the ongoing trading of the Company or the ability to generate profits to make sufficient contributions towards a CVA.

- Continue to trade in administration and offer a sale as a going concern

The option of trading the business in administration was considered. However, given that no funding would be available to the Administrators, this was considered to be not to be a viable option and accordingly it was not pursued.

7.6. Liquidation

A liquidation was considered less favourable than administration because it was likely to result in significantly lower asset realisations which would mean a worse outcome

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Statement of Insolvency Practice 16 Disclosure

for creditors. An administration represented an opportunity to sell either the whole business as a going concern, or achieve a partial sale of the business and preserve as many jobs as possible.

7.7. Consultation with major creditors

Prior to the Joint Administrators' appointment, six of the Company's larger creditors were contacted by email in an attempt to consult with them about the Company's affairs and to advise them about the accelerated sale and marketing process being undertaken. An email response was received from one party regarding future reinvestment opportunities.

Another larger creditor was contacted, and a number of conversations took place about the Joint Administrators' appointment.

An email and numerous calls were made to HM Revenue & Customs in an attempt to consult with them as the largest preferential creditor. No response was received.

8. Valuation of the Business and Assets

The Company engaged Hico Appraisal Limited (a Hico Steambank ("Hico")) to undertake valuations of the Company's intangible assets, office fixtures and equipment, and stock and inventory (further discussed below).

The valuations were conducted under the direction, and was the responsibility of, Nat Baldwin (Managing Director), John Boxall (Senior Director), Les Reid (Director) and Jack Gillespie (Associate Director) (the "Assignment Team"). The Assignment Team had no material connection or involvement with the Company, the Joint Administrators or any other party engaged in relation to the assignment.

The Assignment Team have significant experience in valuing and disposing of assets particularly in distressed/insolvent scenarios. The Assignment Team paid regard to the principles of the current edition of the International Valuation Standards ("IVS") effective from 31 January 2020, which is incorporated into the Royal Institution of Chartered Surveyors ("RICS") Valuation Global Standards 2020. The International Valuation Standards Council ("IVSC") is the principal global valuation standards setting body with regard to the valuation of assets for accounting, regulatory,

secured lending and transactional purposes.

Hico confirmed they did not have a conflict and therefore considered themselves independent valuers in this instance. Hico confirmed that they have Professional Indemnity Insurance in excess of £25,000,000 for this assignment.

The respective qualifications are as follows:

- Nat Baldwin – Managing Director at Hico, Nat is a qualified lawyer with more than 10 years transactional experience. Nat leverages this expertise to assist Hico clients who are key stakeholders, including directors, professional advisors and lenders, when assessing the value.
- John Boxall – Senior Director at Hico, John holds a BSC (Hons) and has 15 years of experience with a particular focus on inventory appraisals for SMEs and large corporate appraisals in the ABL sector, both in the UK and Europe.
- Les Reid – Director at Hico, Les holds a MCom and an ACIS, and has over 20 years of experience within the industry in valuing plant & machinery assets.
- Jack Gillespie – Associate Director at Hico, Jack holds a first-class BSC (Hons) and has over 5 years' experience in the valuation of intellectual property and selling businesses in distress.

As mentioned above, there are no unaltered changes registered at Companies House against the Company, and as such, there is no distinction below between fixed and floating charge assets.

Intangible assets

On 17 February 2021, Hico were engaged by the Company to undertake a valuation of the Company's intangible assets.

The valuation was undertaken on a liquidation value basis, within the context of a forced sale. The forced sale method was considered to be the most appropriate on the basis that the Company was unable to fund any further trading. Furthermore, a liquidation value basis is defined as the amount that would be realised when an asset or group of assets are sold on a piecemeal basis. A liquidation value basis takes into account the costs of getting the assets into

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Appendix IX- Statement of Insolvency Practice 16 Disclosure

Statement of Insolvency Practice 16 Disclosure

a saleable condition as well as those of the disposal activity.

A forced sale describes circumstances where a seller is under compulsion to sell and, as a consequence, a proper marketing period is not possible and buyers may not be able to undertake adequate due diligence. The price that could be obtained in these circumstances will depend upon the nature of the pressure on the seller and the reasons why proper marketing cannot be undertaken. It may also reflect the consequences for the seller of failing to sell within the period available. The assets are often sold in absence of other asset classes (e.g. tangible assets, real estate etc.) as part of a sale from Liquidation or Administration, where certain elements of the business are no longer trading. The valuation is carried out on the assumption that no account is taken of any additional bid by a prospective purchaser with a special interest. The valuation has been adjusted in respect of selling costs which may be incurred. It assumes that completion of a sale of the interest in the intangible assets takes place on the valuation date (21 February 2021).

The intangible assets subject to valuation were those believed to be owned and/or likely to be owned by the Company (collectively 'the Intangible Assets'), being the Company's interest in:

- Goodwill in the Mrs Wordsmith Brand,
- Goodwill in products and sub-brands,
- Trade Marks,
- Copyright in Website Content,
- Domain names,
- Customer Data,
- Bespoke Imagery, Animation and Video,
- General Copyrights,
- Mobile Applications, including but not limited to any interest in the following apps: Footproof! Reading, Wordtag and Epic Word Adventure

Hilco valued the Intangible Assets at £157,519.

As a result of the accelerated marketing process (see section 9), the sale price achieved for Business Intellectual Property

Statement of Insolvency Practice 16 Disclosure

The above included finished product for branded educational materials such as Storyleary dictionary paperbacks and hardbacks, My Epic Life Word Books and Work Outs, assorted card games and ready for school packs.

Market Value In-Situ: assumes that the assets are sold with the intention of the business continuing in some form. It is assumed that the in situ is relevant to a proposed administration sale.

Market Value Ex-Situ: assume that the goods are sold without the additional interest above, and are likely to be sold speculatively, hence the lower value.

Both values are excluding any additional costs of storage, reason payments in foreign jurisdictions for stock held overseas which we understand is c. 56% of the value of the stock, any monies due to pursuant to any unknown retention of title claims or any marketing costs which may be incurred. In addition, the above amounts do not include any allowance for any damage which the stock may have incurred and no stocktake has been undertaken on any of the stock by the Company.

As a result of the accelerated marketing process (see section 9), the non-intellectual property assets were sold, included in this was the sale price achieved for stock of £214,056. See section 10 for further transaction details.

9. Marketing of the Assets

Hilco were engaged on 23 February 2021 to assist in undertaking an accelerated marketing and sale process for the Company's shares, business and / or assets. The marketing undertaken conformed to the marketing essentials, as set out in SIP 16.

On 23 February 2021, Hilco distributed sales and marketing correspondence to c. 340 potentially interested parties. These parties included but were not limited to:

- potentially interested parties identified by the Company's Management;
- potentially interested parties extracted from the Company's information memorandum;
- Hilco's relevant contacts from previous disposals, including those from book and retail assignments and

private equity and venture capital firms; and

- potentially interested parties identified through their market research, including additional competitors not mentioned in the Company information memorandum.

The initial sales teaser details sent to the above mentioned parties included the following details:

- an introduction to the Company's business
- the opportunity to acquire the business or assets,
- the available assets,
- the requirement to return a signed Non-Disclosure Agreement ("NDA"), and
- the timescales involved with the last date for final offers being 4pm, 26 February 2021.

On 24 February 2021, the sales listing was posted on to the Hilco's website as well as social media postings to further market the opportunity.

21 parties registered their interest in the process, and 15 parties signed NDAs. Two parties did not return their signed NDAs and were not provided with access to the Company's data room as a result.

Upon returning the signed NDAs, interested parties were granted additional marketing material and access to the Company's data room with all relevant information pertaining to the sale to accommodate various offer structures which parties may be interested in.

Five parties declined the opportunity.

Five formal offers from three parties were received in relation to the purchase of some or all of the Company's business and assets.

The highest and best offer received was to purchase the Company's business, certain assets and the shares in the Denmark Subsidiary for £500,000 in cash plus 10% of revenues earned in the 12 months post sale and a further 10% of the proceeds from a share sale of the business within two years of purchase.

In addition, the offer was to transfer the contracts of

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employees pursuant to Transfer of Undertakings (Protection of Employment) Regulations 2008 ("TUPE") and to operate under the same or similar name. £102,000 was payable as a deposit within 24 hours, with proof of funds available on request.

The offer specifically excluded the shares in Mrs Wordsmith Inc (registered in USA) and the debtor book due to the Company.

On 26 February 2021, Hilco recommended that this offer be accepted on the basis that it was the highest offer received and paying regards to both the results of the sales and marketing process, and their independent valuation. The transaction is detail below.

10. Sale of the Assets

On 5 March 2021 ("Completion Date"), Hatch House Games Limited ("HHGL") and Hatch House IP Limited ("HHIL") (together "the Purchasers") purchased the Company's business, certain assets and the Denmark Subsidiary as set out below.

To the best of our knowledge, the Purchasers are not connected to the directors, shareholders or their associates. However, it should be noted that the employee directors and management contracts will be transferred pursuant to TUPE. This is further discussed in section 12.

The Purchasers were independently advised by Shoomaths LLP (solicitors) in relation to this transaction.

On 2 March 2021, £102,000 non-apportioned non-refundable deposit was received by Marriot by way of part payment of the Purchase Price prior to the Completion Date.

The split between the two Purchasers is set out as follows:

Assets not subject to charge		Value	
HHGL	Sale Price £	High £	Low £
Goodwill	1		
Fixtures & Fittings	69,640	50,750	13,500
Sellers' records	1		
Stock	214,066	156,000	59,000
Shares	1		
Business Contracts	1		
WIP	1		
Licences	1		
Deferred consideration*	TBC	206,750	72,500
HHIL			
Business Intellectual Property Rights and associated licences	216,208	157,619	157,619
Deferred consideration*	TBC		
Total	216,209	157,619	230,119

* Deferred consideration is defined as the amount equal to 10% of the total net sales revenue of the Purchasers for the period of 12 months following the Completion Date and, for these purposes "net sales" shall mean the gross revenue minus VAT, applicable sales returns, allowances and discounts. On the basis that the deferred consideration was not quantified, and there is currently a large level of economic uncertainty, no security has been obtained.

A further condition of the sale is that there may be additional consideration due if within two years of the transaction, there is a sale or disposal of the entire issued share capital of the Purchasers to any other person, and/or the sale or disposal (whether in one transaction or a series of transactions) by the Purchasers to another person of all or a substantial part of the business and / or the assets of the Company including, without limitation, the business and the assets sold to the Purchaser, 10% of the net proceeds of a (or each) transaction shall be payable to the Company.

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At the time of writing, all sale proceeds were received and held with Marriot.

The following assets were excluded from the sale:

- the Book Debts owing to the Company;
- the Administrators' records;
- the VAT records;
- the third-party assets;
- the ROT assets (unless otherwise agreed);
- any cash in hand or at the bank;
- any real property owned, leased or used by the Company;
- any actual or potential claim under any policies of insurance and assurance or similar contracts or in damages against any third party;
- the benefit of any actual or potential claim, or right to make a claim, against any person (other than claims under the manufacturers' or suppliers' warranties included in the assets) including the proceeds of any litigation;
- any shares or other securities owned by the Company, other than the shares in the Denmark Subsidiary;
- any VAT or other tax refunds or rebates;
- any claims in respect of breaches of sections 212, 213, 214, 238 and 239 of the Insolvency Act 1986; and
- any other property, rights or assets of the Company which are not included in the assets purchased.

11. Estimated Outcome Statement

Please find Estimated Outcome Statement in Appendix 1.

12. Connected Party Transaction

As indicated above, the Purchasers are not considered to be a connected parties on the basis that to our knowledge, the Purchasers are not connected to the directors, shareholders or their associates. As mentioned above, employee

directors and management contracts will be transferred pursuant to TUPE. However, whilst employee directors and management may in due course be considered associated, until such time that the transaction completed, they were not considered to be in a position whereby they could have, or were entitled to, exercise any control over the Purchasers nor the transaction.

The Board were made aware of the pre-pack pool. Connected party buyers are encouraged to, but not required to, approach what is known as the pre-pack pool, an independent group of suitably qualified and experienced individuals, in order to obtain their opinion on the pre-pack transaction. Connected parties are also encouraged but are not required to, prepare a viability statement indicating how their business will survive for at least 12 months from the date of purchase and detailing what they will do differently in order that the business will not fail.

13. Rationale for a Pre-Pack Sale

We are required to notify creditors within 7 days of the pre-pack transaction. It was therefore not practicable to complete the Administration. Proposals within the time period of sending the SIP16. The Joint Administrators consider that the pre-packaged sale to the Purchaser represented the best outcome for creditors as a whole in the circumstances for the following reasons:

- 3.1 The total consideration being received by the Company exceeds the value of the assets in liquidation. The status of a liquidation process would in effect further reduce the remaining value of the business and assets.
- 3.2 The pre-packaged sale of the business, certain assets and the shares in the Denmark Subsidiary will significantly reduce any further deterioration in the value of the intellectual property.
- 3.3 The transfer of the Company's employees under the TUPE legislation will reduce the Company's liabilities.
- 3.4 The Joint Administrators consider that the sale price is the best reasonably obtainable given the financial circumstances of the Company noting that in the event of a liquidation, it is likely the sale price would be diminished.
- 3.5 The sale achieved the purpose of the administration in

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achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in administration).

13.6 10% of first 12 months net sales will be payable by the Purchasers which would not have been available in liquidation. Similarly, the 10% of the net proceeds of a sale or disposal of the entire issued share capital of the Purchaser, and / or the sale or disposal of all or a substantial part of the business and / or the assets which is payable to the Company, would not have been available in liquidation.

Accordingly, the Joint Administrators consider that the sale price being achieved, and also the outcome, is the best available outcome for creditors of the Company and that the pre-pack sale achieves the statutory purpose of an administration that we would be seeking to achieve in respect of the Company.

Appendix I - Mrs Wordsmith Limited (in Administration) Estimated Outcome Statement

	BV £	Liquidation £	Administration £
Assets Not Specifically Pledged			
Goodwill		-	1
Fixtures & Fittings (and equipment)	42,847	13,500	69,640
Sellers' records		-	1
Stock	268,055	59,000	214,066
Shares		-	1
Business Contracts		-	1
Business Intellectual Property Rights (including associated licences) (excluding VAT)	2,305,568	157,819	216,298
WIP		-	1
Licences		-	1
Debtors	31,740	Uncertain	Uncertain
VAT Refund	20,000	20,000	20,000
Deferred consideration		-	TBC
Estimated Total Assets Available for Preferential Creditors	2,669,210	250,119	520,000
Less Preferential Creditors			
Employees (arrear of wages, holiday pay and pension)		(105,799)	-
HMRC PAYE / NI		(211,754)	(211,754)
Total Preferential Creditors		(317,553)	(211,754)
Estimated Total Assets Available to Unsecured Creditors		(67,434)	308,246
Estimated Unsecured Creditors		(3,425,532)	(3,301,225)

* Note that the above is subject to pre and post Administration costs.

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