

LIQ03

Notice of progress report in voluntary winding up



Companies House

WEDNESDAY



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23/11/2022

#130

COMPANIES HOUSE

1 Company details

Company number 0 9 4 8 3 2 5 2

Company name in full Mrs Wordsmith Limited

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

2 Liquidator's name

Full forename(s) Anthony Malcolm

Surname Cork

3 Liquidator's address

Building name/number 6

Street Snow Hill

Post town London

County/Region

Postcode E C 1 A 2 A Y

Country United Kingdom

4 Liquidator's name

Full forename(s) Stephen Robert

Surname Cork

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

5 Liquidator's address

Building name/number 6

Street Snow Hill

Post town London

County/Region

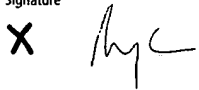
Postcode E C 1 A 2 A Y

Country United Kingdom

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

LIQ03

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6	Period of progress report															
From date	d	0	d	6	m	0	m	9	y	2	y	0	y	2	y	1
To date	d	0	d	5	m	0	m	9	y	2	y	0	y	2	y	2
7	Progress report															
<input checked="" type="checkbox"/> The progress report is attached																
8	Sign and date															
Liquidator's signature	Signature 															
Signature date	d	0	d	2	m	1	m	1	y	2	y	0	y	2	y	2

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Presenter information

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

Contact name **Samuel Warlow**

Company name **Cork Gully LLP**

Address **6 Snow Hill**

Post town **London**

County/Region

Postcode **E C 1 A 2 A Y**

Country **United Kingdom**

DX

Telephone **02072682150**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

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



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Cork Gully

TO ALL KNOWN MEMBERS & CREDITORS

Our ref: WOR003/AMC/SRC/MS/SW/AM

Cork Gully LLP
6 Snow Hill, London EC1A 2AY
T +44 (0)20 7268 2150
F +44 (0)20 7002 7788
corkgully.com

2 November 2022

Dear Sir/Madam

Mrs Wordsmith Limited ("the Company") – In Creditors' Voluntary Liquidation
Company Number: 09483252

I refer to the appointment of Stephen Cork and I as Joint Liquidators of the Company on 6 September 2021, following our appointment as Administrators on 5 March 2021. This report is addressed to the members and creditors of the Company and is the Joint Liquidators' first annual progress report in the Liquidation. This report is a statutory requirement as part of the Liquidation process and it contains important information for members and creditors covering the period from 6 September 2021 to 5 September 2022 ("the Period").

1. Statutory Information

The Company's statutory information is shown at Appendix I.

2. Joint Liquidators' Actions Since the Commencement of the Liquidation

The Joint Liquidators have complied with all statutory and regulatory requirements in this first year of the liquidation. The Joint Liquidators have continued to ensure that the case progresses in line with the overarching strategy in investigating the affairs of the Company and realising any assets for the benefit of creditors.

A summary of the main tasks undertaken by this office during the Period are summarised below:

- Adjudicating creditors' claims and paying a first dividend to unsecured creditors;
- Realising the deferred consideration;
- Liaising with professional tax advisers regarding amending the Administration tax return following receipt of deferred consideration;
- Continuation of the investigation into the recoverability and quantum of a Director Loan Account ("DLA") as well as the inter-company loans to the subsidiaries, Mrs Wordsmith Inc (USA) and Mrs Wordsmith Aps (Denmark); and
- Continuing to lodge VAT and tax returns, as well as our ongoing statutory reporting obligations.

In addition to the above, there is certain work that I am required to undertake by insolvency legislation and best practice that provides no financial benefit for the creditors. Further information about our remuneration can be found at section 8 of this report.

3. Receipts and Payments Account

An abstract summary of the Joint Liquidators' receipts and payments for the Period is attached at Appendix II.

Funds are held in an interest-bearing account and I have reconciled the account to our financial records.

All receipts and payments are shown net of VAT and VAT is recoverable in this matter.

Partners and Directors act as insolvency practitioners without personal liability. Stephen Cork and Anthony Cork are licensed to act as insolvency practitioners in the United Kingdom by the Institute of Chartered Accountants in England and Wales and are bound by the Insolvency Code of Ethics.

Cork Gully is a Limited Liability Partnership registered in England and Wales under number OC357274. A list of members is available for inspection at the registered office above. Members will be referred to as partners and directors.

A breakdown of the receipts and payments is set out below.

– Receipts

The receipts during the Period total £326,454 and are as follows:

- An amount of £249,299 was received from the Company's administration estate;
- An amount of £3,582 has been transferred from the administration estate in relation to recoverable VAT;
- Deferred consideration of £66,833 has been received, see section 4 for further details;
- The Purchasers have paid the costs of the Joint Liquidators for additional time spent in relation to reviewing and signing various documentation pertaining to the transfer of the business and assets to the Purchasers. £6,726 has been paid directly by the Purchasers to the Joint Liquidators in this regard; and
- Bank interest of £14 has been received in the Period.

– Payments

The payments during the Period total £277,308 and are as follows:

- Joint Liquidators' remuneration of £78,000 has been drawn in the Period. See section 8 for further details;
- As noted above, an amount of £5,844 has been drawn against the costs of the Joint Liquidators' in relation to their additional time spent reviewing and signing various documentation pertaining to the transfer of the business and assets to the Purchasers. A further balancing payment of £882 is due to be paid to the Joint Liquidators;
- A first dividend of £186,614 has been paid to unsecured creditors. See section 6 for further details;
- Professional fees of £6,550 have been paid to the Company's tax agents, Buzzacott LLP ("Buzzacott"); and
- Statutory advertising charges and bank charges of £180 and £120 respectively, have been incurred in the Period.

4. Asset Realisations

As noted in previous reports, the former Joint Administrators effected a pre-packaged sale of the Company's business, certain assets and the shares in the Denmark Subsidiary to Hatch House Games Limited ("HHGL") and Hatch House IP Limited ("HHIL") (together "the Purchasers").

During the Period, deferred consideration of £66,833 was received from HHGL. The deferred consideration is defined as an amount equal to 10% of the total net sales revenue of the Purchasers for the period of 12 months following the Completion Date, being 5 March 2022.

Creditors should note that additional consideration would be due if, within two years of the transaction (5 March 2021), 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 Purchasers, 10% of the net proceeds shall be payable to the liquidation estate of the Company.

5. Liabilities

– Secured Creditors

There are no secured creditors in this matter.

– Preferential Creditors

As detailed in the Joint Administrators' report, dated 3 September 2021, all preferential claims were dealt with during the Administration, as such no further preferential claims are anticipated.

– Prescribed Part

There are provisions within insolvency legislation that require a Liquidator to set aside a percentage of a company's floating charge 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 there are no floating charges registered over the assets of the Company, the prescribed part will not apply.

– Unsecured Creditors

The Joint Liquidators admitted 32 (not 33, as previously reported) unsecured claims to rank for dividend amounting to £3,110,228. For information in relation to dividends paid to unsecured creditors, please see Section 6 of this report.

6. Dividends

A dividend of approximately 6p in the £ was declared and paid to non-preferential unsecured creditors on 8 February 2021. The total amount paid was £186,613.65 in relation to the admitted claims in the liquidation.

Please note that two dividend payments totalling £1,317.61 currently remain unclaimed.

The Joint Liquidators anticipate that a second and final dividend will be paid post 5 March 2023 being the end date by which further proceeds may fall due from the Purchasers. As such, the final quantum of the second and final dividend remains uncertain at present. However, based on current information and available funds we anticipate the final dividend will be 1.5p in the £.

7. Investigations into the Affairs of the Company

As previously reported, extensive work was undertaken in relation to investigating the quantum and recoverability of a Director Loan Account, as well as the two intercompany loans to the Danish subsidiary. Ultimately it has determined there would be no benefit to the Company creditors to continue to pursue these outstanding balances. Furthermore, we identified no additional matters that justified further investigation in the circumstances of this appointment.

Within three months of appointment, the former Joint Administrators submitted a confidential report to the Secretary of State to include any matters that came to their attention during the course of their work.

8. Joint Liquidators' Remuneration

On 29 April 2021, it was resolved that the Joint Administrators' remuneration be approved on a fixed fee basis of £95,000 (plus disbursements and VAT) for the Administration and this subsequent Creditors' Voluntary Liquidation. This amount had been drawn in full in the Administration period.

The Joint Liquidators wrote to all known creditors on 3 May 2022 requesting that the fixed fee be increased to £173,000, excluding VAT, representing an increase of £78,000 on the previously agreed fixed fee. The increase was on the basis of additional work undertaken which was not originally envisaged and the report to creditors provided additional details of this.

The proposed increase in Joint Liquidators' remuneration was subsequently agreed by way of a creditors' decision procedure on 18 May 2022. As such, the Joint Liquidators have drawn an additional remuneration £78,000 plus VAT in the Period.

Creditors should also note that there is work that Joint Liquidators are required to undertake in order to meet the requirements of insolvency legislation and the Statements of Insolvency Practice. Some of this additional work does not give direct financial benefit to the creditors, but has to be undertaken in order to meet these requirements.

A description of the work undertaken during this Period is as follows:

– Administration and Planning

- Maintaining electronic case files;
- Dealing with all routine correspondence and emails relating to the case;

- Dealing with all statutory on appointment notifications following the Company being placed into liquidation;
- Maintaining and managing the estate bank account;
- Undertaking regular reconciliations of the bank account containing estate funds;
- Reviewing the adequacy of the specific penalty bond on a routine basis;
- Undertaking periodic reviews of the progress of the case;
- Overseeing and controlling the work done on the case by the Joint Liquidators;
- Preparing and filing taxation returns; and
- Preparing, reviewing and issuing statutory reports to creditors.
- **Realisation of Assets**
 - Ongoing assistance with the Purchasers to discharge continuing obligations under the sale agreement; and
 - Liaison with professional advisers and the Purchaser to assess the likelihood of further realisations falling due under the sale agreement.
- **Creditors**
 - Maintaining up to date creditor information on the case management system;
 - Dealing with creditor enquiries and correspondence;
 - Adjudication of creditors' claims; and
 - Paying the first dividend to non-preferential unsecured creditors.
- **Investigations**
 - Investigation of inter-company claim positions; and
 - Investigation of the outstanding director loan account position.

In accordance with the Statement of Insolvency Practice 9, information which explains the ways in which an Liquidator may be remunerated and sets out the information that should be available to creditors before they are asked to consider a resolution to approve remuneration, called "A Guide for Creditors on Insolvency Practitioner Fees", is available at: <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29114/page/1/liquidation-a-guide-for-creditors-on-insolvency-practitioner-fees/>.

Further information about creditors' rights can be obtained by visiting the creditors' information microsite published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>.

The Joint Liquidators have also provided further details in the practice fee recovery policy for Cork Gully LLP which can be found at: <https://corkgully-dev.living-digital.com/wp-content/uploads/2022/08/Practice-Fee-Recovery-September-2022-002.pdf>.

9. Joint Liquidators' Expenses

Expenses are any payments from the estate which are neither an office holder's remuneration nor a distribution to a creditor or a member. Expenses also include disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- Category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- Category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration. The Joint Liquidators are not seeking to charge or recover any category 2 disbursements incurred in respect of work undertaken on this assignment.

9.1. Category 1 Expenses

During the Period, Courts Advertising were paid £180 in relation to statutory advertising in the London Gazette. No further category 1 expenses are expected to be incurred.

9.2. Professional Fees

Buzzacott were engaged to provide tax advice and prepare the relevant tax computations and Company tax returns on behalf of the Company. As disclosed above, their total fees were £6,550 (excluding VAT). As shown at Appendix II, the Joint Liquidators have recovered deferred consideration of £66,833. Buzzacott previously quoted an additional £1,650 (excluding VAT) to prepare the necessary tax filings associated with the deferred consideration. The Joint Liquidators have since successfully renegotiated with Buzzacott and a fee of £1,150 (excluding VAT) was agreed.

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

10. Further Information

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

An unsecured creditor may, with the permission of the Court, or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to Court to challenge the amount of remuneration charged by the Joint Liquidators as being excessive, and/or the basis of the Joint Liquidators' remuneration, and/or the amount of the expenses incurred as being excessive, within 8 weeks of their receipt of this report. Any secured creditor may make a similar application to court within the same time limit.

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://corkgully-dev.living-digital.com/wp-content/uploads/2022/08/Provision-of-Services-Regulations-Summary-September-2022-002.pdf>.

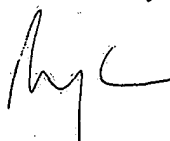
Cork Gully LLP uses personal information in order to fulfil the legal obligations of our Insolvency Practitioners under the Insolvency Act and other relevant legislation, and also fulfil the legitimate interest of keeping creditors and others informed about the insolvency proceedings. The privacy statement, which explains how Cork Gully LLP process personal data, can be accessed at:
<https://corkgully-dev.living-digital.com/wp-content/uploads/2022/09/GDPR-Privacy-note-September-2022.pdf>

11. Summary

The Joint Liquidators will continue to complete all statutory requirements pertaining to the Liquidation and anticipate that the Liquidation will remain open until the second distribution to unsecured creditors has been declared and the anti-embarrassment clause expires on 5 March 2023. After these matters have been concluded, the Joint Liquidators will prepare for the closure of the Liquidation.

If creditors have any queries regarding the conduct of the Liquidation, or this report, or if they want hard copies of the documents made available online, they should contact Samuel Warlow by email at samuelwarlow@corkgully.com, or by phone on 0207 268 2150.

Yours faithfully



Anthony Malcolm Cork
Joint Liquidator

Appendix I – Statutory Information

Company name:	Mrs Wordsmith Limited
Company number:	09483252
Date of incorporation:	11 March 2015
Registered office:	c/o Cork Gully LLP, 6 Snow Hill, London EC1A 2AY
Former trading address:	Unit 201 The Shepherd's Building Charecroft Way London W14 0EE
Principal trading activity:	58190 - Other Publishing Activities
Appointment Details	
Date of appointment:	6 September 2021 (formerly in Administration)
Liquidators appointed:	Stephen Robert Cork and Anthony Malcolm Cork of Cork Gully LLP

Directors:	Appointed	Resigned	Shareholding
Basma Alireza	20 April 2017	-	7.84%
Alex Dale	24 April 2020	-	4.91%
Sofia Fenichell	11 March 2015	-	20.84%
Ben Legg	24 April 2020	-	0.50%
Leila Di Monterubello	20 April 2027	-	None
David Lin	14 March 2018	-	None
Share Capital			
37,116,751 shares at 0.00p to 0.84p. Total called up capital £13,118,390			

Appendix II – Joint Liquidators' Receipts and Payments Account

Statement of
Affairs (£)

06/09/2021 to 05/09/2022 (£)

RECEIPTS	
Bank Interest	14.37
Deferred Consideration	66,833.20
Transfer of Funds from Administration	249,298.84
Transfer of VAT from Administration	3,581.50
Contribution to Costs from Purchasers	6,726.41
	326,454.32
PAYMENTS	
Joint Liquidators' Fees	(78,000.00)
Fees for assisting Purchaser	(5,844.41)
Professional Fees	(6,550.00)
Statutory Advertising	(179.82)
Bank Charges	(120.00)
Unsecured Dividend	(186,613.65)
(32 creditors totalling £3,110,227.58 received approximately 6p in the £)	
	(277,307.88)
NET RECEIPTS/(PAYMENTS)	49,146.44
MADE UP AS	
Bank 2 Deposit	27,795.37
VAT Payable	(176.40)
VAT Receivable	20,527.47
	49,146.44