

# AM22

## Notice of move from administration to creditors' voluntary liquidation



Companies House

MONDAY



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06/09/2021

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COMPANIES HOUSE

### 1 Company details

Company number 09483252

Company name in full Mrs Wordsmith Limited - In Administration

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Please complete in typescript or in  
bold black capitals.

### 2 Court details

Court name High Court of Justice, Business and Property Courts of England &  
Wales, Insolvency and Companies List (ChD)

Court case number 2021-000423

### 3 Administrator's name

Full forename(s) Anthony Malcolm

Surname Cork

### 4 Administrator's address

Building name/number C/O Cork Gully LLP

Street 6 Snow Hill

Post town

County/Region London

Postcode EC1A 2AY

Country United Kingdom

AM22

Notice of move from administration to creditors' voluntary liquidation

**5 Administrator's name <sup>①</sup>**

Full forename(s) Stephen Robert

Surname Cork

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

**6 Administrator's address <sup>②</sup>**

Building name/number C/O Cork Gully LLP

Street 6 Snow Hill

Post town

County/Region London

Postcode E C 1 A 2 A Y

Country United Kingdom

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

**7 Appointor/applicant's name**

Give the name of the person who made the appointment or the administration application.

Full forename(s) Alex

Surname Dale

**8 Proposed liquidator's name**

Full forename(s) Anthony Malcolm

Surname Cork

Insolvency practitioner number 9 4 0 1

**9 Proposed liquidator's address**

Building name/number C/O Cork Gully LLP

Street 6 Snow Hill

Post town

County/Region London

Postcode E C 1 A 2 A Y

Country United Kingdom

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Notice of move from administration to creditors' voluntary liquidation

**10 Proposed liquidator's name<sup>①</sup>**

Full forename(s) Stephen Robert

Surname Cork

Insolvency practitioner  
number 8 6 2 7**① Other liquidator**Use this section to tell us about  
another liquidator.**11 Proposed liquidator's address<sup>②</sup>**

Building name/number C/O Cork Gully LLP

Street 6 Snow Hill

Post town

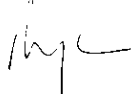
County/Region London

Postcode E C 1 A 2 A Y

Country United Kingdom

**② Other liquidator**Use this section to tell us about  
another liquidator.**12 Period of progress report**From date <sup>d</sup>0 <sup>d</sup>5 <sup>m</sup>0 <sup>m</sup>3 <sup>y</sup>2 <sup>y</sup>0 <sup>y</sup>2 <sup>y</sup>1To date <sup>d</sup>0 <sup>d</sup>3 <sup>m</sup>0 <sup>m</sup>9 <sup>y</sup>2 <sup>y</sup>0 <sup>y</sup>2 <sup>y</sup>1**13 Final progress report**☒ I have attached a copy of the final progress report.**14 Sign and date**Administrator's  
signature

Signature

X 

X

Signature date <sup>d</sup>0 <sup>d</sup>3 <sup>m</sup>0 <sup>m</sup>9 <sup>y</sup>2 <sup>y</sup>0 <sup>y</sup>2 <sup>y</sup>1

# AM22

Notice of move from administration to creditors' voluntary liquidation



## 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

County/Region London

Postcode

E C 1 A 2 A Y

Country

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 and dated the form.



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



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



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## TO ALL KNOWN CREDITORS

3 September 2021

Our ref: WOR002/AMC/SRC/SL/LJ/AM

**Mrs Wordsmith Limited - In Administration ("the Company")**  
**In the High Court of Justice, Business and Property Courts of England and Wales: CR-2021-000423**  
**Company Number: 09483252**

### Notice of Move from Administration to Creditors' Voluntary Liquidation

I refer to the appointment of Stephen Robert Cork and I as Joint Administrators of the Company on 5 March 2021 in accordance with the provisions of paragraph 22 of Schedule B1 to the Insolvency Act 1986 ("the Act"). On 29 April 2021, following a decision by way of written correspondence, creditors resolved to accept the proposals of the Joint Administrators ("the Proposals") which were circulated on 9 April 2021.

As set out in the Proposals and the preceding SIP16 Statement (issued on 11 March 2021), immediately following appointment on 5 March 2021 the Joint Administrators effected a pre-packaged administration sale of 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").

The pre-packaged administration sale enabled the Joint Administrators to achieve the statutory purpose of the Administration 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. This is discussed in further detail below at section 2.

As the objective of the Administration has been achieved, the Administration can now be converted into Creditors' Voluntary Liquidation to enable a dividend to be paid to unsecured creditors. Please find enclosed Notice of Move to Creditors' Voluntary Liquidation, together with this final progress report. This report is a statutory requirement of the administration process and contains important information for creditors.

#### 1. Statutory Information

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

#### 2. Summary of the Joint Administrators' Proposals

The Joint Administrators' proposals for dealing with the Company's assets and affairs were circulated to all known creditors on 9 April 2021. These proposals were approved on 29 April 2021, a summary of the Joint Administrators' Proposals can be found at Appendix V.

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 section 3(1) of Schedule B1 of the Insolvency Act, 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.

Further to the above, and as set out in the Proposals and SIP16 Statement, the pre-packaged administration sale of the Company's business, certain assets and the shares in the Denmark Subsidiary enabled the Joint Administrators to achieve objective (b).

Additionally, the pre-packaged administration sale allowed for all employee contracts to be transferred to HHGL, in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 ("TUPE"). The effect of the transfer resulted in the Company having no preferential creditor claims from employees, which will improve the return to unsecured creditors.

### **3. Outcome of Administration**

The primary objective of the Administration has been achieved and the Administration will cease upon placing the Company into Creditors' Voluntary Liquidation ("Liquidation"). The Liquidation will enable the Joint Liquidators to pay a dividend to the Company's unsecured creditors. Stephen Robert Cork and I will be appointed Joint Liquidators, in accordance with the Proposals approved by creditors.

### **4. Actions of the Joint Administrators**

A summary of the main actions undertaken by the Joint Administrators and our staff since appointment includes:

- Concluding the sale of business and assets to HHGL and HHIL, which also included additional matters required by, or arising as a result of, the sale agreement, such as:
  - entering into communication with the Company's former landlord in respect of the license to occupy issued to HHGL and the subsequent exit of the premises;
  - liaising with HHGL in relation to the transfer of employee contracts and the pre-appointment PAYE liability for wages paid by HHGL that was filed against the Company's PAYE number in error;
  - liaising with the Purchasers and their lawyers about the novation of various contracts, trademarks and licences held by the Company.
- Issuing statutory notice of our appointment, and other notifications as required by law, including but not limited to issuing our SIP16 Statement and the Proposals.
- Liaising and corresponding with creditors in respect of the decision procedure included in the Proposals and recording the outcome of the same, which included correspondence with HM Revenue & Customs ("HMRC") about pre-appointment amounts owed to the Company.
- Undertaking preliminary investigation and reconciliation of the inter-company balances owed by Mrs Wordsmith Inc (USA) and Mrs Wordsmith Aps (Denmark) and entering into correspondence as appropriate.
- Undertaking investigations into the affairs of the Company, including but not limited to:
  - review of the Company's accounting records, including management accounts and financial statements;
  - obtaining and reviewing the Company bank statements for the two years preceding appointment and making relevant queries of the Company's former management where relevant; and
  - and the preparation and submission of a report on the conduct of the directors of the Company.
- Entering into communications with the Company's debtors to collect monies owing.
- Liaising and corresponding with online financial institutions in relation to bank accounts held in the name of the Company.
- Preparing and filing post-appointment VAT returns.
- Preparing and filing pre-appointment VAT returns from the Company's books and records.
- Maintaining the Joint Administrators' case files which include:
  - recording the decisions made by the Joint Administrators;
  - monitoring and maintaining an adequate statutory bond;
  - conducting periodic case reviews; and
  - maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments.

### **5. Receipts and Payments**

A summary of the Joint Administrators' receipts and payments account for the period 5 March 2021 to 3 September 2021 is attached at Appendix II.

The balance of funds is held in an interest-bearing estate bank account, and will be transferred to a Liquidation estate account once the Company is placed into Liquidation. It should be noted that all expenses are shown net of VAT and that VAT is recoverable in this matter. Any VAT monies owed to the Company will be transferred to the Liquidation account.

To date, we have received funds totalling £589,415.69 representing:

#### **5.1 Receipts**

##### **Sale Proceeds**

In accordance with the asset sale agreement the Purchasers paid £500,000 as consideration for the purchase of the Company's business and certain assets. Please refer to the Proposals and SIP16 Statement for further details.

<b>Asset</b>	<b>Sale price</b>
Goodwill	£1
Fixtures & Fittings (and equipment)	£69,640
Sellers' Records	£1
Stock	£214,066
Shares	£1
Business Intellectual Property Rights (excluding VAT)	£216,288
Business Contracts	£1
WIP	£1
Licences	£1
Deferred Consideration	TBC
<b>Total</b>	<b>£500,000</b>

As per the Proposals, the sale contained additional consideration. Any additional consideration payable will be received during the Liquidation. This is discussed in further detail at section 6.

#### **Cash at Bank**

The monies from the Company's pre-administration bank account were transferred to the Administration account. These monies total £8,158.36.

#### **Book Debts**

Book debts amounting to £33,392.39 have been recovered for the Company from various parties, of this, £7,738.41 was to be returned to the Purchasers for monies which relate to their sales. This is discussed in further detail below at Contribution to Costs from Purchaser and at section 6.

#### **Licence to Occupy**

As per the asset sale agreement a licence fee was received by the Joint Administrators from HHGL to cover the costs of occupying and trading from the Company's former premises for the first month of the Administration. The licence costs amounting to £22,590 (plus VAT) were received to cover the costs relating to the office rent, utilities and business rates of the Company. Further details can be found within the Proposals and SIP16 Statement, though we can confirm the following expenses were agreed and paid from the funds held:

<b>Item</b>	<b>Paid (plus VAT)</b>
Rent	£11,613.00
Utilities	£49.98
Insurance	£140.00
Rates	£3,495.17
<b>Total</b>	<b>£15,298.15</b>

The balance of the funds, being £8,284.75 (including VAT), were applied to the PAYE balance due to HMRC from HHGL (discussed below at section 6.2).

#### **Pre-paid Card Refund**

Pre-paid card refunds of £218.44 have been received for monies paid in advance to Pleo Apps.

#### **Bank Interest**

Bank interest amounting to £11.97 has accrued since opening the Administration bank account.

#### **Contribution to Costs from Purchasers**

As reported in the Proposals, the Joint Administrators have received monies from the Purchasers to cover the Joint Administrators' time costs in relation to reviewing and signing various assignment documents and other such relevant documentation pertaining to the sale. Monies received in this regard were £10,752.68 and are made up as set out below.

Pursuant to the asset sale agreement, the Purchasers have an obligation to meet the reasonable costs of the Joint Administrators in order to execute such assignments and novations as the Purchasers 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. As such, £4,304 has been received in this regard.

As mentioned above, £7,738.41 was held by the Joint Administrators for book debts due to the Purchasers for monies received which relate to their sales. In addition to the aforementioned amount paid by the Purchasers for the Joint Administrators' time costs, the amount held for book debts due to the Purchasers was applied to the Joint Administrators' time costs incurred in respect of the month 11 and month 12 PAYE issues which are

discussed in more detail below and at section 6.2. In this regard, £6,448.68 has been recorded as a contribution to costs from the Purchasers and £1,289.73 in VAT payable, equalling the balance due of £7,738.41.

#### **Payment from HHGL for Employer Taxes Due**

Funds of £21,583.70 were held on behalf of HHGL by the Joint Administrators, which were made up of the following:

- The balance of the funds from the Licence to Occupy, being £8,284.75 (including VAT)
- £13,298.95 of book debt monies in respect of the Purchasers sales.

These monies are recorded as a payment from HHGL for employer taxes due and are further discussed below and at section 6.2.

## **5.2 Payments**

The following payments have been paid during the Administration:

#### **Bonding**

The sum of £690 has been paid to Marsh Limited for the specific bond required to be held by the Joint Administrators.

#### **Pre-Administration Fees**

As detailed in the Proposals, time spent by Cork Gully LLP in the period prior to the Administration was £56,005.50 (excluding VAT), of which the amount of £25,833.33 (excluding VAT) was paid by the Company prior to the appointment of the Joint Administrators.

As per the Proposals, and approved by creditors by way of a decision by correspondence, the Joint Administrators have received payment for the balance of their pre-appointment time costs in the amount of £30,172.17.

#### **Office Holders Fees**

As per the Proposals, and approved by creditors by way of a decision by correspondence, the Joint Administrators have received £95,000 as a fixed fee for the Administration and subsequent Liquidation of the Company. For further information regarding this please refer to Section 10 of this report.

#### **Joint Administrators Costs for Assisting the Purchasers**

As mentioned above, the Purchasers have paid the costs of the Joint Administrators for additional time spent in relation to reviewing and signing various documentation pertaining to the transfer of the business and assets to the Purchasers. £4,304 has been paid directly by the Purchasers to the Joint Administrators in this regard.

In addition to this, and as mentioned above, a further £6,448.68 has been drawn by the Joint Administrators' in respect of time spent resolving the month 11 and month 12 PAYE issues which are discussed in more detail above and at section 6.2.

The total fees drawn by the Joint Administrators in this regard were £10,752.68.

#### **Pre-Administration Legal Costs**

As detailed in the Proposals, Marriott Harrison LLP ("Marriott") provided pre-administration legal advice to the Company which included, but was 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.

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 prior to Administration. As detailed in the Proposals, their outstanding time costs for the pre-appointment period amounted to £24,368.50 (excluding VAT) and their outstanding disbursements were £2,837.24 (see Proposals for more detail).

As per the Proposals, and approved by creditors by way of a decision by correspondence, Marriott have been paid £24,368.50 for their pre-administration legal fees and £2,837.24 for pre-administration disbursements.

#### **Legal Costs**

Marriott were engaged to assist with post-completion sale matters during the course of the Administration. These matters have included, but are not limited to, drafting and circulating such resolutions to change the Company's name to W Realisations 2021 Limited so that the Purchasers could assume the Company's name, Mrs Wordsmith Limited. At the time of writing, this resolution was not approved. They have received £6,272.50 and £22 in relation to their fees and disbursements, respectively.



### **Statutory Advertising**

The Joint Administrators have paid Courts Advertising Limited £89.91 to advertise their appointment.

### **Bank Charges**

Bank charges to the sum of £18 have been paid from the Administration account.

### **Licence to Occupy**

As noted above, expenses of £15,298.15 were paid in relation to the licence agreement.

### **Employer Taxes due from HHGL**

As outlined above, the Joint Administrators held £21,583.70 for HHGL. Those monies were paid directly to HMRC in respect of month 11 wage deductions payable by HHGL. Please see above and section 6.2 for further details.

## **6. Financial Position**

An Estimated Outcome Statement is detailed at Appendix III. Discussed below are any material differences in the amounts that were set out in the Director's Estimated Statement of Affairs ("SOA") and the results achieved during the Administration.

### **6.1 Assets**

#### **Sale of Business Assets**

All amounts pursuant to the pre-packed administration sale have been received as anticipated and are in line with the SOA. Please refer to the SOA, SIP16 Statement, the Proposals, and Appendix III for further details.

As mentioned above, the Company's business, certain assets and the shares in the Denmark Subsidiary were sold immediately following the Joint Administrators' appointment to the Purchasers. Please refer to the Proposals and the SIP 16 report to creditors which detailed the marketing process undertaken and the sale proceeds achieved with supporting valuations. The sale was to an unconnected third party, although it is noted that the employee directors were transferred, under TUPE, to HHGL.

The sale agreement provided for deferred consideration payable by the Purchasers. The 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, "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. We anticipate that any deferred consideration will be received during the Liquidation and will report further on this matter in our first Joint Liquidators' report.

In addition to the above, 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.

#### **Company Subsidiaries**

The SOA detailed that Mrs Wordsmith Inc (USA) owed the Company £730,251. This balance was considered to be irrecoverable by the Company's former management. However, the Joint Administrators have written to the subsidiary advising that these monies are considered due and payable. This matter will continue to be pursued in Liquidation.

In addition, the assets and shares in the Danish subsidiary were sold immediately following appointment to the Purchasers. The Joint Administrators have undertaken a preliminary analysis of the intercompany account. This matter will continue to be progressed and pursued as necessary in Liquidation.

#### **Cash and Cash Equivalents**

Cash balances received in Administration total £8,158.36. This differs to the SOA value of £10,750. The variance is attributable to an error in the SOA which had included accruals.

#### **Book Debts**

The SOA estimated accounts receivable collections of £30,089. Based on the information at the time of writing the Proposals, it was anticipated that £32,510 would be received, consisting of £25,067 from online debtors and £7,443 of trade debtors.

Upon seeking recovery of these balances, £33,392.39 has been received in this regard and are categorised below:

- Trade debtors; due to a number of the trade debtors that had already paid for their products or had not received any products, only £2,266.77 of trade debtors were recoverable.
- Online debtors; £31,125.62 was received in respect of online debtors. There were no disputed debts in the online debtor category. However, there were a number of pre-appointment administrative errors with the regards to foreign currency calculations made by the Company's former management, with only £23,387.21 being received that related to Company book debts. The balance, as discussed at section 5, of £7,738.41 received in respect of book debts due to the Purchasers was applied as follows:
  - £6,448.68 has been recorded as a contribution to costs from the Purchasers, and
  - £1,289.73 in VAT payable, equalling the balance due of £7,738.41.

It should be noted that an additional amount of £13,298.95 was received from book debts due to the Purchasers, however this is not included in the total book debts and is recorded as employer taxes due from HHGL. We refer to the preceding sections for further detail in this regard.

#### **VAT Refund**

As per the SOA, the Company was due £28,006 from HMRC for a pre-appointment VAT refund.

Shortly following appointment, the Joint Administrators submitted the pre-administration VAT return for the period ending 03/21 which detailed a refund of £28,006.81.

Pursuant to rule 14.24 of the Insolvency Rules 1986, the HMRC exercised their right to the mutual set-off of this amount against their debt.

Accordingly, the £28,006.81 VAT refund was set-off against the following pre-appointment PAYE charges:

1. £14,675.03 to month 5 (period ending 05/09/20). The total charge for this month was £40,328.28, minus an additional credit of £14,016.61 (from a payment made on 11 September 2020) and after applying the £14,675.03, resulted in a remaining balance of £11,636.64 being due to HMRC for this period.
2. £13,331.78 to month 6 (period ending 05/10/20). The total charge for this month was £36,445.94, minus the £13,331.78 being applied, resulted in a remaining balance of £23,114.16 being due to HMRC for this period.

As such, no monies will be forthcoming in this regard.

## **6.2 Liabilities**

### **Secured Liabilities**

There are no secured creditors in this matter.

### **Preferential Creditors**

#### **Primary Preferential Creditors**

The primary preferential creditor claims consist of employee claims for arrears of wages and holiday pay. As disclosed in the SIP 16 Statement and the Proposals, 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 pension contributions.

#### **Secondary Preferential Creditors**

Following legislation introduced on 1 December 2020, any amounts owed to 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 are paid after primary preferential creditors.

As mentioned at 6.1, pursuant to rule 14.24 of the Insolvency Rules 1986, the Crown exercised their right to the mutual set-off of this amount against their debt of a pre-appointment VAT of £28,006.81. This subsequently reduced their claim against the estate by the same.

The Joint Administrators received a preferential creditor claim in the amount of £138,203.65 from HMRC. An amount owing for month 11 2021 for £33,235.71 in relation to wages for the period 06/02/21 – 05/03/21 was included in this claim.

As mentioned above, on 5 March 2021, all employees were transferred by way of TUPE to HHGL, resulting in HHGL assuming all employee liabilities which were owed at this time.

In respect of those month 11 wages, the Company made payment to the employees prior to Administration for c. 50% of those wages. The balance of the wages was paid by HHGL prior to the date of the TUPE transfer.

Consequently, the pre-appointment month 11 return submitted by the Company was not correct as the Company was only liable for the deductions in respect of the wages paid (being c. 50%), and the remainder of the deductions were payable by HHGL. HHGL's liability in this regard was £21,583.70.

As mentioned above, the Joint Administrators have spent considerable time liaising with HMRC in relation to their claim. This included time spent to resolve the month 11 PAYE matter (discussed at section 5), as well as further queries relating to month 12 2021 (discussed further below).

In an attempt to resolve the matter pragmatically and as to avoid any further unnecessary time and costs, the Joint Administrators have resolved this matter with HHGL and HMRC by the Joint Administrators applying monies held for HHGL of £21,583.70 and paid those funds directly to HMRC. HMRC subsequently submitted an amended proof of debt to the amount of £121,701.67 for their preferential claim, and £80,376.90 in respect of their non-preferential claim.

In addition to the above, HHGL incorrectly filed their month 12 PAYE returns using the Company's PAYE number. This led to an increased liability of £48,843.14 which was filed against the Company. Upon identifying this error, the Joint Administrators liaised extensively with HHGL, their agents, and HMRC to resolve this matter. This liability has since been correctly filed against HHGL and removed as a claim against the Company's estate.

The Joint Administrators have received £6,448.68 towards their time costs incurred which has been recorded as a contribution to costs from the Purchasers. Further time incurred of £1,600.32 has been written off in relation to this matter.

#### **Unsecured Creditors**

The Joint Administrators have received 22 unsecured claims amounting to £2,219,372.74.

The SOA estimated unsecured creditor claims of £3,239,539.

For those creditors yet to submit a claim, a statement of claim form is attached at Appendix IV.

### **7. Dividend Prospects**

Attached as Appendix III is the Estimated Outcome Statement outlining the proposed dividend to creditors.

#### **7.1 Preferential Creditors**

On 13 August 2021, the Joint Administrators declared a preferential dividend of 100p in the £. £121,701.67 was paid to HMRC, the sole preferential creditor, in this regard.

#### **7.2 Prescribed Part**

There are provisions of the insolvency legislation that require an office holder 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" ("prescribed part"). 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 provisions will not apply.

#### **7.3 Unsecured Creditors**

Based on the information available, it is anticipated that, after taking into consideration the costs of the Administration, sufficient funds will be available to enable a dividend to the unsecured creditors of the Company.

Within the Proposals it was estimated that the dividend to unsecured creditors was likely to be 3p in the £. However, following the above regarding HMRC's preferential claim, it is now estimated that the dividend range for unsecured creditors is between 3p to 6p in the £. Creditors will be provided with more detail at the time of the proposed dividend, which will be paid during the Liquidation. An estimate of the funds available to unsecured creditors can be found at Appendix III.

Any creditors who have not yet submitted a claim in the Administration are invited to do so by completing the statement of claim form at Appendix IV and returning it, with documentation to support their claim, to the Joint Liquidators. Any creditor claims submitted during Administration will be considered by the Joint Liquidators when adjudicating claims for the purpose of paying a dividend to creditors.

## **8. Investigations into the Affairs of the Company**

We undertook an initial investigation into the Company's affairs to establish whether there were any potential asset recoveries or conduct matters that justified further investigation, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved.

Specifically, we listed and reviewed the Company's accounting records, including management accounts; obtained and reviewed copy bank statements for the Company from pre-appointment bankers; compared the information in the Company's last set of accounts with the records we received; and made enquiries about the reasons for any changes.

There were no matters that justified further investigation in the circumstances of this appointment.

Within three months of appointment administrators are required to submit a confidential report to the Secretary of State to include any matters which have come to our attention during the course of our work. This may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. The Joint Administrators confirm that this report has been submitted.

## **9. Pre-administration Costs**

### **Pre-appointment Joint Administrators Remuneration**

Pursuant to Rule 3.52 of the Insolvency Rules 2016, certain costs incurred in preparing and planning for the administration may, with creditor approval, be paid as an expense of the administration. Pre-administration costs are defined as fees charged, and expenses incurred, by the Joint Administrators or another person qualified to act as an Insolvency Practitioner, before a company enters administration, but with a view to doing so.

As detailed in the Proposals, time spent by Cork Gully LLP in the period prior to the Administration was £56,005.50 (excluding VAT), of which the amount of £25,833.33 (excluding VAT) was paid by the Company prior to the appointment of the Joint Administrators.

As per the Proposals, and approved by creditors by way of a decision by correspondence, the Joint Administrators have received payment for the balance of their pre-appointment time costs in the amount of £30,172.17.

### **Pre-appointment Legal Costs**

As mentioned in the Proposals, Marriott provided pre-administration legal advice as to the Company which included but was 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.

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 prior to Administration. As detailed in the Proposals, their outstanding time costs for the pre-appointment period amounted to £24,368.50 (excluding VAT) and their outstanding disbursements were £2,837.24 (see Proposals for detail).

As per the Proposals, and approved by creditors by way of a decision by correspondence, Marriott have been paid £24,368.50 for the balance of their pre-administration legal fees and £2,837.24 for pre-administration disbursements.

## **10. Joint Administrators' Remuneration**

The Joint Administrators have drawn fees of £95,000 plus VAT during the period of the administration. These fees were approved on 29 April 2021 by way of a creditors' decision by correspondence. The fee approved by the creditors was a fixed fee of £95,000 for the whole period of the administration and the liquidation. However, it should be noted that 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.

We believe the fixed fee is a fair and reasonable reflection of the work carried out during the administration, and had our fees been approved on a time cost basis the fees incurred would have exceeded £95,000.

A summary of the work performed during the Administration is as follows:

### **Administration and planning**

- Statutory notification of our appointment as Joint Administrators, which included arranging for an advertisement to be placed in the London Gazette and filing a notice at Companies House.
- Maintaining electronic case files and electronic case details on IPS Case Management software.

- Case planning, to include internal strategy meetings and discussions, as well as periodic case reviews as required by regulatory best practice.
- Case bonding and reviewing of bonding.
- Dealing with all routine correspondence.
- Opening and managing the Joint Administrators' bank account and cashbook.
- Undertaking regular bank reconciliations.
- Liaising with HMRC regarding Corporation Tax, VAT and PAYE and ensuring statutory lodgement and tax lodgement obligations are met.
- Dealing with ad-hoc case related queries.
- Drafting and circulating our SIP 16 and Proposals Reports.

#### **Investigations**

- Completion of the directors' conduct report which was filed with the Insolvency Service.
- Undertaking a review of the Company's books and records to ascertain whether there were any matters that justified further review or that may lead to further recoveries for the benefit of creditors.

#### **Realisation of Assets**

- Corresponding with online financial institutions regarding bank accounts held in the name of the Company
- Liaising with lawyers and the Purchasers regarding the asset sale agreement, managing the licence to occupy and the novation of contracts (although time costs incurred in this regard have been settled by the Purchasers).
- Arranging suitable insurance of the Company's premises.
- Completion of the pre-packaged administration sale.
- Collecting outstanding book debts.
- Reviewing the Company records to see if further assets could be recovered.
- Review of the intercompany balances with the Company's subsidiaries and enter into correspondence as appropriate.

#### **Creditors**

- Dealing with trade and expense creditor enquiries and correspondence to include written and verbal communications.
- Maintaining creditor information on IPS Case Management software.
- Corresponding with HMRC regarding the administration and lodgement of a proof of debt.
- Liaising with Company landlord regarding proof of debt and licence to occupy.
- Recording the decision by correspondence and circulating.
- Adjudication and admittance of HMRC's preferential claim.
- Distribution of preferential dividend.

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/>.

A copy of 'A Creditors Guide to Administrators' Fees', also published by R3, can be downloaded at <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/creditor-guides/more/28872/page/1/administration/>.

The Joint Administrators have also provided further details in the practice fee recovery policy for Cork Gully LLP which can be found at <https://www.corkgully.com/files/7016/1616/8151/practicefeerecoverypolicy.pdf>.

Hard copies of the above documents are available upon request.

### **11. Joint Administrators' 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, which are payments 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 Administrators are not seeking to charge or recover any category 2 disbursements incurred in respect of work undertaken on this assignment.

### 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 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 in the Administration. Further information about such expenses are available at Section 5.

Expense	Supplier	Expenses to date (£)
Statutory Bonding	Marsh Limited	690.00
Statutory Advertising	Courts Advertising Limited	89.91
Asset Insurance	Marsh Limited	140.00
<b>Total</b>		<b>£919.91</b>

These expenses are a necessary expense of administering the estate. Please note the above amounts are exclusive of VAT. All expenses have been drawn during the period.

It should be noted that in the Proposals £140 was paid in relation to the cost of insuring the Company's premises which was to be recovered 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 was obtained prior to the Purchasers vacating the Company's premises, leaving the Joint Administrators to seek independent cover. As discussed above, this cost has now been recovered from the Purchaser.

An amount of £50 was estimated as an expense for postage in the Proposals. This amount was an estimate only and is now considered no longer necessary as the Joint Administrators are communicating with creditors via their website.

### Professional Advisors

As per the Proposals, Marriott were engaged to assist with post-completion sale matters during the course of the Administration. These matters have included, but are not limited to, drafting and circulating such resolutions to change the Company's name to W Realisations 2021 Limited so that the Purchasers can assume the Company's name, Mrs Wordsmith Limited. At the time of writing, the resolution was not approved. They have received £6,272.50 and £22 in relation to their fees and disbursements, respectively. The estimate provided in the Proposals was £7,500. Should the remaining matters in the asset sale agreement become protracted (namely the deferred consideration and / or additional consideration) further advice may be required from Marriott. Any such additional costs will be reported in the Liquidation.

The Joint Administrators are satisfied that the expenses charged are reasonable having regard to the work performed by Marriott.

### 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-packaged administration sale. The Proposals set out that an estimate for this work of £4,500 (plus VAT). However, it should be noted that additional tax work may be required to bring the pre-administration Company Tax returns up to date as well as for the period of the Administration. Subject to the required scope, further work in this regard is estimated to be between £2,500 - £6,000 (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.

## 12. Further information

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

An unsecured creditor may, with the permission of the court or with the concurrence of 10% in value of the unsecured creditors (including the creditor in question), apply to court to challenge the amount and/or basis of the Joint Administrators fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of this report. 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 can be found at <https://www.corkgully.com/files/6316/1720/7390/provisionofservicesregulationssummary.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 to fulfil the legitimate interest of keeping creditors and other informed about the insolvency proceedings. You can find more information on how Cork Gully LLP uses your personal information on our website at [https://www.corkgully.com/files/9415/7953/5218/GDPR\\_Privacy\\_Notice\\_June\\_2018.pdf](https://www.corkgully.com/files/9415/7953/5218/GDPR_Privacy_Notice_June_2018.pdf).

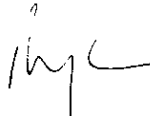
### 13. Summary

The purpose of the administration was to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration). As this purpose has now been achieved through the sale of the Company's business and assets, we have concluded that it is appropriate to end the administration and move the Company into Creditors' Voluntary Liquidation.

The Joint Liquidators will continue to undertake the necessary work to realise the Company's remaining assets and complete a distribution to unsecured creditors within the Liquidation.

Should you require any further information relating to the Administration, please do not hesitate to contact Liam Jones on 020 7268 2150 or at [liamjones@corkgully.com](mailto:liamjones@corkgully.com).

Yours faithfully



**Anthony Malcolm Cork**  
**Joint Administrator**

Stephen Cork and Anthony Cork were appointed as Joint Administrators of the Company. The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agent and without personal liability. Stephen Cork and Anthony Cork are both authorised to act as Insolvency Practitioners in the United Kingdom. The Joint Administrators' 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.

At Cork Gully LLP we always strive to provide a professional and efficient service, however we recognise that it is in the nature of insolvency proceedings for disputes to arise from time to time. If you should have cause to complain about the way that we are acting, you should, in the first instance, put details of your complaint in writing to our complaints officer Andri Mather at 6 Snow Hill, London, EC1A 2AY. This will formally invoke our complaints procedure and we will endeavour to deal with your complaint under the supervision of a senior partner unconnected with the appointment.

Most disputes can be resolved amicably either through the provision of further information or following negotiations. However, in the event that you have exhausted our complaints procedure and you are not satisfied that your complaint has been resolved or dealt with appropriately, you may complain to the regulatory body that licences the insolvency practitioner concerned. Any such complaints should be addressed to The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds, LS11 8DA, and you can make a submission using an online form available at [www.gov.uk/complain-about-insolvency-practitioner](http://www.gov.uk/complain-about-insolvency-practitioner); or you can email [ip.complaints@insolvency.gsi.gov.uk](mailto:ip.complaints@insolvency.gsi.gov.uk); or you may phone 0300 678 0015. Information on the call charges that apply are available at <https://www.gov.uk/callcharges>.

**Statutory Information****APPENDIX I**

<b>Company name:</b>	Mrs Wordsmith Limited		
<b>Company number:</b>	09483252		
<b>Date of incorporation:</b>	11 March 2015		
<b>Trading Address:</b>	Unit 201 The Shepherd's Building Charecroft Way London W14 0EE		
<b>Current registered office:</b>	c/o Cork Gully LLP 6 Snow Hill London EC1A 2AY		
<b>Principal trading activity:</b>	58190 – Other publishing activities		
<b>Date of appointment:</b>	5 March 2021		
<b>Appointment made by:</b>	Directors		
<b>Court name and reference:</b>	High Court of Justice, Business and Property Courts of England and Wales Reference No. CR-2021-000423		
<b>Administrators appointed:</b>	Anthony Cork and Stephen Robert Cork of Cork Gully LLP		
<b>Officers of the Company:</b> (for 3 years prior)	Appointed	Resigned	Shareholding
	Basma Alireza	20 April 2017	- 7.84%
	Alex Dale	20 April 2017	- 4.91%
	Sofia Fenichell	11 March 2015	- 20.84%
	Ben Legg	24 April 2020	- 0.50%
	Leila Di Monterubello	20 April 2017	- None
	David Lin	14 March 2018	- None
<b>Share Capital:</b>	37,116,751 shares at 0.00p to 0.84p. Total Called up capital £13,118,390		



**Statement of Affairs**  
**£****Total (£)****RECEIPTS**

	Payment from HHGL for Employer Taxes	21,583.70
	Contribution to Costs from Purchaser	10,752.68
	Goodwill	1.00
69,640	Furniture and Equipment	69,640.00
	Sellers' Records	1.00
214,066	Stock	214,066.00
	WIP	1.00
30,089	Book Debts	33,392.39
	Shares and Investments	1.00
	Business Contracts	1.00
216,288	Property Rights/Patents	216,288.00
	Licenses	1.00
10,750	Cash at Bank	8,158.36
	Licence to Occupy - Rent	11,613.00
	Licence to Occupy - Utilities/Rates	3,685.15
	Prepaid Credit Card Refund	218.44
28,006	Pre-appointment VAT refund	-
	Deferred Consideration	-
	Bank Interest Gross	11.97
		<b>589,415.69</b>

**PAYMENTS**

	Employer Taxes due from HHG	(21,583.70)
	Specific Bond	(690.00)
	Pre Administration Fees	(30,172.17)
	Office holder fees	(95,000.00)
	Joint Administrators' Assistance Costs	(10,752.68)
	Pre-Admin Legal Fees	(24,368.50)
	Pre-Admin Legal Disbursements	(2,837.24)
	Licence to Occupy - Rates	(3,495.17)
	Licence to Occupy - Insurance	(140.00)
	Licence to Occupy - Rent	(11,613.00)
	Licence to Occupy - Utilities	(49.98)
	Statutory Advertising	(89.91)
	Legal Fees	(6,272.50)
	Legal Disbursements	(22.00)
	Bank Charges	(18.00)
		<b>(207,104.85)</b>

**DIVIDEND**

HMRC Preferential Claim	<b>(121,701.67)</b>
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**BALANCE****260,609.17**

Balance to hand	257,027.67
VAT Receivable	5,258.13
VAT Payable	(1,676.63)
<b>BALANCE</b>	<b>260,609.17</b>

	SOA £	Current £	Future £	Total £
<b>Assets Available for Preferential Creditors</b>				
Payment from HHGL for Employer Taxes		21,583.70		21,583.70
Contribution to Costs from HHGL		10,752.68		10,752.68
Goodwill		1.00		1.00
Furniture and Equipment	69,640	69,640.00		69,640.00
Sellers' Records		1.00		1.00
Stock	214,066	214,066.00		214,066.00
WIP		1.00		1.00
Book Debts	30,089	33,392.39		33,392.39
Shares and Investments		1.00		1.00
Business Contracts		1.00		1.00
Property Rights/Patents	216,288	216,288.00		216,288.00
Licenses		1.00		1.00
Cash at Bank	10,750	8,158.36		8,158.36
Licence to Occupy - Rent		11,613.00		11,613.00
Licence to Occupy - Utilities/Rates		3,685.15		3,685.15
Prepaid Credit Card Refund		218.44		218.44
Pre-appointment VAT refund	28,006	0.00		0.00
Deferred Consideration			TBC	TBC
Bank Interest Gross		11.97	10.00	21.97
<b>Total Asset Realisations</b>		<b>589,415.69</b>	<b>10.00</b>	<b>589,425.69</b>
<b>Less Realisation Costs</b>				
Employer Taxes due from HHG		(21,583.70)		(21,583.70)
Corporation tax			TBC	TBC
Specific Bond		(690.00)		(690.00)
Pre Administration Fees		(30,172.17)		(30,172.17)
Joint Administrators' Fees		(95,000.00)		(95,000.00)
Joint Administrators' Fees for Assisting HHGL		(10,752.68)		(10,752.68)
Pre-Admin Legal Fees		(24,368.50)		(24,368.50)
Pre-Admin Legal Disbursements		(2,837.24)		(2,837.24)
Licence to Occupy - Rates		(3,495.17)		(3,495.17)
Licence to Occupy - Insurance		(140.00)		(140.00)
Licence to Occupy - Rent		(11,613.00)		(11,613.00)
Licence to Occupy - Utilities		(49.98)		(49.98)
Statutory Advertising		(89.91)		(89.91)
Legal Fees		(6,272.50)	TBC	(6,272.50)
Legal Disbursements		(22.00)		(22.00)
Tax Agent			TBC	TBC
Bank charges		(18.00)	(25.00)	(43.00)
<b>Total Realisation Costs</b>		<b>(207,104.85)</b>	<b>(25.00)</b>	<b>(207,129.85)</b>
<b>Net Funds available for Preferential Creditors</b>		<b>382,310.84</b>	<b>(15.00)</b>	<b>382,295.84</b>
<b>Preferential Creditors</b>				
HMRC		(121,701.67)		(121,701.67)
<b>Total Preferential Creditors</b>		<b>(121,701.67)</b>		<b>(121,701.67)</b>
<b>Net Funds available for Unsecured Creditors</b>		<b>260,609.17</b>	<b>(15.00)</b>	<b>260,594.17</b>

**Statement of Claim****APPENDIX IV**

**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:          Telephone:
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:  
[liamjones@corkgully.com](mailto:liamjones@corkgully.com)  
Liam Jones  
Cork Gully LLP  
6 Snow Hill  
London  
EC1A 2AY

**Schedule of Agreed Proposals  
Mrs Wordsmith Limited – In Administration (“The Company”)**

The following summary statement of proposals was approved by creditors on 29 April 2021.

In order to achieve the objective as set out in the Proposals, the Joint Administrators formally proposed 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.
- (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.