

The Insolvency Act 1986

Administrator's progress report**R2.38**

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company Paper Innovation Limited	Company number SC150034
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(a) Insert full name(s) and address(es) of administrator(s)

We (a)
Anthony Collier
FRP Advisory LLP
4th Floor Abbey House
32 Booth Street
Manchester
M2 4AB

Thomas Campbell MacLennan
FRP Advisory LLP
Apex 3
95 Haymarket Terrace
Edinburgh
EH12 5HD

Joint Administrators of the above company attach a progress report for the period

from

to

(b) Insert date(s)

(b) 30 July 2018

(b) 21 January 2019

Signed

A Collier

Joint Administrator

Dated

*21.1.19***Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the public record

Anthony Collier
FRP Advisory LLP
4th Floor Abbey House
32 Booth Street
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DX Number

+44 (0)330 055 5455
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
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COMPANIES HOUSE

Paper Innovation Limited (In Administration)

**The Joint Administrators' Final Report for the period 30 July
2018 to 21 January 2019**

21 January 2019

Contents and Abbreviations



Section	Content	The following abbreviations may be used in this report:	
1.	An Overview of the Administration and Progress of the Administration in the Reporting Period	FRP	FRP Advisory LLP
2.	Outcome for Creditors	The Company	Paper Innovation Limited (In Administration)
3.	Joint Administrators’ Pre-Appointment Costs	The Joint Administrators	Anthony Collier and Thomas Campbell MacLennan of FRP Advisory LLP
4.	Joint Administrators’ Remuneration, Disbursements and Expenses	The Reporting Period	The reporting period 30 July 2018 to 21 January 2019
Appendix	Content	CVL	Creditors’ Voluntary Liquidation
A.	Statutory information regarding the Company and the appointment of the Joint Administrators	SIP	Statement of Insolvency Practice
B.	Form 2.26B Scot - Notice of move from Administration to Dissolution	SIP16	Statement of Insolvency Practice 16, guidance on disclosure to Creditors where a pre-packaged sale has taken place
C.	Receipts and Payments Account for the Reporting Period	HMRC	HM Revenue & Customs
D.	Schedule of Joint Administrators’ Time Costs	The Proposals	The Joint Administrators’ proposals for achieving the purpose of the Administration dated 6 August 2018
		the Insolvency Rules	The Insolvency (Scotland) Rules 1986
		the Insolvency Act	The Insolvency Act 1986 (Scotland)
		Secured Creditor / Lloyds	Lloyds Bank Commercial Finance Limited
		JPS	JPS Chartered Surveyors

1. An Overview of the Administration and Progress of the Administration in the Reporting Period



The Proposals

The Joint Administrators identified that the objective of the Administration, as set out in the Proposals deemed approved on 15 August 2018, was to achieve a better result for the Company's creditors as a whole than would be likely if the Company had been wound up (without first being in Administration).

The objective was to be achieved by a sale of the assets of the Company immediately following the appointment of the Joint Administrators. The purpose of the Administration has been achieved as a greater value has been realised for the Company's assets than would have been had the Company been placed into Liquidation.

Had the Company been placed in to Liquidation, then it would not have benefited from the protection of the statutory moratorium against creditor action. A minimum of 7 days is required to appoint a Liquidator. During this time the Company would have been exposed to the risk of creditor enforcement action, most notably the landlord who could distraint over the assets and had begun recovery action in relation to rent arrears.

It was anticipated that the Company would exit from Administration via dissolution following the filing of the requisite notices at the Registrar of Companies.

There have been no major amendments or deviations from the Proposals and it was not necessary to extend the Administration.

Implementation of the Proposals

The Company had already ceased to trade prior to the Joint Administrators' involvement and all employees had been made redundant. However, due to the recovery action being taken by the landlord and the threat of distraint over the assets, an accelerated marketing process was undertaken to find a purchaser for the Company's assets.

A sale of the Company's assets was concluded immediately following the Joint Administrators' appointment. Full details of that sale were provided to creditors shortly after completion of the sale.

The consideration was received in full on completion and was apportioned as follows:

Assets		£
Stock		25,000
Moveable Assets		34,999
Commercial Lists		1
Total		60,000

Licence to Occupy

The Joint Administrators granted the Purchaser a licence to occupy the Company's leasehold trading premises, situated at Summit House, Bannister Hall Works, Preston, PR5 4DZ, to enable the removal of the assets.

The licence was for a three week period and the licence fee of £4,027 plus VAT was received on completion. The Purchaser was granted an extension to this period and funds totalling £1,343 were received in respect of the extension. Both amounts have been remitted to the landlord.

Assets Excluded from the Sale

Book Debts

The Company's book debts were subject to an invoice finance facility with Lloyds and were specifically excluded from the sale.

At the date of appointment, the book debt ledger totalled £62,370, and the total indebtedness to Lloyds totalled £45,990, subject to accruing interest and charges.

1. An Overview of the Administration and Progress of the Administration in the Reporting Period



Lloyds commenced a collect out of the ledger and subsequently recovered its total indebtedness in full.

In addition, there was a book debt surplus totalling £6,508 which Lloyds transferred to the Administration estate.

Assets subject to HP

The Company had assets subject to a HP agreement with Compass Business Finance. Compass confirmed that the sum of £145k was required to settle the outstanding HP agreement.

Creditors should note that the encumbered assets have also been bought by the Purchaser in a separate transaction between the Purchaser and the HP provider.

JPS confirmed there was no equity in the agreement and as such no funds were available for the Administration estate.

Cash at Bank

As at the date of appointment, the sum of £313 was held in the Company's pre-appointment bank account with Lloyds.

This sum was transferred to the Joint Administrators estate account during the Reporting Period. In addition, a total of £96 was also received during the Reporting Period in relation to a refund of charges from the bank account.

Gross Bank Interest

Gross bank interest totalling £30 has been received during the Reporting Period.

Rates Refund

The Joint Administrators engaged PCA Recovery to investigate the rateable value of the leasehold property and identify any historic overpayments.

During the Reporting Period PCA completed its investigations into the rateable value and confirmed that there was no scope to recover any historic overpayments and that the property was rated appropriately.

Terminal Loss Relief

On appointment, the Joint Administrators ascertained that there may be a potential terminal loss relief claim to submit to HMRC in respect of Corporation Tax paid over the last three years.

However, after further investigation, it was not considered cost effective to process this claim as it was unlikely to lead to a direct recovery for the benefit of creditors.

Other Matters

Corporation tax and Clearance for Closure

The Joint Administrators instructed accountants, Hurst & Company Accountants LLP, to complete a Corporation Tax return for the period of the Administration. This return was submitted to HMRC on 16 January 2019 and no tax is payable for the period of the Administration.

The Joint Administrators contacted HMRC on the same date by written correspondence requesting clearance to close the Administration. HMRC have not objected to the closure.

Work Undertaken During the Administration

The Joint Administrators attach at **Appendix C** a schedule of work undertaken during the Reporting Period together with a summary of work still to be completed to bring the Administration to a close.

Attached at **Appendix E** is a Receipts and Payments account detailing all transactions for the Administration period. The Receipts and Payments Account presents all items net of VAT.

1. An Overview of the Administration and Progress of the Administration in the Reporting Period

Investigations

Part of the Joint Administrators' duties included carrying out proportionate investigations into what assets the Company had, including any potential claims against the Directors or other parties, and what recoveries could be made. The Joint Administrators have reviewed the Company's books and records and accounting information, requested further information from the Directors, and invited creditors to provide information on any concerns they had concerning the way in which the Company's business had been conducted.

The Joint Administrators can confirm that no further investigations or actions are required.

Extension and Exiting the Administration

As there is no requirement for the Administration to be extended, in accordance with the Proposals, the Administration will be exited by way of the Joint Administrators ceasing to act and the Company moving to dissolution three months after the date on which the requisite notice is filed with the Registrar of Companies.

This notice was sent to the Registrar of Companies on 21 January 2019.

2. Outcome for Creditors

Initial Estimated Outcome for Creditors

The Proposals anticipated that that there would be funds for payments to the Secured Creditor from the collection of the book debts and no dividend to any other class of creditor.

Outcome for the Secured Creditor

Lloyds Bank Commercial Finance Limited

In consideration for the provision of an invoice finance facility, the Company granted Lloyds a fixed and floating charge debenture over the assets of the Company dated 2 December 2015.

At the date of appointment, the outstanding debtor ledger was £62,370. The Company's indebtedness to Lloyds totalled £45,889, subject to accruing interest and charges.

Lloyds has now been repaid in full from collection of the book debts.

Outcome for Preferential Creditors

All of the Company's employees were made redundant on 30 June 2018 due to the cessation of trade.

It was anticipated that preferential creditors would total c£6k being the employees' preferential element for arrears of pay, unpaid pension contributions and holiday pay as calculated in accordance with legislation.

However, all arrears of wages and holiday pay had been paid and the employee element of the pension contributions was not deducted from the employees' wages in the final month.

Therefore there are no preferential creditors.

Outcome for Unsecured Creditors

According to the Company's books and records, at the date of appointment, unsecured creditors totalled £290,163 which was broken down as follows:

- Trade Creditors	£77,452
- HMRC	£100,000
- Director's Loan	£48,402
- Shortfall to HP provider	£41,000
- Landlord	£23,309

To date, unsecured creditors have submitted claims totalling £29,705.

There are insufficient funds available to make a distribution to unsecured creditors.

This outcome was in line with what was estimated in the Proposals.

Prescribed Part

The Prescribed Part is a carve out of funds available to the holder of a floating charge which is set aside for the unsecured creditors in accordance with Section 176A of the Insolvency Act 1986. The Prescribed Part only applies where the floating charge was created after 15 September 2003 and the net property available to the floating charge holder exceeds £10,000.

The Prescribed Part was not applicable in this matter as the net property was less than £10,000.

3. Joint Administrators' Pre-Appointment Costs

Joint Administrators' Pre-Appointment Costs

Following the circulation of the Proposals, the Secured Creditor approved the basis of the Joint Administrators' pre-appointment costs on 3 September 2018.

A breakdown of the Joint Administrators' pre-appointment costs and dates they were paid are detailed below:

Fee Incurred by	Fees and Disbursements Incurred	Fees Paid	Date Paid
FRP Advisory LLP	30,288	26,799	20/09/2018
JMW Solicitors LLP	6,750	6,750	26/09/2018
Addleshaw Goddard LLP	3,307	3,307	22/11/2018
JPS Chartered Surveyors	3,533	3,533	18/09/2018

These amounts do not include VAT.

4. Joint Administrators' Remuneration, Disbursements and Expenses

Joint Administrators' Remuneration

Following circulation of the Proposals, the Secured Creditor was requested to approve a resolution that the Joint Administrators' remuneration be charged by reference to time incurred in attending to matters arising.

The basis of the Joint Administrators' remuneration was approved on a time cost basis by the Secured Creditor on 3 September 2019.

Details of the remuneration drawn during the Reporting Period are set out in the Receipts and Payments Account attached at **Appendix C**. Remuneration of £25,000 plus VAT has been drawn from the funds available.

The remuneration recovered by the Joint Administrators, which was subject to creditor approval, has been restricted to the level of funds held. Therefore the Joint Administrators will not recover all of their time costs incurred.

A breakdown of the time costs incurred during the Reporting Period is attached at **Appendix D**.

Time costs incurred during the Reporting Period total £79,119 which comprises 270 hours at an average hourly rate of £293. In accordance with SIP 9, a breakdown of the key areas of time expended by the Joint Administrators and their staff during the Reporting Period is as follows:

- Time Costs of £28,815 have been incurred under the heading Statutory Compliance. This is in respect of the Joint Administrators' statutory duties on appointment including preparation of statutory documents, circulars to creditors, completion and circulation of the Proposals and preparing the Joint Administrators' Final Report. This also relates to dealing with post Administration tax matters.
- Time costs of £20,329 have been incurred under the heading Investigations. This relates to the Joint Administrators investigations into the Company's

insolvency and the Directors' conduct. This includes a full review and analysis of Company bank statements, accounting records and Directors' questionnaires.

Joint Administrators' Disbursements

The Joint Administrators' disbursements are a recharge of actual costs incurred by the Joint Administrators on behalf of the Company. Mileage payments made for expenses relating to the use of private vehicles for business travel, which is directly attributable to the insolvency estate, are paid by FRP Advisory at the HMRC approved mileage rate prevailing at the time the mileage was incurred.

The Expenses of the Administration

The total expenses incurred by the Joint Administrators are included in the figures in the receipts and payments account attached at **Appendix C**.

Appendix A

Statutory Information

PAPER INNOVATION LIMITED (IN ADMINISTRATION)

COMPANY INFORMATION:

Other Trading Names:	N/A
Date of Incorporation:	6 April 1994
Company Number:	SC150034
Registered Office:	FRP Advisory LLP Apex 395, Haymarket Terrace Edinburgh EH12 5HD
Previous Registered Office:	Stanley House 69/71, Hamilton Road Motherwell Lanarkshire ML1 3DG
Business Address:	Summit House Bannister Hall Works Preston PR5 4DZ
Director:	Steven Peter Johnston
Company Secretary:	None appointed
Shareholders and Shareholding:	

Name	Shares	Type	%
Steven Johnston	10,200	Ordinary	51
Wendy Johnston	9,800	Ordinary	49

ADMINISTRATION DETAILS:

Names/Addresses of Joint Administrators:	Anthony Collier FRP Advisory LLP 7th Floor, Ship Canal House Manchester, M2 4WU Tom MacLennan FRP Advisory LLP Apex 395, Haymarket Terrace Edinburgh, EH12 5HD
Date of appointment of Administrators:	30 July 2018
Court in which administration proceedings were brought:	Court of Session Parliament House Parliament Square Edinburgh, EH1 1RQ
Court reference number:	N/A
Date of notice of intention to appoint Administrators presented to Court:	4 July and 18 July 2018
Administration appointment made by:	The Director of the Company Stanley House 69/71, Hamilton Road Motherwell Lanarkshire ML1 3DG

Appendix A

Statutory Information

Extensions to
the initial period
of appointment: None

Date 11 January 2019
Administration
ended:

Appendix B

Form 2.26B Scot - Notice of move from Administration to Dissolution



The Insolvency Act 1986
**Notice of move from administration to
dissolution**

Pursuant to paragraph 84(1) of Schedule B1 to the Insolvency Act 1986
and Rule 2.48(1) of the Insolvency (Scotland) Rules 1986

Paper Innovation Limited	Company number SC150034
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We (a) Anthony Collier of FRP Advisory LLP, 4th Floor Abbey House, 32 Booth Street,
Manchester, M2 4AB & Thomas MacLennan of FRP Advisory LLP, 95 Haymarket Terrace,
Edinburgh, EH12 5HD
(b) Insert name and
address of registered
office of company
having been appointed Joint Administrators of (b) Paper Innovation Limited of Stanley House
69/71 Hamilton Road Motherwell Lanarkshire ML1 3DG
(c) Insert date of
appointment
(d) Insert name of
applicant / appointor

on (c) 30 July 2018 by (d) the Director of the Company, Steven Johnston
hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency
Act 1986 apply.
We attach a copy of the final progress report.

Signed *A Collier*
Joint Administrator
Dated 21.1.19

Contact Details:

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

Companies House receipt date barcode

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Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FR
DX 235 Edinburgh / LP 4 Edinburgh-2

DX Number		DX Exchange
		Tel

Appendix C

Receipts and Payments Account for the Reporting Period



Paper Innovation Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 21/01/2019

S of A £	£	£
ASSET REALISATIONS		
Moveable Assets	34,999.00	
Stock	25,000.00	
Customer List	1.00	
Licence Fee Income	4.00	
Book debt surplus	6,507.50	
Cash at Bank	409.32	
Bank Interest Gross	29.78	
Rental Income	5,369.87	
		72,320.47
COST OF REALISATIONS		
Licence to Occupy Rent	5,369.84	
Pre - Administration Remuneration	26,551.23	
Pre-Administration Disbursements	58.50	
Pre Administration Legal disbursement	307.00	
Legal fees	600.00	
Pre Administration Agents fees	3,500.00	
Pre Administration Agents Disburseme	33.00	
Pre Administration Legal Fees	8,750.00	
Legal Disbursements	15.00	
Joint Administrators Remuneration	25,000.00	
VAT Irrecoverable	116.86	
Joint Administrators Disbursements	220.90	
Pension Review	250.00	
Pre Administration Courier	350.00	
Storage Costs	47.72	
Statutory Advertising	139.86	
Accountants fees	1,000.00	
Bank Charges - Floating	10.56	
		(72,320.47)
		0.00
REPRESENTED BY		
		NIL

Appendix D

Schedule of Joint Administrators' Time Costs



FRP

Paper Innovations Limited (Post) (In Administration)

Time charged for the period 30 July 2018 to 21 January 2019

	Appointed Officers /			Other Professional		Junior Professional & Support		Total Hours		Total Cost Average Hourly Rate	
	Partners	Managers	Directors							£	£
Administration and Planning				16.40	54.50		0.90	70.80	20,231.50	286.76	
Admin & Planning				0.25	24.10			24.35	6,697.50	275.05	
Case Accounting				1.80	5.40		0.90	7.90	2,187.00	276.84	
Travel					7.50			7.50	2,062.50	275.00	
Case Control and Review				13.55	8.60			22.15	6,998.50	315.55	
Case Accounting - General					0.10			0.10	25.00	250.00	
General Administration					8.80			8.80	1,870.00	275.00	
IT - Admin / Planning and acquisition					2.00			2.00	400.00	200.00	
Asset Realisation				5.15	1.50			6.65	2,216.00	333.23	
Asset Realisation					0.30			0.30	82.50	275.00	
Freehold, leasehold Property				4.85				4.85	1,701.50	350.82	
Debt Collection				0.30				0.30	102.00	340.00	
Sale of Business					1.20			1.20	330.00	275.00	
Creditors				3.40	17.00		2.25	22.65	6,039.75	266.66	
Unsecured Creditors					1.10		0.60	1.70	392.50	230.88	
Secured Creditors				1.70	2.10			3.80	1,173.00	308.68	
Employees				0.45	5.70		1.65	7.80	1,821.75	233.56	
ROT					2.00			2.00	550.00	275.00	
Landlord					6.10			6.10	1,677.50	275.00	
Pensions - Creditors				1.25				1.25	425.00	340.00	
Investigation				8.55	64.50			72.95	20,328.50	279.05	
Investigatory Work				5.80	42.90			48.70	13,507.00	277.35	
CDDA Enquiries				2.75	8.20			10.95	3,225.00	294.52	
IT - Investigations					13.20			13.20	3,596.50	272.46	
Statutory Compliance				2.00	58.25			60.25	28,815.25	307.36	
Statutory Compliance - General				3.55	15.00			18.55	5,332.00	287.44	
Statutory Reporting/ Meetings				22.90	35.95			58.85	17,983.75	305.59	
Appointment Formalities				3.00	3.00			6.00	2,940.00	367.50	
Tax/VAT - Post appointment				3.85	3.20			7.05	2,199.00	310.50	
Pensions- Other				0.20	1.10			1.30	370.50	285.00	
Unknown				3.50				3.50	1,487.50	425.00	
AAA				3.50				3.50	1,487.50	425.00	
Total Hours	2.00		68.50		195.55		3.15	270.20	78,116.50	292.81	

Disbursements for the period
30 July 2018 to 21 January 2019

Category 1	Value £
Subsistence	7.95
Sundries/General	8.55
Taxis	13.50
Travel	180.80
Bonding	10.00
Grand Total	220.90

Mileage is charged at the HMRC rate
prevailing at the time the cost was incurred