

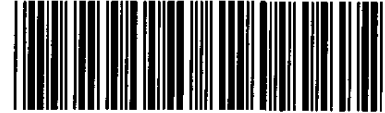
AM10

Notice of administrator's progress report



Companies House

WEDNESDAY



A07 *A89FGHLN* #28
10/07/2019
COMPANIES HOUSE

1 Company details

Company number 0 7 4 4 6 7 4 9
Company name in full 07446749 Ltd formerly Blippar.com Limited

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

2 Administrator's name

Full forename(s) Paul
Surname Appleton

3 Administrator's address

Building name/number 26-28
Street Bedford Row
Post town London
County/Region
Postcode W C 1 R 4 H E
Country United Kingdom

4 Administrator's name ①

Full forename(s) Paul
Surname Cooper

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

5 Administrator's address ②

Building name/number 28-28
Street Bedford Row
Post town London
County/Region
Postcode W C 1 R 4 H E
Country United Kingdom

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

AM10

Notice of administrator's progress report

6 Period of progress report

From date	d 1	d 7	m 1	m 2	y 2	y 0	y 1	y 8
To date	d 1	d 6	m 0	m 6	y 2	y 0	y 1	y 9

7 Progress report

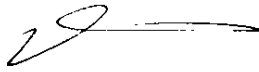
I attach a copy of the progress report

8 Sign and date

Administrator's signature

Signature

X



X

Signature date

d 0

d 9

m 0

m 7

y 2

y 0

y 1

y 9

AM10

Notice of administrator's progress report

Presenter information

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

Contact name Adam Shama

Company name David Rubin & Partners

Address 26-28

Bedford Row

Post town London

County/Region

Postcode W C 1 R 4 H E

Country United Kingdom

DX

Telephone 020 7400 7900

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

IN THE HIGH COURT OF JUSTICE

NO 010836 OF 2018

IN THE MATTER OF

07446749 LTD FORMERLY BLIPPAR.COM LTD - IN ADMINISTRATION

AND

THE INSOLVENCY ACT 1986

THE JOINT ADMINISTRATORS' FIRST 6-MONTHLY PROGRESS REPORT

PURSUANT TO

PART 18 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016

FOR THE PERIOD 17 DECEMBER 2018 TO 16 JUNE 2019

CONTENTS

- a. Introduction
- b. Statutory information
- c. Joint Administrators' names and addresses
- d. Any Change in the Office Holders
- e. Details of progress during the period and summary account of Receipts and Payments
- f. Joint Administrators' remuneration and expenses
- g. Creditors and Distributions
- h. Details of what remains to be done
- i. Other information of relevance to creditors
- j. Next report

APPENDICES

- A. Joint Administrators' Remuneration and Expenses
- B. Receipts and Payments Account from 17 December 2018 to 16 June 2019
- C. Time Analysis for the period 30 January 2019 to 16 June 2019
- C. Cumulative Time Analysis for the Period from 17 December 2018 to 16 June 2019

07446749 LTD FORMERLY BLIPPAR.COM LTD - IN ADMINISTRATION
6-monthly Progress Report pursuant to Part 18 of the Insolvency (England and Wales) Rules 2016

(a) Introduction

Paul Cooper and I, Paul Appleton, both of David Rubin & Partners, 26 - 28 Bedford Row, London, WC1R 4HE were appointed Joint Administrators of 07446749 Ltd formerly Blippar.com Ltd on 17 December 2018. The appointment was made by the Directors pursuant to Paragraph 22 of Schedule B1 to the Insolvency Act 1986 ("the Act").

As the first six months' anniversary has recently passed, we are pleased to provide Creditors with our first Progress Report as required by Rule 18.2 of the Insolvency (England and Wales) Rules 2016. This Report should be read in conjunction with the earlier Report to creditors which outlined our Proposals for the Administration.

Rule 18.3: Progress Report

(b) Statutory information

- (i) **Court:** High Court of Justice, Chancery Division, Companies Court
Reference Number: 010836 of 2018
- (ii) **Company name:** 07446749 Ltd formerly Blippar.com Ltd ("the Company")
Company number: 07446749
Registered office: 26-28 Bedford Row, London, WC1R 4HE
Trading Name: N/a
Trading Address: 5th Floor, West Building, No 1 London Bridge, London SE1 9BG

(c) Joint Administrators' Names and Address:

The Joint Administrators are as detailed above. They act jointly and severally in the exercise of any and all functions exercisable by an Administrator appointed under the provisions of Schedule B1 of the Insolvency Act 1986.

(d) Any changes in the Office Holders

There has not been a change in the Office Holder since the original appointment date or an extension to the initial period of appointment.

(e) Details of progress during the period and summary account of Receipts and Payments under review and cumulatively:

You may recall that the statutory objective being pursued in the Administration was achieving a better result than would be likely if the Company was wound up, or failing that, realising property to make a distribution to the Preferential Creditors. In addition to the pursuance of this statutory objective, the Joint Administrators have duties imposed by insolvency and other legislation, some of which may not provide any financial benefit to Creditors.

(e) **Details of progress during the period and summary account of Receipts and Payments under review and cumulatively...Cont.**

This section of the Report provides Creditors with an update on the progress made in the Period, both in terms of the achievement of the statutory objective, but also work which is required of the Joint Administrators under other related legislation.

Attached, at Appendix C, is a time analysis outlining the time spent by the Joint Administrators and their staff during the Period, together with a cumulative time analysis covering the period since appointment. The fees estimate was originally provided to creditors when the basis of our remuneration was approved and was based on information available to us at that time. More details explaining the work undertaken by the Joint Administrators in the period are set out later in the Report and in Appendix A.

A Receipts and Payments account is attached at Appendix B, which is further explained below.

1. **Receipts**

1.1 **Sale of Intellectual Property**

Creditors will recall from the Proposals that a sale of the Company's Intellectual Property was completed to Candy Ventures SARL ("Candy") in the sum of £425,000 on 21 January 2019.

1.2 **Investments and Inter-Company balances**

As detailed previously, the Company had investments in the following entities. In addition, some of the subsidiaries owed substantial sums to the Company, which had been loaned to them over time. These sums are detailed below:

Name	Country	%	Debt/£
Blippar LLC	USA	100	25,906,813
Blippar.com India Private Limited	India	99.9	21,510
Blippar Singapore PTE Limited	Singapore	100	225,390
Wave Optics Inc	USA	2.24	Nil
Layar BV	Netherlands	100	(146,693)
Blippar Turkey Bilism AS	Turkey	100	3,758
Blippar KK	Japan	100	7,892
Mobile R&D Inc	USA	100	Nil

It had been understood that all of the wholly owned subsidiaries had ceased to trade and some were going through formal insolvency procedures in the relevant jurisdictions. The current position regarding each is detailed below.

Blippar LLC

It will be recalled that Blippar LLC entered into Chapter 7 proceedings in the Southern District of New York and Gregory Messer was appointed as Trustee.

(e) **Details of progress during the period and summary account of Receipts and Payments under review and cumulatively...Cont.**

A claim has been submitted in the US proceedings, which remain ongoing in that jurisdiction. However, based on current information, it is unlikely that a dividend will be effected to the Unsecured Creditors or Shareholders.

The Joint Administrators have also dealt certain enquiries raised in the UK in relation to the LLC and have assisted the Trustee with any queries arising regarding the UK operations.

Blippar.com India Private Limited ("BIPL")

It had previously been understood that insolvency proceedings had been commenced in India regarding BIPL. However, in April 2019, I was contacted by the local Accountants with regards to certain outstanding compliance and other related issues. It became apparent that whilst BIPL had ceased to trade, it was still effectively active. As a result, I have been in extensive correspondence with the Accountants and the remaining Directors of BIPL regarding numerous queries arising. Counter-claims have been issued by BIPL in the Administration proceedings extinguishing the debt in the sum of £21,510 due from BIPL.

I have advised that BIPL should be wound-down under Indian insolvency legislation and my continuing assistance may be required going forward in that regard.

Blippar Singapore PTE Limited ("BSPL")

As disclosed within the Proposals, extensive correspondence has been ongoing between the Joint Administrators and the resident Director in Singapore to ascertain whether there would be sufficient assets with which to satisfy all creditors and the entity could be wound-down in an orderly manner.

Although the resident Director had a fiduciary oversight, he held no involvement in the day-to-day matters of the business. It had been established that, aside from trade creditors in the sum of S\$20,000, in addition to the sum of S\$9,500 being owed to the former Director and sales tax of S\$8,355, the largest creditor was the Company, which held a valid claim of S\$478,847 against BSPL.

In theory, should the resident Director be in a position to collect the majority of the book debts, a significant realisation could be achieved. However, discussions would need to be held with the majority debtor, as it was uncertain whether work on the client's campaign was concluded satisfactorily.

The largest debtor had indicated that it would only be willing to pay for certain invoices as the others related to uncompleted work. They also requested an agreement to retain the underlying source code and/or assurances that the service and support would be continued. Following extensive correspondence, a deal was agreed in April 2019 for the sum of US\$156,850 to be paid to BSPL in full and final settlement of the debt.

I have since been in correspondence with the resident Director of BSPL as the intention is to pay-off all trade creditors with the balance of funds being paid to the Administration. BSPL will then be wound-down in that jurisdiction.

(e) Details of progress during the period and summary account of Receipts and Payments under review and cumulatively...Cont.

Based on current information, it is anticipated that the sum of £120,000 will be paid across to the Administration Estate, of which £85,169 has been paid to date on account. I may be required to deal with certain administrative matters during the wind-down.

Layar BV ("Layar")

As detailed in the previous Report, the Intellectual Property of Layar BV was sold at market value to Candy for a consideration of £15,000. The funds were transferred to the Administration Estate to be held on trust for Layar.

As the Company was the sole Director and Shareholder, I undertook a review of the financial position and entered into correspondence with a Lawyer in the Netherlands specialising in insolvency with a view to winding-down that entity.

Following further consideration in conjunction with Solicitors in the UK, it was assessed that Layar was insolvent and that the Centre of Main Interest ("COMI") could be considered to be in England and therefore, it could be wound-up in this jurisdiction. The former CFO was also consulted and documentation contained within the records of the Company was reviewed.

Accordingly, steps were taken to place the Company into Creditors' Voluntary Liquidation ("CVL"), which was approved on 12 June 2019. It should be noted that an application was made to Court to have the proceedings recognised under legislation in England & Wales. This was confirmed shortly thereafter.

It is understood that the operations in the other subsidiaries or investments were closed down prior to the Administration.

1.3 Leasehold Property and Rent Deposit

The Company rented premises at 5th Floor of West Building, No 1 London Bridge, London SE1 from St Martins Property Investments Limited. The Lease commenced in January 2015 for a period of 10 years at an annual rental of £395,450 plus VAT. At the date of Administration, the Landlord held a rent deposit in the sum of £474,540 and the rent had been paid up until 25 December 2018.

On appointment, I wrote to the Landlord to advise that the Company had entered into Administration and request certain information. I was subsequently informed that the Landlord still retained the whole deposit but that rent for the quarter ended 23 March 2019 was due in advance, plus utilities and service charge. This totalled £162,538.

At the same time, I was approached by property Agents, Monmouth Dean ("MD"), which had been marketing the property prior to my appointment. Given that MD was already involved, I believed it would be prudent to continue utilising their services with a view to locating a new tenant. It was clear that this was a desirable location and if someone could be found within a relatively short timeframe, this would assist in recovering the maximum amount of the rent deposit. There could also be a premium payable for the remaining term of the Lease.

(e) Details of progress during the period and summary account of Receipts and Payments under review and cumulatively...Cont.

As the time of the Proposals, MD had shown a number of parties around the premises and at least two parties had entered into negotiations with the Landlord regarding either the terms of a new Lease or an assignment of the existing one.

Following negotiations with two main parties, which included entering into Heads of Terms with one of the parties, the Landlord decided to agree a deal with an existing tenant in the building. Consequently, it was agreed at the beginning of March that the Lease would be surrendered and the incoming tenant would enter into a new Lease concurrently. The Landlord would also return the sum of £200,000 in respect of the rent deposit. The rationale behind accepting these terms were as follows:

- The rent for most of the March quarter had been incurred already thereby reducing the rent deposit quite significantly.
- Board approval had already been provided by the Landlord and any movement on this figure could have taken a further month to agree.
- The Landlord was offering the new tenant an 18-month rent free period.
- The Landlord has incurred a significant amount of costs since the Company had gone into Administration.
- The Landlord could have submitted a substantial dilapidations claim.

The Lease was surrendered on 19 March 2019 and the funds were received shortly thereafter.

1.4 Office and Computer Equipment

Some of the Company's office and computer equipment was sold as part of the sale to Candy in the sum of £10,000.

The remainder of the computer hardware was sold at auction through my Agents, PDS Valuers ("PDS"), in the sum of £19,771. The office furniture was sold by private treaty by PDS in the sum of £5,305.

1.5 Book Debts

The Company's balance sheet at the date of Administration detailed that the Sales Ledger had a book value of £169,423 at that date, with a provision of 25% made on the estimated to realise value due to the Administration proceedings.

I made the decision to not attempt collection of the debtors whilst the sale process was ongoing so as not to damage the goodwill of the business. However, a number of the debtors did pay monies into the Company's former bank account post appointment. The sum of £69,110 was collected in that regard, together with £7,884, which formed part of the cash at bank below as it related to periods prior to appointment.

(e) Details of progress during the period and summary account of Receipts and Payments under review and cumulatively...Cont.

Once the sale process had been concluded, I wrote to the outstanding debtors totalling circa £80,000 on 13 February 2019, which was then followed up on 6 March 2019. However, a number of responses were received stating the reasons why the debts should not be paid. In the main, the service was either not provided, the software did not work, the invoice was an annual subscription in advance that was not fulfilled, or the agreement had previously been terminated. In that regard, I sought the views of the former management as to the veracity of the statements from each debtor. I am currently awaiting a response.

It should be noted that the sum of £4,819 has been collected to date.

1.6 Cash at Bank

The sum of £59,409 was received from Barclays Bank plc in respect of the cash held to the credit of the Company's bank account at the date of Administration. As detailed above, this was £7,884 more than anticipated as certain debtors had paid funds into the account shortly before appointment that had not been reconciled to the sales ledger.

1.7 HMRC – VAT Refund

The Company's records indicated that there was a VAT refund in the sum of £107,650. However, this is likely to be offset against the Company's PAYE liability and other tax, so any recovery will be unlikely.

It is anticipated that a post-appointment VAT refund can be secured in respect of the VAT incurred on the part draw-down of the rent deposit by the Landlord. This could be in the region of £30,000 to £40,000.

1.8 Rates Refund

The sum of £14,279 was recovered from Southwark Council in respect of a rates refund.

1.9 Insurance Refund

The sum of £69 was received from Canada Life in respect of a refund on an insurance policy.

1.10 Funds held on Trust for Layar BV

As detailed above, the sum of £15,000 was being held on trust in respect of the sale of the Intellectual Property of Layar to Candy. These funds have been paid across to Layar following the period covered by this Report less certain legal fees incurred in dealing with the winding-up of Layar.

1.11 Buyer's Premium on Trust for Hilco

The sum of £90,000 was paid by Candy in respect of a Buyer's Premium on the sale of the Intellectual Property. This has since been paid across to Hilco Global.

(e) **Details of progress during the period and summary account of Receipts and Payments under review and cumulatively...Cont.**

1.12 Cash Held on Appointment

The sum of £3,600 was held on appointment specifically for the purposes of satisfying the fees of SH in dealing with the appointment of the Joint Administrators.

1.13 Bank Interest Gross

The funds in hand are held in an interest bearing account with a High Street bank in the names of the Office Holders as Administrators of the Company.

Interest earned on the funds in hand amounts to £637.

2. Payments

2.1 Legal Fees

Stephenson Harwood ("SH") has a specialist Insolvency department and they were chosen on that basis after taking into account the size and complexity of the legal issues. SH charge their fees on a time costs basis. The work that they have been required to undertake has included, *inter alia*, the following:

- Dealing with all legal matters pertaining to sale of the Company's Intellectual Property including formulation and completion of the Sale Agreement.
- Providing advice in respect of the Centre of Main Interest for Layar and liaising with Dutch Counsel, together with drafting a Witness Statement to Court.
- Providing advice regarding the Joint Administrators' Proposals to creditors and decision making process.
- Considering the position regarding Blippar Singapore.
- Assessment of the Shareholder position regarding the change of name of the Company.

SH has provided me with a full analysis of the time they have spent to date. The time costs associated with the Sale Agreement totalled £34,692 and have been paid, together with disbursements of £122. In addition, the sum of £3,000 has been paid in respect of pre-appointment time costs.

The time costs incurred in dealing with other matters totalled £14,054.50. SH agreed to provide a discount in respect of these fees to £10,000, which have yet to be paid.

Florent Advocaat ("Florent"), a firm specialising in Dutch insolvency, was instructed to consider the position in respect of Layar BV and provide their advice on the best way forward. Florent charges on a time cost basis and were paid a fee of £8,017 (€7,500) for this work. This sum was deducted from the £15,000 held on trust for Layar as detailed above in 1.10.

(e) **Details of progress during the period and summary account of Receipts and Payments under review and cumulatively...Cont.**

2.2 Agents Fees

PDS Valuers ("PDS") was selected as agents on the basis of their experience and expertise in dealing with valuations and sale of assets in insolvency situations, taking into account the locality and size of the Company. The agreed basis of PDS's fees was a valuation fee of £1,720 plus 10% of asset realisations and disbursements and VAT.

However, PDS agreed to discount its fees to a valuation fee of £1,720 plus a fixed fee of £37,500 plus VAT. The disbursements incurred and paid, which mainly related to clearance of the premises and dealing with the sale of the tangible assets, totalled £6,716, and are summarised below:

	<u>£</u>
Advertising	1,200
Sales Prep and Clearance days	860
Bidspotter Auction Platform	525
Overnight refuse clearance (3 nights)	1,752
Data deletion	1,369
Security Officer	212
Loading Bay fees	354
Mileage	444

There are no fees outstanding to PDS.

Hilco Global ("Hilco") was selected as co-agents on the basis of their experience with dealing with intellectual property valuations and high-profile marketing campaigns. The agreed basis of Hilco's fees was a valuation fee of £10,000 plus disbursements and VAT plus a premium of 20% payable by the Buyer. The full fee has been paid to Hilco plus disbursements of £289.82.

There are no fees outstanding to Hilco.

Monmouth Dean was selected as Property Agents based on its experience in the market and the fact that it had already been instructed by the Company to undertake this exercise. The agreed basis of the fees was a fixed fee of £25,000 plus VAT, but only payable from the securing of a new tenant and recovery of the rent deposit.

The fixed fee has been paid.

2.3 Professional Fees

The sum of £345 has been paid to Data Plan in respect of the services provided in producing P45s for the former employees. Data Plan was chosen on this basis as it had previously managed the payroll facilities for the Company.

(e) **Details of progress during the period and summary account of Receipts and Payments under review and cumulatively...Cont.**

In addition, the sum of £5,000 was paid to Richard Giles, the former CFO, for the extensive work undertaken during the Administration in assisting the Joint Administrators with managing the process.

2.4 Change of Name Fee

The sum of £10 was paid to Companies House in respect of the administrative fee for changing the name of the Company. This is highlighted further below in Section (i).

2.5 Statutory Advertising

This represents the costs for the publishing of statutory advertising in the London Gazette in respect of the Joint Administrators' appointment.

2.6 Bank Charges

The sum of £15 has been incurred in respect of bank charges.

2.7 Joint Administrators' Remuneration

The sum of £135,000 has been paid on account of the Joint Administrators' remuneration in the period covered by this Report. This is explained further at Appendix A.

2.8 Other expenses incurred by unpaid

If not already included above, the following expenses have been incurred during the process but remain unpaid in the period covered by this Report:

	<u>£</u>
Specific Bond	782
Storage Costs	280
Collection of Books and Records	448
Courier Charges	167
Conference Calls	2
Travel	13
Statutory Advertising, say	200

2.7 Pre-Administration Time Costs: Rule 18.5

In my earlier report to creditors, I set out the costs my Firm incurred between our first being consulted and the date of our appointment, and I provided details as required by Rule 3.36. Creditors may recall that I reported that my Firm's time costs were £7,173 plus VAT for a total of 22 hours and 12 minutes, and that prior to our appointment, my Firm was advanced a sum of £7,500 plus VAT. There were no outstanding costs in that regard.

In addition, and as detailed in Section 2.1, SH had outstanding pre-appointment costs in the sum of £3,000, which were paid in full.

(e) Details of progress during the period and summary account of Receipts and Payments under review and cumulatively...Cont.

Under the Qualifying Decision Procedure by Correspondence on 18 February 2019, the Decision Date set for creditors to consider the Proposals, I sought and obtained creditors' approval for these costs to be paid in accordance with Rule 3.52 of the Insolvency (England and Wales) Rules 2016 as a Creditors' Committee was not formed.

(f) Joint Administrators' Remuneration and Expenses

- i) The Joint Administrators' remuneration is fixed by reference to time spent in attending to matters arising in the Administration. A statement of remuneration charged and description of work undertaken are provided at Appendix A.
- ii) Expenses incurred in the Administration are explained at (e) above in my comments on the Receipts and Payments Accounts

(g) Creditors and Distributions

(i) (a) Secured Creditors

There are no Secured Creditors in respect of this case.

(b) Prescribed Part

The prescribed part does not apply in respect of this case.

(ii) Preferential Creditors

There will be preferential claims for those employees, who are owed unpaid wages and holiday pay. Under the provisions of Schedule 6 of the Act, any amounts outstanding to employees in respect of unpaid wages (up to a maximum of £800) and outstanding annual leave entitlements are afforded priority over the claims of floating charge creditors and ordinary unsecured creditors.

It is likely that a significant element of the preferential claim will be claims, which are subrogated to the Secretary of State, following payment to the employees by the Redundancy Payments Office.

Although the Joint Administrators are yet to receive notification of the preferential creditors' claims, on current information, it is expected that the preferential claims in respect of arrears of pay and holiday pay, including the claim that will be made by the RPO, will amount to approximately £100,122 in respect of 44 employees.

Based on current information, it is envisaged that there will be sufficient funds available to enable a distribution to be paid to preferential creditors in full settlement of their claims.

(g) Creditors and Distributions...Cont.

(iii) Unsecured Creditors

As funds will become available for unsecured creditors, the Joint Administrators have been requesting creditors to submit their claims so that they can be established in principle for adjudication. As at the date of this Report, the claims of 30 creditors, with a total value of £1,807,785 have been received. The records of the Company at 17 December 2018 indicated that there were 74 creditors with a total value of £2,080,544.

In addition, the ex-employees unsecured claims in respect of arrears of wages, lieu of notice, and statutory redundancies and enhanced redundancy is estimated to be around £400,000 (the majority of which will be subrogated by the RPO).

It should be noted that the main creditor, Mission Cloud, which has submitted a claim in the sum of £846,061, has been updated regularly on the conduct of the Administration process either by way of conference call or by email.

Any other creditors have also been provided with updates if requested.

(h) Details of what remains to be done

The remaining assets to be realised include the residual book debts, VAT refund and inter-company debts.

As detailed above, the Joint Administrators will need to review and adjudicate on the preferential and unsecured claims with a view to paying a dividend in due course. The payment and timing of the unsecured dividend will be dependent on the realisation of the remaining assets.

(i) Other information of relevance to creditors:

Change of Name

As part of the sale of the Company's Intellectual Property to Candy, the Joint Administrators were obliged to use their best endeavours to procure a change of name of the Company.

In that regard, a meeting of Shareholders was convened for 8 May 2019, at which a resolution was passed to change the name of the Company to 07446749 Ltd, in accordance with the terms of the Sale Agreement. It should be noted that given the different types of shares involved, the calculation of the requisite majorities was quite complicated and required a legal opinion to be provided.

Patent Enquiries

There have been numerous notifications forwarded to me by the Company's former patent attorneys regarding patents and trademarks relating to Blippar and Layar. These have been assessed and passed on to the Purchaser of the Intellectual Property.

(i) **Other information of relevance to creditors...Cont.**

Emails from former clients

The Joint Administrators are continuing to receive enquiries from former clients of Blippar regarding continuing and future services, which have been passed on to the Purchaser.

Investigations

Some of the work the Joint Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (CDDA 1986) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrators can pursue for the benefit of creditors.

In accordance with the Company Directors Disqualification Act 1986, I have submitted a report on the conduct of the Directors of the Company to the Department for Business, Energy & Industrial Strategy (BEIS). As this is a confidential report, we are not able to disclose the contents.

Shortly after our appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the Estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either by telephone or as a response to my request to complete an investigation questionnaire. An extensive analysis of the Company's bank statements in the 2 years prior to appointment was also undertaken. My examinations have not revealed any issues requiring further investigation.

(j) **Next report**

We are required to provide a Progress Report within one month of the end of the next six months of the Administration (if the Administration is extended), or earlier if the Administration has been finalised.

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact in the first instance either our Senior Manager, Adam Shama, or his assistant, Ian Hardwick, at this office.



PAUL APPLETON - JOINT ADMINISTRATOR

DATE: 9 JULY 2019

APPENDIX A

JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

1. Joint Administrators' Remuneration

I have now reviewed my Firm's time costs, and would advise that from 30 January 2019 to 16 June 2019, the total time costs amounted to £160,681.50 for 422 hours and 24 minutes, which equates to an average cost of £380 per hour. A breakdown of these time charges is set out in Appendix C.

I have also reviewed the cumulative time costs for the period from 17 December 2018 to 16 June 2019 and would report that the total time costs are £309,240 for 810 hours and 28 minutes, which equates to an average cost of £382 per hour. A breakdown of the time charges is also set out in Appendix C. To the date of this Report, £135,000 has been paid on account of these time costs.

1.1 *Staff allocation and the use of Subcontractors*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team will usually consist of a Partner, Senior Manager, Manager/Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

We have not utilised the services of any subcontractors in this case.

1.2 *Basis of Joint Administrators' Remuneration*

An Administrator is not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.

Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.

The above work will not necessarily bring any financial benefit to creditors generally. However, an Administrator is required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Administrator in dealing with those claims.

Creditors may recall that a resolution was passed to fix the Joint Administrators' remuneration by reference to the time given by the Joint Administrators and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the administration, and further the Joint Administrators were authorised to draw category 2 disbursements and be entitled to draw sums on account of their remuneration and disbursements as and when funds permit.

In accordance with these resolutions, we have drawn fees of £135,000 plus VAT to date and I would confirm that my fees estimate for the Administration remains unchanged at this stage.

2. Chargeout Rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), I would advise that my Firm's current hourly charge out rates applicable to this appointment, which are charged in units of 6 minutes, exclusive of VAT, are as follows:-

	£
Senior / Managing Partners	550
Partners/Office holders	495
Managers / Senior Managers	350 - 395
Senior Administrators	220 - 295
Administrators	160 - 200
Cashiers and Assistants	150 - 295

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance. Time is charged in minimum units of 6 minutes.

3. Case Overview

The tasks undertaken by the Joint Administrators have been highlighted extensively in this Report and in the original Proposals, together with the issues affecting costs.

The strategy employed allowed us to staff this assignment with a maximum of 1 Senior Manager, 1 Manager and 2 Administrators, plus cashiering assistance as required. We consider that for an assignment of this scale and complexity, that strategy has saved considerable time costs that might otherwise have been incurred.

Due to the crucial nature of the sale of the Intellectual Property, negotiations on the rent deposit recovery and recovery of funds from Blippar Singapore, a high level of Partner and Senior Manager involvement was required with these parts of the assignment.

4. Other Issues affecting Costs

In addition to the work of developing the strategy for the Administration, including liaising with the Directors, evaluating the business and progressing the sale of the assets, the Joint Administrators and their staff have undertaken, *inter alia*, the following tasks:-

- a) Opening a designated bank account and dealing with the movement of funds.
- b) Applying for the Joint Administrators' bonds, as required by the Insolvency Practitioners Regulations 2005.
- c) Publishing the necessary statutory advertisement in respect of the Administration proceedings in the London Gazette.
- d) Completing various searches at Companies House to obtain statutory information on the Company.

- e) Submitting a VAT 769 notifying HMRC that the Company is now in Administration.
- f) Acknowledging creditors' claims, answering telephone enquiries and correspondence therewith.
- g) Obtaining a case reference and submitting the relevant forms to the Redundancy Payments Office. Reviewing and uploading the relevant forms to the Insolvency Service regarding employee entitlements.
- h) Dealing with employees' queries and concerns, including issuing P45s and references to employees.
- i) Instructing Agents to value the Company's assets and undertaking a full marketing campaign regarding the sale of the Intellectual Property. Instructing Solicitors to formulate and finalise a sale contract and dealing with residual matters including, *inter alia*, enquiries from clients, patent matters and changing the name of the Company.
- j) Instructing Agents to deal with the sale of the Company's tangible assets either by private treaty or public auction.
- k) Reviewing the position regarding the Company's subsidiaries and inter-company balances and dealing with all matters pertaining to the same.
- l) Assessing the collectability of the Company's sales ledger and entering into correspondence regarding the potential recovery of each debt.
- m) Analysing the funds received from Barclays and apportioning the funds to book debts or cash at bank.
- n) Instructing Agents to source a new tenant at the Company's premises and negotiating a subsequent surrender of the Lease and return of part of the rent deposit.
- o) Securing refunds in respect of insurance and rates.
- p) Requesting a Statement of Affairs to be submitted by the CEO of the Company and assisting with the completion thereof.
- q) Arranging for the collection of the Company's books and records from the former trading premises.
- r) Liaising with HM Revenue & Customs.
- s) Providing regular updates by telephone and email to the main creditor.
- t) Preparation and circulation of notice of appointment and subsequent the proposals to creditors pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986.
- u) Undertaking investigations the affairs of the Company.
- v) Preparation and submission of the Joint Administrators' report on the conduct of the Directors pursuant to the requirements of the Company Directors Disqualification Act 1986.

w) Statutory and Administrative duties, including case reviews.

To view an explanatory note concerning Administrators' remuneration issued by the Joint Insolvency Committee, please visit the Publications folder on our website www.drpartners.com/cases, using the following log-on details:

USERNAME: B498@drc.co.uk

PASSWORD: 894Bas*!

Alternatively, please contact this office to arrange for a copy to be sent to you.

A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from our website.

6. Creditors' rights

Within 21 days of the receipt of this Report, in accordance with Rule 18.9, a Secured Creditor, or an Unsecured Creditor (with the concurrence of at least 5% in value of the unsecured creditors), may request, in writing, that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs), which have been itemised in this progress report.

Under Rule 18.34, any Secured Creditor, or an Unsecured Creditor (with the concurrence of at least 10% in value of the unsecured creditors), may, within 8 weeks of receipt of this progress report, make an application to Court on the grounds that, in all the circumstances, the basis fixed for the Joint Administrators' remuneration is inappropriate, and/or the remuneration charged, or the expenses incurred by the Joint Administrators, as set out in this progress report, are excessive.

7. Policy as regards Disbursements:

Direct expenses ("Category 1 disbursements")

Category 1 disbursements as defined by SIP 9, which can be specifically identified as relating to the administration of the case, will be charged to the estate at cost, with no uplift. These include but are not limited to such items as case advertising, bonding and other insurance premiums and properly reimbursed expenses incurred by personnel in connection with the case.

Indirect expenses ("Category 2 disbursements")

It is normal practice to also charge the following indirect disbursements ("Category 2 disbursements" as defined by SIP 9) to the case, where appropriate:

Postage and stationery: circulars to creditors

Headed paper	25p per sheet	Envelopes	25p each
Photocopying	6p per sheet	Postage	Actual cost

Meeting Costs: Use of Meeting Room is charged at £150 per session

Storage and Archiving

We use a commercial archiving company for storage facilities for companies' records and papers. This is recharged to the estate at the rate of £10 per box per quarter, and includes a small charge to cover the administration costs of maintaining the archiving database and retrieval of documents. We also use our own personnel and vehicle for collection of books and records for which we charge £65 per hour

Mileage incurred as a result of any necessary travelling is charged to the estate at the Inland Revenue approved rate, currently 45p per mile

07446749 LTD FORMERLY BLIPPAR.COM LIMITED
IN ADMINISTRATION
RECEIPTS & PAYMENTS ACCOUNT
FOR THE PERIOD FROM 17 DECEMBER 2018 TO 16 JUNE 2019

	Book Values per mgt accounts to December 2018	Estimated to realise values at 17 Dec 2018 £	Realisations/Payments £	Cumulative/£
Realisations				
Goodwill & Intangibles	7,464,355.00	Uncertain	425,000.00	
Investments	137,457.00	Nil	Nil	
Leasehold Improvements	141,999.00	Uncertain	Nil	
Office & Computer Equipment	63,672.00	15,700.00	35,076.00	
Book Debts	169,423.00	127,067.00	73,928.63	
HMRC VAT Refund	107,650.00	Uncertain	Nil	
Cash at Bank	51,525.00	51,525.00	59,408.66	
Rent Deposit	474,500.00	Uncertain	200,000.00	
Inter-Company	<u>26,165,363.00</u>	<u>Uncertain</u>	85,169.20	
Rates Refund			14,279.17	
Insurance Refund			69.21	
Funds held on Trust for Layar BV			15,000.00	
Buyer's Premium on Trust for Hilco			90,000.00	
Cash Held on Appointment			3,600.00	
Bank Interest			<u>637.46</u>	
				1,002,168.33
Payments				
Legal Fees			45,830.95	
Agents' Fees			164,259.47	
Agents' Disbursements			6,966.12	
Professional Fees			5,345.00	
Change of Name Fee			10.00	
Statutory Advertising			84.60	
Bank Charges			15.00	
Joint Administrators' Remuneration			<u>135,000.00</u>	357,511.14
Realisations less Payments				<u><u>644,657.19</u></u>
Represented by				
Current Account				582,788.66
VAT Receivable				<u>61,868.53</u>
				<u><u>644,657.19</u></u>

07446749 LTD FORMERLY BLIPPAR.COM LIMITED - IN ADMINISTRATION

JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 30 JANUARY 2019 TO 16 JUNE 2019							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning	07:00	12:06	24:42	04:30	48:18	12,959.50	268.31
Investigations	04:00	06:18	27:24	00:00	37:42	8,937.50	237.07
Realisations of assets	105:00	74:30	35:12	00:00	214:42	90,497.50	421.51
Creditors & Shareholders	43:00	60:18	18:24	00:00	121:42	48,287.00	396.77
Total hours and costs	159:00	153:12	105:42	04:30	422:24	160,681.50	380.40

JOINT ADMINISTRATORS' CUMULATIVE TIME COSTS FOR THE PERIOD 17 DECEMBER 2018 TO 16 JUNE 2019							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning							
Statutory filings, circulars, notices, etc.	02:00	09:24	45:24	00:00	56:48	11,053.50	194.60
Case planning, strategy & control	03:00	01:30	15:24	00:00	19:54	4,638.50	233.09
Taxation: PAYE, C/Tax & VAT	00:00	00:18	01:24	00:00	01:42	286.50	168.53
Accounting & Cashiering	00:00	00:00	00:30	04:42	05:12	967.00	185.96
Case reviews & Diary maintenance	04:00	05:48	11:30	00:00	21:18	6,247.00	293.29
Statutory reporting and compliance	08:00	20:06	12:54	00:00	41:00	13,855.50	337.94
Investigations							
CDDA preparation & reporting	03:00	03:54	00:42	00:00	07:36	3,213.00	422.76
SIP2 assessment and financial review	00:00	08:06	15:12	00:00	23:18	5,325.50	228.56
Investigating antecedent transactions	04:00	00:00	11:36	00:00	15:36	4,056.00	260.00
Realisation of assets							
Freehold & leasehold properties	14:00	17:24	14:42	00:00	46:06	16,732.00	362.95
Intangible assets	28:00	11:54	00:00	00:00	39:54	20,100.50	503.77
Shares & investments	35:00	30:06	04:12	00:00	69:18	31,616.50	456.23
Book debts collection	88:00	19:48	28:48	00:00	136:36	59,546.00	435.92
Tangible assets	38:00	37:06	03:42	00:00	78:48	35,116.00	445.63
Creditors							
Secured creditors	00:00	00:24	00:00	00:00	00:24	158.00	395.00
Unsec'd Creditors: correspondence & claims	51:00	49:30	29:16	00:00	129:46	50,595.50	389.90
Preferential creditors & employees	33:00	68:24	10:12	00:00	111:36	43,851.00	392.93
Shareholders	00:00	05:00	00:36	00:00	05:36	1,882.00	336.07
Total hours and costs	311:00	288:42	206:04	04:42	810:28	309,240.00	381.56