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**Private and Confidential**

Date: 30 December 2021

To Members and Creditors

Contact: Sheniz Bayram  
Ref: Iconic/6/SB

Dear Sir/Madam,

**ICONIC LABS PLC ("THE COMPANY") – IN ADMINISTRATION  
IN THE HIGH COURT OF JUSTICE, BUSINESS & PROPERTY COURTS NUMBER 000991 OF 2021**

I refer to my appointment as Joint Administrator of the above named Company on 04 June 2021. I have prepared a report on the progress of the Administration of the Company for the six month period from 04 June 2021 to 03 December 2021. The report is now available at <http://www.antonybatty.com/client-area>. You will need to enter the following password to access the report: 397694852.

Antony Batty & Company 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 interests of keeping creditors and others informed about the insolvency proceedings. You can find more information on how Antony Batty & Company LLP uses your personal information on our website at <http://www.antonybatty.com/insolvency-resources>.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available on-line, they should contact Sheniz Bayram on 020 7831 1234, or by email at [Sheniz@antonybatty.com](mailto:Sheniz@antonybatty.com).

Finally, please note that the affairs, business and property of the Company are being managed by the Joint Administrators, William Antony Batty and Hugh Francis Jesseman. The Joint Administrators act as agents of the Company and contract without personal liability.

Yours faithfully

**William Antony Batty  
Joint Administrator**

Encs.

**ICONIC LABS PLC - IN ADMINISTRATION**

**JOINT ADMINISTRATORS' SIX MONTHLY PROGRESS REPORT**

**ISSUED ON: 30 DECEMBER 2021**

**DELIVERED TO CREDITORS ON: 31 DECEMBER 2021**

**ANTONY BATTY & COMPANY LLP  
3 FIELD COURT  
GRAYS INN  
LONDON  
WC1R 5EF**

## **ICONIC LABS PLC - IN ADMINISTRATION**

### **JOINT ADMINISTRATORS' SIX MONTHLY PROGRESS REPORT**

This report is prepared in accordance to the provisions of the Insolvency Act 1986, which require the Joint Administrators to provide creditors with a report on the progress of the Administration. The report has been prepared for the purpose of advising creditors and should be read in conjunction with our proposals. The report is private and confidential and may not be relied upon, referred to, copied or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

William Antony Batty and Hugh Francis Jesseman were appointed as Joint Administrators of Iconic Labs Plc on 04 June 2021.

The affairs business and property of the Company are being managed by the Joint Administrators, who act as the Company's agent and contract without personal liability.

In preparing this report the Joint Administrators have had to rely on some information provided by the Directors, management and others. It has not been possible to verify all such information. Therefore, the Joint Administrators take no responsibility for the completeness or accuracy of such information.

WA Batty, SJ Evans, S Illes and HF Jesseman are licensed as Insolvency Practitioners in the UK by The Institute of Chartered Accountants in England & Wales under S. 390 (2) of the Insolvency Act 1986.

#### **Abbreviations used in this report:**

- Iconic Labs Plc - ("the Company")
- William Antony Batty and Hugh Francis Jesseman - ("the Joint Administrators")

## **ICONIC LABS PLC (“THE COMPANY”) – IN ADMINISTRATION**

### **ADMINISTRATORS’ PROGRESS REPORT TO CREDITORS**

**For the six months ending 03 December 2021**

#### **STATUTORY INFORMATION**

Company name:	Iconic Labs Plc
Formerly known as:	Widecells Group PLC
Court name and reference:	High Court of Justice, Business & Property Courts 000991 of 2021
Registered office:	3 Field Court,, London,, WC1R 5EF
Former registered office:	7 Bell Yard, London, WC2A 2JR
Registered number:	10197256
Joint Administrators’ names;	William Antony Batty and Hugh Francis Jesseman
Joint Administrators’ address:	3 Field Court Grays Inn London WC1R 5EF
Joint Administrators’ date of appointment:	4 June, 2021
Actions of Administrators	Any act required or authorised under any enactment to be done by an administrator may be done by either or both of the Administrators acting jointly or alone.

#### **ADMINISTRATORS’ ACTIONS SINCE APPOINTMENT**

Antony Batty & Hugh Jesseman were appointed Joint Administrators of the Company on 4 June 2021 by Arch Capital Partners LLP, the holder of a Qualifying Floating Charge.

The Company has no employees or accordingly, only limited action could be taken in order to secure or control the assets the Company. The only asset that we have identified is a web site and social media platform owned by the Company, called Gay Star News (“GSN”).

We informed the London Stock Exchange (“LSE”) of the Administration and issued a formal announcement in the form of an RNS advising the market that we as Joint Administrators had been appointed to the Company. We also contacted the Financial Services Authority (“FSA”) to advise that trading in the Company’s shares should be suspended.

The current directors have co-operated with us and have provided the information we have requested. We have also held various virtual meetings with the board to discuss the financial

situation of the Company and our proposed strategy.

The Company has been historically funded by European High Growth Opportunities Securitization Fund (“EHGOSF”) which financed the Company by purchasing Convertible Loan Notes (which had warrants attached) in accordance with the “EHGOSF Funding Documents”.

Immediately following our appointment, we were bombarded with letters from King & Wood Mallesons (“KWM”), solicitors representing EHGOSF, claiming amongst other things, that our appointment as Joint Administrators to the Company was invalid, for an improper purpose, and making a number of allegations and criticisms of us.

Marriott Harrison LLP (“MH”), a firm of solicitors, were engaged to advise the Joint Administrators, in particular, in relation to confirming the validity of our appointment and dealing with correspondence from KWM.

Prior to the Company going into Administration and our appointment, the Company had issued notice to its members of a General Meeting to be held on 15 June 2021 in order to pass a number of resolutions, mainly to allow the Company to issue new ordinary shares to enable loan notes and warrants already issued to EHGOSF to be converted into shares and to enable further loan notes and warrants which have not yet been issued to be converted into ordinary shares.

Given the significant change in circumstances since the notice of a General Meeting was issued, not least Company going into Administration and the appointment of Administrators and the suspension of trading in the Company’s shares, we considered that it would not be safe for the General Meeting to proceed as planned.

#### **Litigation**

On Friday 11 June 2021, we received notice from KWM of an urgent Court Application by EHGOSF seeking to require the General Meeting to proceed and claiming that the Joint Administrators had been appointed for an improper purpose and making serious allegations about our conduct. That application was heard on 14 June 2021 and it was ordered by the Court that the General Meeting should be adjourned and that other matters would be considered by the Court at a later hearing, set to be heard after October 2021.

Witness Statements and exhibits filed in Court on behalf of EHGOSF ran to many hundreds of pages.

Providing a comprehensive Witness Statement by the Joint Administrators in reply rejecting all of the claims made EHGOSF, took a significant amount of time both by MH & the Antony Batty on behalf of the Joint Administrators, due the volume of material filed by EHGOSF and the serious nature of the allegations.

In early September EHGOSF advised that they wished to seek an Expedited Hearing of their Application in advance of the six month anniversary of the suspension of the shares in early December.

On 10 September 2021, the Joint Administrators filed their Witness Statement in response and consented to an Expedited Hearing subject to EHGOSF proposals for providing security for any adverse costs awarded against them.

On 27 September 2021 EHGOSF filed Notice of Discontinuance of their Actions against Arch and the Joint Administrators. The only remaining matter is now to deal with each parties costs, which would normally be borne by the party discontinuing an action. EHGOSF are instead seeking costs against Arch and the Joint Administrators. The Joint Administrators have therefore issued a claim against the

EHGOSF for our costs which exceed £200,000.

### **Administrators Proposals**

The Joint Administrators Proposals were agreed unanimously, with modifications, on 17 August 2021.

The modified Proposals were:

(a) We 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) dispose of some or all of the assets (but, as regards any claims which the Company has against Arch, Greencastle Media, former directors and anyone who has acted as a de facto or shadow director, not before having established that a rescue of the Company as a going concern is incapable of achievement), recover book debts, investigate any disputed claims against the Company where necessary and recover the cash at bank;

(ii) subject to (i) above, sell the Company's assets at such time(s) on such terms as we consider appropriate;

(iii) 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 and / or services to the Company and including matters pertaining to the validity of the floating charge under which the administrators were appointed;

(iv) if funding can be obtained on acceptable terms, make CVA proposals to creditors, or cause the Company to enter into such other funding arrangements as may be available and which are considered to be viable in the circumstances with the aim of a restructure and rescue of the Company as a going concern being achieved and control of the Company being returned to the directors; and

(v) do all such things and generally exercise all their powers as 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) if there are no assets for distribution to unsecured creditors or if a CVA or other funding arrangement is not considered to be viable or any CVA which is proposed is not agreed by creditors and, where appropriate, shareholders, or, having been approved is successfully challenged, the Administration of the Company will end by us being obliged to file a 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;

(c) the Administration of the Company will end by giving notice to the Court, creditors and Registrar of Companies that the objective of the Administration has been achieved; and

(d) subject to any Order the Court may make the Joint Administrators will be released from any personal liability at the end of the Administration."

### **CVA Proposals**

In accordance with the above Proposals the Joint Administrators drafted CVA Proposals which they delivered to the Board on 30 September 2021 for consideration.

In order to facilitate the CVA, on 14 October 2021 the Administrators advised the Board that they no objection to the GM proceeding, subject to an undertaking from the Board not to issue any new shares or Convertible Loan Notes until all necessary Companies Act and Market Rules had been fully complied with.

Since that time the Board, EHGOSF, Arch and Greencastle have held "Global Settlement Negotiations" with a view to resolving the disputes, claims and counter claims, between those parties. Heads of Agreement on a Settlement were signed on 20 December 2021.

Accordingly, it is anticipated that CVA Proposals will now be circulated in early 2022.

## **Investigations**

Our investigations have focused on the use of the funds detailed in an RNS issued by the Company on 26 March 2021, which stated that the Company had reached a Settlement Agreement with European High Growth Opportunities Securitisation Fund (“EHGOSF”) and that within 2 days of Settlement Agreement EHGOSF has agreed to provide the Company with an interim loan of £310,000 in order to fund the Company’s issuance of a prospectus and to pay certain other amounts; a further RNS was issued on 30 April 2021 with the accounts for the 6 months to 31 December 2021. The accounts stated that the Company had submitted a drawdown request to EHGOSF of £250,000 under the 2020 Facility and that the Company expected to receive the amount of £250,000 from EHGOSF within the coming days.

We have been able to establish that the Loans referred to in the RNS’s totalling £560,000 were paid to Iconic Labs UK Limited (“Labs UK”), a subsidiary of the Company, not the Company itself.

The Company’s position as to whether EHGOSF has fulfilled its obligations are reserved, as are any actions regarding the disbursement of these funds and the timing of such. However, it does appear that these funds were used to discharge liabilities of the Company. These matters will not be pursued if the CVA is agreed.

Labs UK remitted £36,000, being most of the balance of the £560,000 held on 27 September 2021.

## **Realising the Company assets**

We instructed agents ITC Valuers (“ITC”) to assist with to market for sale the social media platform called Gay Star News (“GSN”). A number of offers have been received, however if the CVA is agreed, the Company intend to retain ownership of the platform.

## **Other matters**

Please note that there is certain work that I am required by the insolvency legislation to undertake work in connection with the Administration that provides no financial benefit for the creditors. A description of the routine work undertaken since my appointment as Administrator is contained in Appendix 3.

## **RECEIPTS AND PAYMENTS ACCOUNT**

Our Receipts & Payments Account for the period from 04 June 2021 to 03 December 2021 is attached at Appendix 1, which we have reconciled to the financial records that we are required to maintain. Please note that receipts and payments in the account are shown net of VAT.

The balance of funds are held in an interest bearing estate bank account.

## **ASSETS**

### **Physical Assets**

The SOA indicated that the Company owned computer equipment & Plant & Machinery, although given the Company’s new management having no physical presence in the UK, they were unable to advise whether these assets exist or the location of such assets.

Following our appointment appointment, we instructed IT specialists Simpology Limited (“Simpology”) who specialise in IT support and management, to take backup and control of the Company’s historic e-mails.

We were approached by an ex-employee of GSN who advised that he had access codes to a storage unit in East London.

Immediately on advice of the unit, ITC contacted the Big Yellow Storage site manager to gain access. The site contained various pieces of computer equipment and GSN merchandise. Our agents advised that the removal of the assets would cost more than any potential recovery. Therefore, the decision was made to abandon the assets on site.

### **Intangible Assets**

As advised above ITC were instructed to market the Company's web site and social media platform called GSN. The platform was valued by ITC, with an estimated realisable value of £30,000 to £40,000. ITC carried extensive marketing of the business by internet advertising through www.ipbid.com distressed business for sale and received 14 separate enquires.

Offers from two separate third parties of have been received for this asset. As noted above if the CVA is agreed, GSN will be retained by the Company.

### **Book Debts**

#### Accounts Receivable

We can confirm that initial letters have been sent pursuing payment of the outstanding invoices and we have been corresponding with debtors appropriately.

To date, we have not received any monies in respect of this class of assets as the debts are being disputed. The debtor position is a complex situation as much of the debt is owed by parties related to Greencastle Media/Arch who have made significant Claims against the Company. All such claims will be settled by way of the global Settlement Agreement referred to above.

#### Prepayments

We are still investigating what the prepayments of £3,724 relate to, however in our experience it is not normally possible to recover prepaid sums.

### **Cash at Bank**

#### Corporate current account

We were advised that the Company banked with Santander UK Plc ("Santander"). After several months of investigation into this matter, mainly due to data protection issues with Santander, it was established that there were no funds in the Company account and that an account in the name of a subsidiary Iconic Labs UK Ltd ("Iconic UK") was being used by the Company. As we were not appointed to Iconic UK we could not access this account.

However, once the position was finally established, in late September Iconic UK transferred most of the balance in the account, being £36,000 to the Administration account.

#### Group bank accounts

The SOA states that the various group company bank accounts hold funds totalling £994 and the subsidiary company bank accounts hold funds totalling £4,058. I have requested details of the accounts in order to enable us to ask for the funds to be sent to the administration account although the directors advised that they do not have access to these accounts.

## **LIABILITIES**

### **Secured Creditors**

Arch Capital hold a legal mortgage, together with fixed and a floating charges over the assets of the Company, pursuant to the Debenture dated 12 November 2020. Arch Capital were owed a liquidated sum of approximately £184,295 at the date the Company entered administration.



As advised in our proposals, the Shard IA and the Debenture were assigned by Shard to Arch Capital on 3 June 2021 pursuant to the Assignment Agreement.

We have received a secured claim from Arch Capital made up of a principal debt of £146,368 with interest accruing at 10% per annum plus default interest accruing at a monthly rate of 4%; a claim in respect of the failure to deliver warrant debt of £234,750 and an additional claim of £4,000,000 in respect of the Company's breach by not entering into any agreement with existing lenders.

The Company disputes the Claims for £234,750 and £4,000,000.

We have sought formal legal advice on these Claims, however further documentation and investigation is required before a legal opinion can be given.

All of Arch's Claims will be dealt with in the Global Settlement Agreement. Secured creditors cannot be bound by a CVA, however the CVA could not proceed until the disputed Secured Claims had been settled.

#### **Preferential Creditors**

The statement of affairs did not anticipate any claims relating to employee claims but anticipated £288,034 in respect of secondary preferential creditors relating to HM Revenue & Customs ("HMRC") claim. I have received a claim from HMRC in respect of an estimated secondary preferential debt of £46,550.

#### **Crown Creditors**

In addition to the preferential claims discussed above, the Statement of Affairs did not include a claim owed to HMRC in respect of their non-preferential claim. However, HMRC have submitted an estimated unsecured claim of £21,822.

Any CVA will have to provide for Preferential Creditors to be paid in full, before any payment to unsecured creditors.

#### **Non-preferential unsecured Creditors**

The statement of affairs included 51 non-preferential unsecured creditors with an estimated total liability of £4,340,830. I have received claims from 16 creditors from the original list of creditors at a total of £7,685,176 and I received claims from 2 creditors not originally on the Statement of Affairs of £201,472. I have not received claims from 35 creditors with original estimated claims in the statement of affairs of £246,635.

The unsecured creditor amount includes the following major unsecured creditors as detailed below: The directors have provided information about creditors and their claims, although some of the claims are disputed and subject to litigation.

EHGOSF – Convertible loan notes £1,865,000 Subject to the Company having sufficient authorised share capital the fund is likely to convert the loan notes into ordinary shares in the Company. The fund holds warrants.

Greencastle Acquisition Limited £1,493,297 Greencastle are claiming to be actually owed £1,550,000 and the contractual offset of this sum against the £1,500,00 due from Greencastle to the Company. As noted above, Greencastle's claims will be settled by the Global Settlement Agreement.

The only prospect of any return to unsecured creditors is by way of a CVA.

## **INVESTIGATION 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. In particular, we considered matters of concern raised by creditors and shareholders and attempted to recover the Company's accounting records in an attempt to compare the information in the Company's last set of accounts with that contained in the statement of affairs lodged in the Administration and made enquiries about the reasons for the changes.

As noted above much of our time was spent investigation how the £560,000 loaned to the Company by EHGOSF had been used. If the CVA is agreed we do not consider any action will be required in this regard.

Within three months of my appointment as Administrator, we were required to submit a confidential report to the Secretary of State to include any matters which have come to my attention during the course of my work which may indicate that the conduct of any past or present Director would make them unfit to be concerned with the management of the Company. I can confirm that my report has been submitted.

## **PRE-ADMINISTRATION COSTS**

On 17 August 2021 the following pre-administration costs were approved by the creditors:

Pre-administration fees charged by Antony Batty & Company LLP: £8,584.

The following statement sets out my pre-administration costs incurred. The statement also shows those fees and expenses that were paid prior to the Administration and those that remain outstanding and to be paid from Administration funds.

<b>Description</b>	<b>Paid pre-appointment</b>	<b>To be paid</b>	<b>Total</b>
	£	£	
Administrators' pre-administration remuneration	5,000.00	3,584.50	8,584.50
<b>Total</b>			<b>8,584.50</b>

## **ADMINISTRATORS' REMUNERATION**

Our remuneration was approved on a time cost basis based on a fee estimate of £150,113. The fee estimate acts as a cap and we cannot draw remuneration in excess of that estimate without first seeking approval from the creditors.

Our total time costs to 03 December 2021 amount to £1563,102, representing 390 hours of work at a blended charge out rate of £417 per hour. The actual blended charge out rate incurred compares with the estimated blended charge out rate of £284 in my fees estimate. There is a significant difference in the blended rate charged, compared with the estimated blended rate because due to the because most of the work undertaken in this matter required a more senior member of staff.

Our time costs exceed the amount given in the original estimate. The increased time is due to the EHGOSF Litigation, in particular dealing with the KMW correspondence and prepping our witness statement.

We have not yet been able to draw any remuneration in this matter.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of Guidance Notes issued with Statement of Insolvency Practice 9, and they can be accessed at <http://www.antonybatty.com/insolvency-resources>. There are different versions of these Guidance Notes, and you should refer to the most recent version. Please note that we have also provided further information about an office holder's remuneration and expenses in our practice fee recovery sheet, which is enclosed at Appendix 5.

We only anticipate needing to seek approval to draw fees in excess of this increased estimate if circumstances in the case change again such that I find that it is taking longer than anticipated to undertake the work required to complete the case. At present, we will not be seeking an increase.

#### **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 includes disbursements. Disbursements are payments which are first met by the office holder and then reimbursed to the office holder from the estate. Expenses are split into:

- category 1 expenses, which are payments to persons providing the service to which the expense relates who are not an associate of the office holder; and
- category 2 expenses, which are payments to associates or which have an element of shared costs. Before being paid category 2 expenses require approval in the same manner as an office holder's remuneration.

We have incurred total expenses of £2,272 to date. I have not been able to draw any expenses in this matter.

We have used the following professional advisors in the reporting period:

<b>Professional Advisor</b>	<b>Nature of Work</b>	<b>Basis of Fees</b>
ITC Valuers	Valuer/Auctioneer	Timecost & % basis
Marriott Harrison LLP	Solicitors	Time costs
Judge Sykes Frixou	Solicitors	Time costs
Marsh Limited	Bonding	Fixed premium
Simpology	IT Specialist	Timecosts

ITC Valuers ("ITC") have approximately unpaid fees of £2,500 plus VAT in respect of the valuation and forthcoming sale of the Company's GSN platform. ITC is a firm of valuers experienced in valuing and marketing assets in insolvency situations. Their fee is based on their time costs and they will be paid a percentage of any sale.

Marriott Harrison LLP ("MH") have unpaid fees of £132,000 in respect of dealing with the EHGOSF Litigation and our Witness Statement. We are pursuing EHGOSF for our legal costs associated with the Litigation, following the Litigation being discontinued. MH are a firm of solicitors experienced in providing advice in insolvency situations. Their fee is based on their time costs.

Judge Sykes Frixou ("JSF") have been unpaid fees of £44,514 plus VAT in respect of advice legal advice provided during the course of the Administration. JSF are a firm of solicitors experienced in providing advice in insolvency situations and in preparation of sale agreements. Their fee is based on their time costs.

Marsh Limited ("Marsh") will be paid £148 in respect of specific bonding cover, which is required for each insolvency appointment. Marsh Limited provides specialist insolvency insurance and bonding service. The premium is based on their standard charges.

Simpology have been paid £1,918 in respect of their assistance with provided IT support to backup and take control of the Company's Microsoft account. Their fee is based on their time costs.

Courts Advertising Limited ("Courts") have been paid £178 plus VAT in respect of statutory advertising. Courts provides specialist insolvency insurance and bonding service. The premium is based on their standard charges.

The choice of professionals used was based on my perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of my fee arrangement with them. I also confirmed that they hold appropriate regulatory authorisations. I have reviewed the fees they have charged and am satisfied that they are reasonable in the circumstances of this case.

I have incurred the following expenses in the period since my appointment as Administrator.

Type of expense	Amount incurred
Statutory Advertising	£178
IT Support	£1,919

I have not made any other category 1 expense payments to the date of this report.

I am required to seek approval before I can pay any expenses to associates, or pay expenses where there is an element of shared costs, which are known as category 2 expenses. I have obtained approval to pay the following category 2 expenses. I have incurred the following category 2 expenses in the period since my appointment as Administrator.

Type of category 2 expense	Amount incurred
Postage	£175

I have not made any other category 2 expense payments to the date of this report.

Nature of expense	Estimated expenses	Expenses incurred to date
Statutory Advertising	£336	£178
Postage	£431	£175
Storage Costs	£630	£0
Legal Fees	£260,000	£176,514
Agents Fees	£15,000	£2,500
<b>Total</b>	<b>£116,397</b>	<b>£179,367</b>

As you can see above, while the total expenses we incurred were in line with the total expenses I estimated we would incur when our remuneration was approved, some expenses were higher than I estimated, and some were lower than we estimated. The reasons for this are the attendance to various legal matters that have arisen during the course of the Administration.

### **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 Administrator's 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 Administrator's 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 Antony Batty & Company LLP can be found at <http://www.antonybatty.com/insolvency-resources>.

### **SUMMARY**

The Administration will remain open until all the realisable assets have been dealt with and the Company has successfully been moved into CVA. I estimate that this will take approximately 2 months, and once these matters have been finalised the Administration will cease and my files will be closed.

If creditors have any queries regarding the conduct of the Administration, or if they want hard copies of any of the documents made available on-line, they should contact Sheniz Bayram by email at [sheniz@antonybatty.com](mailto:sheniz@antonybatty.com), or by phone on 020 7831 1234.



**William Antony Batty**  
**Joint Administrator**  
**Date: 30 December 2021**

The affairs, business and property of the Company are being managed by the Joint Administrators, William Antony Batty and Hugh Francis Jesseman. The Joint Administrators act as agents of the Company and contract without personal liability.

**Iconic Labs Plc**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**  
**To 04/12/2021**

S of A £		£	£
	<b>ASSET REALISATIONS</b>		
NIL	Plant & Machinery	NIL	
NIL	Computer Equipment	NIL	
Uncertain	Intangibles	NIL	
NIL	Intercompany - Labs IP	NIL	
Uncertain	Due from Joe Media	NIL	
Uncertain	Book Debts	NIL	
NIL	Prepayments	NIL	
4,058.00	Subsidiary Bank Accounts	NIL	
Uncertain	Accounts Receivable	NIL	
46,770.00	Cash at Bank	36,000.00	
993.94	Widecells Bank Account	NIL	
			36,000.00
	<b>PREFERENTIAL CREDITORS</b>		
(288,033.91)	HM Revenue & Customs	NIL	
			NIL
	<b>FLOATING CHARGE CREDITORS</b>		
(184,295.04)	Arch Capital Partners LLP	NIL	
			NIL
	<b>UNSECURED CREDITORS</b>		
(929,220.35)	Trade & Expense Creditors	NIL	
(1,865,000.00)	Convertible Loans	NIL	
(1,546,610.10)	Claims Subject to Litigation	NIL	
			NIL
	<b>DISTRIBUTIONS</b>		
(1,970,429.34)	Ordinary Shareholders	NIL	
			NIL
<b>(6,731,766.80)</b>			<b>36,000.00</b>
	<b>REPRESENTED BY</b>		
	Bank 1 Current - Interest bearing		36,000.00
			<b>36,000.00</b>

Note:



William Antony Batty  
Joint Administrator

# Time Entry - Detailed SIP9 Time & Cost Summary

ICONIC - Iconic Labs Plc  
 From: 04/06/2021 To: 03/12/2021  
 Project Code: POST

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
100 : Administration & Planning	2.00	14.70	0.00	0.70	17.40	6,513.50	374.34
101 : Case planning	2.50	0.00	0.00	0.00	2.50	1,103.50	441.40
103 : Appointment notification	6.20	8.30	0.00	0.00	14.50	5,644.00	389.24
104 : Maintenance of records	0.00	4.10	0.00	0.00	4.10	1,394.00	340.00
105 : Statutory reporting	0.00	17.80	0.00	0.00	17.80	6,521.00	366.35
106 : Pre Appointment	0.00	3.30	0.00	0.00	3.30	1,237.50	375.00
107 : Case Monitoring	0.90	8.70	0.00	0.00	9.60	3,622.50	377.34
110 : Members correspondence	10.80	7.10	0.00	0.00	17.90	7,277.00	406.54
<b>Administration &amp; Planning</b>	<b>22.40</b>	<b>64.00</b>	<b>0.00</b>	<b>0.70</b>	<b>87.10</b>	<b>33,313.00</b>	<b>382.47</b>
314 : Creditors Meetings	4.40	7.20	0.60	0.00	12.20	4,873.00	399.43
500 : Creditors	91.10	1.30	0.30	0.00	92.70	41,427.00	446.89
501 : Creditor Communication	7.40	11.60	0.10	0.00	19.10	7,494.00	392.36
503 : Secured creditor	0.70	0.60	0.00	0.00	1.30	522.50	401.92
505 : Progress Report	26.60	15.30	0.00	0.00	41.90	17,543.00	418.69
507 : Employee claims & redundancy matters	0.70	0.00	0.20	0.00	0.90	377.50	419.44
<b>Creditors</b>	<b>130.90</b>	<b>36.00</b>	<b>1.20</b>	<b>0.00</b>	<b>168.10</b>	<b>72,237.00</b>	<b>429.73</b>
200 : Investigations	46.90	20.30	0.00	0.00	67.20	28,278.50	420.81
201 : SIP 2 review	0.00	2.60	0.00	0.00	2.60	975.00	375.00
<b>Investigations</b>	<b>46.90</b>	<b>22.90</b>	<b>0.00</b>	<b>0.00</b>	<b>69.80</b>	<b>29,253.50</b>	<b>419.10</b>
300 : Realization of assets	7.10	8.50	0.00	0.00	15.60	6,304.00	404.10
301 : Ident, securing, insuring	0.00	0.40	0.00	0.00	0.40	152.00	380.00
303 : Debt Collection	0.00	2.10	0.00	0.00	2.10	714.00	340.00
305 : Legal matters	20.70	0.00	0.30	0.00	21.00	9,082.50	432.50
<b>Realisations of Assets</b>	<b>27.80</b>	<b>11.00</b>	<b>0.30</b>	<b>0.00</b>	<b>39.10</b>	<b>16,252.50</b>	<b>415.66</b>
<b>Total Hours</b>	<b>228.00</b>	<b>133.90</b>	<b>1.50</b>	<b>0.70</b>	<b>364.10</b>	<b>151,056.00</b>	<b>414.88</b>
<b>Total Fees Claimed</b>						<b>0.00</b>	

**1. Administration**

This represents the work involved in the routine administrative functions of the case by the office holder and their staff, together with the control and supervision of the work done on the case by the office holder and their managers. It does not give direct financial benefit to the creditors, but has to be undertaken by the office holder to meet their requirements under the insolvency legislation and the Statements of Insolvency Practice, which set out required practice that office holders must follow.

- Case planning - devising an appropriate strategy for dealing with the case and giving instructions to the staff to undertake the work on the case.
- Setting up physical case files.
- Setting up the case on the practice's electronic case management system and entering data.
- Issuing the statutory notifications to creditors and other required on appointment as office holder, including gazetting the office holder's appointment.
- Obtaining a specific penalty bond.
- Convening and holding general meetings of creditors and members (as applicable).
- Dealing with all routine correspondence and emails relating to the case.
- Opening, maintaining and managing the office holder's estate bank account.
- Creating, maintaining and managing the office holder's cashbook.
- Undertaking regular bank reconciliations of the bank account containing estate funds.
- Reviewing the adequacy of the specific penalty bond on a quarterly basis.
- Undertaking periodic reviews of the progress of the case.
- Overseeing and controlling the work done on the case by case administrators.
- Preparing, reviewing and issuing progress reports to creditors and members.
- Filing returns at Companies House.
- Preparing and filing VAT returns.
- Preparing and filing Corporation Tax returns.
- Handling any legal matters and corresponding with solicitors.

**2. Creditors**

Claims of creditors - the office holder needs to maintain up to date records of the names and addresses of creditors, together with the amounts of their claims as part of the management of the case, and to ensure that notices and reports can be issued to the creditors. The office holder also needs to deal with correspondence and queries received from creditors regarding their claims and dividend prospects as they are received. The office holder is required to undertake this work as part of his statutory functions.

- Dealing with creditor correspondence, emails and telephone conversations regarding their claims.
- Maintaining up to date creditor information on the case management system.

**3. Investigations**

- Submit an online return on the conduct of the directors as required by the Company Directors Disqualification Act.



**Antony Batty & Company LLP****Time Costs – Charge out rates per hour and disbursements policy.****1 July 2021 – 30 June 2022**

<b>Hourly charge out rates</b>	<b>2021\22</b>
Office Holder (e.g. Administrator)	£455
Senior Manager	£395
Case Manager	£375
Senior Administrator 1	£285
Senior Administrator 2	£325
Administrator	£195
Junior Administrator	£110

Please note that these rates may be increased from time to time. Creditors will be notified of changes in the annual report.

Time is recorded in units of six minutes: the minimum unit of time is therefore 6 minutes.

Members of staff with the appropriate level of experience and authority have been and will be used for the various aspects of work necessary in this assignment.

**Disbursement Policy**

Please note that the liquidator's disbursements are charged out at the following rates:-

Category 1 - represent recovery of necessarily incurred disbursements at the cost incurred.

Sundry disbursements, such as advertising, where incurred appropriately, are recharged at 100% of the cost incurred.

There is a statutory requirement to advertise the following notices in the London Gazette: first meeting of creditors, resolutions for winding-up, appointment of Liquidators, final meetings and notices to creditors to submit claims. Statutory advertising costs are at a fixed rate of £89.20 plus VAT per advert. Insurance and bonding is recharged at 100% of the relevant charge to the office holder.

There is a statutory requirement for the Liquidator to apply for specific bond cover based on the expected realisations in each appointment. The bond premiums may be found on our website: <http://antonybatty.com/insolvency-resources>.

Travel costs with the exception of mileage costs are recharged at 100% of the cost incurred.

VAT is charged as appropriate.

**Category 2**

Postage Royal Mail postage rates.

Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.

VAT is charged as appropriate.

**PRACTICE FEE RECOVERY POLICY FOR ANTONY BATTY & COMPANY LLP****Introduction**

The insolvency legislation was changed in October 2015, with one or two exceptions, for insolvency appointments made from that time. This sheet explains how we intend to apply the alternative fee bases allowed by the legislation when acting as office holder in insolvency appointments. The legislation allows different fee bases to be used for different tasks within the same appointment. The fee basis or combination of bases, set for a particular appointment is/are subject to approval, generally by a committee if one is appointed by the creditors, failing which the creditors in general meeting, or the Court.

Further information about creditors' rights can be obtained by visiting the creditors' information micro-site published by the Association of Business Recovery Professionals (R3) at <http://www.creditorinsolvencyguide.co.uk/>. Details about how an office holder's fees may be approved for each case type are available in a series of guides issued with Statement of Insolvency Practice 9 (SIP 9) "Payments to Insolvency Office Holders and their Associates from an Estate" and can be accessed at <http://www.antonybatty.com/insolvency-resources>. Alternatively a hard copy may be requested from Antony Batty & Company LLP, 3 Field Court, Gray's Inn, London, WC1R 5EF or [office@antonybatty.com](mailto:office@antonybatty.com). Please note, however, that the guides have not yet been updated for the revised legislation, so we have provided further details in this policy document.

SIP 9 also contains various requirements that the office holder has to comply with in connection with their remuneration, both when seeking approval and when reporting to creditors and other interested parties after approval. One of the matters that an office holder has to comply with is that they must also seek approval for any payments that could reasonably be perceived as representing a threat to the office holder's objectivity or independence by virtue of a professional or personal relationship, including to an associate. Where it is anticipated that such payments will be made in a case they will be separately identified when seeking approval for the basis of the office holder's remuneration.

Other than in respect of Voluntary Arrangements an office holder is required to record the time spent on casework in all cases, even if they are being remunerated for that work on a basis other than time costs. Time is recorded directly to the relevant case and the nature of the work undertaken is recorded at that time. The work is generally recorded under the following categories:

- Case Administration (including statutory reporting).
- Realisation of Assets.
- Investigations.
- Creditors (claims and distributions).
- Trading
- Case specific matters.

### Time cost basis

When charging fees on a time costs basis we use charge out rates appropriate to the skills and experience of a member of staff and the work that they perform. This is combined with the amount of time that they work on each case, recorded in six minute units with supporting narrative to explain the work undertaken.

### Charge out Rates

Grade of staff	Current charge-out rate per hour, effective from 1\7\21 £
Partner – appointment taker	455
Senior Manager	395
Manager	375
Senior Administrator 1	285
Senior Administrator 2	325
Case Administrator	195
Junior case administrator	110

These charge-out rates charged are reviewed on 1 June each year and are adjusted to take account of inflation and the firm's overheads.

Members of staff with the appropriate level of experience and authority will be used for the various aspects of work necessary in this assignment.

In cases where we were appointed prior to 1 October 2015, most of our fees were recovered on a time costs basis and appropriate authority was obtained from the creditors or the committee as set down in the legislation. The legislation changed on 1 October 2015 and on new appointments we now only seek time costs on certain cases:

When we seek time costs approval, we have to set out a fees estimate. That estimate acts as a cap on our time costs so that we cannot draw fees of more than the estimated time costs without further approval from those who approved our fees. When seeking approval for our fees, we will disclose the work that we intend to undertake, the hourly rates we intend to charge for each part of the work, and the time that we think each part of the work will take. We will summarise that information in an average or "blended" rate for all of the work being carried out within the estimate, and by reference to each separate category of work. The blended rate is calculated as the prospective average cost per hour, based upon the estimated time to be expended by each grade of staff at their specific charge out rate. We will also say whether we anticipate needing to seek approval to exceed the estimate and, if so, the reasons that we think that may be necessary.

A report accompanying the request to fix the basis of remuneration will include the fees estimate, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make should include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the

office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal.

If we subsequently need to seek authority to draw fees in excess of the estimate, we will say why we have exceeded, or are likely to exceed the estimate; any additional work undertaken, or proposed to be undertaken; the hourly rates proposed for each part of the work; and the time that the additional work is expected to take. As with the original estimate, we will summarise that information in an average or “blended” rate for all of the work being carried out within the estimate, and by reference to each separate category of work, and will also say whether we anticipate needing further approval and, if so, why we think it may be necessary to seek further approval.

### **Percentage basis**

The legislation allows fees to be charged on a percentage of the value of the property with which the office holder has to deal (realisations and/or distributions). Different percentages can be used for different assets or types of assets. A report accompanying the request to fix the basis of remuneration will set out the potential assets in the case, the remuneration percentage proposed in respect of any realisations and the work covered by that remuneration, which may solely relate to work undertaken in connection with the realisation of the assets, but might also include other categories of work as listed above. The report will also include details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The percentage approved in respect of realisations will be charged against the assets realised, and where approval is obtained on a mixture of bases, any fixed fee and time costs will then be charged against the funds remaining in the liquidation after the realisation percentage has been deducted.

A percentage of distributions made to unsecured creditors may also be requested, in order to cover the work associated with the agreement of claims and making the distribution.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case, any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 it will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a percentage basis then an increase in the amount of the percentage applied can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the percentage applied. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

### **Fixed fee**

The legislation allows fees to be charged at a set amount. Different set amounts can be used for different tasks. A report accompanying the request to fix the basis of remuneration will set out the set fee that we proposed to charge and the work covered by that remuneration, as well as details of the expenses that will be, or are likely to be, incurred. Further information about expenses is given in a separate section below.

The disclosure that we make will include sufficient information about the insolvency appointment to enable you to understand how the proposed fee reflects the complexity (or otherwise) of the case,

any responsibility of an exceptional kind falling on the office holder, the effectiveness with which the office holder has carried out their functions, and the value and nature of the property with which the office holder has to deal. In order to meet the requirements of SIP 9 we will also explain why the basis requested is expected to produce a fair and reasonable reflection of the work that we anticipate will be undertaken on the case.

If the basis of remuneration has been approved on a fixed fee basis then an increase in the amount of the fixed fee can only be approved by the committee or creditors (depending upon who approved the basis of remuneration) in cases where there has been a material and substantial change in the circumstances that were taken into account when fixing the original level of the fixed fee. If there has not been a material and substantial change in the circumstances, then an increase can only be approved by the Court.

### **Direct Costs**

Where we seek approval on a percentage and / or fixed fee basis, in order to meet the requirements of SIP 9 we also have to disclose the direct costs that are included within the remuneration that will be charged on those bases in respect of the work undertaken. The following are direct costs that will be included in respect of work undertaken in respect of each of the standard categories of work where the office holder is to be remunerated for such work on either a percentage or fixed fee basis:

- Case Administration (including statutory reporting) –costs of case management system.
- Realisation of Assets costs of case management system.
- Investigations - costs of case management system.
- Creditors (claims and distributions) - costs of case management system.
- Trading - costs of case management system.

### **Mixed basis**

If remuneration is to be sought on a mixed basis, we will make it clear in the report accompanying the request to fix the basis of remuneration which basis will be charged for each category of work that is to be undertaken on the case.

### **Members' voluntary liquidations and Voluntary Arrangements**

The legislation is different for members' voluntary liquidations (MVL), Company Voluntary Arrangements (CVA) and Individual Voluntary Arrangements (IVA). In MVLs, the company's members set the fee basis, often as a fixed fee, and SIP 9 does not apply unless the members specifically request it. In CVAs and IVAs, the fee basis is set out in the proposals and creditors approve the fee basis when they approve the arrangement.

### **All bases**

With the exception of Individual Voluntary Arrangements and Company Voluntary Arrangements which are VAT exempt, the officeholder's remuneration invoiced to the insolvent estate will be subject to VAT at the prevailing rate.

### **Agent's Costs**

Charged at cost based upon the charge made by the Agent instructed, the term Agent includes:

- Solicitors/Legal Advisors
- Auctioneers/Valuers
- Accountants
- Quantity Surveyors
- Estate Agents
- Other Specialist Advisors

In new appointments made after 1 October 2015, the office holder will provide details of expenses to be incurred, or likely to be incurred, when seeking fee approval. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

### **Expenses**

As already indicated, a report will accompany the request to fix the basis of remuneration and that will include details of expenses to be incurred, or likely to be incurred. When reporting to the committee and creditors during the course of the insolvency appointment the actual expenses incurred will be compared with the original estimate provided.

Expenses are any payments from the insolvent estate that are neither an office holder's remuneration nor a distribution to a creditor, or a member. Expenses also include disbursements. Disbursements are payments that are first paid by the office holder and then reimbursed from the insolvent estate. Expenses are divided into those that do not need approval before they are charged to the estate (Category 1) and those that do (Category 2).

Category 1 expenses are payments to persons providing the service to which the expense relates who are not an associate of the office holder. They can be paid by the office holder without obtaining prior approval. Examples of costs that may amount to Category 1 expenses are professional advisors (who are not associates), statutory advertising, external meeting room hire (where the room is only hired for that meeting), external storage, specific penalty bond insurance, insolvency case management software fees charged on a per case basis, and Company search fees.

The London Gazette's price list can be accessed at <https://www.thegazette.co.uk/place-notice/pricing>. The Marsh Limited specific bond premiums may be found on our website: <http://antonybatty.com/resource>.

Category 2 expenses are either payments to associates, or payments in respect of expenses that have an element of shared costs, such as photocopying and mileage. Category 2 expenses require approval in the same manner as an office holder's remuneration before they can be paid.'

The practice intends to seek approval to recover the following Category 2 expenses that include an element of shared costs:

Postage: Royal Mail postage rates (Non-franked mail).

Travel: where Antony Batty & Company LLP staff use their own vehicles in the course of their duties in this matter, the mileage is recharged at 45p per mile.

VAT is charged as appropriate.

Professional advisors may be instructed to assist the office holder on the case where they consider that such assistance is necessary to enable them to appropriately administer the case. The fees charged by any professional advisors used will be recharged at cost to the case. Where the professional advisor is not an associate of the office holder it will be for the office holder to agree the basis of their fees. Where the professional advisor is an associate of the office holder it will be for those responsible for fixing the basis of the office holder's remuneration to approve payments to them. The fees of any professional advisors are subject to the rights of creditors to seek further information about them or challenge them as summarised below. Professional advisors that may be instructed on a case include:

- Solicitors/Legal Advisors;
- Auctioneers/Valuers;

- Accountants;
- Quantity Surveyors;
- Estate Agents;
- Pension specialists\*;
- Employment Claims specialists\*; and
- GDPR/Cyber Security specialists\*.

\* Note: where such professional advisors are instructed on a case, the office holder will not charge any remuneration to the case in respect of such work, other than in respect of supervising and monitoring their work.

### **Reporting and rights to challenge**

Once the basis of the office holder's remuneration has been approved, a periodic report will be provided to any committee and also to each creditor. The report will provide a breakdown of the remuneration charged by the office holder in the period covered by the report, i.e., the amount that the office holder is entitled to draw, together with the amount of remuneration actually drawn. If approval has been obtained for remuneration on a time costs basis, the time costs incurred will also be disclosed, whether drawn or not, together with the "blended" rates of such costs. The report will also compare the actual time costs incurred with those included in the fees estimate prepared when fixing the basis of the remuneration, and indicate whether the fees estimate is likely to be exceeded. If the fees estimate has been exceeded, or is likely to be exceeded, the report will explain why that is the case.

The report will also provide information about expenses incurred in the period covered by the report, together with those actually paid, together with a comparison with the estimated expenses. If the expenses incurred, or anticipated to be incurred, have exceeded the estimate provided the report will explain why that is the case.

Under the insolvency legislation the report must also include a statement of the legislative rights of creditors to request further information about the remuneration charged and expenses incurred in the period covered by the report, or to challenge them on the grounds that they are excessive. Extracts of the relevant insolvency rules dealing with these rights are set out below. Once the time period to seek further information about the office holder's remuneration and / or expenses for the period covered by the report has elapsed, then a Court Order is required to compel the office holder to provide further information about the remuneration and expenses. A Court order is required to challenge the office holder's remuneration and / or expenses for the period covered by the report. Once that period has elapsed, then a separate Court Order is required to allow an application out of time.

Under Rule 18.9 of the Insolvency (England and Wales) Rules 2006, 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 office holder's remuneration and expenses, within 21 days of receipt of any report for the period. Any secured creditor may request the same details in the same time limit.

Under Rule 18.34, 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 office holder's fees and the amount of any proposed expenses or expenses already incurred, within 8 weeks of receipt of any report for the period. Any secured creditor may make a similar application to court within the same time limit.

Under some old legislation, which still applies for insolvency appointments commenced before 6 April 2010, there is no equivalent mechanism for fees to be challenged.