

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company
Ehrmanns Limited

Company number
01302718

In the High Court of Justice, Chancery Division, Companies Court, The Strand, London (full name of court)
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<i>For court use only</i>
16524 of 2009

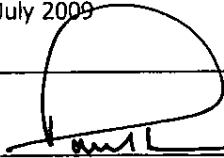
(a) Insert full name(s) and address(es) of administrators

We Paul David Williams and Andrew Gordon Stoneman  
MCR  
43-45 Portman Square  
London  
W1H 6LY

Administrators of the above Company attach a progress report for the period

(b) Insert date

From	To
(b) 17 July 2009	(a) 16 January 2010

Signed   
Joint Administrator

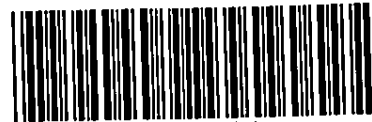
Dated 12.2.2010.

Contact Details:

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

MCR  
43-45 Portman Square  
London  
W1H 6LY  
Tel 020 7487 7240

SATURDAY



A27 \*A65XOHH4\* 306  
13/02/2010  
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Companies House, Crown Way, Cardiff CF14 3UZ

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**Ehmanns Limited  
(In Administration)**

**Joint Administrators' Progress Report to Creditors  
for the period from 17 July 2009 to 16 January 2010  
pursuant to Rule 2.47(1) of the  
Insolvency Rules 1986 as amended**

**12 February 2010**

SATURDAY

**Names of Joint Administrators:** Paul David Williams  
Andrew Stoneman

**Date of appointment:** 17 July 2009

**Date of report:** 12 February 2010

**Appointed by:** The Directors of the company

**Court reference:** High Court of Justice, Chancery Division,  
Companies Court, The Strand, London  
No. 16524 of 2009

**MCR**  
43-45 Portman Square  
London  
W1H 6LY

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## **1. INTRODUCTION**

- 1.1 Andrew Stoneman and I, both of MCR, were appointed Joint Administrators of Ehmanns Limited ("the Company") on 17 July 2009 by the directors of the Company pursuant Paragraph 22 of Schedule B1 to the Insolvency Act 1986 ("the Act")
- 1.2 In accordance with Paragraph 100(2) of Schedule B1 to the Act, our functions as the Joint Administrators are being exercised jointly and severally
- 1.3 The purpose of this report is to provide creditors with details of the progress of the Administration, in accordance with Rule 2.47(1) of The Insolvency Rules 1986 ("the Rules") for the six month period to 16 January 2010.
- 1.4 This report should be read in conjunction with our previous report to creditors dated 3 August 2009.

## **2. JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS**

- 2.1 We issued our Report to Creditors together with our Statement of Proposals ("the Proposals") on 3 August 2009
- 2.2 In accordance with Paragraph 52(1) of Schedule B1 to the Act, a creditors' meeting was not required to be held as it was anticipated that there would be insufficient realisations to enable a distribution to non-preferential creditors. No meeting was convened and, in accordance with Rule 2.33(5) of the Rules, our proposals were deemed to have been approved by creditors on 15 August 2009.
- 2.3 As advised in the Proposals, we must perform our functions with the purpose of achieving one of the following hierarchal objectives:
- Rescuing the Company as a going concern, or
  - Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
  - Realising property in order to make a distribution to one or more secured or preferential creditors
- 2.4 We believe that the third objective has been achieved as the sale of the business and certain assets has enabled a distribution to be made to the charge holder, Bank of Scotland plc ("BoS").

## **3. PROGRESS OF THE ADMINISTRATION**

- 3.1 The manner in which the affairs and business of the Company have been managed since our previous report and will continue to be managed and financed are set out below

### Sale of business

- 3.2 As detailed in the Proposals, the Company's business and certain assets were sold to E I Wines Limited on 17 July 2009. The sale consideration was paid in full on completion and was apportioned as follows:

	£
Stock	90,000
Prepayments	8,995
Furniture & equipment	7,000
Goodwill	1
Customer Contracts and Work in Progress	1
Book debts	1
Intellectual property	1
Business information	1
<b>Total</b>	<b><u>106,000</u></b>

- 3.3 The Company's book debts were assigned to BoS under the terms of a confidential invoice-discounting facility and BoS has sold its equitable interest in the debts to E I Wines Limited

### Freehold property

- 3.4 The freehold property at 29 Corsica Street, London, N5 1JT was marketed for sale by Copping Joyce LLP
- 3.5 The Joint Administrators accepted an initial offer in the sum of £750,000, however, heads of terms could not be agreed with the proposed purchaser.
- 3.6 The Joint Administrators eventually accepted an offer of £760,000 from Henley Property Holdings Limited. The sale completed on 7 January 2010.
- 3.7 BoS has a fixed charge over the property and therefore the net proceeds from the sale of the property have been paid directly to BoS.

### Other receipts

- 3.8 Bank interest of £23 has been received to date.

## 4. INVESTIGATIONS

- 4.1 We have a statutory obligation to file a report with the Department for Business, Innovation & Skills regarding the conduct of all directors of the Company that served in the three years prior to the appointment. Our report was submitted to the Insolvency Practitioners Compliance Unit on 14 January 2010. The content of this report is confidential

## 5. DIVIDEND PROSPECTS / PRESCRIBED PART

### Secured Creditors

- 5.1 In consideration for the monies advanced under a term loan and invoice discounting facility, the Company granted BoS a first ranking debenture dated 8 May 2000, which confers fixed and floating charges over all of the assets of the Company, including a fixed charge over the freehold property referred to in paragraph 3 4 above.
- 5.2 At the date of our appointment, the Company's indebtedness to BoS was approximately £2 6 million in respect of the invoice discounting facility, subject to accruing interest and charges. Additionally, BoS is also owed circa £2 25 million by way of term loans.
- 5.3 A distribution of £729,723 has been paid to BoS from net proceeds of the sale of the property. It is anticipated that a further distribution of approximately £18,000 will be paid to BoS from floating charge realisations
- 5.4 BoS will therefore suffer a significant shortfall.
- 5.5 Global Vintners Holdings Limited ("GVHL") holds a second-ranking debenture dated 4 April 2003 and is owed circa £650,000. There are insufficient realisations to pay a distribution to GVHL.

### Preferential Creditors

- 5 6 We are not aware of any preferential creditor claims at this time. The employees of the Company transferred to E I Wines Limited and therefore the Transfer of Undertakings (Protection of Employment) Regulations 2006 may apply.

### Prescribed Part

- 5.7 Pursuant to Section 176A of the Insolvency Act 1986, where a floating charge is created after 15 September 2003, a Prescribed Part of a company's net property shall be made available to non-preferential creditors.
- 5 8 The Prescribed Part does not apply in this case as the debenture in favour of BoS was created prior to 15 September 2003.

### Non-Preferential Creditors

- 5.9 According to the directors' Statement of Affairs, non-preferential creditors total £4,961,946. The non-preferential creditors can be summarised as follows:

	£
Trade & Expense Creditors	4,106,629
HM Revenue & Customs	847,817
Accruals	7,500
<b>Total</b>	<b><u>4,961,946</u></b>

- 5.10 Based upon the current information available, there will be insufficient realisations to enable a distribution to the non-preferential creditors of the Company.

## **6. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

- 6 1 A detailed receipts and payments account, for the period 17 July 2009 to 16 January 2010 and for the cumulative period of the Administration to date, is shown at Appendix 2.

## **7. COSTS AND EXPENSES**

- 7 1 Our firm's time costs are analysed at Appendix 3 in accordance with Statement of Insolvency Practice 9. Our time costs total £55,224, up to 5 February 2010, and £48,636 has been drawn as remuneration to date.
- 7 2 Category 1 disbursements total £40 and these have been repaid in full.
- 7 3 In accordance with Rule 2.106(5A) of the Insolvency Rules 1986, as amended, our remuneration was approved by the secured creditors, BoS and GVHL. Our remuneration is fixed by reference to the time properly spent by us and our staff

## **8. EC REGULATIONS**

- 8 1 It is our opinion that the EC Regulation on Insolvency Proceedings 2000 ("EC Regulation") apply and these proceedings are main proceedings as defined in Article 3 of the EC Regulation. The centre of main interest of the Company is in England

## **9. CONCLUSION AND ENDING THE ADMINISTRATION**

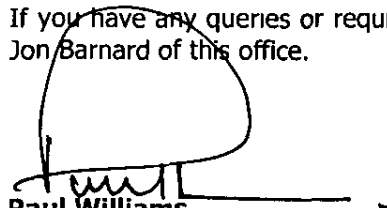
- 9.1 The Proposals advised that Administrations automatically come to an end after one year, unless an extension is granted by the Court or with the creditors' consent.
- 9 2 As the Company has no property with which to make a distribution to its non-preferential creditors, we anticipate that, once a final distribution has been paid to BoS and statutory matters are completed, a Notice to move from Administration to Dissolution – Form 2.35B ("the Notice") will be submitted to the Registrar of Companies pursuant to Paragraph 84 of Schedule B1 to the Act.
- 9 3 Following registration of the Notice by the Registrar of Companies, our appointment will cease to have effect, and we will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Act
- 9 4 At the end of three months beginning with the date of the Notice being registered by the Registrar of Companies, the Company will be dissolved

## **10. NEXT REPORT**

- 10 1 We are required to provide a progress report within one month of the end of the next six months of the Administration. It is anticipated that the Administration will come to an end before the anniversary on 17 July 2010. The final report will therefore be provided no later than 16 July 2010 or earlier if the Administration has been finalised.



- 10.2 If you have any queries or require any further assistance, please do not hesitate to contact Jon Barnard of this office.



**Paul Williams**  
Joint Administrator

**APPENDIX 1**  
**Statutory information**

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## STATUTORY INFORMATION

<b>Date of incorporation</b>	4 January 2000	
<b>Registered number</b>	01302718	
<b>Company directors</b>	Jonathan Mark Chapman Peter Dauthieu Nicholas Day Michael Jarzebowski Keith Lay Hugo Campbell	
<b>Company secretary</b>	Jonathan Mark Chapman	
<b>Shareholder</b>	Ehrmanns Holdings Limited	
<b>Trading address</b>	29 Corsica Street London N5 1JT	
<b>Registered office</b>	Current:	Formerly.
	43-45 Portman Square London W1H 6LY	29 Corsica Street London N5 1JT

## Financial information

	Period Ended 31 March 08 (Audited) £	Period Ended 31 March 07 (Audited) £
Turnover	<u>22,600,000</u>	<u>24,800,000</u>
Gross Profit	<u>2,334,116</u>	<u>2,584,938</u>
Retained profit/(loss) for the year	<u>(93,031)</u>	<u>212,069</u>

## **APPENDIX 2**

### **Joint Administrators' receipts and payments account**

**Ehmanns Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 17/07/2009 To 16/01/2010	From 17/07/2009 To 12/02/2010
£	£	£
<b>SECURED ASSETS</b>		
850,000 00	Freehold Land & Property	760,000 00
1 00	Goodwill	1 00
1 00	Intellectual Property	1 00
1,450,000 00	Book Debts	1 00
	Gross bank interest - fixed account	6 18
		760,009 18
<b>COSTS OF REALISATION</b>		
	Legal fees	10,500 00
	Legal disbursements	86 00
	Agent's/Valuer's fees - fixed	15,200 00
		(25,786 00)
<b>SECURED CREDITORS</b>		
(2,272,499 00)	Bank of Scotland plc - Term Debt	729,722 68
(3,000,000 00)	Bank of Scotland plc - Cashflow Finance	NIL
		(729,722 68)
<b>ASSET REALISATIONS</b>		
7,000 00	Furniture & Equipment	7,000 00
90,000 00	Stock	90,000 00
2,933 00	Staff Loans	NIL
	Bank Interest Gross	17 30
8,995 00	Prepayments	8,995 00
	Insurance re-charge to E I Wines Limited	0 00
1 00	Business Information	1 00
1 00	Customer Contracts and work-in-progress	1 00
		106,014 30
<b>COST OF REALISATIONS</b>		
	MCR Pre - Appointment fees	2,976 00
	Joint administrators' remuneration	40,724 55
	Joint administrators' disbursements	70 00
	Menzies LLP re consultancy	787 75
	Agent's/Valuer's fees	7,025 60
	Legal fees	15,500 00
	Legal disbursements	18 00
	Stationery & Postage	442 23
	Statutory Advertising	75 60
	Other Property Expenses	450 00
	Insurance of Assets	1,218 11
	Bank Charges	26 01
		(69,313 85)
<b>FLOATING CHARGE CREDITORS</b>		
(650,000 00)	Global Vintners - Loan Stock	NIL
		NIL
<b>UNSECURED CREDITORS</b>		
(4,106,629 00)	Trade & Expense Creditors	NIL
(7,500 00)	Accruals	NIL
(847,817 00)	HM Revenue & Customs	NIL
		NIL
<b>DISTRIBUTIONS</b>		
(339,111 00)	Ordinary Shareholders	NIL
		NIL
<b>(8,814,624 00)</b>		<b>43,698 07</b>
		<b>35,670 06</b>
<b>REPRESENTED BY</b>		
	VAT Receivable	1,384 58
	Fixed bank account	380 00
	Floating/main current account	19,727 84
	general Vat control account	10,060 14
	Fixed charge VAT control account	4,117 50
		<b>35,670.06</b>

**APPENDIX 3**  
**Analysis of time costs**

## EHRMANN'S LIMITED (In Administration)

### Analysis of Joint Administrators' time costs for the period 17 July 2009 to 5 February 2010

Classification of Work Function	Hours					Total Hours	Time Cost £	Av hourly Rate £
	Partner	Manager	Senior	Assistant	Support			
<b>Administration and Planning</b>								
Strategy planning & control	2 40	8 40	6 90	55 70		73 40	11,044 00	150 46
General correspondence	0 20	2 30	17 20	28 60		48 30	7,799 50	161 48
Proposals	1 70	5 80	5 40	19 20		32 10	5,877 00	183 08
General admin		0 30	4 20	20 30		24 80	3,087 00	124 48
Cashiering & accounting	0 90	1 30	2 10	9 20		13 50	2,488 50	184 33
Statement of affairs	0 30	2 60	3 70	0 50		7 10	2,029 00	285 77
Statutory matters (Meetings, Reports and Notices)			2 10			2 10	516 50	245 95
Meetings				1 80		1 80	227 00	126 11
Financial review		0 60				0 60	226 50	377 50
IPS set up & maintenance		0 10		1 10		1 20	160 00	133 33
<b>Investigations</b>								
CDDA, reports & Communication	0 90	1 20	9 00	2 50		13 60	3,457 00	254 19
Financial review and investigations (S238/239 etc.)		0 10	2 00	0 50		2 60	613 50	235 96
<b>Realisation of Assets</b>								
Fixed charge assets	3 60	7 20	16 00	0 50		27 30	8,287 00	303 55
Floating charge assets	0 20	0 70	0 80	0 50		2 20	589 50	267 95
Book debts		0 70	0 40	0 70		1 80	421 00	233 89
Sale of business			1 30			1 30	312 00	240 00
<b>Trading</b>								
Retention of title	0 40	4 20	4 60	6 40		15 60	3,623 50	232 28
<b>Creditors</b>								
Unsecured creditors	0 20	3 00	4 90	5 40		13 50	2,850 00	211 11
Secured Creditors	0 70		1 90			2 60	771 00	296 54
Employee matters		0 40	0 30	2 40		3 10	432 00	139 35
Preferential creditors				0 10		0 10	9 00	90 00
<b>Case Specific Matters</b>								
Closings		0 10	1 40			1 50	403 50	269 00
<b>Total Hours</b>	<b>11 50</b>	<b>39 00</b>	<b>84 20</b>	<b>155 40</b>	<b>0 00</b>	<b>290 10</b>		<b>190 36</b>
<b>Total Fees Claimed (£)</b>	<b>5,319 00</b>	<b>14,196 00</b>	<b>20,601 50</b>	<b>15,107 50</b>	<b>0 00</b>		<b>55,224 00</b>	

#### Category 1 Disbursements:

Classification	£
Bordereau	20 00
Land Registry charges	18 00
Companes House	2 00
<b>Total</b>	<b>40 00</b>