

The Insolvency Act 1986 Notice of move from administration to dissolution

2.35B

Name of Company Ehrmanns Limited	Company number 01302718
In the High Court of Justice, The Strand, London (full name of court)	<i>For court use only</i> 16524 of 2009

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

We (a) Paul David Williams and Andrew Gordon Stoneman of MCR, 43-45 Portman Square, London, W1H 6LY

(b) Insert name and address of the registered office of company

having been appointed administrator(s) of (b) Ehrmanns Limited 43-45 Portman Square, London, W1H 6LY, ("the company")

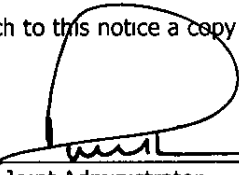
(c) Insert date of appointment

On (c) 17 July 2009 by (d) the directors of the company

(d) Insert name of appointor

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

We attach to this notice a copy of the final progress report

Signed 
Joint Administrator

Dated 12/7/2010

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.

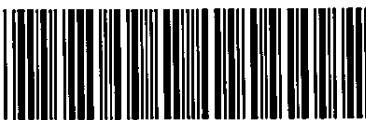
MCR
43-45 Portman Square
London
W1H 6LY

Tel 020 7487 7240

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff



A3Y0QLN9

A33 13/07/2010 388

COMPANIES HOUSE

TUESDAY

**Ehrmanns Limited
(In Administration)**

**Final Progress Report of the Joint Administrators
for the period from 17 January 2010 to 12 July 2010
pursuant to Rule 2.110 of the
Insolvency Rules 1986 as amended**

12 July 2010

Names of Joint Administrators: Paul David Williams
Andrew Stoneman

Date of appointment: 17 July 2009

Date of report: 12 July 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

CONTENTS

- 1 Introduction
2. Background
3. Progress of the Administration to date
4. Joint Administrators' remuneration
5. Dividend prospects / Prescribed Part
6. Joint Administrators' receipts and payments account
7. Creditors' meeting
- 8 End of Administration
- 9 Other matters

APPENDICES

1. Statutory information
2. Information relating to the sale of business and certain assets to E I Wines Limited
- 3 Analysis of the Joint Administrators' time costs
- 4 Receipts and payments account
- 5 Form 2.35B – Notice of move from Administration to dissolution

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 to Paragraph 22 of Schedule B1 to the Insolvency Act 1986 ("the Act")
- 1.2 The purpose of this report is to provide creditors with a final account of the progress of the Administration, in accordance with Rule 2.110 of the Insolvency Rules 1986 ("the Rules"), as amended
- 1.3 This report should be read in conjunction with our earlier reports to creditors dated 3 August 2009 and 12 February 2010.

2. BACKGROUND

- 2.1 The Company was incorporated on 4 January 2000. Statutory information on the Company and a summary of its financial position are included within Appendix 1
- 2.2 The purpose of the Administration was to achieve one of the following hierarchical 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.
- 2.3 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 one of the Company's charge-holders, Bank of Scotland plc ("BoS").

3. PROGRESS OF THE ADMINISTRATION TO DATE

- 3.1 The manner in which the affairs and business of the Company have been managed since our appointment are set out below.

Sale of business and assets

- 3.2 Upon our appointment, we completed a sale of the Company's business and certain assets to a third party, E I Wines Limited ("the Purchaser") for £106,000. Where Insolvency Practitioners are party to a pre-packaged sale, best practice guidelines require them to disclose to creditors, where practicable, certain information in respect of that pre-packaged sale. This information was included within the first notification to creditors dated 21 July 2009, however, for your reference, we attach a further copy of the information at Appendix 2 of this report.

Book debts

- 3.3 The Company's book debts were assigned to BoS under the terms of a confidential invoice-discounting facility and BoS sold its equitable interest in the debts to the Purchaser.

Freehold Property

- 3.4 The Company owned the freehold property at 29 Corsica Street, London, N5 1JT ("the Property") and the Property was sold for £760,000 on 7 January 2010
- 3.5 BoS has a fixed charge over the Property and therefore the net proceeds from the sale of the Property, after the deduction of costs, have been paid directly to BoS

Other receipts

- 3.6 Bank interest of £28 has been received

4. JOINT ADMINISTRATORS' REMUNERATION

- 4.1 The basis of the Joint Administrators' remuneration was approved by the secured creditors of the Company in accordance with our proposals to creditors dated 3 August 2010 ("the Proposals").
- 4.2 Our firm's time costs for the period 17 July 2009 up to and including 11 July 2010 total £69,807. A schedule of these time costs is set out at Appendix 3.
- 4.3 Of this, a total of £58,515 plus VAT has been drawn to date. The balance of these time costs, as well as any future time costs, will be written off.
- 4.4 Category 1 disbursements of £1,771 plus VAT have been paid in full. There are no category 2 disbursements.
- 4.5 Fees of £2,976 plus VAT have been drawn from the Administration in respect of the pre-appointment time costs incurred by MCR relating to the appointment of the Joint Administrators, in accordance with Rule 2.67(1)(c) of the Insolvency Rules 1986.
- 4.6 A guide to our fees has been produced to provide creditors with information required by best practise guidance in accordance with Statement of Insolvency Principle 9 ("SIP9"). We recommend that this guidance is read in conjunction with the note entitled "A Creditors Guide to Administrators' fees", pursuant to SIP9, which can be found on the MCR website www.mcr.uk.com. Should you require a paper copy, please contact this office.

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 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 was owed circa £2.25 million by way of term loans.
- 5.3 Distributions totalling £733,768 have been paid to BoS under its fixed charge from the net proceeds of the sale of the Property. A distribution of £18,400 has also been paid to BoS under its floating charge.

- 5.4 BoS will therefore suffer a significant shortfall.
- 5.5 Global Vinters 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 The employees of the Company were transferred to the Purchaser and therefore the Transfer of Undertakings (Protection of Employment) Regulations 2006 is likely to apply.
- 5.7 Any claims that employees may have for arrears of pay, subject to certain limits, and all outstanding statutory holiday pay, rank as a preferential claim against the Company. No claims have been received.

Prescribed Part

- 5.8 Pursuant to Section 176A of the Act, 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.
- 5.9 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

- 5.10 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
Total	<u>4,961,946</u>

- 5.11 There are insufficient realisations to enable a dividend to be paid to the non-preferential creditors of the Company.

6. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

- 6.1 A receipts and payments account for the period 17 January 2010 to 12 July 2010 is attached at Appendix 4, together with a receipts and payments account for the cumulative period of the Administration to date.

7. CREDITORS' MEETING

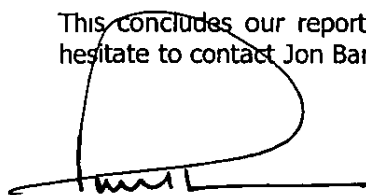
- 7.1 A meeting of creditors was not held and therefore the Joint Administrators' remuneration was deemed approved 12 days from the date of the circulation of our proposals on 3 August 2009. The proposals were subsequently approved by the secured creditors of the Company.

8. END OF ADMINISTRATION

- 8.1 The Proposals advised that the Administration will automatically come to an end after one year, unless an extension is granted by the Court or with creditor consent. It has not been necessary to extend the Administration in this case.
- 8.2 In accordance with the Proposals, we will now be giving notice to the Register of Companies to the effect that the Company has no property which might permit a further distribution to any class of creditor, at which stage the Administration will be brought to an end
- 8.3 Attached at Appendix 5 is Form 2 35B – Notice of move to dissolution (“the Notice”), which will be filed at Companies House.
- 8.4 The Company will be dissolved within three months following the registration of the Notice.

9. OTHER MATTERS

- 9.1 This concludes our report. If you require further information or assistance, please do not hesitate to contact Jon Barnard of this office



Paul Williams
Joint Administrator

APPENDIX 1

STATUTORY INFORMATION

STATUTORY INFORMATION

Date of incorporation 4 January 2000

Registered number 01302718

Company directors
 Hugo Campbell
 Jonathan Mark Chapman
 Peter Dauthieu
 Nicholas Day
 Michael Jarzebowski
 Kelth Lay

Company secretary Jonathan Mark Chapman

Shareholders

	Number of ordinary 50p shares.	Number of ordinary "A" shares of 50p each.
Ehmanns Holdings Limited	570,222	108,000

Trading address 29 Corsica Street
 London
 N5 1JT

Registered Office	Current	Formerly
	43-45 Portman Square London W1H 6LY	29 Corsica Street London N5 1JT

Financial information	Year Ended 31 March 2008 (Audited) £	Year Ended 31 March 2007 (Audited) £
Turnover	22,600,000	24,800,000
Gross Profit	2,334,116	2,584,938
Retained profit/(loss) for the year	<u>(93,031)</u>	<u>212,069</u>

APPENDIX 2
INFORMATION RELATING TO THE SALE OF BUSINESS AND CERTAIN ASSETS TO
E I WINES LIMITED



CORPORATE
RESTRUCTURING

Our ref PDW/PXC/JAB/EHR001/568766

Your ref:

43 - 45 Portman Square
London W1H 6LY

t +44 (0)20 7487 7240

f +44 (0)20 7487 7299

NOTICE TO ALL CREDITORS OF THE APPOINTMENT OF ADMINISTRATORS

www.mcr.uk.com

When telephoning please ask for
Jon Barnard

e-mail
jbarnard@mcr.uk.com

Direct dial
0207 487 7233

21 July 2009

Dear Sirs

Ehmanns Limited (In Administration) ("the Company")

I was appointed Joint Administrator of the Company on 17 July 2009, together with my partner, Andrew Stoneman. The appointment was made by the directors of the Company. A formal notice of our appointment is attached.

The primary function of an administrator is to achieve one of the objectives set out in the Insolvency Act 1986 (as amended). We are presently examining the financial position of the Company. Please can you provide details of your claim on the attached form.

The officers of the Company are required to submit a statement of affairs, but as yet we are not in a position to give any detailed information regarding the financial position. We shall send you a report as soon as it is reasonably practicable which will explain the objectives of the administration and give details of the financial position of the Company. At that time we may also convene a meeting of creditors and will advise you of the prospects of a dividend.

If you have commenced recovery proceedings against the Company I suggest you contact Jon Barnard before continuing, as a matter of priority, because no legal processes may continue against the Company without my consent or permission of the Court.

Upon my appointment I completed a sale of the Company's business and certain assets to E I Wines Limited. Where Insolvency Practitioners are party to a pre-packaged sale, best practice guidelines require them to disclose to creditors, where practicable, certain information in respect of that pre-packaged sale within the first notification to creditors. Accordingly, please refer to Appendix 1 for such information with respect to the sale of the Company's business and certain assets.

Finally, if you contend that you have any form of security or reservation of title in respect of goods that you previously supplied, please telephone Jon Barnard of my office immediately and provide full written details and copies of documentation relating to your claim.

Yours faithfully
For and on behalf of
Ehmanns Limited


Paul Williams
Joint Administrator

The affairs, business and property of the company are being managed by the Joint Administrators who act as agents for the company and without personal liability.



Appendix 1

In accordance with Statement of Insolvency Practice 16, I outline below details of the sale of the Company's business and certain other assets to E I Wines Limited ("E I Wines"):

- 1 The source of the administration was from an initial introduction from Maurice Austin of Goodman Jones LLP, the auditors of the Company. Goodman Jones LLP were conflicted due to their status as auditors of the Company; therefore the directors were referred to MCR for insolvency advice.
- 2 MCR first met with the directors to review the financial position of the Company on 23 April 2009. They discussed with the directors the various options available including the appointment of administrators. The Company's main assets consisted of book debts, which were assigned to Bank of Scotland plc ("BoS") under an invoice discounting facility (and therefore not actually owned by the company), a freehold property which was subject to a fixed charge with BoS, and stock. MCR held further discussions with the directors regarding potential interest in purchasing the stock and other assets of the Company. The directors advised me that they had formed a new company, E I Wines. The directors also advised that E I Wines wished to acquire the Company's business and other assets.
- 3 No marketing activities were conducted by the Joint Administrators for the following reasons:
 - Prior to the appointment of the Joint Administrators, the Company had formulated a business development plan in order to attract interest in the Company and the business. The Company approached several interested parties with a view to either selling the entire issued share capital of the Company, merging operations with another company or securing investment in the Company. One third party expressed a strong interest in acquiring the entire issued share capital of the Company, however no formal offer was received.
 - The directors and their advisors confirmed that no other party would be interested in making an offer for the business without a prolonged period of due diligence. Further, any offer was unlikely to be in excess of the offer received from E I Wines Limited.
 - The indebtedness due to "BoS" is in excess of £5million, which is substantially higher than the realisable value of the Company's assets. BoS hold a fixed and floating charge over the assets of the Company and there are, therefore, no assets available to the unsecured creditors of the Company. BoS have consented to the sale of the business and certain assets to E I Wines Limited.
 - The stock held by the Company was likely to be subject to significant reservation of title claims and warehousing liens, thus making trading the Company whilst in Administration unviable.
- 4 A valuation of the chattel assets was obtained from independent agents and valuers, Hilco Appraisal Europe. The assets were valued at £7,000 on an in-situ basis and £2,500 on an ex-situ basis. The Company's stock was valued at £311,500 on 12 May 2009, however the costs of realisation of the stock was estimated to be in the region of £180,000. Furthermore, there were expected to be a number of Reservation of Title claims over certain of the stock. Since the date of the valuation, the stock held by the Company has reduced further.
- 5 The Joint Administrators assessed the other options available to the Company. As no funding was available to trade during an Administration, the only other practical possibility was the closure of the business and a forced sale of the stock.



- 6 The Joint Administrators believe it was not appropriate to trade the business and offer it for sale as a going concern during the administration for the following reasons:
- The Joint Administrators were unable to maintain operations due to there being no available working capital funding to meet ongoing business overheads and costs.
 - The Joint Administrators did not believe that it would be possible to identify any other interested parties for the reasons stated in 3 above
- 7 BoS was consulted by the Joint Administrators regarding the proposed sale, and granted their consent. BoS is the largest creditor and is likely to suffer a significant shortfall
- 8 The Company's business and certain assets were sold to E I Wines (Company number 06891852) on 17 July 2009.
9. Mark Chapman, Peter Dominic Dauthieu, and Hugo Campbell, the directors of the Company, are the directors of E I Wines Global Vintners Holdings Limited is the sole shareholder of E I Wines
- 10 The total sale consideration for the business and assets was £106,000 which was paid in full on completion. The sale completed following recommendation received from an independent firm of agents and valuers, Hilco Appraisal Europe.

The assets sold and the apportionment of the consideration is shown below

	£
Stock	90,000
Prepayments	8,995
Chattel Assets	7,000
Business Information	1
Goodwill	1
Intellectual Property Rights	1
Customer Contracts and Work in Progress	1
Book Debts	1
Total	<u>106,000</u>

The book debts are assigned to BoS and BoS have sold their equitable interest in the debts to E I Wines. BoS are likely to suffer a considerable shortfall as a result of the sale. The freehold property was also excluded from the sale. The property is subject to a fixed charge with BoS and the Joint Administrators will take steps to sell the property on BoS's behalf. All of the company's employees have been transferred to E I Wines under the Transfer of Undertakings (Protection of Employment) Regulations 2006.

- 11 The Company was financed by BoS by way of term loans and an invoice discounting facility. BoS are not funding E I Wines.
12. The sale was part of a wider transaction, being the sale of the Company's book debts to E I Wines by BoS.
13. There are no options, buy-back arrangements or similar conditions attached to the contract of sale.

APPENDIX 3
ANALYSIS OF THE JOINT ADMINISTRATORS' TIME COSTS

EHRMANN'S LIMITED (IN ADMINISTRATION)

Analysis of Joint Administrators' time costs for the period 17/07/2009 to 11/07/2010

Classification of Work Function	Hours					Total Hours	Time Cost £	Av hourly Rate £
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
Cashiering & accounting	1 40	1 70	3 20	11 20		17 50	3,419 00	195 37
Financial review		1 30	0 40			1 70	609 00	358 24
General admin		0 30	7 90	24 70		32 90	4,518 50	137 34
General correspondence	0 60	2 70	21 20	31 60		56 10	9,503 00	169 39
IPS set up & maintenance		0 10		1 10		1 20	160 00	133 33
Meetings				1 80		1 80	227 00	126 11
Proposals	1 70	5 80	5 40	19 20		32 10	5,877 00	183 08
Statement of affairs	0 30	2 60	3 70	0 50		7 10	2,029 00	285 77
Statutory matters (Meetings, Reports and Notices)	0 60	0 80	7 20	1 70		10 30	2,820 00	273 79
Strategy planning & control	3 00	8 40	17 60	62 30		91 30	14,836 50	162 50
Investigations								
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
Realisation of Assets								
Book debts		0 70	0 40	1 00		2 10	451 00	214 76
Fixed charge assets	3 60	7 20	16 00	0 50		27 30	8,287 00	303 55
Floating charge assets	0 20	0 90	0 80	0 50		2 40	668 50	278 54
Sale of business			1 50			1 50	365 00	243 33
Trading								
Retention of title	0 40	4 20	4 60	6 40		15 60	3,623 50	232 28
Creditors								
Employee matters		0 40	0 60	2 60		3 60	550 50	152 92
Preferential creditors				0 10		0 10	9 00	90 00
Secured Creditors	0 70		4 80			5 50	1,539 50	279 91
Unsecured creditors	0 20	3 80	7 90	6 40		18 30	4,061 00	221 91
Case Specific Matters								
Closings		2 00	5 10	2 00		9 10	2,182 50	239 84
Total Hours	13.60	44 20	119 30	176 60	0 00	353.70		197 36
Total Fees Claimed (£)	6,358 50	16,082 00	29,898 00	17,468 50	0 00		69,807.00	

Category 1 Disbursements:

Classification of Work	Details of Payee	£
Court fees	HM Courts Service	30 00
Company searches	Companies House	3 00
Bordereau	Willis	20 00
Land Registry	HM Land Registry	18 00
Tax advisors' fees	Goodman Jones LLP	1,700 00
Total		1,771 00

APPENDIX 4
RECEIPTS AND PAYMENTS ACCOUNT

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

Statement of Affairs £	From 17/01/2010 To 12/07/2010 £	From 17/07/2009 To 12/07/2010 £
	SECURED ASSETS	
850,000 00	Freehold Land & Property Nil	760,000 00
1 00	Goodwill Nil	1 00
1 00	Intellectual Property Nil	1 00
1,450,000 00	Book Debts Nil	1 00
	Gross bank interest - fixed account Nil	6 18
	Nil	760,009 18
	COSTS OF REALISATION	
	Legal fees Nil	10,500 00
	Legal disbursements Nil	86 00
	Agent's/Valuer's fees - fixed Nil	15,200 00
	Other property expenses Nil	450 00
	Bank Charges 5 00	5 00
	(5 00)	(26,241 00)
	SECURED CREDITORS	
(2,272,499 00)	Bank of Scotland plc - Term Debt 4,045 50	733,768 18
(3,000,000 00)	Bank of Scotland plc - Cashflow Financ Nil	Nil
	(4,045 50)	(733,768 18)
	ASSET REALISATIONS	
7,000 00	Furniture & Equipment Nil	7,000 00
90,000 00	Stock Nil	90,000 00
2,933 00	Staff Loans Nil	Nil
	Bank Interest Gross 4 26	21 56
8,995 00	Prepayments Nil	8,995 00
	Insurance recharge to E I Wines Limit 2,441 91	2,441 91
1 00	Business Information Nil	1 00
1 00	Customer Contracts and work-in-progr Nil	1 00
	2,446 17	108,460 47
	COST OF REALISATIONS	
	MCR Pre - Appointment fees Nil	2,976 00
	Joint administrators' remuneration 17,790 35	58,514 90
	Joint administrators' disbursements 1,701 00	1,771 00
	Menzies re consultancy Nil	787 75
	Agents/Valuers fees (1) - floating Nil	7,025 60
	Legal fees - floating Nil	15,500 00
	Legal disbursements Nil	18 00
	Stationery & Postage 295 90	738 13
	Storage Costs 174 00	174 00
	Statutory Advertising Nil	75 60
	Insurance of Assets 1,223 80	2,441 91
	Bank Charges 11 57	37 58
	(21,196 62)	(90,060 47)
	FLOATING CHARGE CREDITORS	
	Bank of Scotland plc 18,400 00	18,400 00
(650,000 00)	Global Vintners - Loan Stock Nil	Nil
	(18,400 00)	(18,400 00)
	UNSECURED CREDITORS	
(4,106,629 00)	Trade & Expense Creditors Nil	Nil
(7,500 00)	Accruals Nil	Nil
(847,817 00)	HM Revenue & Customs Nil	Nil
	Nil	Nil
	DISTRIBUTIONS	
(339,111 00)	Ordinary Shareholders Nil	Nil
	Nil	Nil
(8,814,624 00)	(41,200 95)	Nil

APPENDIX 5

FORM 2.35B – NOTICE OF MOVE FROM ADMINISTRATION TO DISSOLUTION

