

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company A & D Hope (SCS.) Limited	Company number 01683824
In the The High Court of Justice, Chancery Division, Companies Court, London (full name of court)	For court use only 14910 of 2009

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

We (a) Paul David Williams and Jason James Godefroy of MCR, 43-45 Portman Square, London, W1H 6LY

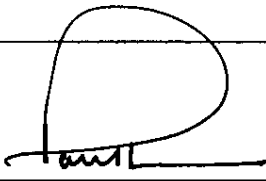
Joint Administrators of the above Company attach a progress report for the period

From

To

(b) Insert date

(b) 17 June 2009	(b) 16 December 2009
------------------	----------------------

Signed  Joint Administrator

Dated 12.1.10 .

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

Completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff CF14 3UZ

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THURSDAY

**A & D Hope (SCS.) Limited
(In Administration)**

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

11 January 2010

Names of Joint Administrators: Paul David Williams
Jason James Godefroy

Date of appointment: 17 June 2009

Date of report: 11 January 2010

Appointed by: the directors of the Company

Court reference: High Court of Justice Number 14910 of 2009

MCR
43-45 Portman Square
London
W1H 6LY

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DEFINITIONS

Insolvency Act 1986 / Insolvency Rules 1986 (as amended)	the Act / the Rules
Her Majesty's Revenue and Customs	HMRC
Paul Williams / Jason Godefroy	the Joint Administrators
A & D Hope (SCS.) Limited	ADH and/or the Company
Ingenuity Clothing Limited	ICL and/or the Purchaser
Transfer of Undertaking (Protection of Employment) Regulations 2006	TUPE
Department of Business Innovation and Skills	DBIS
Statement of Insolvency Practice	SIP

1. INTRODUCTION

- 1.1 Jason James Godefroy and I of MCR were appointed Joint Administrators of the Company on 17 June 2009 by the directors of the Company pursuant to paragraph 22 of Schedule B1 to 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 joint 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 Rules, for the six month period to 16 December 2009. This report should be read in conjunction with our earlier report to creditors dated 17 July 2009.

2. JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS

- 2.1 We issued our report to creditors together with the Statement of Proposals ("the Proposals") on 17 July 2009.
- 2.2 In accordance with Paragraph 52(1) of Schedule B1 to the Act, a creditors' meeting was not held as we considered there would be insufficient asset realisations to enable a distribution to be made to the non-preferential creditors, other than from the prescribed part, if any. In accordance with Rule 2.33(5) of the Rules, the Proposals were deemed approved by creditors following the expiry of 12 days from the date they were sent to creditors.
- 2.3 As advised in the Proposals, we must perform our functions with the purpose of achieving 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.
- 2.4 In accordance with Paragraph 49(2) of the Act, the first objective has not been achieved as a sale of certain of the Company's business and assets completed on 17 June 2009.
- 2.5 We believe the second objective has been achieved as the sale of the Company's business and assets on 17 June 2009 resulted in distributions to the Company's secured lender, Bank Leumi, and has minimised preferential claims against the Company as they transferred to the Purchaser.
- 2.6 In addition, the sale assisted to protect the collection of the Company's outstanding book debts and reduce claims made against Bank Leumi under the letter of credit facility, which is further discussed later in the report.

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 and will continue to be managed and financed are set out below.

Pre-Packaged Sale of Business and Assets

- 3.2 Following our appointment, we immediately completed a sale of certain of the Company's business and assets to ICL on 17 June 2009 for a total sales consideration of £100,500.
- 3.3 ICL paid £50,000 upon completion as previously reported. This was received by our solicitors on 17 June 2009 and was subsequently transferred to the Company's estate bank account. The remaining deferred sales consideration of £50,500 was received on 10 August 2009 in accordance with the sale and purchase agreement. No further realisations are anticipated from this source.

Book debts

- 3.4 The book debts of the Company are subject to a Confidential Invoice Discounting agreement with Leumi ABL Limited ("ABL") dated 10 April 2007.
- 3.5 The Company operated three sales ledgers, in Sterling, US Dollar and Euro currencies. The Sterling ledger is the principal sales ledger.

Sterling Sales Ledger

- 3.6 As at the date of our appointment, the Company's outstanding sales ledger totalled £908,428. As at 22 December 2009, book debt collections total £537,026.

Euro Sales Ledger

- 3.7 As at the date of our appointment, the Company's outstanding sales ledger totalled €106,249. As at 22 December 2009, book debt collections total €2,704. ABL has advised that the remaining balance is uncollectable.

US Dollar Sales Ledger

- 3.8 We previously reported that the US Dollar sales ledger totalled \$11,247. However, following communications with ABL, the sales ledger as at the date of our appointment totalled \$19. ABL have reported that the balance has been paid in full and no further realisations are anticipated.
- 3.9 The Company's outstanding book debts are being collected by ABL and further information on the progress of the book debt collections will be provided to creditors in our next report.
- 3.10 Based on the current available information, it is anticipated that there will be insufficient book debt collections to enable ABL to be repaid in full.

A & D Hope (Retail) Limited

- 3.11 The Company is owed £230,398 from A & D Hope (Retail) Limited ("ADR"), a 100% owned subsidiary. As previously reported, the principal activity of ADR was the running of a shop which sold the Company's stock.
- 3.12 The director's Statement of Affairs advised that the estimated realisable value of the debt was zero.
- 3.13 We pursued ADR by letter requesting immediate settlement of the debt. On 20 August 2009, ADR responded and advised that ADR ceased trading and had no assets. Accordingly, we considered that there was no merit in pursuing the debt further and the debt has been written off in full.

The Keenan Leather Company (1995) Limited ("Keenan")

- 3.14 As previously reported, the Company owns 100% of the share capital of Keenan.
- 3.15 We understand that Keenan has no assets and was dormant at the date of our appointment. ICL was interested in purchasing the shares of Keenan but subsequently withdrew its interest.
- 3.16 No realisations are anticipated from this source.

Other debtors

- 3.17 As at the date of our appointment, we understood that c£13,000 was due from certain of the Company's employees. Following investigations into the loans and receipt of the director's Statement of Affairs, it was identified that £5,174 was due to the Company.
- 3.18 Following communications with ICL, ICL confirmed that it wished to acquire the loans in full. On 22 September 2009, £5,174 was received in full and final settlement of the loans. No further realisations are expected.
- 3.19 In addition, we previously advised that there may have been a debt due from the Company's occupational pension scheme for c£6,000. Following communications with ICL and the Company's pension provider, it appears that no debt is due to the Company in this regard.
- 3.20 We continue to investigate the possibility of reclaiming the pre-payment of £1,337. We will update creditors further in due course.

4. INVESTIGATIONS

- 4.1 We have a statutory obligation to file a report with the DBIS regarding the conduct of all directors of the Company that served in the three years prior to our appointment. The content of this report is confidential. The report was submitted to the Insolvency Practitioners Compliance Unit on 14 August 2009.

5. DIVIDEND PROSPECTS / PRESCRIBED PART

Secured Creditors

Leumi ABL Limited ("ABL")

- 5.1 In consideration for monies advanced, the Company granted ABL a first ranking debenture dated 10 April 2007, which confers fixed and floating charges over all of the assets of the Company.
- 5.2 As at the date of our appointment, the Company's indebtedness to ABL was approximately £632,820, subject to accruing interest and charges.
- 5.3 The book debts of the Company were assigned to ABL via a Confidential Invoice Discounting agreement. ABL continues to collect the Company's outstanding book debts.
- 5.4 As previously mentioned, based on the current available information, it is anticipated that there will be insufficient book debt collections to enable a surplus to be made available to the Company after ABL's indebtedness has been repaid in full. A further update will be provided to creditors in due course.

Bank Leumi (UK) Plc ("Leumi")

- 5.5 In consideration for monies advanced, the Company also granted Leumi a second ranking debenture dated 16 April 2009, which confers fixed and floating charges over all of the assets of the Company. At the date of our appointment, the Company's indebtedness to Leumi can be summarised as follows:

	Amount (£)
Current account	85,921
Loan	1,843,624
Accepted Letters of Credit	913,553
Total	<u>2,843,098</u>

- 5.6 In addition to Leumi's overdraft and bank loan as shown above, the Company operated a letter of credit facility. Letters of Credit are, in effect, promises to pay another party a defined sum of money at a future date subject to certain conditions being met. These are usually issued to overseas suppliers.
- 5.7 A number of these letters of credit were outstanding as at the date of our appointment. As at 17 June 2009, Leumi was obligated to pay a further £913,553 to various overseas suppliers at set future dates as the conditions of the letters of credit have been met.
- 5.8 As previously reported, a further £1,637,423 of "open" letters of credit remained outstanding as at the date of our appointment. If these "open" letters of credit became credit conforming, Leumi would have suffered further losses as it would be obligated to pay the promised sum to the relevant supplier.
- 5.9 Following investigation, it was identified that a significant proportion of the "open" letters of credit were unable to become credit conforming as certain conditions could not be met due to the insolvency of the Company.

- 5.10 On 23 July 2009, we reached an agreement with ICL where ICL agreed to purchase the stock shipped to the Company under certain "open" letters of credit that subsequently became credit conforming after the date of our appointment. To date, ICL has purchased USD \$718,363 of stock in respect of credit conforming letters of credit. The final payment under the terms of the aforementioned agreement is due to be made by ICL to Leumi on 21 January 2010 for USD \$31,572.
- 5.11 In addition, a similar agreement was reached with New Hope Clothing Limited ("NHC"), a company set up by a director of the Company, which purchased the stock subject to a credit conforming letter of credit for USD \$30,240.
- 5.12 We understand that there will be no further presentations to Leumi in respect of the Company's letter of credit facility.
- 5.13 Please note that following legal advice, it was confirmed that the stocks shipped to the Company under the above-mentioned credit conforming letters of credit are caught by Leumi's fixed charge and accordingly, all sums received under the agreements, were paid to Leumi.
- 5.14 As mentioned in my previous report, certain stock had already been received in the UK and China which was shipped under letters of credit that were accepted as at the date of our appointment as mentioned at paragraph 5.7 above.
- 5.15 On 28 July 2009, ICL purchased the stock in China for £10,000. These monies were received in full and are caught by Leumi's fixed charge. In respect of the stock received in the UK, this was sold to ICL and incorporated into the terms of the agreement mentioned at paragraph 5.10.
- 5.16 We have paid a fixed charge distribution pursuant to Leumi's fixed charge of £10,000. No further distributions are anticipated.
- 5.17 It is expected that Leumi will ultimately suffer a shortfall on its remaining indebtedness to the Company.

Preferential Creditors

- 5.18 The preferential creditors' claims consist of employee claims for arrears of pay and holiday pay, the majority of which are likely to be subrogated to the DBIS following payment to the employees by the Redundancy Payments Office ("RPO").
- 5.19 Pursuant to the director's Statement of Affairs, the estimated preferential claims are £5,000.
- 5.20 The RPO submitted a preferential claim totalling £2,208 on 28 September 2009 in respect of payments made to the Company's former employees.
- 5.21 Based on the current information, there will be insufficient asset realisations to enable a dividend to be paid to the preferential creditors.

Prescribed Part

- 5.22 Pursuant to section 176A of the Act where a floating charge is created after 15 September 2003, a prescribed part of the Company's net property shall be made available to non-preferential creditors.
- 5.23 Based upon the current information available, it is anticipated that there will be insufficient asset realisations to enable a distribution to the non-preferential creditors of the Company from the Prescribed Part.

Non-Preferential Creditors

- 5.24 According to the directors' Statement of Affairs, non-preferential creditors total £908,696.
- 5.25 It is anticipated that there will be insufficient asset 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 detailed receipts and payments account, for the period 17 June 2009 to 16 December 2009, is shown at Appendix 2.

7 COSTS AND EXPENSES

- 7.1 Our time costs are analysed at Appendix 3 in accordance with SIP9. As at 16 December 2009, our time costs totalled £76,002. To date, £46,500 has been drawn as remuneration.
- 7.2 It is anticipated that a further £10,000 of time costs will be incurred bringing the Administration to a close.
- 7.3 In accordance with Rule 2.106(5A) of the Rules 1986, our remuneration was approved by the secured creditors, ABL and Leumi. Our remuneration is fixed by reference to the time properly given by us and our staff in attending to matters arising in the Administration.

8. EC REGULATIONS

- 8.1 It is our opinion that the EC Regulation on Insolvency Proceedings 2000 ("EC Regulation") applies 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

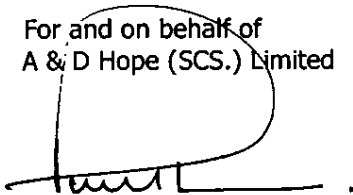
- 9.1 The Proposals advised that Administration automatically comes to an end after one year, unless an extension is granted by the Court or with the creditors' consent.

- 9.2 It is anticipated that the Company will have insufficient property with which to make a distribution to the Company's non-preferential creditors as mentioned previously. Accordingly, we will file Form 2.35B, being Notice to move from Administration to dissolution ("the Notice"), with the Registrar of Companies ("the Registrar") pursuant to Paragraph 84 of Schedule B1 to the Act in due course once all outstanding matters have been appropriately concluded.
- 9.3 Following registration of the Notice by the Registrar, 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, the Company will be dissolved.

10. NEXT REPORT

- 10.1 We are required to provide a final report by no later than 16 June 2010 or earlier if the Administration has been concluded.
- 10.2 If you have any queries or require any further assistance, please do not hesitate to contact Kelsey Hedgecock of this office.

For and on behalf of
A & D Hope (SCS.) Limited



Paul Williams
Joint Administrator

Encs.

The affairs, business and property of the Company are being managed by the Joint Administrators, Paul Williams and Jason Godefroy, who act as agents of the Company and without personal liability. Both are licensed by the Insolvency Practitioners Association.

APPENDIX 1
Statutory information

STATUTORY INFORMATION

Date of Incorporation 3 December 1982

Registered Number 01683824

Company Directors Mr Jeffrey Hope, 1 Copse Close, Northwood, Middlesex, HA6 2XG
 Mr Steven Hope, 7 Loudoun Road, London, NW8 0LH

Company Secretary Mr Jeffrey Hope

Shareholders Mr Steven Clive Hope (5%)
 Mrs Evelyn Hope (39.9%)
 Mr Jeffrey Alan Hope and Steven Clive Hope (50.1%)
 Mr Jeffrey Alan Hope (5%)

Trading Address Evelyn House, 3 Elestree Way, Borehamwood, Hertfordshire WD6 1RN

Registered Office Current: 43-45 Portman Square London W1H 6LY
 Formerly: 25 Harley Street London W1G 9BR

Any Other Trading Names: Paul Berman, Henley & Knight, Hans Kelven, Fernleigh, Collage, Konvikt, Daises & Diamonds, Wild Dove, Angel Falls, Poetic Sands

Financial Information	Period Ended 29 February 2008 (Audited) £	Year Ended 31 August 2006 (Audited) £
Profit and Loss Account extract		
Gross profit	4,829,782	3,334,132
Operating profit	670,032	484,229
Profit after tax	304,429	148,254
Balance Sheet extract		
Fixed assets	121,764	205,004
Current assets	3,962,561	4,325,538
Current liabilities due within one year	(3,510,304)	(4,026,950)
Net assets	<u>574,021</u>	<u>503,592</u>
Called up share capital	1,000	1,000
Profit and Loss account	<u>573,021</u>	<u>502,592</u>
Shareholders funds	<u>574,021</u>	<u>503,592</u>

APPENDIX 2

Joint Administrators' Receipts and Payments Account

A & D Hope (SCS.) Limited
(In Administration)

Joint Administrators' receipts and payments account
For the period 17 June 2009 to 16 December 2009

	Statement of Affairs Estimated to realise	Fixed Charge	Floating Charge	Total
	£	£	£	£
RECEIPTS				
Stock	66,000.00	10,000.00	66,000.00	76,000.00
Motor vehicles	-	0.00	16,000.00	16,000.00
Intellectual property	10,500.00	10,500.00	0.00	10,500.00
Chattel assets	-	0.00	8,000.00	8,000.00
Fixed assets	24,000.00	0.00	0.00	0.00
Other debtors	5,174.00	0.00	5,174.00	5,174.00
Prepayments	1,337.00	0.00	0.00	0.00
Cash at bank	-	0.00	35.00	35.00
Gross bank interest	-	0.01	0.05	0.06
Petty cash	37.00	0.00	6.86	6.86
	107,048.00	20,500.01	95,215.91	115,715.92
 PAYMENTS				
Legal fees - fixed		5,089.35	0.00	5,089.35
Fixed bank charges		2.65	0.00	2.65
Fixed charge distribution to Bank Leumi		10,000.00	0.00	10,000.00
Joint Administrators' remuneration		0.00	46,500.00	46,500.00
Joint Administrators' disbursements		0.00	28.00	28.00
MCR's pre cost re placing Co into Administration		0.00	2,100.00	2,100.00
Agents/valuers fees		0.00	8,332.60	8,332.60
Legal fees		0.00	17,302.12	17,302.12
Stationery & postage		0.00	607.09	607.09
Insurance of assets		0.00	150.00	150.00
Bank charges		0.00	7.38	7.38
Statutory advertising		0.00	265.32	265.32
		15,092.00	75,292.51	90,384.51
Balance		5,408.01	19,923.40	25,331.41
 MADE UP AS FOLLOWS				
VAT receivable				2,625.00
Fixed bank account				5,408.01
Floating main current account				17,298.40
				25,331.41

APPENDIX 3

Analysis of Joint Administrators' Time Costs

A & D Hope (SCS.) Limited (In Administration)

Analysis of Joint Administrators' time costs for the period 17 June 2009 to 16 December 2009

Classification of Work Function	Hours					Total Hours	Time Cost £	Av hourly Rate £
	Partner	Manager	Senior	Assistant	Support			
Administration and Planning								
General admin		24.60	8.10	72.20		104.90	15,453.00	147.31
Strategy planning & control	2.30	31.00	2.10	4.50		39.90	10,779.00	270.15
Meetings	4.40	6.10				10.50	3,718.50	354.14
Proposals	2.10		6.50	7.70		16.30	3,198.00	196.20
General correspondence	1.70	4.10	0.60	10.10		16.50	2,986.50	181.00
Cashiering & accounting	0.90	3.10	2.60	6.60		13.20	2,871.50	217.54
Statutory matters (Meetings, Reports and Notices)		4.40		3.10		7.50	1,553.00	207.07
IPS set up & maintenance		0.50		1.50		2.00	297.50	148.75
Statement of affairs		0.60		0.40		1.00	207.00	207.00
Financial review				0.30		0.30	27.00	90.00
Investigations								
Financial review and investigations (S238/239 etc)	2.60	3.80	15.60	0.20		22.20	6,015.00	270.95
CDDA, reports & Communicaton	0.20	4.30	1.60	25.20		31.30	3,967.50	126.76
Realisation of Assets								
Fixed charge assets	16.50	5.80	3.60			25.90	9,942.00	383.86
Floating charge assets		9.10	0.60			9.70	2,737.50	282.22
Book debts	0.10	3.40		0.20		3.70	1,032.00	278.92
Sale of business		0.40				0.40	114.00	285.00
Trading								
Retention of title	0.50	5.50		4.80		10.80	2,224.50	205.97
Creditors								
Employee matters	0.20	4.70	2.30	21.20		28.40	3,889.50	136.95
Unsecured creditors		7.00		17.90		24.90	3,606.00	144.82
Secured Creditors	2.40	0.40		0.20		3.00	1,212.00	404.00
Preferential creditors		0.60				0.60	171.00	285.00
Total Hours	33.90	119.40	43.60	176.10	0.00	373.00		203.76
Total Fees Claimed (£)	15,255.00	34,129.00	10,464.00	16,154.00	0.00		76,002.00	

Category 2 Disbursements:

There are no category 2 disbursements for this case to date.