

## The Insolvency Act 1986

## Administrator's progress report

2.24B

Name of Company  
ELVI INVESTMENTS LIMITED

Company number  
00416970

In the  
High Court of Justice, Chancery Division  
Birmingham District Registry

Court case number  
9058 of 2008

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

I / We (a) Lynn Robert Bailey, Lindsey Jane Cooper and Simon Peter Bower of Baker Tilly Restructuring and Recovery LLP, St Philips Point, Temple Row, Birmingham B2 5AF

administrators of the above company attach a progress report for the period

from

(b) 7 February 2008

to

(b) 6 August 2008

(b) Insert dates

Signed

Joint / Administrator(s)

Dated

4/9/08

## 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 searchers of the public record.

Chris Lewis, Baker Tilly Restructuring and Recovery LLP, St Philips Point, Temple Row,

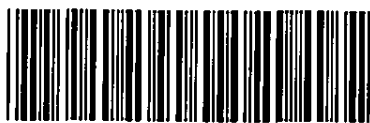
Birmingham B2 5AF

DX Number 13134

DX Number 13134

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

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COMPANIES HOUSE

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**IVLE REALISATIONS LIMITED (FORMERLY ELVI LIMITED)  
ELVI INVESTMENTS LIMITED  
ELVI HOLDINGS LIMITED  
- ALL IN ADMINISTRATION**

**JOINT ADMINISTRATORS' PROGRESS REPORT**

**3 SEPTEMBER 2008**

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**1. PURPOSE OF REPORT**

This report is prepared pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended). The purpose of the report is to provide creditors with information relating to the progress of the administrations from 7 February 2008 to 6 August 2008.

**2. JOINT ADMINISTRATORS' APPOINTMENT**

Lynn Robert Bailey, Lindsey Jane Cooper and Simon Peter Bower of Baker Tilly Restructuring and Recovery LLP, St Philips Point, Temple Row, Birmingham, B2 5AF were appointed Joint Administrators ('Administrators') of Ivle Realisations Limited ('Ivle') (formerly Elvi Limited), Elvi Investments Limited ('Investments') and Elvi Holdings Limited ('Holdings') ('the Companies' or 'the Group') on 7 February 2008 by the directors of the Companies.

The notices of appointment were filed in the Birmingham High Court of Justice under reference numbers 9057, 9058 and 9059 respectively, all of 2008.

The Administrators' appointment specified that they would have power to act jointly and severally. The Administrators have exercised and will continue to exercise all of their functions jointly and severally as stated in the notice of appointment.

**3. COMPANY DETAILS**

The registered numbers of the Companies are 489332, 416970 and 3338735 respectively.

The Registered Office of the Companies is c/o Baker Tilly Restructuring and Recovery LLP, St Philips Point, Temple Row, Birmingham, B2 5AF.

**4. RECEIPTS AND PAYMENTS SUMMARY**

We attach as Appendices A1 and A2 receipts and payments summaries for Ivle and Investments (there have been none made in Holdings) for the period from 7 February 2008 to 6 August 2008.

### **Sale of business**

Following national advertising, the Administrators received enquiries from a number of interested parties. Best and final bids were requested and following a full cost-benefit review of the offers received, the business (excluding the freehold property and book debts) was sold to GDCO 57 Limited ("GDCO") for £900,000 on 15 February 2008.

Of this amount, £300,000 was paid for the Elvi trade mark held by Investments, with the balance allocated to plant, fixtures and fittings and stocks owned by Ivle.

The sale maintained all of Ivle's trading outlets and included the transfer of all staff thus extinguishing large potential redundancy claims. It also helped to negate potential claims from landlords as all of the leases (of which there were 28) have been assigned or are in the process of being assigned to GDCO or surrendered as appropriate.

### **Trading**

As detailed in our report dated 6 March 2008, the Administrators traded the operation for a short period whilst marketing the business until the above sale. The trading surplus during this period is currently estimated at £167,000 before tax.

### **Freehold Land and Property**

The initial valuation of the freehold head offices in Redditch, comprising a warehouse with an integral office building and a yard, was between £1.275m and £1.45m, the range being based upon break-up and going concern valuation methods provided by our property agents, GVA Grimley ("GVA") who were instructed to offer the property for sale.

Due to the downturn in market conditions, GVA warned that we could expect to have to offer significant discount to achieve a sale. Furthermore, holding the property for a substantial period would mean incurring significant costs.

Interest was received from a number of parties and three formal offers were received. The best of these, an offer of £1.25m which was recommended by GVA, was accepted from PJS Mouldings Limited in May and the sale completed on 31 July 2008.

Following the purchase of the business, GDCO were granted a 3 month license at a market rent equating to £125,000 per annum. GDCO were given a further 2 months license at the same rate with total realisations from this source of £52,083.

### **Debtors**

The book debts due from the concession hosts totalled approximately £600,000 at our appointment with collections to date totalling £488,760

### **Cash at Bank**

Monies collected from Ivle's pre appointment sterling, Euro and US dollar accounts with the Royal Bank of Scotland totalled £510,312

### **Leasehold properties**

Following the sale of the business GDCO has remitted approximately £1m in respect of rent for the period 15 February to 14 August 2008. Of this amount £407,357 has been paid to the relevant landlords on assignment, surrender or forfeit of the lease. The balance is to be paid over to landlords on the assignment of the leases.

### **Refunds**

Utility refunds, primarily in respect of business rates, totalling £30,767 have been received to date. We have engaged CAPA to assist with collections in respect of potential overpayments of rates prior to our appointment, and they have been paid £1,771.

### **Interest**

Interest of £28,292 (Ivle) and £5,496 (Investments) has been earned from funds held on deposit.

### **Prescribed Part**

There have been no payments to unsecured creditors in relation to the Prescribed Part (Section 176A of the Insolvency Act 1986 (as amended)).

The "Prescribed Part" is a statutory amount of each company's assets subject to a floating charge to be set aside for the benefit of non-preferential creditors. Although the provisions are applicable, as there are floating charge debentures granted by the Companies since September 2003, it is not expected that they will have a material impact in this matter.

## **5. DIVIDEND PROSPECTS FOR CREDITORS**

### **Secured Creditors**

HSBC Bank plc ("the Bank") has a legal charge over the freehold premises in Redditch and was owed approximately £1.6m by Holdings at our appointment with the charge granted by Ivle who owned the freehold and provided a guarantee.

Following the sale of the property a fixed charge distribution of £1,262,147 was made by Ivle to the Bank, whose residual indebtedness now stands in the region of £414,000 and will rank as an unsecured claim against Holdings

The floating charge holder Pass Manufacturing Limited ("Pass"), who held a debenture supported by a Group guarantee, has been paid c£255,000 with approximately £25,000 outstanding pending formal confirmation of the total indebtedness to Pass

Pass also holds loan notes with a value of some £944,000 which they claim are also secured by the floating charge. The Administrators have sought directions from the Court as to whether these loan notes are covered by the charge, with the hearing to determine their status expected to be held towards the end of the year

### **Preferential Creditors**

Potential preferential claims in respect of wages and holiday pay did not crystallise in the Administrations as these liabilities were dealt with or transferred to the purchaser of the business

### **Unsecured Creditors**

Unsecured creditors expected to rank for dividend were estimated at some £6.17m in the directors' Statement of Affairs for Ivle with Investments and Holdings having no unsecured creditors, apart from any shortfall due in respect of the Group VAT registration from Ivle, and the balance due to the Bank

The unsecured claims received to date total £4.12m

The estimated return to unsecured creditors at the time of the Administrators proposals was in the region of 5-18p in the pound, before costs and taxation and depending on whether the loan notes referred to above were caught under the floating charge or not. Pending the result of the Court hearing to determine the status of the loan notes, it is not possible to estimate the amount or timing of a dividend to unsecured creditors

## **6 CONDUCT OF THE ADMINISTRATION**

We summarise below the main aspects of work undertaken since our appointment

- 1) Trading the business for a short period after our appointment,
- 2) Selling the business to GDCO
- 3) Dealing with the formal assignment/surrender of the Group's 28 leasehold properties,
- 4) Realising the freehold property,
- 5) Corresponding with the concession stores in relation to book debts,

- 6) Preparing the proposals to creditors, holding creditors' meetings and reporting on the outcome of the meetings thereafter,
- 7) Liaising with the Bank and floating chargeholder,
- 8) Dealing with unsecured creditors correspondence and telephone enquiries,
- 9) Completing statutory returns, and
- 10) General day to day administration including cashiering

## **7. ASSETS REMAINING TO BE REALISED**

Debtors with a realisable value of some £15,000 remain outstanding and are expected to be collected in full

The Administrators continue to realise monies due in respect of rent for the leaseholds that have yet to be assigned to GDCO, which in turn will be passed on to the respective landlords

## **8. ADMINISTRATORS' PROPOSALS**

Our Proposals were approved at the meetings of creditors which were held on 26 March 2008. We continue to work towards the expected exit route for each of the Companies being by way of Creditors' Voluntary Liquidation

## **9. EXTENSION OF THE ADMINISTRATION**

There have been no extensions of the administrations to date

## **10. ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS**

### **Time costs and fees drawn to date**

The basis of the Joint Administrators' remuneration was approved by creditors at the meetings held on 26 March 2008, when the following resolution was passed

"The Joint Administrators shall be authorised to draw their remuneration based upon time costs incurred by them in the Administration, to be paid out of the assets of the Company in accordance with Rule 2.106(2) (b) "by reference to the time properly given by the Administrators and their staff, in attending to matters arising in the administration "

As at 6 August 2008 we had drawn a total of £224,689.90 plus VAT from the estate of Ivle on account of our time costs incurred

Attached are the following

- Appendix B Baker Tilly Restructuring and Recovery LLP charging, expenses and disbursements policy statement
- Appendix C Time and charge out summary

- Appendix D Charge out bands and disbursement rates
- Appendix E Summary of payments to office holder and associated parties

A total of 1,635 hours have been spent by our staff in the administration of the estates from the date of appointment to 31 July 2008, the latest practicable date prior to the end of this reporting period, at an average hourly charge out rate of £155 92

### **Analysis of time spent in administration of the estate**

Our staff have carried out the following tasks

#### **a) Administration and Planning**

This includes dealing with the commencement of the Administrations, statutory filing of appointment documents with Companies' House, requesting the submission of the Statement of Affairs and filing it at Companies' House, together with day-to-day administration duties. These include but are not limited to handling receipts and payments, VAT and Corporation Tax issues such as the VAT returns, pension queries and general correspondence

#### **b) Realisation of Assets**

Our staff have been employed on various matters, including liaising with interested parties, agents and solicitors in respect of the sale of the business, realisation of the freehold property, dealing with leasehold properties including discussions with our solicitors and GDCO concerning the amounts due under the leases, collecting overpaid business rates, and reconciliations and collections of debts from the concession outlets. Asset realisation is considered to be a key aspect of the Administration

#### **c) Trading**

Our staff had to set up accounts with suppliers in order to trade on an ongoing basis. Payments to suppliers and general correspondence with these have been undertaken. Since trading has ceased, accounts have been closed and final bills paid.

#### **d) Creditors**

Queries from and correspondence with creditors and employees have been necessary aspects of the Administration process. This includes dealing with creditors' Retention of Title claims as appropriate. The preparation of the Administrators' Proposals has been undertaken including the attendant aspects of providing and obtaining the required information, convening the creditors meeting etc. A brief report on the outcome of the creditors' meeting has been prepared. Ongoing liaison with the Bank in respect of the freehold property and with the floating chargeholder, including distributions, has been carried out.

### **Administrators' Disbursements**

The basis of the Joint Administrators' drawing disbursements was also approved by the creditors at the meetings held on 26 March 2008, when the following resolution was passed

"The Joint Administrators be authorised to draw their disbursements and other expenses incurred by them in the Administration, to be paid out of the assets of the Company. Such disbursements to include 'Category 2 disbursements' at the rates attached at Appendix H to the Proposal."

Disbursements drawn from the Company's assets in accordance with the resolution are detailed on Appendix E



**L R Bailey**  
**Baker Tilly Restructuring and Recovery LLP**  
Joint Administrator

3 September 2008

Lynn Robert Bailey is licensed to act as an insolvency practitioner by the Insolvency Practitioners Association

Lindsey Jane Cooper and Simon Peter Bower are both licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales

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

ADMP1050



**Receipts and Payments Abstract IVLE Realisations Limited (formerly Elvi Limited) In Administration**

All Bank, Cash and Cash Investment Accounts To 06/08/2008

	£	£
<b>SECURED ASSETS</b>		
Freehold Land and Property	1,250,000 00	
Rental Income	52,083 00	
Interest on Property monies	359 05	
		1,302,442 05
<b>COST OF REALISATIONS</b>		
Legal Fees	(5,000 00)	
Administrators Fees	(5,000 00)	
		(10,000 00)
<b>POST APPOINTMENT TRADING</b>		
Trading Surplus	166,641 40	
		166,641 40
<b>ASSET REALISATIONS</b>		
Bank Interest gross	28,292.19	
Cash at Bank on Appointment	510,311 60	
Debtors	488,759 72	
Other Current Assets	600,000 00	
Sundry	38,139 96	
Suspense account re leasehold properties	1,013,286 43	
Third Party Sales	314,169 02	
Utility Refund	30,766 62	
		3,023,725 54
<b>COST OF REALISATIONS</b>		
Administrators Disbursements	(5,819 26)	
Administrators Fees	(224,689 90)	
Advertisements	(3,137 02)	
Agents / Valuers Fees	(14,242 15)	
Assignment of Leases	(407,356 87)	
Bank Charges	(688 09)	
Commissions	(999 85)	
Floating charge payment	(254,684 98)	
Insurance	(11,742 51)	
Legal Fees	(77,074 24)	
Legal fees Holdings loan acc	(4,460 35)	
Photocopying	(415 20)	
Statutory Advertising	(703 77)	
Storage Costs	(2,769 50)	
Streamline Charges	(399 90)	
Sundry Costs	(3,522 66)	
		(1,012,706 25)
		<u>3,470,102 74</u>

**Receipts and Payments Abstract: Elvi Investments Limited In Administration**

All Bank, Cash and Cash Investment Accounts To 06/08/2008

	£	£
ASSET REALISATIONS		
Bank Interest Gross	5,496 09	
Intangible Assets (trade mark)	300,000 00	
		305,496 09
COST OF REALISATIONS		
Legal Fees	(26,899 35)	
		(26,899 35)
		<u>278,596 74</u>

## Appendix B

### BAKER TILLY RESTRUCTURING AND RECOVERY LLP

#### CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT

##### Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate
- Time is recorded in 6-minute units
- Time billed is subject to Value Added Tax (VAT) at the applicable rate

##### Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to creditors, but do not require creditors' approval prior to being drawn from the insolvency estate. These are known as "Category 1" disbursements
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) require the approval of creditors prior to being drawn from the insolvency estate. These are known as "Category 2" disbursements
- General office overheads are not re-charged to the insolvency estate as a disbursement
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of creditors
- Where applicable, expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate

**Appendix C**

**TIME AND CHARGE OUT SUMMARY**

	HOURS SPENT					TIME COSTS £
	Partner	Manager	Administrator	Assistants & Support Staff	Total	
Administration and planning	10 3	24 7	65 0	4 5	104 5	13,273 90
Statutory reporting and Compliance	28 3	26 7	60 9	11 5	127 4	19,931 20
Appointment	8 8	Nil	22 7	Nil	31 5	4,781 00
Investigations	2 0	11 0	1 5	Nil	14 5	2,389 50
Sale of business	118 0	41 4	39 3	0 8	199 5	53,560 50
Property related issues	25 6	99 0	21 1	6 6	152 3	30,167 00
Realisation of other assets	1 7	34 5	46 5	1 4	84 1	8,494 30
Trading	38 9	226 2	210 8	0 4	476 3	72,272 00
Secured creditors	17 1	3 2	4 0	Nil	24 3	7,090 00
Employees	2 1	1 3	137 4	0 1	140 9	16,630 00
Unsecured creditors inc ROT	6 1	18 6	55 3	Nil	80 0	6,918 50
Receipts and payments	0 3	146 2	52 9	0 3	199 7	16,750 70
<b>Total Hours</b>	259 2	632 8	717 4	25 6	1635 0	254,930 00
<b>Total Time Costs</b>	92,234 50	98,477 50	62,797 80	1,420 00		254,930 00

**Appendix D**

**BAKER TILLY RESTUCTURING AND RECOVERY LLP**

**BIRMINGHAM**

**CHARGE OUT RATE BANDS**

	Charge out band as at date of appointment	Charge out band as at date of current report
Partners	300-365	300-375
Managers	100-250	125-260
Administrators	70-120	80-120
Assistants & Support Staff	45-80	55-85

It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it

Baker Tilly Restructuring and Recovery LLP's charge out rates are reviewed periodically

**"CATEGORY 2" DISBURSEMENTS**

Authority will be sought to recover the following costs as 'Category 2' disbursements at the creditors' meeting

Fax	62p per fax
Photocopying	6 5p per page
Internal room hire	£25/£80 per room
Subsistence	£23 per night
Travel (car)	38 pence per mile

**Appendix E**

**SUMMARY OF PAYMENTS TO OFFICE HOLDER AND  
ASSOCIATED PARTIES**

<b>AMOUNTS PAID OR PAYABLE TO THE OFFICE-HOLDER'S FIRM</b>	
TYPE AND PURPOSE	£
Insolvency Bond	1,807 66
Company search fees	32 00
Photocopying (at cost)	1,239 60
Travel (cost)	295 02
Subsistence (hotels and meals)	828 55
Room hire (for creditors' meetings)	567 24
Mileage (38p per mile)	2,509 66
Total	7,192 61

<b>AMOUNTS PAID OR PAYABLE TO THE OFFICE-HOLDER'S SOLICITOR</b>	
TYPE AND PURPOSE	£
Hammonds solicitors (appointment -- time costs and expenses)	5,180 00
DLA Piper UK LLP (advice regarding sale of business, freehold and leasehold properties, Retention of Title matters -- time costs and expenses)	103,123 94
DLA Piper UK LLP (advice in relation to the sale of the freehold property -- time costs at Bank rates plus expenses)	5,130 00
Total	113,433 94

<b>AMOUNTS PAID OR PAYABLE TO THE OFFICE-HOLDER'S AGENT</b>	
TYPE AND PURPOSE	£
GVA Grimley Limited (valuation of the Companies assets -- time costs, sale of freehold -- 2% of freehold plus non-sale related time costs as agreed by the Bank)	44,538 15
GMS Property Services (property inspection costs and services)	272 00
Total	44,810 15