

The Insolvency Act 1986

**Administrator's progress report****2.24B**

<b>Name of Company</b> WOC Realisations Limited (In Administration) (Formerly Whittards of Chelsea Limited (In Administration))	<b>Company number</b> 02263726
<b>In the</b> High Court of Justice, Chancery Division, Companies Court [full name of court]	<b>Court case number</b> 11586/2008

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

I / We (a) Angela Swarbrick and Alan Michael HudsonErnst & Young LLP, 1 More London Place, London, SE1 2AF

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date

(b) 23 December 2008(b) 22 June 2009

Signed

A Swarbrick

Joint / Administrator(s)

Dated

21/7/09**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

Matthew Imison

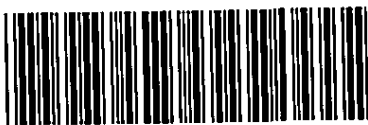
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21 July 2009

Ref: LO/3534/PF16.1  
Direct line: 0207 951 0050  
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Matthew Imison  
email: bwheeldon@uk.ey.com

Dear Sirs

**WOC Realisations Limited (In Administration) (formerly Whittard of Chelsea Limited (In Administration))  
("the Company")****High Court of Justice, Number 11586 / 2008****Registered office address: 1 More London Place, London, SE1 2AF**

I write, in accordance with Rule 2.47 of The Insolvency Rules 1986, to provide creditors with a report on the progress of the administration. This report covers the period from 23 December 2008 to 22 June 2009.

WOC Realisations Limited (In Administration), registered number 02263726, entered administration on 23 December 2008 and A Swarbrick and AM Hudson were appointed to act as Administrators. The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by either of them.

**Summary of progress since 23 December 2008*****Sale of business and assets***

As detailed in the Joint Administrators' statement of proposals ("Administration Proposals"), the business and certain assets of the Company were sold to Whittard Trading Limited ("WTL") (formerly Hamsard 3146 Limited) on 23 December 2008 for a purchase consideration of £594,000 as part of a pre-packaged administration.

Following the sale, the Joint Administrators provide an update on the following matters:

***Asset realisations******Cash at bank***

Cash at the bank at the date of the appointment of the Joint Administrators was c.£2.076m. The Joint Administrators also realised £26,000 from the till floats of the Company's former



stores, and these funds have also been included in the cash at appointment figure in Appendix 1.

#### *Retentions*

The Company's pre-appointment bankers, Barclays, withdrew £600,000 from the Company's pre-appointment bank account to cover its estimate of the pre-appointment debt owed by the Company. Subsequent to this, the Joint Administrators requested Barclays to substantiate the retention of any funds held, or else release these funds to the Company immediately.

To 22 June 2009, the Joint Administrators have agreed that Barclays may assert set-off in the amount of £187,979 from these retentions. An amount of £50,000 remains in dispute, however, the remaining amount of £362,021 has now been released by Barclays to the Company. Receipt of these funds is detailed in Appendix 1.

#### *Prepayments of business rates*

The Company's records indicated that the Company had pre-paid its business rates on its stores. The Company's directors identified that, upon the appointment of the Administrators, an amount of c.£179,000 may be recoverable in respect of these pre-payments. The Joint Administrators have notified each of the rating authorities, and to 22 June 2009 have received £199,132 in refunds as detailed in Appendix 1.

#### *Book debt*

At the date of the appointment of the Joint Administrators, the Company's reconciled debtor ledger was c.£828,000 comprising 33 debtors. Included in this figure is a debt owed by Whittard Incorporated, a US subsidiary of the Company, which is currently subject to Chapter 7 Bankruptcy proceedings in the USA, and from which the Joint Administrators expect only a minimal dividend.

The Joint Administrators have engaged the services of a debt collection agency to realise the remaining debtors on a 'fee on recovery only' basis, with the fee fixed at 10% of the amount recovered. To date, this agency has realised £250,490 of this debt.

Due to the ageing and also the geographical location of the remainder of the debtor book, it is unlikely that further debtor realisations will be significant.

#### *Prepayment of insurance*

The Company has received £46,764 in respect of a refund of an insurance prepayment. This has been included in Appendix 1.

#### *Rental income*

Pursuant to the license to occupy granted to WTL as part of the Sale and Purchase Agreement ("SPA"), WTL has been occupying a number of the Company's former stores. The Joint Administrators have been charging WTL rent under this sublicense and the funds received

from WTL in respect of rent have, and continue to be, passed on to landlords or their managing agents in reference to WTL's occupation. To 22 June 2009, the amount received under the sublicense was c.£3.343m as detailed in Appendix 1.

Due to the timing differences in respect of the Joint Administrators appointment and the typical rental quarter dates, the Joint Administrators have realised an additional net rental income of £146,097 from WTL relating to rental prepayments made by the Company. This figure is shown as a separate receipt in Appendix 1.

The Company has received c.£66,000 from sub tenants, which, under the licence to occupy granted to WTL will be passed to WTL. Following legal advice, a further c.£29,000 received from subtenants will be passed to the ultimate landlords. In total, a figure of £94,730 has been included at Appendix 1 as rent received from sub tenants.

#### *Sundry income*

The Joint Administrators have received £24,087 in unallocated receipts and are currently establishing against which debts these funds have been received.

WTL has claimed part of these receipts relate to its post administration trading, and has been requested by the Joint Administrators to provide evidence to support its claim to these funds.

#### **Receipts and Payments Account**

I enclose at Appendix 1 a receipts and payments account for the period from 23 December 2008 to 22 June 2009. This does not reflect estimated future realisations or costs.

#### **Joint Administrators' Remuneration and Disbursements**

As per the Administration Proposals, the Joint Administrators were of the opinion that the Company had insufficient property to enable a distribution to the unsecured/non preferential creditors with the exception of that from the prescribed part. Consequently, in accordance with the provisions of paragraph 52(1) of Schedule B1 to the Insolvency Act 1986, a creditors meeting was not called, or subsequently requested to be called by the unsecured creditors. In light of this, the Joint Administrators' remuneration was fixed on a time-cost basis by the secured creditor, Landsbanki Islands hf ("Landsbanki"), in accordance with Rule 2.106(5A) of the Insolvency Rules 1986. Landsbanki has approved our requested fees of £250,000 plus VAT and disbursements pursuant to 2.106(5A) of the Insolvency Rules 1986.

To 22 June 2009 the Joint Administrators have incurred time costs of £660,050, against which the sum of £Nil has been drawn. An analysis of the time spent is attached as Appendix 2 to this report.

At Appendix 3 there is a statement of the Joint Administrators' policy in relation to charging time and disbursements. To date, the sum of £Nil has been drawn in respect of disbursements, as recorded in the abstract of receipt and payments at Appendix 1. Of the

disbursements that will be drawn, £Nil relates to Category 2 disbursements (as defined in Appendix 3).

## **Distributions to Creditors**

### **Secured creditors**

At the date of the Joint Administrators appointment, Landsbanki, the secured creditor, was owed c.£8.556m. On 12 May 2009, a distribution of £2.1m was made to Landsbanki. The Joint Administrators propose to make a final distribution to Landsbanki prior to placing the Company into liquidation.

The Joint Administrators are not aware of any other secured creditors.

### **Preferential creditors**

As detailed in the Administration Proposals, the sale of the business and assets of the Company was a going concern sale. Transfer of Undertaking (Protection of Employment) regulations 2006 as amended, ("TUPE") applied in respect of the Company's employees' entitlements. As such these employees' entitlements subsequently transferred across to WTL, with the exception of the employees' arrears of wages up to the date of appointment, The arrears of wages, in the amount of £241,724 were however, subsequently paid by the Joint Administrators in accordance with the SPA on the employees' subsequent pay date.

The Joint Administrators believe that all preferential claims against the Company have now been paid in full at a cost of £242,724 as detailed in Appendix 1.

### **Non-preferential creditors**

The Joint Administrators continue to log claims from non-preferential creditors whilst advising that the only likely distribution will be limited to the extent of the prescribed part.

The Joint Administrators have now received a final retention of title settlement schedule from WTL and will reduce, where applicable, the non-preferential claims accordingly by the settlement amount provided.

### **The prescribed part**

The Joint Administrators anticipate the maximum prescribed part of £600k will be available to non-preferential creditors.

## **Distributions to creditors**

As detailed above, the Joint Administrators have made distributions to date to the secured creditor, Landsbanki, and the preferential creditors.

It is the intention of the Joint Administrators to place the Company into a creditors' voluntary liquidation ("CVL"). The subsequently appointed liquidators will agree the non-preferential

creditor claims and pay a dividend to the non-preferential creditors from the available prescribed part (less the costs of adjudicating these claims and distributing the net prescribed part).

I will report to you again at the conclusion of the Administration.

Yours faithfully  
for WOC Realisations Limited (In Administration)



A Swarbrick  
Joint Administrator

Enc: Joint Administrators' Receipts and Payments Account  
Summary of Joint Administrators' Time-Costs and Category 2 Disbursements  
Joint Administrators' Policy on Fees and Disbursements

The Institute of Chartered Accountants in England and Wales authorises A Swarbrick to act as Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986 and The Association of Chartered Certified Accountants authorises AM Hudson to act as Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Company are being managed by the Joint Administrators, A Swarbrick and AM Hudson, who act as agents of the Company only and without personal liability.

## Appendix 1

### WOC Realisations Limited (In Administration)

#### Joint Administrators' Abstract of Receipts and Payments from 23 December 2008 to 22 June 2009

	<i>Fixed</i> £	<i>Floating</i> £	<i>Total</i> £
<b>Receipts</b>			
Cash at appointment	Nil	2,075,613.83	2,075,613.83
Release of Barclays retentions	Nil	362,020.93	362,020.93
Sale Proceeds	1	594,217.55	594,218.55
Book debts	Nil	250,489.81	250,489.81
Rates prepayment refund	Nil	199,132.47	199,132.47
Prepayment of Insurance	Nil	46,764.13	46,764.13
Miscellaneous Pre-appointment refunds	Nil	2,271.73	2,271.73
Rental income received	Nil	146,096.85	146,096.85
Rent received from subtenants	Nil	94,730.13	94,730.13
Unallocated Income	Nil	24,086.72	24,086.72
Rent received under sub license	Nil	3,343,312.57	3,343,312.57
Bank Interest	Nil	9,320.24	9,320.24
	Nil	7,148,056.96	7,148,057.96
<b>Payments</b>			
Legal Fees	Nil	106,010.80	106,010.80
Rent paid	Nil	2,558,945.62	2,558,945.62
Bank Charges	Nil	430.90	430.90
VAT	Nil	16,075.34	16,075.34
Sundries	Nil	1,277.60	1,277.60
Secured creditor	Nil	2,100,000.00	2,100,000.00
Preferential creditors	Nil	241,723.60	241,723.60
Administrators' remuneration	Nil	Nil	Nil
Administrators' disbursements	Nil	Nil	Nil
	Nil	5,024,463.86	5,024,463.86
<i>Balance at bank at 22 June 2009</i>	Nil	2,123,593.10	2,123,593.10

## Appendix 2

### WOC Realisations Limited (In Administration)

#### Summary of Joint Administrators' Time-Costs and Category 2 Disbursements from 23 December 2008 to 22 June 2009

Classification of work function	Partner / Director (hrs)	Manager (hrs)	Other Senior Professionals (hrs)	Assistants & Support (hrs)	Total (hrs)	Time Cost (£)	Ave hourly rate (£)
Accounting & Administration	0.8	39.4	33.5	226.2	299.9	63226	211
Bank & Statutory Reporting	6.5	42.5	76	85	210	54505	260
Creditors	5	27.7	106.5	190.4	329.6	73303	222
Debtors	0	14.3	38	44.3	96.6	22654	235
Employee Matters	0.5	5	9.7	9.5	24.7	6596	267
General	0	0	0	16	16	2720	170
Immediate Tasks	0	19.8	14	63.1	96.9	20658	213
Investigations & CDDA	0	0.3	12.5	3.5	16.3	3928	241
Legal Issues	0	1	0	3	4	870	218
Other Assets	38.5	28.5	0	0	67	39875	595
Other Matters	0	1	0	16.5	17.5	3165	181
Property	6.5	110.7	509	554	1180.2	267794	227
Public Relations Issues	0	3	0	0	3	1080	360
Retention of Title	0	4.3	0	1.5	5.8	1803	311
Statutory Duties	1	0	11	56.7	68.7	13259	193
Trading	0	0	8	0	8	2120	265
VAT and Taxation	3.5	99.2	44.8	56.2	203.7	82496	405
<b>Total</b>	<b>62.3</b>	<b>396.7</b>	<b>863</b>	<b>1,325.90</b>	<b>2,647.90</b>	<b>660,050</b>	<b>249</b>

#### Category 2 Disbursements

The Joint Administrators have not incurred any Category 2 Disbursements.



**WOC Realisations Limited (In Administration)*****Office Holders' Charging Policy for Fees***

Landsbanki Islands hf has determined that the Administrators' remuneration should be fixed on the basis of time properly spent by the Administrators and their staff in attending to matters arising in the Administration.

The Administrators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by cashiers dealing with the company's bank accounts and statutory compliance diaries, secretaries providing typing and other support services and filing clerks. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 2, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

***Office Holders' Charging Policy for Disbursements***

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from Landsbanki Islands hf as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.