

The Insolvency Act 1986

2.24B**Administrator's progress report**

Name of Company
Ermaceous Group Plc

Company number
03732607

In the High Court of Justice

Court case number
3014 of 2008

We
Edward George Boyle
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

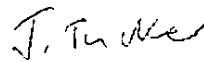
James Robert Tucker
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

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

from
14 October 2010

to
13 April 2011

Signed



Joint Administrator

Dated

12 May 2011

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.

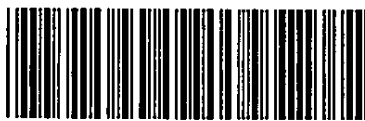
Tom Chuter	
KPMG LLP	
8 Salisbury Square	
London	
EC4Y 8BB	
United Kingdom	
DX Number	DX 38050 Blackfriars
Tel	DX Exchange

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

Companies House, Crown Way, Cardiff CF14 3UJ

DX 33050 Cardiff

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17/05/2011

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COMPANIES HOUSE

RECEIPTS

£

Brought forward from previous Abstract (if Any)	141 982 595 06
Direct expenses	67 96
Service Charge	65 35
Leasehold property	1 205 000 00
Sundry receipts	50 00
Bank interest gross	826 48
Group funding receipt	496 703 44
Employee expenses	58 50
Floating charge	803 964 90
Floating ch VAT rec'able	23 700 11
Floating ch VAT payable	63 214 38
Floating ch VAT control	117 888 67

* Delete as
 appropriate

Carried forward to	144 694 134 85
* continuation sheet / next abstract	

PAYMENTS

£

Brought forward from previous Abstract (if Any)	146 455 756 87
Sundry expenses	64 883 34
Legal fees (General)	55 622 87
Other property costs	373 90
Fixed charge creditor	950 000 00
Irrecoverable VAT	17 933 21
Agents'/Valuers' fees	2 555 00
Legal fees (fixed cost)	11 883 20
Legal costs re debtor recoveries	7 975 50
Heat & light	534 96
Storage costs	47 774 85
Other property expenses	811 43
Insurance of assets	27 839 31
Bank charges & interest	23 105 19
Fixed charge VAT rec'able	5 626 08

* Delete as
 appropriate

Carried forward to	147 672 675 71
* continuation sheet - next abstract	

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed



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Erinaceous Group plc and certain subsidiaries – in administration

Administrators' sixth progress report for the period from
14 October 2010 to 13 April 2011 pursuant to Rule 2.47 of the
Insolvency Rules 1986

26 April 2011



Notice: About this Report

This Report has been prepared by the Joint Administrators solely to comply with their statutory duty under rule 2.47 of the Insolvency Rules 1986 to report on the progress of the Administration in the period 14 October 2010 to 13 April 2011. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Ennaceous Group plc or other companies in the group.

Any estimated outcomes for creditors included in this report is illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under rule 2.47 of the Insolvency Rules 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report.

James Robert Tucker, Edward George Boyle and Richard John Hill are authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales. Richard James Philpott is authorised to act as an insolvency practitioner by the Insolvency Practitioners' Association.

The Joint Administrators act as agents of the companies and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

Glossary of terms

Admincos	Companies placed into administration on or after 14 April 2008 (see Appendix 1 for details of companies)	IA86	The Insolvency Act 1986
		IR86	The Insolvency Rules 1986
Administrators	James Robert Tucker Edward George Boyle Richard John Hill Richard James Philpott KPMG LLP 8 Salisbury Square London, EC4Y 8BB	ISGO	ISGO Limited
		PR	People Resourcing Limited
		Prescribed part	A fund set aside for unsecured floating charge funds of approximately 20% of net assets
		SoA	Statement of Affairs
Banks	HBoS, Lloyds TSB and HSBC (secured by a debenture dated 26 July 2006)	Square Mile	Square Mile Real Estate Services Limited
Building Consultancy	Ernaceous Consultancy Services Limited		
Caley	Caley Limited (a vehicle owned by the Banks)		
ECPS	Ernaceous Commercial Property Services Limited		
ECS	Ernaceous Commercial Services Limited		
EG plc and Parent Company	Ernaceous Group plc		
EMS	Ernaceous Managed Services Limited		
EPS	Ernaceous Property Services Limited		
Group	EG plc and its subsidiaries (as at 14 April 2008)		
HLR	HLR Holdings Limited		



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Executive summary Headlines

This report has been
prepared in accordance with
Rule 2.47 of IR86

This progress report covers the period from 14 October 2010 to 13 April 2011 and follows the Administrators' sixth six monthly progress report to creditors dated 10 November 2010. It has been prepared purely in accordance with Rule 2.47 of IR86 and relates to the three remaining administrations, being EG plc, ECPS and EPS.

The Administrators' Statement of Proposals was deemed approved by creditors on 19 July 2008.

Since the last report to creditors dated 10 November 2010, the Administrators have continued to progress the administrations to achieve the statutory purpose to realise assets for the benefit of creditors as a whole, have realised property to distribute to secured and preferential creditors, and have made distributions to unsecured creditors from Prescribed Parts in certain entities.

The Prescribed Parts which resulted from floating charge realisations and are detailed on page 7 have now been paid to the unsecured creditors in all entities from which a Prescribed Part is available.

There is a small number of residual matters, as detailed in this report, which are yet to be finalised. Therefore, the Administrators applied for and obtained a Court Order on 6 October 2010 to extend ten administrations for a further 12 months until 13 October 2011.

Final tax clearance has recently been received from HMRC in respect of seven companies in administration, therefore enabling these administrations to be closed. A separate final report has been issued in respect of these seven administrations.

Extension of the administrations

Ten administrations were extended for a further 12 months until 13 October 2011

Seven of these administrations have now been closed

The Administrators considered the position of each of the remaining administrations separately

Prior to making the application to extend ten administrations the Administrators advised the secured creditors of their intention to seek an extension to the administrations and received their support for this strategy

The administrations were extended for a further 12 months until 13 October 2011 for the following reasons

EG plc

To dispose of the leasehold property at The Courtyard, Severn Drive Tewkesbury This property has now been sold

To complete the collection of a debtor balance with a significant estimated realisable value by way of a joint collection exercise with a Caley owned entity

As the parent company and the only entity with a bank overdraft facility, EG plc needs to remain open until all subsidiary company administrations have been closed

ECPS

Following the approval of the Court of the Distribution Scheme to deal with the client monies, and following expiry of a bar date for claims of 21 June 2010, £1.2m has been released to the estate of ECPS (£840,000 was received before 13 October 2010, with the balance received shortly after) This has significantly increased the Prescribed Part available to its unsecured creditors The process to distribute this Prescribed Part was completed on 12 November 2010

ISGO

The Administrators have sought legal advice on the treatment of investment assets in this entity to establish whether they should properly be treated as fixed or floating charge Having made enquiries to determine the extent of security arrangements that were in place at the time that the investments were entered into, the Administrators have determined that certain of the securities were subject to a fixed charge and the others are floating charge assets on which a prescribed part is payable The process to distribute the Prescribed Part was completed on 28 October 2010

HLR, PR, ECS, EMS Square Mile, Building Consultancy and ISGO

Tax clearance has recently been provided by HMRC and a final report has now been issued

EPS

A sum of £15,000 is held on behalf of dissenting shareholders and on advice from solicitors the Administrators are seeking to pay these monies into Court pending future claims from the beneficial owners

The Administrators have recently completed the sale of a small parcel of land

In all cases

To agree the final corporation tax position of the Group and each of its members and obtain corporation tax and VAT clearance

To make a further distribution to the secured creditors under their fixed and floating charge security



Asset realisations

Our receivables collection

activities have been concluded except for one outstanding matter, no further realisations are anticipated

The ECPS Distribution Scheme has been completed

There are a small number of property related matters still to be concluded

Leasehold and freehold property

The sale of business agreements included the leasehold interest in 78 of the Group's 154 premises. All of these have now been assigned or vacated

We have offered surrenders on all of the properties not included in the sale of business. Acceptance of surrender has not yet been granted in all cases. These properties remain vacant. Landlords are not under any obligation to accept surrender of the leases. Therefore, some ongoing management and maintenance of public liability cover of the properties is required until the lease liabilities are discharged or the administrations are closed

The joint administrators have now completed the sale of EG plc's long leasehold interest in the Tewkesbury property, and the sale of a parcel of freehold land adjacent to Shoreham Airport has been completed

Receivables

EG plc has commenced litigation in order to recover an outstanding receivable

Liabilities

Since the previous report the Administrators have paid the final two Prescribed Part dividends

Secured creditors

To date distributions to the secured creditors total £134 million against a debt at appointment of £230 million

Preferential creditors

A summary of the agreed and paid preferential creditor claims are detailed below

Preferential claims agreed and paid									
£000		Building Consultancy	ECPS	EMS	ECS	Total			
Redundancy payments office		112	43	101	20	276			
Employees		102	54	17	19	192			
Total		214	97	118	39	468			

Source Administrators records

Prescribed part and unsecured creditors' claims

Summarised below are the Prescribed Parts for each of the Administrations

On 3 April 2009 the Court granted the Joint Administrators permission to pay a dividend to unsecured creditors from the Prescribed Parts. The Joint Administrators had largely completed the agreement of claims at the date of the last report but received a late communication from HM Revenue and Customs that it considered itself to be a significant creditor and intended to participate. In view of the materiality of HMRC's claim the administrators agreed to delay the dividends for a period to allow HMRC to claim. Following receipt of HMRC's claims eight Prescribed Part dividends have now been paid.

The Joint Administrators forecast that there will not be a Prescribed Part in EG plc. However, they continue to keep this under review as they finalise realisations.

The costs directly associated with agreeing claims and distributing the Prescribed Part to the unsecured creditors are deductible from the Prescribed Part.

Prescribed part									
£000	EG Plc	Building Consultancy	ECPS	EMS	ECS	HLR	PR	SM	ISGO
Total (before costs)	Nil	600	444	292	59	139	7	9	50
Payment due	-	Paid	Paid	Paid	Paid	Paid	Paid	Paid	Paid
Less costs	-	(44)	(29)	(15)	Nil	Nil	Nil	Nil	Nil
Dividend (p in the £)	-	9.52	6.57	7.2	1.48	16.18	0.23	0.37	1.59

Note We have not sought to recover our costs in respect of some of the smaller Prescribed Parts where it is not cost effective to do so.
Source Administrators estimates



Costs of administrations

The administrators' total remuneration across all of the administrations of £7 428 million to date has been approved by the Secured and preferential creditors (where applicable)

Costs of administrations

The costs of administrations paid to date are set out in the attached Receipts and Payments Accounts (see Appendix 2)

In accordance with Rule 2 106 (5a) of the Insolvency Rules 1986, where there is a dividend to preferential creditors in a particular entity, a simple majority of these creditors voting is required to approve the basis of the Administrators' remuneration drawn from that estate. This is in addition to the approval of each of the Secured creditors.

Administrators' remuneration of £7 34 million, together with £88,000 for dealing with the Prescribed Parts, has been drawn to date with the approval of the Secured and preferential creditors, where applicable. In accordance with R12 2(2) IR86 the costs associated with the agreement and payment of the Prescribed Parts are payable from those funds and the table on Page 7 details costs of £88,000 payable from the Prescribed Parts paid to date.

The Administrators' time costs to 13 October 2010, have been analysed and disclosed in previous reports to creditors. Analyses of time costs incurred in the period from 14 October 2010 to 13 April 2011 are attached as Appendix 3.

Comments on Appendices

Appendix 1 Statutory information

In accordance with IR86, the prescribed statutory information for the three group companies which remain in administration is provided

Appendix 2 Administrators' receipts and payments account

The Administrators' receipts and payments accounts to 13 April 2011 is included. The figures on the account are shown net of VAT.

A summary of the transactions in the period from 14 October 2010 to 13 April 2011 is also included.

Appendix 3. Analyses of Administrators' time costs for the period 14 October 2010 to 13 April 2011

Appendix 1 Statutory information

Statutory information			
Company name	Ernst & Young Global plc	Ernst & Young Global plc	Ernst & Young Global plc
Company number	3732607	2540610	3142678
Date of incorporation	15 March 1999	18 September 1990	2 January 1996
Registered office	8 Salisbury Square London EC4Y 8BB	8 Salisbury Square London EC4Y 8BB	8 Salisbury Square, London, EC4Y 8BB
Trading names		NAL Ernaceous, Ernaceous Commercial Property Management Dunlop Haywards, PPH Commercial Douglas Duff, CPAM Commercial Property Asset Management, Ernaceous Facilities Management Painter Salter, Egan Lawson	
Court	High Court of Justice	High Court of Justice	High Court of Justice
Court reference	3014/08	3071/08	3092/08
EU regulation	Main proceedings	Main proceedings	Main proceedings
Administrators	Jim Tucker and Edward Boyle	Richard Philpott and Jim Tucker	Richard Philpott and Jim Tucker
Date of appointment	14 April 2008	14 April 2008	14 April 2008
Appointor	Directors	Directors	Directors
Para 100(2) statement	All functions or acts to be carried out by the Joint Administrators are to be exercised by all or any one or more of the persons for the time being holding that office	All functions or acts to be carried out by the Joint Administrators are to be exercised by all or any one or more of the persons for the time being holding that office	All functions or acts to be carried out by the Joint Administrators are to be exercised by all or any one or more of the persons for the time being holding that office
Directors (no of shares in the companies held by the directors)	Nigel Peter Davis (30 927 – personal shareholding) Nicholas Rodney Lowther Fry (20 000 – personal shareholding) The Lord David Charles Poole Lord Edward Timothy Razzall CBE (9 400 – controlled company) Dominic Lavelle Timothy John Redburn	RD Collins NP Davis	NP Davis D Lavelle
Secretary (no shares in the companies are held by the secretary)	Robin Simon Johnson	JMS Bellis RS Johnson	JMS Bellis RS Johnson

Appendix 2

Receipts and payments account

Receipts as at 31 April 2011				
£	EG Plc	ECPS	EPS	
Receipts				
Shares and Investments	126 422 233	-	-	-
Goodwill	202	9	-	-
Leasehold property	1,205 002	3	-	-
Client accounts	-	1 178,501	-	-
Furniture and equipment	3,185	116,736	-	-
Faroaks Escrow	152 913	-	-	-
Motor Vehicles	-	-	-	-
Stock / WIP	-	2	-	-
Staff Loans	-	265	-	-
Intercompany receipts	-	-	-	-
Trade debtors	43,578	2,259,304	-	-
Intercompany debtors	576,491	529 797	-	-
Intergroup debtors – Group	-	16 653	-	-
Book debt interest	-	4,876	-	-
Repayments	-	-	-	-
Cash at bank	1,361	254 788	-	-
Rent income	232,528	16 779	-	1
Sundry income	-	-	-	-
Bank interest – gross	129	41 062	-	-
VAT payable	847,056	351,301	-	-
Deferred Consideration	-	-	-	-
Group funding receipt	7 182,056	-	-	-
Other receipts	320,896	109,666	-	-
Recharge of trading / payroll costs	6 777,273	20 274	-	-
Total receipts	143,764,903	4,900,016		1

Source Administrators' records

Payments as at 31 April 2011				
£	EG Plc	ECPS	EPS	
Payments				
Trading costs	9 102 405	165 015	-	-
Distribution to secured creditors	130,486,320	398,177	-	-
Distribution to preferential creditors	-	97,706	-	-
Distribution to unsecured creditors	-	415,222	-	-
Legal fees	1,456,055	127,394	-	-
Administrators fees	3,819 648	1,850,378	-	-
Administrators expenses	55,391	6,141	-	-
Debt Collection costs	496	33,974	-	-
Commissions	-	-	-	-
Irrecoverable VAT	40 350	-	-	-
VAT receivable	826,787	356,479	-	-
Bank Charges	227,816	889	-	-
Agents/valuers fees	-	-	-	-
Rent and property expenses	-	-	-	-
Professional fees	12,754	-	-	-
Payroll and expenses	6,000	-	-	-
Payroll on behalf of 3rd party	3,996	-	-	-
Sundry expenses	677,587	17 526	-	-
Insurance of assets	27,839	3,927	-	-
Corporation tax	-	8,073	-	-
Inter Company Debtors-Group	-	1,413,437	-	1
Total payments	146,743,444	4,894,338		1
Cash in hand / (Bank funding utilised)	(2,978,541)	5,678		-

Source Administrators' records

Appendix 2

Receipts and payments account (cont.)

Transactions in the period 14 October 2010 to 13 April 2011				
£	EG Plc	ECPS	EPS	
Receipts				
Shares and Investments				
Goodwill				
Leasehold property	255 000			
Client accounts		338 305		
Furniture and equipment				
Fairroaks Escrow				
Motor Vehicles				
Stock / WIP				
Staff Loans				
Intercompany receipts				
Trade debtors		14,134		
Intercompany debtors				
Intergroup debtors – Group				
Book debt interest				
Repayments				
Cash at bank				
Rent income				
Sundry income				
Bank interest – gross				
VAT payable	204,057	37,724		
Deferred Consideration				
Group funding receipt	1 265,989			
Other receipts				
Recharge of trading / payroll costs				
Total receipts	1,725,046	390,163		

Source Administrators records

Transactions in the period 14 October 2010 to 13 April 2011				
£	EG Plc	ECPS	EPS	
Payments				
Trading costs				
Distribution to secured creditors				
Distribution to preferential creditors				
Distribution to unsecured creditors				
Legal fees	55 623	415,222		
Administrators fees		28,706		
Administrators expenses				
Debt Collection costs				
Commissions				
Irrecoverable VAT				
VAT receivable				
Bank Charges				
Agents/valuers fees				
Rent and property expenses				
Professional fees				
Payroll and expenses				
Payroll on behalf of 3rd party				
Sundry expenses	176 782	7,754		
Insurance of assets	27,839			
Corporation tax				
Inter Company Debtors-Group		278,582		
Total payments	260,244	730,264		
Movement	1,464,802	(340,101)		

Source Administrators records



Appendix 3 Administrators' time costs Analysis for the period from 14 October 2010 to 13 April 2011

Etracoe Group plc (consolidated)									
£	Hours					Time cost	Average hourly rate		
	Partner/director	Manager	Administrator	Support	Total				
Cashiering	-	25 90	14 00	1 10	41 00	14 747 50	£369 70		
General	-	19 50	58 60	-	78 10	21,667 50	£277 43		
Shareholders	-	0 50	1 75	-	2 25	665 00	£295 56		
Statutory and compliance	9 70	99 80	37 00	6 55	153 05	59,026 08	£385 67		
Tax	-	35 10	0 95	0 50	36 55	15,461 50	£423 02		
Creditors and claims	0 2	59 35	77 35	7 5	144 40	46,893 75	£324 75		
Employees	-	7 70	2 20	-	9 90	3,792 75	£383 11		
Asset realisation	-	58 00	21 45	25 70	105 15	36,924 50	£351 16		
Total in period	9 90	301 85	213 30	41 35	570 40	199,178 58	£349 19		

Source Administrators' records

Etracoe Group plc (in administration)									
£	Hours					Time cost	Average hourly rate		
	Partner/director	Manager	Administrator	Support	Total				
Cashiering	-	11 90	10 20	0 30	22 40	7,762 50	£346 54		
General	-	19 00	58 35	-	77 35	21,400 00	£276 66		
Shareholders	-	0 50	1 75	-	2 25	665 00	£295 56		
Statutory and compliance	9 70	98 20	35 25	5 85	149 00	57,812 58	£388 00		
Tax	-	34 40	0 25	0 50	35 15	14,933 00	£424 84		
Creditors and claims	0 2	19 35	62 4	7 5	89 45	26,214 25	£293 06		
Employees	-	4 90	2 20	-	7 10	2,616 75	£368 56		
Asset realisation	-	43 40	20 85	25 70	89 95	30,497 00	£339 04		
Total in period	9 90	231 65	191 25	39 85	472 65	161,901 08	£342 54		

Source Administrators' records

Appendix 3 Administrators' time costs (cont.) Analysis for the period from 14 October 2010 to 13 April 2011

Erinaceous Commercial Services Limited (in administration)						
£	Hours				Time cost	Average hourly rate
	Partner/director	Manager	Administrator	Support	Total	
Cashiering	-	6.40	1.70	0.30	8.40	£3,227.50
Statutory and compliance	-	0.50	-	0.40	0.90	£277.78
Tax	-	-	0.70	-	0.70	£230.00
Creditors	-	3.35	-	-	3.35	£493.66
Asset realisation	-	0.60	-	-	0.60	£420.00
Total in period	-	10.85	2.40	0.70	13.95	£5,544.25
						£398.01

Source Administrators' records

Erinaceous Commercial Property Services Limited (in administration)						
£	Hours				Time cost	Average hourly rate
	Partner/director	Manager	Administrator	Support	Total	
Cashiering	-	7.60	2.10	0.50	10.20	3,757.50
General	-	0.50	0.25	-	0.75	267.50
Statutory and compliance	-	1.10	1.75	0.30	3.15	963.50
Tax	-	0.70	-	-	0.70	367.50
Creditors and claims	-	36.65	14.95	-	50.6	19,025.75
Employees	-	2.80	-	-	2.80	1,176.00
Asset realisation	-	14.00	0.60	-	14.60	6,175.50
Total in period	-	63.35	19.65	0.80	82.80	31,733.25
						£383.25

Source Administrators' records



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