

Insolvency Act 1986

**Notice of result of meeting of
creditors****2.23B**

Name of Company

**HG-NRE Limited Formerly European Recruitment
Network Group Limited**

Company number

04226727

In the

High Court of Justice

[full name of court]

Court case number

13313 of 2009(a) Insert full name(s) and
address(es) of the
administrator(s)I/We (a) Antony David Nygate and Shay Bannon of BDO Stoy Hayward LLP 55 Baker
Street, London, W1U 7EU

*Delete as applicable

hereby report that * a meeting / ~~an adjourned meeting~~ of the creditors of the above company
was held at(b) Insert details of place of
meeting(b) BDO Stoy Hayward LLP, 55 Baker Street, W1U 7EU.

(c) Insert details of meeting

On (c) 26 June 2009 at which:

*Delete as applicable

*1. Proposals / ~~revised proposals~~ were approved.*2. ~~Proposals / revised proposals were modified and approved.~~

Modifications made to the proposals are as follows:

(d) Give details of the
modifications (if any)(d) None.*3 ~~The proposals were rejected.~~(e) Insert time and date of
adjourned meeting*4. ~~The meeting was adjourned to (e) _____ 2009.~~(f) Details of other resolutions
passed*5. ~~Other resolutions: (f)~~

THURSDAY



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02/07/2009

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COMPANIES HOUSE

*Delete as applicable A creditors' committee * was not formed.

Signed

(If signing on behalf of appointor indicate capacity
e.g. director/solicitor)

Dated 30-6-09.

*Delete as applicable A copy of the original proposals / ~~modified proposals~~ / ~~revised proposals~~ is attached for those who did not receive such documents prior to the meeting.

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

BDO Stoy Hayward LLP, 55 Baker Street, London,	
W1U 7EU	
Our Ref 009290/LO/LO/C9	Tel 020 7486 5888
DX Number	DX Exchange

If 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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**In the Matter of HG-NRE Limited Formerly European Recruitment Network Group
Limited**

and

In the Matter of the Insolvency Act 1986

Notice of the Result of Meeting of Creditors

Pursuant to Rule 2.46 Insolvency Rules 1986 I report as follows:

The Joint Administrators' proposals were approved as follows;

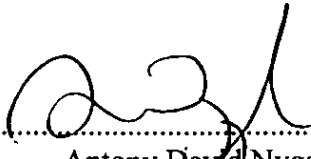
The Joint Administrators' should

- (a) continue to manage the companies affairs and implement the terms of the sale agreement, to ensure that the second purpose of the Administrations is achieved and the return to creditors is maximised; and
- (b) exit the administration of all companies by way of Creditors' Voluntary Liquidation, and Antony David Nygate and Shay Bannon of BDO Stoy Hayward LLP will be appointed as Joint Liquidators; or by dissolution under Paragraph 84 of schedule B1 of the Insolvency Act 1986.
- (c) draw the Joint Administrators remuneration for each company on a time cost basis, which may be drawn by the Joint Administrators as and when funds are available; and

A further resolution:

- (d) That the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report to creditors.

Date: 26 June 2009


.....
Antony David Nygate
Joint Administrator

ERNL REALISATIONS LIMITED**FORMERLY EUROPEAN RECRUITMENT NETWORK LIMITED**

Company Number – 05651508 High Court No: 13317 of 2009,

MNAL REALISATIONS LIMITED**FORMERLY MONTAGU NURSING AGENCY LIMITED**

Company Number – 05949070 High Court No: 13319 of 2009

HG-NRE LIMITED**FORMERLY EUROPEAN RECRUITMENT NETWORK GROUP LIMITED**

Company Number – 04226727 High Court No: 13313 of 2009

MWL REALISATIONS LIMITED**FORMERLY MYWORKFORCE LIMITED**

Company Number – 03884885 High Court No: 13314 of 2009

SS-RP LIMITED**FORMERLY PRS SELECTION LIMITED**

Company Number – 02287260 High Court No: 13316 of 2009

WD REALISATIONS LIMITED**FORMERLY WHITE DOOR LIMITED**

Company Number – 05276667 High Court No: 13318 of 2009

("the companies") – ALL IN ADMINISTRATION

The Registered offices are situated at c/o BDO Stoy Hayward LLP, 55 Baker Street, London W1U 7EU for all the companies.

1 Introduction

- 1.1 This report is addressed to the creditors of the companies and incorporates the Joint Administrators' proposals. These proposals are to be considered by the creditors' meeting called pursuant to Paragraph 51 of Schedule B1 of the Insolvency Act 1986 to be held at BDO Stoy Hayward LLP, 55 Baker Street, London, W1U 7EU on 26 June 2009 at 12:00 hrs. As the operations of the Companies are closely related, we propose to hold the meetings for each company simultaneously.
- 1.2 Creditors may approve the proposals with or without modifications subject to the Joint Administrators' agreement to any such modifications. If the creditors reject the Joint Administrators' proposals a report will be sent to the High Court of Justice confirming that the creditors have rejected the proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.
- 1.3 If the Joint Administrators' proposals are agreed at the meeting of creditors the Joint Administrators will continue to control the business of the company to the extent that it has not been transferred. The Joint Administrators would at some later date arrange for the company to exit from the Administration, as agreed by the creditors.

Based on the information presently available and the current situation the Joint Administrators' proposal is that the companies will move from Administration to Creditors' Voluntary Liquidation or dissolution.

2 Events leading up to the Appointment of the Joint Administrators

- 2.1 The companies operated a number of manpower businesses providing permanent and temporary blue-collar and white-collar staff across a range of industries including healthcare, construction, IT and advertising. The companies had grown by acquiring predominantly distressed businesses with the aim of restructuring them to derive benefits from economies of scale.
- 2.2 In 2008, the companies' financial performance suffered as illustrated by the following key indicators:
- (a) declining revenue due to the downturn in the UK (and worldwide) economy particularly affecting recruitment and the construction industry; a significant proportion of the companies' revenue is from the construction industry;
 - (b) decline in permanent placement sales (100% gross margin) affecting Earnings Before Interest Tax, Depreciation and Amortisation and hence cash flow;
 - (c) inadequate general accounting systems and sales ledgers leading to credit notes needing to be issued against invoices and invoices re-aged and reissued. This meant aged debtors lengthened and further affected cash flow; and
 - (d) the companies short paying 2007/2008 and 2008/2009 PAYE/NIC and VAT to fund cash flow.
- 2.3 In November 2008, the companies' board of directors, with the support of the secured creditor Barclays Bank, initiated a review of the business to formulate an action plan to address the trading issues.
- 2.4 In February 2009, the director of the companies, John Cariss, appointed Pricewaterhouse Coopers (PwC) to seek a buyer for the businesses and assets of the companies at the highest value possible.
- 2.5 The businesses and assets of the companies were extensively marketed by PwC. However, following the receipt of the initial offers, the director then engaged BDO Corporate Finance ("BDOCF"), in March 2009, to carry out an accelerated sale and marketing process.
- 2.6 Over the following weeks, negotiations were held with several potential interested parties identified by BDOCF and the director, including trade competitors and private equity investors for the sale of the businesses.

- 2.7 On 22 April 2009 an application for appointment of Joint Administrators was made by John Cariss being a director of the companies, pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. On 22 April 2009, Antony David Nygate and Shay Bannon of BDO Stoy Hayward LLP were appointed Joint Administrators and immediately concluded a sale of the business and assets to Redwood Group Limited. The details of this sale are included at paragraph 6 below.

Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Joint Administrators carry out their functions jointly and severally.

- 2.8 At Appendix 1 is a record of the names of the company's directors and company secretary together with details of their shareholdings.

3 Statement of Affairs and statutory information

- 3.1 We attach at Appendix 2 to this report a summary of the estimated statement of affairs of the company at the date of our appointment, prepared by the directors. The summary statement of affairs has been prepared from the company records and information available. The Joint Administrators have reviewed the statement of affairs but have not carried out any audit or detailed verification work at this time.

4 Prescribed Part

- 4.1 Under the provisions of Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where the company has granted a floating charge to a creditor after 15 September 2003. As there are no longer any outstanding amounts due to any floating charge holders, the companies' net property, after payment of preferential claims and any expenses of the various Administrations will be available to the unsecured creditors.

5 Achieving the purpose of the administration

- 5.1 The statutory purpose of an administration consists of three objectives, and we now address the progress that has been made in this respect.

- (a) The first objective is the rescuing the company as a going concern (i.e restructuring the companies' business, resulting in the survival of the company). In order to achieve a rescue of the companies, new funding would be required and a refinancing of the companies' borrowings would need to be addressed. The interested parties identified through the sales process were only willing, however, to purchase the assets and business of the companies via an insolvency process. On this basis the companies could not be saved as going concerns. Consequently, this purpose has not been achieved.

- (b) With regard to the second objective of 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), we consider that this objective has been achieved.

It is highly unlikely that the realisations achieved through a sale, particularly in respect of Goodwill, could have been achieved in a liquidation. A dividend to unsecured creditors is likely to be paid from asset realisations.

- (c) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors. It is not necessary to consider this objective given that the second objective has been achieved.

6 Sale of business and management of the companies' affairs since the Joint Administrators' appointment

- 6.1 In the period prior to the appointment of the Joint Administrators, the companies appointed BDO to:
 - (a) carry out an Independent Business Review;
 - (b) monitor the progress of a PricewaterhouseCoopers (PwC) sales and marketing process and to monitor the secured creditor's exposure to the businesses; and
 - (c) assist in the sale and marketing process (accelerated mergers and acquisition – "AMA") to identify potential interested parties.
- 6.2 Upon their appointment, the joint administrators considered trading the business in Administration in order to attempt to achieve a sale as a going concern but determined that this was not appropriate. Substantial trading losses were expected to be incurred in addition to a higher level of professional fees, in a period of trading in Administration. Furthermore the Administrators were not aware of any party willing to provide working capital funding in Administration
- 6.3 The business had been extensively marketed identifying all likely potential bidders and the negotiated purchase price of £3,314,974 was significantly in excess of any other offer, indicative or otherwise, received during the AMA process; and provided certainty.
- 6.4 The employment of all employees of the companies was transferred to Redwood Group Limited under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (known as "TUPE").
- 6.5 Immediately upon the sale of the business, the companies secured creditor was paid in full as detailed on the Joint Administrators' receipt and payments accounts at appendix 3.
- 6.6 As part of the sale of the business, the companies' leasehold interest in various properties are being transferred to Redwood Group Limited.

7 Creditors' claims

- 7.1 The secured creditor is Barclays Bank Plc, secured by a fixed and floating charge on each company with cross guarantees. The secured creditor was due £2,491,704 and this has been repaid as shown in the attached receipts and payments accounts. The estimated preferential claims and unsecured creditors for each company are summarised below:

Company	Preferential creditor (£)	Unsecured creditor (£)	Estimated distribution to unsecured creditors
ERNL Realisations Limited (Formerly European Recruitment Network Limited)	Nil	4,697,950	Likely
MNAL Realisations Limited (Formerly Montagu Nursing Agency Limited)	Nil	4,084,318	Likely
HG-NRE Limited (Formerly European Recruitment Network Group Limited)	Nil	2,394,886	Likely
MWL Realisations Limited (Formerly Myworkforce Limited)	Nil	782,422	Unlikely
SS-RP Limited (Formerly PRS Selection Limited)	Nil	518,335	Likely
WD Realisations Limited (Formerly Whitedoor Limited)	Nil	398,504	Unlikely
Total	Nil	12,876,415	

8 Rescue of the companies

- 8.1 As detailed in 5.1 above a rescue of the companies could not be achieved, however we achieved a sale of European Recruitment Network Group Limited's investment in certain subsidiaries to Cardale Investments LLP for £3. These subsidiaries were Redwood Group Limited, Redwood Building Services Limited and Redwood Engineering Recruitment Limited (together "Redwood Group").
- 8.2 Redwood Group, which was subject to cross guarantees with the companies, did not go into Administration because of the immediate sale of the investments in Redwood Group following the appointment of the Joint Administrators.

9 Sale of business

9.1 As detailed above, the Joint Administrators achieved a sale of the business and assets of the business following their appointment as follows:

- (a) a sale of European Recruitment Network Group Limited's investment in certain subsidiaries to Cardale Investments LLP for £3. These subsidiaries were Redwood Group Limited, Redwood Building Services Limited and Redwood Engineering Recruitment Limited (together "Redwood Group"); and
- (b) a sale of the business and assets of the Companies to Redwood Group Limited for £3,314,974.

9.2 The funds receivable from Redwood Group Limited and Cardale Investments LLP (together "the Purchasers") in relation to the transaction are to be settled as follows:

- (a) funds of £2,614,974 were settled immediately upon completion;
- (b) additional funds up to £400,000, are contingent on trade debtors collected in excess of £2,700,000. We are aware that these debtors have been collected and are awaiting receipt of the additional £400,000; and
- (c) funds of £300,000 have been deferred for six months from the completion date, namely 22 October 2009.

10 EC Regulations on Insolvency Proceedings

10.1 We are required under the Insolvency Rules 1986 to state whether and if so the extent to which the above regulations apply to this administration. In this particular case the EC Regulation will apply in respect of this administration and these proceedings will be main proceedings as provided by Article 3 of the aforesaid Regulation.

11 Joint Administrators' Remuneration

11.1 Kindly note that under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal or alternatively by reference to the time the Joint Administrators and their staff have spent attending to matters in this administration.

11.2 In respect of this administration, we wish to ask creditors to approve our remuneration on a time costs basis. Attached at appendix 5 is a schedule that summarises the time that has been spent in administering this administration up to the date of this report.

This shows a combined total of 140.90 hours for the companies at an average charge out rate of £389.56 as summarised below:

Company	Hours	£
ERNL Realisations Limited (Formerly European Recruitment Network Limited)	23.79	9,471.59
MNAL Realisations Limited (Formerly Montagu Nursing Agency Limited)	22.74	9,263.14
HG-NRE Limited (Formerly European Recruitment Network Group Limited)	29.29	10,363.09
MWL Realisations Limited (Formerly Myworkforce Limited)	19.74	7,328.14
SS-RP Limited (Formerly PRS Selection Limited)	22.60	9,200.30
WD Realisations Limited (Formerly Whitedoor Limited)	22.74	9,263.14
Total	140.90	54,889.40

11.3 Remuneration has been, and will continue to be, charged to each relevant company in respect of work done.

11.4 Included within the proposals below is a resolution regarding the Joint Administrators' remuneration, although if a creditors' committee is appointed approval of the Joint Administrators' remuneration will be the committee's responsibility. For your guidance we attach a Creditors Guide to Administrators Fees together with a document that outlines the policy of BDO Stoy Hayward LLP in respect of fees and disbursements.

12 Possible outcomes for the companies and Creditors

12.1 The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the company from the Administration, being primarily a Company Voluntary Arrangement, Liquidation or dissolution of the company. It is the Joint Administrators' recommendation and proposal, as detailed below, that once realisations are sufficiently completed that each company should move from administration to liquidation and that Antony Nygate and Shay Bannon be appointed Joint Liquidators. The choice of liquidators is a matter for the creditors to consider.

12.2 As detailed above, the secured creditor was paid in full immediately upon the sale of the businesses. Based on information presently available, I anticipate the companies' unsecured creditors will receive a small dividend, however the quantum and timing of which will be subject to the assets available and the final level of agreed claims on a company by company basis.

13 Statement of proposals under Paragraph 49 of Schedule B1 of the Insolvency Act 1986

- 13.1 In accordance with Paragraph 49 of Schedule B1 of the Insolvency Act 1986 the Joint Administrators make the following proposals for achieving the purpose of the Administration. Approval of these proposals will be considered by the meeting of creditors to be held on 26 June 2009.

Formal Proposals - the Joint Administrators propose that they:

- (a) continue to manage the companies affairs and implement the terms of the sale agreement, to ensure that the second purpose of the Administrations is achieved and the return to creditors is maximised; and
- (b) exit the administration of all companies by way of Creditors' Voluntary Liquidation, and Antony David Nygate and Shay Bannon of BDO Stoy Hayward LLP will be appointed as Joint Liquidators; or by dissolution under Paragraph 84 of schedule B1 of the Insolvency Act 1986.

NB. Under Paragraph 83(7) of Schedule B1 of the Insolvency Act 1986 and Rule 2.117(3) creditors may nominate different liquidators, but in the absence of such nomination the above named would become the liquidators.

- (c) consider and if thought fit appoint a creditors' committee in respect of each company to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors)

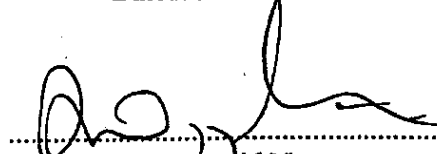
In the absence of a creditors committee in respect of any company,

- (d) The remuneration of the Joint Administrators for each company is approved on a time cost basis, which may be drawn by the Joint Administrators as and when funds are available; and

A further resolution is put to the creditors:

- (e) That the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report to creditors.

Dated: 9 June 2009



Antony David Nygate
Joint Administrator