

The Insolvency Act 1986

Notice of move from administration to dissolution

Name of Company
Georgina Goodman (Holdings) Limited

Company number
07085560

In the
High Court of Justice, Chancery Division,
The Strand, London
[full name of court]

Court case number
868 of 2011

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

We (a) Kirstie Jane Provan and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT

(b) Insert name and address of
registered office of company

having been appointed administrator(s) of (b) Georgina Goodman (Holdings) Limited, 32 Cornhill, London, EC3V 3BT

(c) Insert date of appointment

on (c) 4 February 2011 by (d) the Directors

(d) Insert name of
applicant / appointor

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

We attach a copy of the final progress report

Signed [Signature]
Joint Administrators

Dated 27/1/12

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.

Begbies Traynor (Central) LLP	
32 Cornhill, London, EC3V 3BT	
	Tel Number 020 7398 3800
Fax Number 020 7398 3799 (Fax)	DX Number

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



A31 31/01/2012 #121
COMPANIES HOUSE

TUESDAY

Kirstie Jane Provan and Mark Robert Fry appointed Administrators on 4 February 2011

The affairs, business and property of the Company are being managed by the Administrators, who act as the Company's agents and without personal liability

**Georgina Goodman (Holdings) Limited (In
Administration)**

**Final Progress Report of the Administrators pursuant to
Rules 2.47 and 2.110 of The Insolvency Rules 1986**

Period: 4 August 2011 to 27 January 2012

Important Notice

This final progress report has been produced by the Administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

Contents

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of Administrators
- ☐ Progress during the period
- ☐ Outcome for creditors
- ☐ Administrators' proposals
- ☐ Summary of steps taken during the administration
- ☐ Administrators' remuneration and disbursements
- ☐ Other relevant information
- ☐ Conclusion
- ☐ Appendices
 - 1 Administrators' account of receipts and payments
 - 2 Summary of Administrators' proposals, including major amendments to, and deviations from them
 - 3 Details of the Company and the pre-packed sale of the Company's assets
 - 4 Administrators' time costs and expenses

1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Georgina Goodman (Holdings) Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 4 February 2011
"the administrators"	Kirstie Jane Provan and Mark Robert Fry of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Georgina Goodman (Holdings) Limited
Trading name(s)	Georgina Goodman (Holdings) Limited
Date of Incorporation	24 November 2009
Company registered number	07085560
Company registered office	32 Cornhill, London, EC3V 3BT

3. DETAILS OF APPOINTMENT OF JOINT ADMINISTRATORS

Names of the Administrators	Kirstie Jane Provan and Mark Robert Fry Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT
Date of Administrators' appointment	4 February 2011
Court	High Court of Justice, Chancery Division
Court Case Number	868 of 2011
Person(s) making appointment / application	The directors of the Company
Acts of the Administrators	The Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

4. PROGRESS DURING THE PERIOD

Leasehold Property - 269 Rue Saint Honore, 75001, Paris, France

During the period the Administrators were summoned to the Paris Trade Court, France in respect of certain obligations of the Company relating to leasehold premises at 269 rue Saint Honore, 75001 Paris, France ("the Property")

Unbeknown to the Administrators at the commencement of the administration, there had been a dispute between the landlord of the Property and the Company in respect of the Heads of Terms ("HOTs") for a 9 year commercial lease, allegedly agreed in the months prior to administration.

The HOTs conveyed certain obligations on both the landlord and the Company, subsequent to the Company entering into administration the landlord has brought legal proceedings against the Company in France for breach of contract. The claim amounts to approximately £43,730.

The Administrators duly instructed DLA Piper LLP as representation to attend the hearing at the Paris Trade Court. The French Courts ruled that the Company is liable for €50,000 plus costs in relation to the Property and that French law applies to the matter. This has been reflected as an unsecured claim in the administration.

The Administrators have been served with notice of the decision and have advised the claimants that, despite the ruling, there are no funds within the administration to enable a distribution to the Company's unsecured creditors

Attached at Appendix 1 is the Administrators' abstract of receipts and payments for the periods

- 4 February 2011 to 3 August 2011,
- 4 August 2011 to 27 January 2012, and
- Cumulative period 4 February 2011 to 27 January 2012

There have been no receipts or payments during the final period

5. OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in the Administrators' statement of proposals dated 30 March 2011

Secured creditors

Core Capital LLP ("Core") holds an 'all monies' Debenture created on 8 July 2010 and registered on 14 July 2010, conferring fixed and floating charges over the whole of the Company's property. Core holds the debenture as security trustee on behalf of Core VCT IV Plc, Core VCT V Plc and Shoeinvest Limited ("the Lenders"). The Company's indebtedness to the Lenders was £3,884,365 as at the date of administration by way of secured convertible loan notes.

Core's Debenture was created after 15 September 2003 and therefore a 'Prescribed Part' is applicable in respect of the net realisations of property, subject to Core's floating charge pursuant to section 176A of the Insolvency Act 1986 ("the Act"). However, as there have been little floating charge realisations no prescribed part is available to the unsecured creditors. This is dealt with in more detail below.

As part of the sale of the shares in the Subsidiary, the Lenders consented to the assignment of the loan notes and attaching security to the Purchaser.

Preferential creditors

Preferential creditors comprise claims from former employees for arrears of wages up to £800 per employee and accrued holiday pay. To the extent that an employee's contractual arrears of wages is not covered by the statutory limit of £800, the remainder of the claim would rank as an unsecured claim against the Company.

The RPO processes employee payments at a current statutory rate of £400 per week, for arrears of wages (*up to a maximum of 8 weeks arrears*), holiday pay (*up to a maximum of 6 weeks arrears*), statutory redundancy pay (*calculated by reference to a statutory scale*) and statutory notice pay (*between 1-12 weeks depending on length of service*). Where the RPO has advanced funds in respect of employee preferential claims, it will have a subrogated claim for these sums in the administration.

The Company had no employees (all employees were employed by the subsidiary operating company Georgina Goodman Limited) and therefore, there are *no* Preferential Creditors.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows

- ☐ 50% of the first £10,000 of *net property*;
- ☐ 20% of *net property* thereafter;
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if

- ☐ the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

As mentioned above, due to insufficient funds there will be no 'Prescribed Part' available to the unsecured creditors

Unsecured creditors

Based upon information provided within the Directors' statement of affairs, unsecured creditors comprise of loan notes and one other creditor, totalling £2,583,066

On present information, after accounting for the costs of the administration, the Administrators consider that it is *highly unlikely* that there will be any funds available to make a distribution to unsecured creditors

Creditors should consult their own professional advisors as regards VAT bad debt relief

Ending the administration

As the Notice accompanying this report confirms, once registered by Companies House (which is shortly anticipated), the Administrator's appointment will cease to have effect and, unless the court makes an order otherwise, the Company will be deemed dissolved at the end of the period of three months from the date of registration of the notice (Form 2 35 B).

6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of the Administrators' proposals as deemed approved under Rule 2 33(5) of the Insolvency Rules 1986, on 12 April 2011

7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

I would refer you to previous reports for a detailed narrative on the steps taken by us as Administrators. Details and information regarding the Company and the pre-packed sale of the Company's assets is attached at appendix 3

8. THE ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

Pre-Administration Costs

In the period before the Company entered administration, Begbies Traynor (Central) LLP and BTG Restructuring conducted a targeted accelerated marketing campaign to establish any third party interest in acquiring the business and assets of the Company, whether out of a formal insolvency appointment or otherwise

Due to the nature of the assignment and level of delays seen, the work undertaken prior to the administration was time intensive, with time being spent negotiating with Intercede 2387 Limited and considering several deal structure changes. In addition, it was also necessary for a significant amount of time to be spent liaising with the Lenders regarding the business sale and the appointment of Administrators

The pre-appointment work was carried out pursuant to an agreement made between the Administrators and the Company. The work was necessary in order to affect a pre-packaged sale of the Company's assets

For these reasons the Administrators consider that the pre-appointment work has furthered the achievement of the objective of administration being pursued, namely 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)

The Administrators pre-administration time costs were in the total sum of £14,352 plus VAT and have been settled by Shoeinvest Limited ("Shoeinvest"), as agreed prior to the Administrators' appointment

Administrators' Remuneration and Disbursements – Shoeinvest Limited

Prior to the Administrators' appointment, it was agreed with Shoeinvest that pre and post appointment costs and disbursements associated with the administration would be settled by Shoeinvest direct, up to a maximum of £40,000 plus VAT plus disbursements

The Administrators' remuneration has been fixed by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration. They are also authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 4 of this report

The following further information in relation to the Administrators' time costs and disbursements is set out at Appendix 4

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 4 February 2011 to 27 January 2012
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To date the Administrators have incurred total time costs of £43,285 plus VAT in dealing with post appointment matters. The balance of £25,648 plus VAT, after settlement of the Administrators' pre-appointment costs, has been settled by Shoeinvest against these fees

A statement of the expenses incurred by the Administrators during the period of this progress report is attached at Appendix 5

9. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in the Administrators' statement of proposals, the Administrators have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the directors. The Administrators have complied with their duties in this respect

Connected party transactions

The Administrators refer you to Appendix 3 for details regarding the connected party transaction

10. CONCLUSION

Our appointment as Administrators will cease to have effect, once this report together with the requisite forms are filed at Companies House


Kirstie Jane Provan
Joint Administrator

Dated 27.1.12

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period 4 February 2011 to 27 January 2012

Statement of Affairs (Estimated to Realise)	Period from 4/2/2011 to 3/8/2011 £	Period from 4/8/2011 to 27/1/2012 £	Cumulative Total £
ASSETS NOT SPECIFICALLY PLEDGED			
0 Ordinary shares in Georgina Goodman Limited	1	-	1
0 Preference shares in Georgina Goodman Limited	-	-	-
0 Inter-company balance with Georgina Goodman Limited	-	-	-
	<u>1</u>	<u>-</u>	<u>1</u>
Payments			
Administrator's fees*	-	-	-
Administrator's disbursements*	-	(1)	(1)
	<u>1</u>	<u>(1)</u>	<u>-</u>
Available for preferential creditors			
Preferential Creditors	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net property			
Prescribed part of net property set aside for unsecured creditors	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Available for floating charge holder			
Floating charge holder - Barclays Bank Plc	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Summary of balances held			
Fixed charge	<u>-</u>		
	<u>-</u>		
Floating charge	<u>-</u>		
	<u>-</u>		
Summary of anticipated outcome for creditors			
Prescribed part of net property set aside for unsecured creditors			-
Less costs associated with prescribed part			-
Expected Return to Unsecured Creditors			<u>-</u>

* Fees and disbursements are being settled by third party, Shoeinvest Limited

*The Company is not VAT registered

SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

Proposals deemed approved under Rule 2.33(5) of the Insolvency Rules 1986

- I The Joint Administrators take all necessary actions to preserve the value of the Company's assets and achieve maximum recovery of the company's assets
- II The Joint Administrators continue to realise the assets of the Company for the benefit of the creditors and instigate any Court actions deemed of value to the Company and its stakeholders
- III The Joint Administrators propose to make application to Court as they deem fit at any time for directions in relation to any particular matter arising in connection with the carrying on of their functions
- IV The Joint Administrators investigate any antecedent transactions that may have detrimentally affected the Company's financial position
- V The Joint Administrators may, where possible, make a distribution to any preferential creditors in accordance with the requirements of the Act, and if appropriate, may make an application to the Court for the payment of the unsecured creditors
- VI The Joint Administrators exit the administration by way of either dissolution or creditors' voluntary liquidation, at such time as the Joint Administrators consider that one or more of the purposes of the administration as set out in our report have been achieved. If the exit route is by way of a creditors' voluntary liquidation, it is proposed that Kirstie Provan and Mark Robert Fry both of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT be appointed Joint Liquidators of the Company
- VII These proposals shall be subject to such modifications or conditions as the Court may approve or impose
- VIII That the duration of the administration order be initially extended by 6 months, if required and extended further, if necessary
- IX That the Joint Administrators be and they are hereby discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as Joint Administrators ceases to have effect
- X That upon effective movement from Administration to Creditors' Voluntary Liquidation, the Joint Liquidators may act joint and severally and that any act required or authorised under any enactment to be done by a liquidator may be done by any one or more persons holding the office of liquidator from time to time

APPENDIX 3

GEORGINA GOODMAN (HOLDINGS) LIMITED (IN ADMINISTRATION) ("THE COMPANY")

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 4 FEBRUARY 2011

Background Information

The Administrators' statement of proposals for achieving the purpose of the administration which will be sent to creditors in due course will provide detailed information in relation to the Company. However, to assist creditors who may have a limited understanding of the Company and its affairs to better understand the reasons for the pre-packaged sale, we have provided certain background information at this stage.

The Company was incorporated in November 2009 and operated as a holding company for its solely owned trading subsidiary Georgina Goodman Limited ("the Subsidiary"). The Subsidiary is a high end designer and retailer of luxury footwear.

Core Capital LLP ("Core") hold security in the form of a debenture created on 8 July 2010, conferring fixed and floating charge over the Company's assets. Core hold the debenture as security trustee on behalf of Core VCT IV Plc, Core VCT V Plc and Shoeinvest Limited ("the Lenders"). We understand that the Company's indebtedness to the Lender was c£3 844m by way of secured convertible loan notes. This outstanding indebtedness was supported by a cross-guarantee from the Subsidiary.

The reasons for the Company's insolvency

The Company was incorporated to provide a funding vehicle for the Subsidiary. The Company's assets consisted of an investment in the Subsidiary of c£518,000 (share capital) and an intercompany receivable of c£3 45m also due from the Subsidiary. This intercompany debtor reflected the funding received by the Company from the ultimate shareholders and the Lenders, which was on-lent to the Subsidiary for start-up capital and cash flow purposes.

The Company experienced financial difficulties due to increased funding requirements of the Subsidiary for working capital purposes. We understand that the increased funding requirements of the Subsidiary arose as a result of forecast sales not being achieved and cost overruns.

Both the shareholder of the Company and the Lenders were approached to provide further funding for the benefit of the Subsidiary, however we understand that neither parties were willing to inject any further funding into the existing structure.

We further understand that the shareholders were not prepared to dilute their equity holding in order to allow the Lenders to inject additional capital into the Company in consideration for a larger equity stake.

As a result, the Subsidiary was in a position where it needed to consider its insolvency options. This rendered the intercompany debt uncollectable and therefore the Company insolvent on a balance sheet basis. Furthermore, given the lack of cash flow from the Subsidiary, the Company was not, or would not have been, in a position to meet any interest requirements in relation to the loan notes. The Company was therefore also insolvent on a cash flow basis as defined by s 123 of the Insolvency Act 1986.

The reasons for the pre-packaged sale

In light of the above, the directors of the Company, supported by the available financial information, formed the opinion that both the Company and the Subsidiary would likely fail unless further funding was injected into the business

As proposed administrators of the Company, we marketed the Group (being the Company and the trading Subsidiary) for sale as a going concern exploring both a sale out of administration or a 'solvent sale'. As detailed below, given the levels of secured debt and the perceived 'long hockey stick' recovery period (the length of time a new investor would take to recover their initial exposure and begin to build value), no offers were forthcoming from any third parties

An offer for the shares of the Subsidiary was received from Intercede 2387 Limited ("the Purchaser"), a company connected with the Lenders, for nominal consideration. In the absence of any alternative offers, the proposed administrators accepted this offer on the basis that it would ensure the survival and continuation of trade of the Subsidiary

As part of the process the Lenders consented to the assignment of the loan notes and attaching security to the Purchaser. Given that the intercompany balance due to the Company had no value (as the Subsidiary was insolvent and unable to repay), part of the balance was waived by the Administrators and the remainder was assigned to the Purchaser in consideration for a paripassu waiver of a portion of the outstanding secured debt. These were conditions of the sale and have no detrimental effect to any creditors or stakeholders in the Company

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (Central) LLP's initial introduction to the Company?

The Company's directors were introduced to Begbies Traynor (Central) LLP by Core Capital LLP

What was the extent of Kirstie Jane Provan and Mark Robert Fry, and Begbies Traynor (Central) LLP's involvement with the Company before appointment?

The following, in the joint administrators' opinion, are relationships with the Company which, although are prior professional relationships do not constitute a Material Professional Relationship as defined and described in the Guide to Professional Conduct and Ethics issued by the Insolvency Practitioners Association

- 1 Marketing of the business and assets of the Company by BTG Restructuring (an associate of Begbies Traynor (Central) LLP) – January 2011

Please note that negotiations with the Purchaser in relation to the pre-packaged sale were conducted by Kirstie Provan and Mark Fry prior to their formal appointment as administrators and not by the directors of the Company

What marketing of the Company's undertaking and assets was undertaken by the Company?

As discussed above, we understand that the shareholders of the Company were approached to enquire whether they would consider injecting further funds for onward transmission into the Subsidiary. However, we are advised that the existing shareholders were unwilling to inject funding into the existing structure. Furthermore, we are advised that the remaining shareholders were not prepared to dilute their equity holding in order to allow the Lender to inject additional equity monies in consideration for a larger equity stake.

What marketing of the Company's undertaking and assets was undertaken by Kirstie Jane Provan and Mark Robert Fry?

In advance of the appointment of Administrators over the Company and with the Company being unable to pay its debts as and when they fell due, BTG Restructuring conducted a targeted accelerated marketing campaign to establish any third party interest in acquiring the business and assets of the Company, whether out of a formal insolvency appointment or otherwise.

Contact was made to the following parties:

- Kelso Place Asset Management
- RCapital
- Oakley Capital
- Better Capital
- Hilco UK Limited
- Phoenix Equity Partners
- Graphite Capital
- Venrex Investments

The above parties are all distressed business purchasers who have a specialism in luxury goods and high end retail. Based on the results of the above marketing testing, it was clear that the Company's business was not attractive to any third party purchaser.

The major shareholder expressed an interest and made an offer for the purchase of the shares of the Subsidiary from the proposed administrators and, based on the above, the offer was considered and accepted.

What valuations of the Company's undertaking and assets were obtained?

Given the simple structure of the Company's balance sheet and the lack of physical assets, there was not considered a need for a formal valuation.

It is evident from the information available that the Group was insolvent and therefore the shares in the Subsidiary and intercompany debt worthless.

What alternative courses of action were considered by Kirstie Jane Provan and Mark Robert Fry?

The alternative course considered by Kirstie Provan and Mark Fry was a Creditors' Voluntary Liquidation ("CVL"). A sale of the Subsidiary's shares by the duly appointed liquidator would then occur. If the Company had not entered administration and a sale to the Purchaser had not completed, there would be no realisation of the shareholding in the Subsidiary (as it itself would

be in an insolvency scenario with little likelihood of a return to creditors)

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

The Company did not trade. However a delayed sale of shares whilst the Company was in Administration was not possible as the Subsidiary was in immediate need of additional working capital. Without this we are advised that it would have failed in very short order.

What requests were made to potential funders to fund working capital requirements during the administration?

N/A – see above

What consultations were made with major creditors?

Numerous discussions and correspondence with the Lenders, as the creditors with the largest indebtedness.

What was the date of the transaction?

4 February 2011

What were the assets sold and what was the nature of the transaction?

The assets of the Company sold to the Purchaser consisted of the shares in the Subsidiary (sold for a nominal value of £1) and an intercompany debt.

For full details of the transaction please see previous comments.

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

The consideration for the sale and purchase was

- 1 In respect of the sale and purchase of the Subsidiary's shares, a total amount of £1,
- 2 In respect of the sale and purchase of the Intercompany Debt, the release by the Purchaser in full of the debt of £1,301,299 (pursuant to a loan note) and the procurement by the Purchaser of a release by the Lender (as security trustee under its debenture) of the security over the Subsidiary's shares and the intercompany debt.

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No

Who was the purchaser?

Intercede 2387 Limited

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company?

The joint administrators have been made aware that James Smallridge and Mohammed Dakhil, directors of the Company are also directors of the Purchaser

We also understand that James Smallridge is connected with the Lender

Are any directors, or former directors, of the Company involved in the management or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

The joint administrators have been made aware that James Smallridge and Mohammed Dakhil, directors of the Company are also directors of the Purchaser

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

The directors have informed the joint administrators that they have given no guarantees to a prior financier

What options, buy-back arrangements or similar conditions are attached to the contract of sale?

There was a condition attached to the contract of sale with the Purchaser undertaking to the Joint Administrators to not sell any or all of the Subsidiary shares at any time before the expiry of thirty days from the completion date, being 4 February 2011

ADMINISTRATORS' TIME COSTS AND EXPENSES

- a Begbies Traynor (Central) LLP's policy for re-charging expenses,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £150 per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² Ibid 1

held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates

- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the London office as at the date of this report are as follows

	Standard 1 May 2011 – until further notice Regional
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Prior to 1 May 2011, the following rates applied

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	495
Partner 2	395
Director	375
Senior Manager	350
Manager	300
Assistant Manager	250
Senior Administrator	220
Administrator	180
Trainee Administrator	150
Support	150

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Georgina Goodman (Holdings) Limited
CASE TYPE	Administration
OFFICE HOLDERS	Kirstie Provan and Mark Robert Fry
DATE OF APPOINTMENT	4 February 2011

1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case. In this case, fees are being paid outside of the administration by a third party and accordingly this is being provided for information purposes only.

1.2 **Complexity of the case**

In the initial phase of the administration, a large amount of time has been spent in dealing with the share sale, debt waiver and dealing with shareholders' queries. In addition, time has been spent dealing with litigation brought against the Company in respect of a French property, as detailed within the report.

1.3 **The office holders' effectiveness**

The Administrators consider that the objectives and purpose of the administration have been achieved in that the Subsidiary's survival and continuation of trade was ensured as a result of the share transfer and debt waiver.

Furthermore, in the opinion of the Administrators a better result has been achieved for creditors as a whole than would otherwise have been achieved had the company been wound up, without first being in administration.

1.4 **Nature and value of property dealt with by the office holders'**

The property dealt with by the Administrators was that which was included in the sale of the Subsidiary's shares and a waiver of the inter company receivable completed on 4 February 2011.

1.5 **Anticipated return to creditors**

As detailed within the report, due to insufficient funds there will be no distributions to unsecured creditors.

1.6 **Time costs analysis**

An analysis of time costs incurred between 4 February 2011 and 24 January 2012 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type.

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only.

1.7 **The views of the creditors**

Creditors were advised of the administration as soon as reasonably practicable in line with best practice requirements and statute.

1 8 Approval of Fees, Expenses and Disbursements

Prior to the Administrators' appointment, it was agreed with Shoeinvest Limited ("Shoeinvest") that pre and post appointment costs and disbursements associated with the administration would be settled by Shoeinvest direct and limited to £40,000 plus disbursements plus VAT

1 9 Other professionals employed & their costs

Solicitors, Squire, Sanders & Dempsey (UK) LLP, were chosen because of their respective expertise and ability to deal with the sale matters efficiently for the benefit of the progress of the administration

Solicitors, DLA Piper LLP, were instructed as representation to attend the Court hearing at the Paris Trade Court. They were chosen because of their expertise and experience of French Law and for having premises in the locality of the Court

All solicitor costs incurred in respect of the sale of the Company's shares and the French litigation have been settled by Shoeinvest

1 10 Staffing and management

Being a holding company only, the Company had no employees

2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 4

2 2 The rates charged by the various grades of staff who may work on a case are attached in an accompanying note

3 SUMMARY OF WORK CARRIED OUT SINCE OUR APPOINTMENT

Since our appointment the following work has been carried out

- Correspondence and discussions negotiating the sale of the shares of Georgina Goodman Limited,
- Conference telephone calls with solicitors regarding the sale,
- Executing sale documents,
- Dealing with shareholders' correspondence and claims,
- Undertaking investigations into the Company's affairs,
- Internal case meetings to discuss case strategy and progress,
- Dealing with the statutory duties as administrators, including preparing this report,
- Collecting and reviewing the Company's books and records,
- Liaising with the directors regarding the Company's Statement of Affairs,
- Liaising with solicitors regarding the litigation brought against the Company in respect of French property

Georgina Goodman (Holdings) Limited - In Administration
Time costs analysis for the period from 4 February 2011 to 24 January 2012

Staff Grade	Hours									Time cost £	Average hourly rate	
	Partner	Director	Senior Manager	Manager	Assistant Manager	Senior Administrator	Administrator	Junior Administrator	Support			Total hours
Administration and planning												
Appointment and case planning	35 90	-	-	-	-	4 10	-	-	-	40 00	18 673	466 81
Administration and banking	5 10	-	-	-	0 20	20 50	-	4 40	-	30 20	7,715	255 46
Statutory reporting and statement of affairs	5 10	-	-	3 00	-	16 00	-	-	-	24 10	6 945	288 15
Investigations												
CDDA and investigations	2 80	-	-	-	-	8 60	-	-	-	11 40	3,287	288 33
Realisation of assets											-	
Debt collection	-	-	-	-	-	-	-	-	-	-	-	-
Property, business and asset sales	0 80	-	-	-	-	-	-	-	-	0 80	396	495 00
Retention of Title/Third party assets	-	-	-	-	-	-	-	-	-	-	-	-
Trading												
Trading	-	-	-	-	-	-	-	-	-	-	-	-
Creditors												
Secured	3 50	-	-	-	-	-	-	-	-	3 50	1,733	495 00
Others	-	-	-	1 50	-	1 20	-	-	-	2 70	714	264 44
Creditors' committee	-	-	-	-	-	-	-	-	-	-	-	-
Other matters												
Meetings	-	-	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	-	-	-	-	-	-	-	-	-
Litigation	6 30	-	-	-	-	3 00	-	-	-	9 30	3 824	411 13
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total hours by staff grade	59 50	-	-	4 50	0 20	53 40	-	4 40	-	122 00		
Total time cost by staff grade	29,453	-	-	1 350	54	11,897	-	532	-		43 285	354 80
Average hourly rate £	495 00			300 00	270 00	222 78		120 91				
Total fees drawn to date												

STATEMENT OF ADMINISTRATORS' EXPENSES

	£
Statutory Advertising	75 60
Companies House Searches	4 00
Bordereau	<u>20 00</u>
Total	<u>99.60</u>