

AM03

Notice of administrator's proposals



Companies House

WEDNESDAY



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1 Company details

Company number 0 9 2 7 5 2 1 3

Company name in full Expression Du Terroir Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Patrick

Surname Lannagan

3 Administrator's address

Building name/number Tower Bridge House

Street St Katharine's Way

Post town London

County/Region

Postcode E 1 W 1 D D

Country

4 Administrator's name

Full forename(s) Adam

Surname Harris

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address

Building name/number Tower Bridge House

Street St Katharine's Way

Post town London

County/Region


Postcode E 1 W 1 D D

Country

② Other administrator
Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6	Statement of proposals	
	<input checked="" type="checkbox"/> I attach a copy of the statement of proposals	

7	Sign and date	
Administrator's Signature	<div>Signature ✕  ✕</div>	
Signature date	<div><div>^d1^c0</div><div>^m0^m6</div><div>^y2^y0^y1^y9</div></div>	

**Borough Wines & Beers Limited (“BWB”)
Borough Wines Retail Limited (“BWR”)
Expression Du Terroir Limited (“EDT”)
(All in Administration)
(together “the Group” or “the Companies”)**

**Administrators’ Statement of Proposals Pursuant to Paragraph 49
of Schedule B1 of the Insolvency Act 1986**

10 June 2019

This report has been prepared for the sole purpose of updating creditors pursuant to the Insolvency Act 1986. The report should not be referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

The Administrators’ act as agents of the Group without personal liability.

P A Lannagan and A Harris
Mazars LLP
Tower Bridge House
St Katharine’s Way
London
E1W 1DD

In accordance with rule 3.35(e) of the Insolvency (England and Wales) Rules 2016, the proposals are deemed delivered to creditors on 11 June 2019.

Borough Wines & Beers Limited - In Administration

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Statement to Creditors

1 Introduction

- 1.1 This statement is addressed to the creditors of Borough Wines & Beers Limited and its subsidiary companies, Borough Wines Retail Limited and Expression Du Terroir Limited (together “the Group” or “the Companies”) and includes the Joint Administrators’ proposals.
- 1.2 Creditors are asked to approve the proposals via a decision by correspondence. If creditors choose to reject the proposals, a report will be sent to the Court advising of this outcome and the Court may provide that the appointment of the Joint Administrators cease and make such an order as it deems appropriate. This may include any of the Companies being returned to the control of the directors or winding-up orders being made, placing any of the Companies into compulsory liquidation.
- 1.3 In accordance with Rule 3.39 of the Insolvency (England and Wales) Rules 2016, whenever a decision is required of the creditors, an Administrator must at the same time invite the creditors to form a committee. The purpose of such a committee would be to assist the Joint Administrators in the discharge of their duties and responsibilities. The committee is also responsible for agreeing the costs of the Administration.
- 1.4 If the proposals are agreed, the Joint Administrators will continue to control the business of the Group. At a later date, the Administrators will arrange for the Companies to exit from the Administration. This may be via a creditors’ voluntary liquidation or by an application to dissolve the Companies.
- 1.5 The statutory purpose of an Administration for each company comprises three hierarchical objectives:
- a. rescuing the company as a going concern;
 - b. 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); or
 - c. realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.6 It was apparent from the financial review conducted by Mazars LLP, following our engagement by the Group on 20 February 2019, that there was no reasonable prospect of rescuing the Group in its existing form as a going concern in the event the Group entered Administration as the Group was loss making and immediate funding was required which was not anticipated to be available.
- 1.7 The proposals set out the sale of the Group’s business and assets as a going concern via a pre-packaged sale which will achieve a better result for the Group’s creditors than would be likely if the Companies were to be wound up (as illustrated in the Estimated Outcome Statement at Appendix F1). This sale will maximise the value of asset realisations and minimise any additional creditor claims arising on entry in to an insolvency process, particularly employee

claims which would arise upon redundancy. It has therefore been concluded that the statutory purpose of the Administration – objective b – will be achieved.

2 Statutory information

2.1 I would advise you that I was appointed Administrator by the Directors, jointly with my partner Mr Adam Harris, on 31 May 2019 of the following companies:

- Borough Wines & Beers Limited (“BWB”)
- Borough Wines Retail Limited (“BWR”)
- Expression Du Terroir Limited (“EDT”)

2.2 We are authorised to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England and Wales.

2.3 Identification details for the Companies and the Administrators are attached at Appendix A.

2.4 The EU Regulation on Insolvency Proceedings (Regulation (EU) No 2015/848 of 20 May 2015) applies to this Administration and the proceedings are main proceedings, owing to the fact that the Companies’ registered offices and Centre of Main Interests (“COMI”) are based in the UK.

2.5 Details of the Group’s Directors and Secretary are as follows:

Director	Date appointed	Date resigned	Shares held (%)
BWB			
Muriel Hughette Chatel	1 August 2013	-	46.87
Arthur Guillaume Marie De Chalus	3 January 2019	-	-
BWR			
Muriel Hughette Chatel	1 August 2013	-	-
EDT			
Muriel Hughette Chatel	22 October 2014	-	-
Secretary	Date appointed	Date resigned	Shares held (%)
BWB			
Corinna Lucie Pyke	23 February 2015	7 December 2018	16.87

3 Circumstances giving rise to the Administrators’ appointment

3.1 History of the Group

3.2 The Group comprises BWB and BWR (both incorporated in August 2013) and EDT incorporated in October 2014. The business originally traded from a stall at Borough Market, London in 2002 before expanding its retail trading sites across London (BWR) and into the

wholesale of beers, wines and spirits to UK and international customers (EDT). BWB is the Group's holding company and EDT supplied stock to BWB. The Group expanded its retail outlets to nine units, however six had to be recently closed as a result of declining turnover and increasing losses and these losses had placed the Group under significant cash flow pressure. Trading losses were expected to escalate as these stores were no longer having a positive financial contribution and the Group could not be returned to an overall profitable position with the closed store leases in place. Ultimately the Companies faced several threats of winding up and the directors of the Companies concluded that they should enter Administration.

3.3 The Group was solely funded by its shareholders by way of equity injections and shareholder loans, predominately from Chalus Chegaray & Cie.

3.4 Extracts from the Group's last accounts are summarised as follows:

£'000	Turnover	Gross profit/(loss)	Net profit/(loss)	Net assets/(liabilities)
Year ended 31 August 2017				
BWB	168	111	(350)	438
BWR	1,969	591	(115)	(393)
EDT	2,235	312	(194)	(193)

3.5 Initial advice and meetings

3.5.1 Details of the Administrators' engagement, the outcome of the review of the Group's financial position and the options available to it, the chosen course of action and rationale for that choice, the marketing exercise, valuations obtained and assessment of the offer received are set out in detail in Appendix G and so are not replicated here.

3.5.2 Mr Lannagan and Mr Harris were appointed Joint Administrators by the Directors of BWB at 10:33am, BWR at 10:37am and EDT at 10:40am on 31 May 2019 and the sale of the business and assets of the Group was effected simultaneously.

4 The Pre-Pack Sale

4.1 The going concern sale of the business and certain assets of the Group to Spirits of Borough Limited ("the Purchaser" or "SOB") completed on 31 May 2019. Details of the assets comprising the sale and the apportionment of consideration to each company are set out in Appendix G and summarised below:

Asset category	Initial consideration (£)	Deferred consideration (£)	Total consideration (£)
Goodwill, sellers records, customer contracts and intellectual property	3	-	3
Plant & machinery	14,997	-	14,997
Stock	18,000	25,760	43,760
Total	33,000	25,760	58,760

- 4.2 In additional to the initial cash consideration of £33,000, deferred consideration of £25,760 is payable on or before 31 December 2019.
- 4.3 Further to the above, the Purchaser has agreed to assist the Administrator with the collection of all book debts outstanding at the date of appointment, which are excluded from the pre-pack sale, in return for a commission of 10% of debts recovered.
- 4.4 As noted in Appendix G, SOB is a connected party by virtue of an associate of it being a significant shareholder in BWB and Arthur de Chalus being a Director of BWB and the Purchaser. We understand Muriel Chatel (a Director of the Companies), will also be involved in the management of the Purchaser.
- 4.5 The professional advisors engaged to assist the proposed Joint Administrators with the sale process are:
 - 4.5.1 *Freeths LLP ("Freeths")*
 This firm of solicitors was chosen based on their specialism in the field of insolvency. Work carried out by Freeths has involved providing advice during the marketing and sale process, including the drafting of the non-disclosure agreements, assistance in the negotiation process and the drafting of the sale and purchase agreements, the licence to occupy in respect of the trading premises, liaising with the legal advisors acting for SOB and drafting the appointment documents. The pre-Administration fee incurred in respect of this work for the Group has been incurred on a time cost basis, totalling £31,230 plus VAT and disbursements incurred amount to £280.
 - 4.5.2 *John Pye & Sons Limited ("John Pye")*
 This firm of agents and valuers was chosen to provide a valuation of the Group's tangible assets, comprising predominately stock and fixtures and fittings, IT and other equipment, based on their experience in this field. The agents carried out site visits preparing an inventory supplemented with information provided by the Directors to determine a valuation. The pre-Administration fees incurred in respect of this work have been incurred on a time cost basis, totalling £1,395 plus VAT.
- 4.6 All of the above costs were incurred prior to the Group entering into Administration but with a view to doing so. No fees have as yet been paid to Freeths or John Pye in respect of their work during the pre-Administration period and creditor approval is sought for the payment of their costs.

5 Assets to be Realised

5.1 Deferred consideration

- 5.1.1 Under the terms of the SPA, deferred consideration of £25,760 is payable on or before 31 December 2019. This relates to stock owned by BWR and EDT and further details are set out in Appendix G.

5.2 Trade Debtors

5.2.1 As at 31 May 2019, EDT's trade debtors' ledger totalled £190,170. This asset was specifically excluded from the SPA and, under its terms, the Purchaser has agreed to assist with the collection of book debts and account to the Administration estate in respect of all debts due to EDT.

5.2.2 At this stage, the Administrators have assigned an estimated realisable value of £161,645 to the outstanding ledger, with a prudent provision of 15% for bad and doubtful debts.

5.3 Rent (Licence to Occupy)

5.3.1 BWB and the Purchaser have entered into a licence to occupy dated 31 May 2019 in respect of the trading premises at 163 Church Street, Stoke Newington, London, N16 0UL. The licence commenced on 31 May 2019 and will last a term of three months.

5.3.2 The Purchaser, as licensee, has paid on account with our appointed solicitors, Freeths, the sum of £3,333 in respect to the first monthly payment due. SOB will make two further payments of £3,333 per month for the duration of the lease. By the end of the licence term, SOB is expected to have made arrangements with the landlord for the continued occupation of the premises or vacation thereof.

5.4 Cash at Bank

5.4.1 The Group operated several bank accounts with Barclays Bank plc ("the Bank"). We are currently awaiting confirmation from the Bank on the total credit balances held by the Group, however this is expected to be negligible.

6 Investigations

6.1 The Joint Administrators are required to investigate the affairs of the company and the conduct of the directors in the period leading up to the Administration. An initial investigation into the company's affairs has been undertaken by the Joint Administrators in accordance with Statement of Insolvency Practice 2. The purpose of these investigations is to establish whether there are any potential asset recoveries or conduct which requires further investigation which may lead to any recoveries for the benefit of creditors. These investigations are ongoing.

6.2 The Joint Administrators are required to investigate the affairs of the company and the conduct of the directors in the period leading up to the Administration. The findings are reported to the Insolvency Service in accordance with the Company Directors' Disqualification Act 1986, and an appropriate report will be filed in due course. The content of the report is confidential.

6.3 Should creditors have any information which they consider may assist the Joint Administrators in carrying out their investigations, or be aware of any matters which they believe should be brought to the attention of the Administrators, please provide details in writing to this office.

6.4 This request for information forms part of our usual investigation procedures and does not imply that there may be any cause of action lying against any person concerned in the company's affairs

7 Liabilities

7.1 Secured Creditors

7.1.1 There are no secured creditors in respect to any of the companies in the Group.

7.2 Preferential Creditors

7.2.1 Preferential claims arise from arrears of wages and accrued unpaid holiday pay due to employees who do not receive their full entitlement on redundancy.

7.2.2 The Group employed a workforce of 16 employees, all of whom have transferred to SOB with the sale of the business. This transfer constitutes a relevant transfer under the provisions of the Transfer of Undertaking (Protection of Employment) Regulations 2006.

7.2.3 As a result of the pre-pack sale, there are no preferential claims in the Administrations.

7.3 Unsecured Creditors

7.3.1 Based on the Group records, the Group has approximately 160 unsecured creditors owed in the region of c. £1,299,000. Please note that a proportion of the Group's creditors are international and therefore invoice in Euros. These amounts have been converted into GBP Sterling at the rate of EUR:GBP 1:0.88357 in accordance with the exchange rate at the date of Administration.

7.3.2 As set out in the Estimated Outcome Statement at Appendix F1, it is anticipated that there will only be surplus funds sufficient to generate a return to unsecured creditors in the Administration of EDT. At this stage, based solely on EDT's financial records, the return is estimated to be in the region of 4 pence in the £.

7.3.3 We do not anticipate there will be sufficient funds in the Administrations of BWB or BWR for a distribution to be made to its creditors.

8 Prescribed Part

8.1 In accordance with Section 176A of the Insolvency Act 1986, a proportion of the Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.

8.2 As there is no floating charge, the Prescribed Part does not apply in this instance.

9 Statement of Affairs

9.1 In accordance with paragraph 47 of Schedule B1 of the Insolvency Act 1986, a Notice to Deliver Statement of Affairs was issued to the Directors on 4 June 2019 requesting them to prepare a Statement of Affairs by 15 June 2019.

- 9.2 As the Statement of the Group's Affairs has not yet been requested, attached at Appendices B and C respectively is a summary of the Group's financial position as at 31 May 2019, together with a list of creditors.

10 Receipts & Payments Account

- 10.1 Attached as Appendix D is a summary of the Administrators' receipts and payments for the period 31 May 2019 to 7 June 2019, which shows that our instructed solicitors, Freeths, are currently holding funds of £33,333 on behalf of the Administration estates.
- 10.2 No payments have been made since the appointments of the Joint Administrators.

11 Estimated Outcome Statement

- 11.1 Attached as Appendix F1 is an Estimated Outcome Statement ("EOS") which illustrates the likely outcomes to creditors as noted at Section 7.
- 11.2 The EOS also provides the estimated outcome in a Liquidation scenario for comparison. This confirms that the closure of the businesses in a Liquidation would result in lower realisations from trade debtors and tangible assets, an increased creditor pool, including preferential claims estimated in the region of £25,600 and unsecured, non-preferential claims from employees' entitlements arising on redundancy when compared with the outcome following the going concern sales.
- 11.3 The EOS is based on the following assumptions:
- The deferred consideration is paid by the Purchaser as envisaged under the SPA;
 - With the support of SOB, book debts are recovered in line with the Administrators' expectations;
 - Taxation considerations remain to be fully determined and quantified;
 - EDT, as the estate with the majority of asset realisations, is to bear an element of the pre and post Administration expenses of BWR where these cannot be paid in full from BWR's estate. Given that the Administrators could not effect a sale of EDT to the Purchaser without BWR and BWB, the costs incurred and to be incurred across the Group are necessary to deliver the improved outcomes when compared with the liquidations scenario.

12 Duration

- 12.1 The appointment of the Joint Administrators shall cease to have effect at the end of the period of one year beginning with the date of their appointment. However, pursuant to para 76 of Schedule B1 of the Insolvency Act, 1986 this may be extended by either:
- an application to Court for a specified period, or
 - by consent of the creditors for a specified period not exceeding one year.

- 12.2 It is unclear at present if extensions of the Administrations will be sought but creditors will be kept advised of developments.

13 Proposed Exit Route

- 13.1 It is proposed that the administration will convert to Creditors' Voluntary Liquidation ("CVL") on the basis that there will be sufficient funds to pay a non-prescribed part dividend to unsecured creditors. Should this be the case, the Administrators will provide a final report and file a notice under Paragraph 83 of Schedule B1 of the Insolvency Act 1986 to move the company from Administration to Creditors' Voluntary Liquidation.
- 13.2 If a CVL is the most appropriate exit route then it is proposed that the Administrators, Patrick Lannagan and Adam Harris, (or if appropriate their successors) be appointed as Joint Liquidators. However, in accordance with paragraph 83(7) of Schedule B1 of The Insolvency Act 1986, and Rule 3.60 of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person to act as Liquidator provided that the nomination is made after the receipt of these proposals and before the decision date for their approval, which is 25 June 2019.
- 13.3 However, in the event that there are insufficient funds to pay a non-prescribed part dividend, the Administrators reserve the right to exit the Administration via the dissolution route by filing a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986.

14 Decisions required from the Creditors

- 14.1 As noted earlier, in accordance paragraph 49 of Schedule B1 to the Insolvency Act 1986, our Proposals must be approved by a decision of the creditors. In order to assist creditors with making this decision I have briefly summarised my Proposals below:

- That the Joint Administrators continue to realise those assets yet to be realised, as outlined in **Section 5**;
- That the Joint Administrators continue to investigate, and if appropriate, pursue any claims that an office holder and /or the Companies may have under The Companies Act or Insolvency Act against any parties concerned with the affairs of the Companies as disclosed in **Section 6**;
- That the Joint Administrators conclude the Administrations and place EDT into Creditors' Voluntary Liquidation, with the appointment of Patrick Lannagan and Adam Harris as Joint Liquidators. In accordance with paragraph 83(7) of Schedule B1 of The Insolvency Act 1986, and Rule 3.60 of the Insolvency (England and Wales) Rules 2016, creditors may nominate a different person to act as Liquidator provided that the nomination is made after the receipt of these proposals and before the decision date set for their approval, which is 25 June 2019;
- That, in the event it is deemed beneficial to creditors for the Administrators of EDT to agree the claims of unsecured creditors for a distribution, the Joint Administrators apply

to Court pursuant to Paragraph 65 of Schedule B1 of the Insolvency Act 1986 for permission to declare and pay a dividend to the unsecured creditors;

- That if an application to Court pursuant to Paragraph 65 of Schedule B1 of the Insolvency Act 1986 is successful, and the Company does not proceed into CVL, the Joint Administrators file a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986 to end the Administration (once all of the assets have been disposed of and all available funds distributed to creditors where possible), with EDT being dissolved three months thereafter; and
- That, in the event that there are insufficient funds available to pay a non-prescribed part unsecured dividend to creditors, the Joint Administrators propose to pay the prescribed dividend in the Administration and subsequently file a notice under Paragraph 84(1) of Schedule B1 of the Insolvency Act 1986, ending the Administration, with any of the Companies being dissolved three months thereafter.

- 14.2 At the same time as seeking a decision from the creditors regarding these Proposals, the Administrators are required to invite the creditors to form a committee. Details of the functions of the committee are provided in the next section. Creditors can provide their decision in respect of the approval of the Proposals and their requirement for a committee on the voting form provided to them.
- 14.3 In the event that creditors decide not to form a committee, the Administrators are required to request additional decisions from the creditors in respect of the following matters:
- (i) The approval of the pre-administration costs as set out in **Section 16**;
 - (i) The approval of the Administrators' remuneration as set out in **Section 17**; and
 - (ii) The approval of the Administrators' category 2 disbursements as set out in **Section 19**.
- 14.4 These decisions are set out in detail on the voting form provided and it would be of assistance if creditors could indicate on the voting form their decision by deleting either approved or rejected on the voting form (as appropriate) and returning the signed voting form back to this office by post or by e-mail, to the addresses provided on the voting form. A proof of debt must have also been submitted in respect of all voting forms, otherwise the voting form will marked as invalid. **The deadline for voting forms and proof of debt forms is 25 June 2019.**
- 14.5 As noted on the Important Information section on the attached Notice regarding the requirement for decisions from the creditors, creditors can request that a physical meeting be called if, within five business days from the date of delivery of this notice 10% of the value of the creditors, 10% of the number of the creditors, or 10 creditors request such. In the event that a physical meeting is convened, the decision by correspondence procedure currently in place will be superseded.

15 The Creditors' Committee

- 15.1 The function of a committee is to assist the Administrators in discharging their duties and to receive information from time to time on the conduct of the administration and the implementation of the proposals. Where appropriate, the Administrators' will seek the committee's sanction to proposed actions.

- 15.2 A creditors' committee can only be formed if sufficient creditors are willing to be members of the committee. The committee must be formed of at least three, but not more than five eligible members.
- 15.3 Further information on the role of the committee, its formation and eligibility to act is provided in the guide entitled "Creditors' Committees and Commissioners – A Guide for Creditors" which is available to download from the website <https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>, or will be available on the Portal, or which is available upon request using the contact details below.

16 Pre-Administration Costs

- 16.1 The pre-Administration costs proposed to be discharged from the Administration estate total £79,738 plus VAT and were incurred in the period prior to the Group entering Administration but with a view to it doing so. A summary of these costs is provided in the table below and can be seen in the Expenses estimate at Appendix F2:

Firm	Fees (£)	Disbursements (£)	Description of work undertaken
Mazars LLP	46,079	754	<p>Including attending initial meetings with the Directors and stakeholders to review the Group's financial position, explore the options available to the Group, agree a strategy with the Directors and shareholders and to explain the Administration process and objective; providing general advice in respect to managing the Group's creditor position; liaising with agents on asset values; gathering, analysing and presentation of information to market the business and assets of the Group and compiling interested parties database; evaluating the offer, consenting to act and reviewing statutory paperwork in relation to the Administration appointments and completing the sale of the Group's business and assets.</p> <p>These fees are on a time-cost basis and equate to 120.5 hours at a blended hourly rate of £382.39. A detailed table of costs incurred and a description of the work undertaken in respect of these costs is attached at</p>

			Appendix E. Details of relevant charge out rates can be found at Appendix F4.
Freeths LLP	31,320	280	Instructed to: provide advice during the marketing and sale process, including the drafting of the non-disclosure agreements, assistance in the negotiation process and the drafting of the sale and purchase agreements, the licence to occupy in respect of the trading premises, liaising with the legal advisors acting for SOB and drafting the board minutes, statutory paperwork relating to the appointment of the Administrators, filing documents at Court. These fees have been incurred on a time-cost basis.
John Pye & Sons Limited	1,395	-	Instructed to: undertake an inventory of the Group's tangible assets' and provide a valuation on an in-situ and ex-situ basis. These fees have been incurred on a time-cost basis.
Total	78,704	1,034	

- 16.2 The costs of Mazars LLP incurred prior to Administration were approved by the Directors in an engagement letter dated 20 February 2019. This engagement letter also provided Mazars LLP with the authority to engage solicitors and agents prior to the appointment of Administrators.
- 16.3 These costs were incurred before the Group entered Administration but with a view to it doing so in order to further the achievement of the Administration objective through successful completion of the pre-pack transaction. All costs incurred have been associated with the above and it is due to the protracted length of time it took to place the Group into Administration that costs were higher than expected.
- 16.4 No payments on account have been made to date against these costs.
- 16.5 Approval of the pre-administration costs is not part of the Proposals and agreement of the costs will be sought from the creditors committee' or where a committee is not formed, from the creditors. If approval is received, the payment of these costs will be treated as an expense of the Administration.

17 Basis of Administrators' remuneration

17.1 Basis of Administrators' remuneration

17.1.1 In accordance with rule 18.16 of the Insolvency (England and Wales) Rules 2016, the basis of my remuneration may be fixed:

- a as a percentage of the value of the property with which I have to deal; or
- b by reference to the time properly given by my staff and I in attending to matters arising the administration; or
- c as a set amount; or
- d as a combination of any one or more of the above.

17.1.2 As noted earlier, the creditors' committee is required to approve the Administrators' remuneration, however where a committee is not formed, a decision in this regard is to be sought from the creditors. Having considered the nature of the work involved in concluding the matters remaining per the Proposals, the Administrators propose that our fees are approved on a set fee basis.

17.2 Fees Information Pack

17.2.1 This report and the Fees Pack at Appendix F set out the information required to be provided to creditors in accordance with Rule 18.16(6) to assist creditors in considering the scope of work required and whether the proposed fee is reasonable.

17.2.2 The Administrators propose that their remuneration be drawn as a fixed fee of £60,000 plus VAT, to be drawn as and when funds permit solely from the estate of EDT. The Administrators are not proposing any remuneration in respect to BWB or BWR.

17.2.3 Notwithstanding the limited asset realisations in BWB or BWR, the Administrators are of the view that a going concern sale of EDT to the Purchase could not have taken place without the Administration and going concern sales of BWB and BWR to the same party. Any costs incurred in the Administrations of BWB and BWR will be written off by the Administrators and the estates of BWB and BWR will suffer no detriment, however the Administrations of BWB and BWR will enhance expected asset realisations for the benefit of creditors of EDT and the fixed fee of £60,000 reflects the costs expected to be written off in respect of the Administrations or BWB and BWR.

17.2.4 At the level of the fixed fee proposed, we anticipate to be in a position to make a distribution to unsecured creditors from the estate of EDT that would be higher than the dividend paid had EDT gone into liquidation without first being in Administration.

17.2.5 The Administrators have reviewed the level of time costs incurred in other cases of a similar size and complexity and confirm that the proposed fee basis will allow remuneration at a level that is an appropriate and reasonable reflection of the work to be undertaken.

17.2.6 Appendix F2 of the Fees Pack details the estimated expenses for the Administrations of the Group.

- 17.2.7 Attached at Appendix F3 of the Fees Pack details a narrative explanation of the work that will be required to be undertaken.
- 17.2.8 Creditors can find additional information relating to Administrator's fees in a copy of the publication "A creditors guide to Administrators' Fees" which is available to download from <https://www.r3.org.uk/media/documents/publications/professional/Administration%20Creditors%20Fee%20Guide%20April%202017.pdf> or alternatively will be provided free of charge upon written request to this office.
- 17.2.9 Further information in relation to the costs of the proposed subsequent CVL will be provided by the duly appointed Liquidator at commencement of the Liquidation.
- 17.3 **Costs already incurred**
- 17.3.1 In the few days since appointment, the work already undertaken prior to seeking fee approval has been concerned with statutory post-appointment notifications and the drafting of these Proposals.

18 Expenses

- 18.1 The Estimated Outcome Statement ("EOS") attached at Appendix F1 and the Expenses Estimate attached at Appendix F2 within the Fees Pack provide details of the expenses which the Administrators consider will be, or are likely to be incurred on this matter across the Group, together with an explanation as to why it is necessary to incur each expense. Including the Administrators' remuneration, these are anticipated to total c. £163,000 across the Group.

19 Disbursements

- 19.1 Some of the expenses detailed in the Estimated Outcome Statement are likely to be paid by this Firm in the first instance and re-charged to the estate. Such disbursements fall into 2 categories as follows:
- *Category 1 disbursements:* These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.
 - *Category 2 disbursements:* These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the administrator or his firm, and that can be allocated to the case on a proper and reasonable basis.
- 19.2 Details of this firm's disbursement charging policy is included within the Fees Pack at Appendix F4.
- 19.3 All disbursements incurred to date are related to the pre-appointment matters. Further details are provided in Section 16 of these Proposals.
- 19.4 Estimated disbursements are included in the Expenses Estimate.



20 Data protection

- 20.1 Where the Administrators hold or require personal data from you we will only do so in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

21 Future Reports

- 21.1 A progress report covering the first six months of the Administration will be circulated to creditors during December 2019.

Should you have any queries in relation to this matter, please do not hesitate to contact Alex Nowak at this office.

Yours faithfully
For and on behalf of
Borough Wines & Beers Limited and its subsidiaries

P Lannagan
Joint Administrator

Dated **10 June 2019**

Authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics. Where personal data is required to be processed, this will be dealt with in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

*The affairs, business and property of the Company are being managed by the Joint Administrators.
The Joint Administrators act as agents of the Company and without personal liability*

Borough Wines & Beers Limited and its subsidiaries

In Administration

Identification Details

Details relating to the Company - BWB

Company name	Borough Wines & Beers Limited
Previous names	n/a
Trading name	Borough Wines & Beers Limited
Company number	08633780
Registered office	Tower Bridge House, St Katharine's Way, London, E1W 1DD
Previous registered office	Suite A, 4-6 Canfield Place, London, NW6 3BT
Trading address	112A Columbia Road, London, E2 7RG
Court	High Court of Justice Business and Property Courts of England and Wales In Manchester
Court reference	469 of 2019

Details relating to the Company - BWR

Company name	Borough Wines Retail Limited
Previous names	n/a
Trading name	Borough Wines Retail Limited
Company number	08633765
Registered office	Tower Bridge House, St Katharine's Way, London, E1W 1DD
Previous registered office	Suite A, 4-6 Canfield Place, London, NW6 3BT
Trading address	163 Stoke Newington Church Street, London, N16 0UL
Court	High Court of Justice Business and Property Courts of England and Wales In Manchester
Court reference	470 of 2019



Details relating to the Company - EDT

Company name	Expression du Terroir Limited
Previous names	n/a
Trading name	Expression du Terroir Limited
Company number	09275213
Registered office	Tower Bridge House, St Katharine's Way, London, E1W 1DD
Previous registered office	Suite A, 4-6 Canfield Place, London, NW6 3BT
Trading address	Suite A, 4-6 Canfield Place, London, NW6 3BT
Court	High Court of Justice Business and Property Courts of England and Wales In Manchester
Court reference	3727 of 2019

Details relating to the Joint Administrators

Date of appointment	31 May 2019
Joint Administrators	P Lannagan and A Harris of Mazars LLP, Tower Bridge House, St Katharine's Way, London, E1W 1DD IP Nos: 009590 and 015454
Joint Administrators' functions	All acts required to be done by the joint administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	Tower Bridge House, St Katharine's Way, London, E1W 1DD
Appointed by	The directors
Joint Administrators' contact telephone number	020 7063 4000



Borough Wines & Beers Limited and its subsidiaries - All in Administration
Summary of Estimated Financial Position as at 31 May 2018

	BWB		BWR		EDT	
	£'000	£'000	£'000	£'000	£'000	£'000
FIXED ASSETS						
Tangible assets				104		36
CURRENT ASSETS						
Stock			113		237	
Debtors			111		1,023	
Cash at bank			274		204	
			<u>498</u>		<u>1,464</u>	
CREDITORS						
Amounts falling due within one year			(998)		(539)	
NET CURRENT (LIABILITIES)/ASSETS				<u>(500)</u>		<u>925</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				(396)		961
CREDITORS						
Amounts falling due after more than one year				(237)		(1,295)
NET (LIABILITIES)/ASSETS				<u>(633)</u>		<u>(334)</u>

The above information has been extracted from the Group's books and records without adjustment. It should be noted that the Group experienced significant IT disruption and has not had an accountant since February 2019. We understand a significant volume of transactions have not been posted and reconciliations remain to be undertaken. We anticipate the financial information of the Group to be updated to form the basis of the Group's Statement of Affairs currently being prepared by the Directors.

Creditor Schedule - EDT

Key	Name	Address	£/€
CA00	Abbotts & Delaunay	Sabe, 904 Route des Vignobles, Creches Sur Saone, 71680, FRANCE	2,025.00
CA01	ADT Fire & Security	Turnberry House, 100 Bunhill Row, London, EC1Y 8ND	370.32
CA02	ALEAVINI SL	Plaza de Inmaculada 3, 9 izq, Leon, 24001, SPAIN	675.00
CA03	Az.Agr. Chiusa Grande	C. da Casali, snc, Nocciano, 65010, ITALY	12,172.13
CB00	Big Drop Brewing Co Ltd	5A Frascati Way,, Maidenhead, SL6 4UY	1,782.00
CB01	Bodegas Vegamar	Camino la Garcesa s/n, Calles, Valencia, 46175, SPAIN	1,075.20
CB02	Bolney Wine Estate	Foxhole Lane, Bolney, Haywards Heath, RH17 5NB	1,264.20
CB03	Booth Dispensers	101 Moor Park Ave, Blackpool, FY2 0LZ	1,418.15
CB04	Borough Wines and Beers Ltd	c/o Mazars, Tower Bridge House, St Katharine's Way, London, E1W 1DD	53,697.99
CC00	Casa Agricola Assis Lobo	Rua Gago Coutinho e Sacadura, Cabral 78, PORTUGAL	1,800.00
CC01	Casa Vinicola E.Antonutti	Via D'Antoni 21, Pasian Di Prato, 33037, ITALY	1,462.41
CC02	Castell d'Age	Carretera Martorell-Capellades, 6-8 La Beguda Baixa, Barcelona, 8782, SPAIN	7,719.30
CC03	Cave Cooperative Aghione	Aristone, Ghisonaccia, 20240, FRANCE	7,290.00
CC04	Chaddy Jeanne Cleaning Service	Jhumat House, Fortis House, 160 London Road, Barking, IG11 8BB	120.00
CC05	Champagne L&S Cheurlin	86, Grande Rue, Celles sur Ource, 10110, FRANCE	2,186.87
CC06	Champagne Leclerc-Briant SAS	67 Rue Chaude Ruelle - BP 108, Epemay, 51204, FRANCE	3,326.27
CC07	Chase Distillery LTD	Rosemaund, Preston Wynne, Herefordshire, HR13PG	378.72
CC08	Chateau CASTERA	Rue du Bourg, Saint Germain D'Esteuil, 33340, FRANCE	6,321.24
CC09	Chemisphere UK Ltd	Unit 4, 3 Richmond Rd, Trafford Park, Manchester, M17 1RE	71.86
CC10	Coles trading Limited	21 Groves Way, Chesham, Bucks, HP52WL	1,436.56
CC11	Colin Lester		468.76
CC12	Custom Tape Limited	Centurion Industrial Estate, Centurion Way, Farington, Leyland, PR25 4GU	201.00
CD00	Delgado Zuleta SA	Apartado de Correos 4, PO Box 4, Sanlucar de Barrameda, 11540, SPAIN	1,301.87
CD01	Democratic Wines S.L.	CI General Vara De Rey, 5 Bajo, Logrono, 26003, SPAIN	8,500.00
CD02	Diva Nord	76 Avenue de Paris, Reims, 51100, FRANCE	4,314.00
CD03	Diva Sud	467 Avenue de La Gare, Magalas, 34480, FRANCE	1,579.50
CD04	Domaine BAUD	222 Route de Voiteur, Le Vernois, 39210, FRANCE	3,942.00
CD05	Domaine de Granajolo	EARL Domaine de Granajolo, La Testa - Vecchio, Sainte Lucie de Porto, 20144, FRANCE	2,436.48
CD06	Domaine Joncy	249 route du Chavagnan, Quincie-en-Beauljolais, 69430, FRANCE	1,687.50
CD07	Domaine Robert Vic	Preignes le vieux, Chemin de Preignes, Vias, 34450, FRANCE	14.98

Key	Name	Address	£
CD08	Drinks' Designer	25 Petite rue de la Motte, Puilboreau, 17138, FRANCE	3,726.00
CE00	El Wines Ltd t/a EHRMANNNS	Unit 23, The Ivories, 6/18 Northampton Street, London, N1 2HY	4,720.80
CE01	Emendis Masia Puig- Alea Vini	CASTELLET I LA GORNAL, Barri Sant Marçal 67, BARCELONA, 8732, SPAIN	1,296.00
CF00	First Mile	Unit 207 Screenworks, 22 Highbury Grove, N5 2ER	112.50
CF01	Focus Group	Europa House, Suthwick Sq, Southwick, West Sussex, BN42 4FJ	98.11
CG00	Gigondas La Cave	Eurl Gigondas La Cave, Les Blaches, Gigondas, 84190, FRANCE	1,211.25
CG01	Gordon & Macphail	George House, Boroughbriggs Road, Elsin Moray, Scotland, IV30 1JY	0.03
CH00	Henry Matthieu Verhaegue	11 BIS Berthoneau, Massugas, 33790, FRANCE	6,782.40
CH01	HS French Flint	Unit 4g, The Leathermarket, Weston St, London, SE1 3ER	769.88
CL00	La Cave	1 Av de Serignan, Beziers, 34500, FRANCE	68.20
CL01	La Chiara	Azienda Agricola di Figini Sil, Loc. Vallegge 24/2, Gavi (AL), 15066, ITALY	2,397.60
CL02	La Passion des Terroirs	Lucien Lurton, La Winery, départementale 1, Rond-point des Vendangeurs, Arsac, 33460, FRANCE	7,990.20
CL03	La Tour des Gendre	Ribagnac, 24240, FRANCE	4,131.00
CL04	Les Caves De Pyrene Limited	Pew Corner, Old Portsmouth Road, Artington, Guildford, Surrey, GU3 1LP	299.52
CL05	London City Bond	Schooner House, Tilbury Port, Essex, RM18 7NN	16,949.38
CL06	London City Bond - DUTY	Schooner House, Tilbury Port, Essex, RM18 7NN	5,748.32
CM00	Milhade SAS	11 Rue Jean Millhade, Galgon, 33133, FRANCE	2,691.74
CO00	Orbit Brewing Ltd	Arches 225 & 228, Fielding Street, London, SE17 3HD	91.24
CO01	Orbit Property Management	22 Bruton St, Mayfair, London, W1J 6QE	14,839.57
CP00	Pallet Ways - IEFS 17 Ltd	Units F&G, Abbey Wharf, Knightsbridge, Barking, London, IG11 0BP	113.84
CP01	Parkview Motors MOT	1A Downs Rd, Hackney Downs, London, E5 8QJ	679.90
CP02	Peppe Buio Winery	Societa Agricola ARL, Via Avv. M. Contardi, 16, Carife, 83040, ITALY	1,471.50
CP03	Pere llopart Vilaros	Ctra. de Sant Sadurni a Ordal Km.4, Els Casots, 8739, SPAIN	1,406.43
CP04	Pierrick Harang	3 rue Leon Vaudoier, Perpignan, 66000, FRANCE	538.65
CP05	Polkweg UK Limited	3 Hutton Close, South Church E, Bishop Auckland, Durham, DL14 6XG	3,559.74
CP06	Pusa Pack	Islas Baleares, 9., Onda, Castellon, 12200, SPAIN	87.12
CR00	Redchurch Brewery	275-276 Poyser Street, London, E2 9RF	403.20
CR01	Romain Verhaeghe	Vigouroux, Massugas, 33790, FRANCE	3,384.00
CS00	Santos and Santon	12 Basin Mill, Laburnum Street, London, E2 8FP	290.88

Key	Name	Address	£
CS01	SARL Domaines Bour	Domaine de Grangeneuve, Roussas, 26230, FRANCE	2,362.86
CS02	SAS Chateau Saint Esteve de Ne	Ansouis, 84240, FRANCE	2,750.40
CS03	SAS Diva Beaune	3 Rue Du Grenier a Sel, BP 162, Beaune Cedex, 21205, FRANCE	2,227.50
CS04	SAS Vini Be Good	50 Rue Marcel Vignaud, Lieu-dit La Planche du Bois, Beaumont-en-Veron, 37420, FRANCE	3,218.40
CS05	SCA Louerion Terres d'Alliance	15 Cours Saint Victore, Cucuron, 84160, FRANCE	1,728.00
CS06	Semaq	Rue de Strasbourg, Bruges, 33520, FRANCE	319.37
CS07	Sipsmith Ltd	27 Nasmyth Street, London, W6 0HA	3,652.72
CS08	SITECH INDUSTRIES LIMITED	Ground Floor Flat 72, Breakspers Road, London, SE41TS	350.00
CS09	Societa Agricola Fossa Mala	Via Bassi 81, Fiume Veneto, 33080, ITALY	2,265.26
CS10	Stanwell Technic	Hope Bank Works, New Mill Rd, Honley, Holmfirth, HD9 6PT	259.22
CS11	Stuart		974.22
CT00	The Kernel Brewery	1 Spa Business Park, 148 Spa Road, London, SE16 4EJ	2,206.08
CT01	Tom Dickson		2,000.00
CT02	Tower Leasing Ltd		108.00
CT03	Transclear Limited	Columbia, 2nd Floor, Bracknell, RG12 1LP	17,736.61
CU00	U Brew	Whitecliffs House, Poulton Close, Dover, Kent, CT17 0HL	521.36
CU01	Union Press Limited	29 Old Jamaica Business Estate, 24 Old Jamaica Road, London, SE16 4AW	214.80
CV00	Verdie SAS	Wigglesworth House, Fourth Floor, 69 Southwark Bridge Road, London, SE1 9HH	1,684.80
CV01	Vignobles Laplace	CAVE MONGE GRANON, Quartier Saint-Pierre - RD 93, Vercheny, 26340, FRANCE	3,063.15
CV02	Vignobles Verizier Chante	Aydie, 64330, FRANCE	3,484.08
CV03	Vina Ijalba	7 Lieu Dit Izeras, Chavan, 42410, FRANCE	514.80
CV04	Vinicola Serena	Carretera de Pamplona Km 1, Logrono (La Rioja), 26006, SPAIN	81,534.56
CV05	Vino Bodka s. r. o.	Via Camilla Bianchi, Conegliano, 31015, ITALY	8,316.00
CV06	Vinoquel Vinhos Oscar Quevedo	Dereszla Winery, Felső street 2, Bodrogkeresztúr, 3916, HUNGARY	6,673.86
CV07	Vintner Systems Ltd	Quinta da Sra. do Rosário, 5130-321 S. João da Pesqueira, PORTUGAL	2,382.00
CW00	Waltham Forest	16 Station Road, Chesham, HP5 1DH	2,184.00
CW01	Windfall Logistics	Waltham Forest Town Hall, Forest Road, London, E17 4JF	0.93
CW02	Wineflow	Pure Wild Spirits, Windfall House, D1 The Courtyard, Alban Park, St Albans, AL4 0LA	8,934.17
CW03	Wineflow Clearance	Bolney Place, Cowfold Road, Bolney, West Sussex, RH17 5QT	6,225.33
		Pavilion View, 19 New Road, Brighton, East Sussex, BN1 1EY	
89 Entries			

Please note that no total has been included as the debts are in both Euros and Sterling.

Creditor Schedule - BWR

Key	Name	Address	£
CA00	Ark Pest Control Ltd	1 Lagoon Road, Orpington, Kent, BR5 3QX	102.00
CA01	Armit Wines Ltd	105 Lancaster Road, Notting Hill, London, W11 1QF	4,867.64
CB00	Beavertown Brewery Ltd	Unit 17, Lockwood Industrial Park, Mill Mead Rd, London, N17 9QP	1,066.18
CB01	Bianca Road Brew Co	83 Enid St, Bermondsey, London, SE16 3RA	1,702.44
CB02	Big Drop Brewing Co Ltd	46 St Nicholas St, Ipswich, IP1 1TT	810.00
CB03	The Big Green Dragon Ltd	Ashdown Hurrey, 28 Wilton Road, Bexhill-On-Sea, East Sussex, TN40 1EZ	2,058.80
CB04	Borough Market	8 Southwark St, London, SE1 1TL	364.10
CB05	Borough Wines and Beers Limited	Suite A, 4-6 Canfield Place, London, NW6 3BT	1,331.94
CB06	Borough Wines Importers	Borough Market, Borough High St, London, SE1 1TL	40,059.88
CB07	Boutinot Limited	Unit 12.2.1, The Leather Market, Weston St, Bermondsey, London, SE1 3ER	3,058.49
CB08	British Telecommunications Plc	81 Newgate St, London, EC1A 7AJ	57.12
CB09	B.W.B. Ltd	Elsley Court, 20-22 Great Titchfield Street, London, United Kingdom, W1W 8BE	26,734.18
CB10	By The Horns Ltd	21-27 Summerstown, London, SW17 0BQ	484.64
CC00	Castle Water Ltd	1 Boat Brae, Rattray, Blairgowrie, Scotland, PH10 7BH	2,037.91
CC01	Cater For You Ltd	2 Hillbottom Rd, High Wycombe, HP12 4HJ	162.13
CC02	Cellar Trends Ltd	Stonehouse Farm/Ashby Rd, Swadlincote, DE11 7BP	697.25
CC03	Chickston Print	Connaught House, Broomhill Rd, Woodford, Woodford Green, IG8 0PY	206.40
CC04	Close-One Ins Sol	Phillip's Field, Whichford, Stourton, Shipston-on-Stour, CV36 5HG	292.92
CC05	Cotswolds Distillery	10 Brock Street, Regent's Place, London, NW1 3FG	2,595.03
CC06	Cotswolds Distillery	DB House, Unit 5, Lagoon Rd, Orpington, BR5 3QX	1,730.02
CD00	Debenham Property	23 Exmouth Market, London, EC1R 4QL	5,723.74
CD01	Donovan Bros Ltd	Tower Bridge House, St Katharine's Way, London, E1W 1DD	261.94
CE00	East London Liquor Company Ltd	Notley Farm, Bedmond Rd, Abbots Langley, WD5 0GX	5,615.15
CE01	Expression Du Terroir Limited	Consolidated House, Faringdon Avenue, Romford, RM3 8SP	779,150.84
CE02	Euroboozer		176.30
CH00	Hills Prospect PLC		6,350.05
CHJ00	Jon Braley		37.13
CL00	Languard Investments	37 Webb's Rd SW, London, SW11 6RX	8,000.00
CL01	London Borough of Inslington	222 Upper Street, London, N1 1XR	520.00
CL02	London Borough of Hackney	1 Hillman Street, London, E8 1DY	250.00

Key	Name	Address	£
CL03	London Borough of Wandsworth	The Town Hall, Wandsworth High Street, London SW18 2PU	4,235.50
CL04	Liquid Projects Internation Ltd	21-22 Maiden Ln, Covent Garden, London WC2E 7NA	1,856.67
CL05	London Borough of Hackney	1 Hillman Street, London, E8 1DY	377.04
CL06	London Borough of Hounslow	Hounslow House, 7 Bath Road, Hounslow, TW3 3EB	12,119.50
CL07	London City Bond Limited	LCB Head Office, Olympus 91-101 River Road, Barking, IG11 0EG	243.36
CM00	M Chatel		1,114.97
CM01	Mackmyra Swedish Whisky	Hays Galleria, 1 Hays Lane, London, SE1 2RD	1,310.69
CM02	Mondo Brewing Company	86 Stewart's Road, Battersea, London SW8 4UG	744.66
CM03	Mr Lemonade	Unit 23, Greenshield Industrial Estate, 22-28 Bradfield Rd, Silvertown, London E16 2AU	221.19
CN00	Nest Pensions	1st floor, 10 S Colonnade, Canary Wharf, London, E14 4PU	67.93
CN01	Not set		21,558.72
CO00	Orbit Brewing Ltd	225 & 228 Fielding St, Walworth, London, SE17 3HD	908.76
CO01	PPL		528.16
CP00	PAT Test UK	Beech House, Freeman Road, North Hykeham, LN6 9AP	96.00
CR00	Redchurch Brewery	15 16, Mead Park Industrial Estate, Harlow, CM20 2SE	691.20
CS00	Simply Waste Solutions	Suite's 2a & 2b Aries House, Straight Bit, Flackwell Heath, High Wycombe, Buckinghamshire HP10 9NB	341.23
CS01	Small Beer	70-72 Verney Rd, London, SE16 3DH	500.00
CS02	Square Root Soda Works	Unit D11 Leyton Industrial Village, Argall Avenue, London, E10 7QP	288.00
CS03	Stellacello Limited	Kemp House, 152- 160 City Road, London, EC1V 2NX	483.55
CS04	Stuart		805.77
CT00	The Kernel Brewery	Arch 11 Dockley Road Industrial Estate, Dockley Rd, Bermondsey, London, SE16 3SF	2,227.32
CT01	The Wild Beer Co	Lower Westcombe Farm, Shepton Mallet, BA4 6ER	477.70
CT02	Toast Ale	105 Sumner St, London, SE1 9HZ	1,370.88
CT03	Two Tribes Brewing Co	Tileyard studios, Tileyard Rd, London, N7 9AH	568.22
CW00	Wine Box Co Limited		291.94
55 Entries Totalling			949,933.18

**Borough Wines & Beers Limited - in Administration
Joint Administrators' Summary of Receipts & Payments**

	31 May - 10 June 2019		
	BWB	BWR	EDT
	£	£	£
ASSET REALISATIONS			
Goodwill and related assets	1	1	1
Plant & machinery	-	5,999	8,998
Stock	-	5,113	12,887
Rent Receivable	3,333	-	-
	<u>3,334</u>	<u>11,113</u>	<u>21,886</u>
COST OF REALISATIONS			
	NIL	NIL	NIL
	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>
	<u>3,334</u>	<u>11,113</u>	<u>21,886</u>
REPRESENTED BY			
Funds held by Freeths LLP	3,334	11,113	21,886
	<u>3,334</u>	<u>11,113</u>	<u>21,886</u>

BOROUGH WINES & BEERS LIMITED AND ITS SUBSIDIARIES

Analysis of time costs for the pre-appointment period to 31/05/2019

Classification of Work Function	Hours				Total Hours	Time Cost £	Av hourly Rate £
	Partner	Director	Manager	Administrator			
1 Initial Admin & Planning							
INAP- 02-Initial meetings	2.30	1.50	4.10		7.90	3,161.50	400.19
INAP- 03-Documentation review	2.50	2.90	5.90		11.30	4,381.50	387.74
INAP- 04-General advice	15.10	0.50	1.00		16.60	7,519.00	452.95
INAP- 06-Money Laundering			0.10		0.10	27.00	270.00
INAP- 08- ADM - document prep & issue		0.60	2.00	1.10	3.70	1,083.00	292.70
INAP- 09- ADM - Consider objectives			0.50		0.50	187.50	375.00
INAP- 10- ADM - Sale of business/assets	3.90	13.10	55.50	4.10	76.60	28,476.50	371.76
INAP- 13- Creditor Correspondence			3.00		3.00	1,125.00	375.00
INAP- 14- Statutory/Appointment meetings	0.10			0.70	0.80	117.50	146.88
Total	23.90	18.60	72.10	5.90	120.50	46,078.50	382.39
Total Hours	23.90	18.60	72.10	5.90	120.50		
Total Time Costs (£)	10,912.00	8,370.00	26,134.50	662.00		46,078.50	
Av Hourly Rate	456.57	450.00	362.48	112.20			382.39

Strictly Private and Confidential

**Borough Wines & Beers Limited
Borough Wines Retail Limited
Expression du Terroir Limited
("the Group" or "the Companies")**

FEES INFORMATION PACK

Contents

Appendix

F1	Estimated Outcome Statement
F2	Expenses Estimate
F3	Summary of Work Required
F4	Rates and Disbursements policy

Borough Wines & Beers Limited - in Administration
Estimated Outcome Statement as at 10 June 2019

		Estimated to realise Pre-Pack				Estimated to realise Liquidation			
		BWB £	BWR £	EDT £	Aggregate £	BWB £	BWR £	EDT £	Aggregate £
Notes	Assets								
	Cash at bank	-	-	-	-	-	-	-	-
1	Accounts receivable	-	-	161,645	161,645	-	-	95,085	95,085
2	Goodwill & related assets	1	1	1	3	-	-	-	-
2	Plant & machinery	-	5,999	8,998	14,997	-	5,580	9,000	14,580
2	Stock	-	12,430	31,330	43,760	-	10,529	26,537	37,066
		1	18,430	201,974	220,405	-	16,109	130,622	146,731
3	Pre-appointment costs - Administrators	-	(8,965)	(37,868)	(46,833)	(5,000)	(5,000)	(5,000)	(15,000)
3	Pre-appointment costs - Lawyers	-	(9,000)	(22,510)	(31,510)	-	-	-	-
3	Pre-appointment costs - Agents	-	(465)	(930)	(1,395)	-	(465)	(930)	(1,395)
4	Office holders' fees & disbursements	-	-	(60,496)	(60,496)	(5,000)	(25,000)	(50,000)	(80,000)
5	Agents fees & disbursements	-	-	-	-	-	(3,222)	(7,107)	(10,329)
6	Post-appointment legal costs	-	-	(5,000)	(5,000)	-	(3,000)	(7,000)	(10,000)
7	Debt collection commission	-	-	(16,164)	(16,164)	-	-	-	-
	Insurance & other costs	(1)	-	(1,999)	(2,000)	(500)	(2,000)	(3,500)	(6,000)
		-	-	57,006	57,006	(10,500)	(22,578)	57,085	24,007
8	Estimated preferential claims	-	-	-	-	(3,200)	(14,400)	(8,000)	(25,600)
	Available to unsecured creditors	-	-	57,006	57,006	(13,700)	(36,978)	49,085	(1,593)

- Notes**
- The Administrators anticipate realising c. 85% of trade debtors. In a liquidation scenario, non-continuity of supply and contractual disputes is likely to result in reduced realisations.
 - Values as per SPA (Administration) or ex-situ valuations provided by agents.
 - Majority of pre-appointment costs are to be paid from the estate of EDT. The Administration of BWR directly supports the Administration of EDT as it will remain the primary customer of the Purchaser and enhancing trade debtor recoveries.
 - Majority of post-appointment costs are to be paid from the estate of EDT and excludes the costs of agreeing claims and distributions to creditors. A liquidation scenario would result in higher professional fees resulting from a closure of the retail outlets and warehouse, dealing with redundancies and reservation of title issues.
 - Estimated costs of realising assets in a liquidation scenario.
 - Legal costs are anticipated to be higher in a liquidation scenario, primarily relating to reservation of title issues. Under the terms of the SPA, the Purchaser is expected to negotiate and settle these with suppliers directly.
 - As per the terms of the SPA.
 - Administration reduces the creditor pool, including preferential claims by employees in a liquidation scenario.

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration
EXPENSES ESTIMATE

Estimated expenses as shown in the attached Estimated Outcome Statement are detailed below, together with an explanation as to why those expenses are required:

Type of Expenditure	Requirement for Expenditure	Likely Cost – BWB (£)	Likely Cost – BWR (£)	Likely Cost – EDT (£)	Total
Professional advisors' costs					
Debt Collection Commission	In order to maximise realisations for creditors, the Purchaser is assisting with the collection of the trade debtors, which, as at the date of this report, total c. £190,000. Should these debtors be recovered, the Purchaser will receive a debt collection fee of 10% of these debtors. For the purposes of the Estimated Outcome Statement, we have assumed that c. 85% of current debts will be recovered.	-	-	16,164	16,164
Legal fees and disbursements	Freeths LLP are to be instructed to provide advice on post-appointment matters, including ROT and property matters. This firm of lawyers was chosen based on their experience in insolvency matters and their detailed understanding of the case. The estimated cost at this stage is £5,000.	-	-	5,000	5,000
Other expenses					
Statutory Advertising	Costs are to be paid to Courts Advertising for statutory advertising requirements in the London Gazette for notice of the appointment. Additional advertising would be incurred in respect of a notice for creditor claims for EDT in due course.*	-	-	253	253
Specific bond	It is a legal requirement that the Administrators take out a specific bond in respect of the value of the assets. On the basis that the Group has realisable assets of the values indicated in the EOS, the bond premiums will be as seen.*	-	-	243	243

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration
EXPENSES ESTIMATE

Insurance of assets	The Administrators are required to insure the Group's assets until they are disposed of. This value is currently estimated at £2,000 across the Group but is dependent upon the assessment made by insurers.	1	-	1,999	2,000
Administrators' Pre-appointment costs	The pre-administration costs across the Group total £79,828. A full breakdown of the pre-appointment costs along with details as to why they were incurred is set out in Section 16 of the Proposals.	-	18,430	61,308	79,738
Administrators' remuneration	Management of the Group's affairs in order to achieve the objective of the Administrations. Realising and distributing the Groups's assets and performing those tasks required as dictated by statute, best practice and ethical requirements. This amount is in accordance with our attached request for remuneration on a fixed fee basis for the Group.	-	-	60,000	60,000
Administrators' disbursements	Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. Further information on disbursements is provided within Section 19 of the report. Likely disbursements above are shown with a *.	-	-	-	-
Total		-	18,430	144,967	163,397

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration

NARRATIVE SUMMARY OF WORK REQUIRED TO BE UNDERTAKEN BY THE JOINT ADMINISTRATORS

Work carried out and required in the Administrations

Administration and planning

- Case acceptance and ethical reviews.
- Completing case strategy notes.
- Holding strategy meetings.
- Documenting decisions.
- Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.

There is no financial benefit to creditors in performing the tasks in this category; however, this work is necessary to ensure that the case is administered correctly and in line with statutory requirements.

Taxation

The following activities will be required in order to ensure the Group is compliant with tax requirements:

- Notifying HM Revenue & Customs ("HMRC") of my appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquires will assist with my own investigations.
- Reviewing the Group's VAT position; finalising the pre-Administration VAT account; deregistering the Group for VAT once all of the taxable assets have been sold in line with the VAT regulations.
- Preparing post-Administration Corporation Tax and VAT returns, as required by statute.
- Instructing relevant tax teams where appropriate. This may assist with any potential Terminal Loss Relief Claim and submission of same to mitigate the HMRC debt.
- Given that it is likely that a dividend will be available to unsecured creditors such as HMRC from EDT the estimate above also includes the likely time required to complete any outstanding pre-appointment Tax Returns in order to correctly establish HMRC's claims.

There is no direct financial benefit to creditors in performing these tasks. However, finalising the pre-Administration positions of the Group over all heads of taxes will assist HMRC in finalising their claims and recovering CIS deductions. Certain aspects of this work are required by statute.

Investigations

Further details of the investigation required to be carried out is provided within Section 6 of the report.

Investigations are required in accordance with Statement of Insolvency Practice 2, so as to identify whether any assets have been dissipated and what recoveries can be made so as to enhance the funds available to distribute. They also assist with the Administrators' duty under the Company Directors Disqualification Act 1986.

A summary of the work to be undertaken in this regard is provided below:

- Commencing a detailed review of the Group's bank statements
- Providing questionnaires to the Directors for their views on the Group's affairs
- Review of books and records, including bank statements to identify any potential transactions that were outside the ordinary course of business.
- Further correspondence with the current and former Directors regarding the reasons for the Group's failure.
- Review of creditor questionnaires and investigation into any matters notified.
- Reporting to the Insolvency Service on the Directors' conduct.

There would be no financial benefit for creditors in carrying out this work if there are no adverse findings during these investigations, which are required by statute. However, in the event that investigations reveal possible actions, then these may lead to additional realisations but the costs of pursuing these actions are likely to increase. If this arises, further information will be provided to creditors separately.

Realisation of Assets

The work to be undertaken in respect of the realisation of the Group's assets is detailed in Section 5 of the report.

The assets remaining to be dealt with comprise:

- Deferred consideration.
- Trade debtors.

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration

NARRATIVE SUMMARY OF WORK REQUIRED TO BE UNDERTAKEN BY THE JOINT ADMINISTRATORS

- Rent receivable.
- Reconciliation of trade debtors and retention figures

Actions required to realise the Companies' assets include:

- Correspondence with trade debtors and in conjunction with the Purchaser the recovery of balances outstanding.
- Dealing with property relating matters including liaising with the Purchaser in respect to the licence to occupy granted.
- Monitoring receipt of the rent receivable from the Purchaser.
- Post-sale assistance to the Purchaser in respect of the business contracts.
- Reviewing and obtaining any potential refunds on prepayments or accounts paid up to a future period by the Group

At this stage, we have assumed that there will be no protracted issues to delay realisations.

There is a financial benefit to creditors in carrying out this work as it will enable the realisation of funds for the Administration estate. The estimated costs disclosed in Appendix F4 are commensurate with the level of realisations.

Employees

- Notification to employees of transfer of contracts to the Purchaser under TUPE Regulations.
- Statutory notifications to The Pension Regulator, the Pension Protection Fund and the pension scheme trustees in respect to the Administration.

There is some financial benefit to creditors in carrying out work in this category, as it will ensure that there are no claims from employees following the sale of the business.

Creditors

It is estimated that there are likely to be in the region of 200 unsecured creditor claims, in accordance with the Group's books and records, although this may increase as the Group's accounts are finalised for the Statement of Affairs to be prepared. In order to ensure that creditors are dealt with appropriately, the following work has been undertaken or is in the process of being completed:

- Dealing with queries received from creditors, by telephone and in correspondence.
- Collating information regarding unsecured claims across the Group.
- Logging claims on case management systems.
- Liaising with the Purchase in respect to any contract novations.
- Correspondence with shareholders.

There is a financial benefit to creditors in carrying out this work as this ensures that creditor claims are correctly recorded and the adjudication of claims is carried out accurately and expediently during the Administration.

Distributions

A distribution is expected to be paid to unsecured creditors of EDT.

- Adjudication of creditor claims.
- Requesting further information where necessary or dealing with rejected claims.
- Preparing dividend calculations.
- Processing and payment of distributions.

There is a financial benefit for creditors in performing this work as it will ensure in timely payment.

Reporting

Reporting requirements during the period as prescribed by statute include the following:

- The Administrators are required to issue their proposals and provide creditors with an explanation on the reasons for the failure of the Companies, the progress made during the Administration, the expected outcome and the work to be undertaken in order to achieve the objective of the Administration.
- Reporting the outcome of any decision procedures.
- Six-monthly progress reports are required to be issued by The Insolvency Act and Rules to provide creditors with an update of the progress of the Administration.
- Reporting to Creditors in respect of fee and expenses approvals.
- Reporting the outcome of any meetings.

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration

NARRATIVE SUMMARY OF WORK REQUIRED TO BE UNDERTAKEN BY THE JOINT ADMINISTRATORS

- Closure Reporting.

There is no financial benefit to creditors in performing this type of work, which is largely required by statute.

Cashiering

Cashiering work includes:

- Establishing set up of case details on our insolvency software system.
- Setting up bank accounts, including deposit accounts as necessary.
- Bank account maintenance, including periodic reconciliations.
- Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions.

Statutory and Compliance

- Preparation and lodgement of statutory appointment documents.
- Initial notices and advertisements following appointments.
- Case monitoring and statutory compliance, including internal case reviews.
- Case bordereau.
- Dealing with matters arising from the Statement of Affairs.

The work in this area is required by statute and / or our internal procedures. It does not provide any direct financial benefit for creditors.

Rates and Disbursements Policy

Charge-out rates

Details of the current charge-out rates of the personnel working on this case are set out below:

	Partner	Director	Manager	Administrator	Cashier	Support Staff
Range (£)	440 - 550	450	270 - 375	105	90 - 190	90

Charge-out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team member and the work that they perform. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.

Specialist departments within our Firm, (such as Tax and VAT) may charge a number of hours if and when their expert advice is required. The rate ranges above incorporate these different rates.

Disbursements

Some of the expenses incurred on this matter are likely to be paid by this firm in the first instance and subsequently re-charged to the estate. Such disbursements fall into 2 categories as follows:

Category 1 disbursements: These are payments to independent third parties where there is specific expenditure directly referable to the case and as such can be drawn without prior approval.

Category 2 disbursements: These are costs that are directly referable to the case but not to a payment to an independent third party. They may include shared or allocated costs that may be incurred by the Joint Administrators or their firm, and that can be allocated to the case on a proper and reasonable basis. Such disbursements require approval in the same manner as remuneration.

It is proposed that the following Category 2 disbursements incurred in administering the case be charged:

- Mileage will be charged at relevant HM Revenue & Customs rates, currently 45p per mile.
- Photocopying bulk circulars. Photocopying is charged at 5p per page.

All other disbursements are to be reimbursed at cost.

The Joint Administrators reserve the right to increase the charges applicable to mileage and photocopying during the course of the case in line with inflation or increases from our suppliers. Any material amendments will be advised to creditors in the next statutory report.

SIP 16 STATEMENT**1 Initial introductions**

- 1.1 Mazars LLP were first introduced to the Group by Dermot Power, an adviser to the Group.
- 1.2 The Group had been loss-making with declining turnover, with the following circumstances contributing to a deterioration in the financial position and projected financial performance:
- BWR having failed to secure an adequate local customer base despite having expanded the number of retail outlets;
 - Notwithstanding that BWR had closed a number of its stores, losses were expected to escalate as these stores were no longer having a positive financial contribution and the Group could not be returned to a profitable position with the current leases it had in place;
 - Consumer confidence, including Brexit, was adversely impacting trading and prospects; and
 - A major IT system failure resulted in poor management information and delayed decision-making by the Group.
- 1.3 An initial meeting between Patrick Lannagan of Mazars LLP, Dermot Power, Muriel Chatel and Arthur de Chalus, both Group directors (hereinafter referred to as “Management”) and Thomas Raynaud, General Secretary of Chalus Chegaray & Cie, an investor in the Group took place on 29 January 2019. During this meeting, the financial position of the Group was discussed and Mazars LLP were requested to provide advice on Group’s financial position, the options available to it and recommendations on those options to the Group.
- 1.4 It was concluded that with limited funds available and the shareholders unwilling to provide further funding beyond the short-term, trading without additional funding was likely to lead to a worsening of the position of creditors, potentially leading to creditor action and insufficient funds to pay staff salaries which ultimately would force a closure of the business.
- 1.5 Following this review, Management concluded that there were two potential course of action which would comply with their fiduciary duties to the Group and its creditors:
- A solvent solution – to try to secure a sale or equity re-financing which would be agreeable to all shareholders; or
 - A contingency solution – in the event that a solvent solution was not available or possible, to place the Company into the insolvency procedure which would offer the best outcome for creditors.
- 1.6 The board of directors resolved to market the shares and / or the business and assets of the Group for sale which could lead to either a sale of some of the shares and / or equity re-financing, or a going concern sale of the business and assets as ‘pre-pack’ transaction.
- 1.7 Mazars LLP were formally engaged on 20 February 2019 to assist with the marketing exercise, with regard to the requirements of SIP16 in the event that a pre-pack sale takes place; to provide advice relating to placing the Group into Administration; to appoint agents and solicitors as required in connection with a pre-pack sale; to provide advice on the most

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration

appropriate disposal strategy for the business and assets to further the purpose of Administration; and to liaise with all stakeholders, as required.

2 Our changing role

2.1 Following our formal engagement by the Group on 20 February 2019, we have acted as advisors to the Group in providing a review of the Group's financial position, the options available to it and recommendations on those options to the Group as set out above.

2.2 Following our formal engagement by the Group on 20 February 2019, we have:

- Carried out a contingency planning exercise in case a sale by way of a share sale or pre-pack Administration was not possible;
- Advised and assisted in relation to the Group's affairs and business prior to the appointment of Administrators.
- Advised and assisted in relation to discussions and negotiations with the Group's creditors.
- Conducted the marketing process including discussions with potential purchasers.
- Advised on the disposal of the Group's business and assets to further the purpose of Administration.
- Instructed, with the consent of the Group, legal advisors to assist in negotiating the pre-pack sale and putting the Group into Administration.
- Advised and assisted with the formalities of placing the Group into Administration and liaised with the solicitors instructed to assist in completing these formalities.
- Contacted all relevant parties on behalf of the Group with a view to carrying out the above functions, including instructing agents to value the Company's business and assets ahead of the potential pre-pack Administration.

2.3 Since our appointment as Joint Administrators on 31 May 2019, our role has changed and we are now required to undertake the functions and responsibilities of Administrators, in accordance with statute, on behalf of the creditors as a whole.

3 Pre-appointment matters

3.1 The options review by Management and deemed to be unsuitable in the circumstances were:

- *Solvent solution*

In the absence of any offers for the shares of the Group or any additional funding, it was ultimately concluded that this route was not available to the Group.

- *Company Voluntary Arrangement*

A rescue of the Group via a Company Voluntary Arrangement ("CVA") was discounted as unfeasible by Management on the grounds that the business was loss making and no longer viable without an injection of funding which was unlikely for the reasons outlined above (and did not require a CVA to achieve it in any event). Furthermore, the landlords

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of closed stores would dominate unconnected creditors and would likely require substantial contributions against their debt to approve any CVA.

- *Creditors' Voluntary Liquidation*

The impact of a closure of the businesses via Liquidation on the level of asset recoveries, primarily stocks and creditor claims was considered and this option was discounted. The level of recovery of book debts would be adversely impacted by potential counter-claims by customers and it would be likely that a lower value would be realised for stock in the event of a closure. Additionally, the tangible assets would be likely to achieve a reduced level of realisations and this would be further reduced by the costs of removal and auction. Furthermore, the total creditor pool would be significantly higher in the event of Liquidation and closure as the workforce would be made redundant, leading to estimated preferential claims of c. £32k and non-preferential claims. All of these considerations would indicate nil return to creditors in a winding up scenario.

- *Administrative Receivership*

This option was not available as the Group had not granted any security over its assets.

- *Trading in Administration*

The advantages and disadvantages of trading in Administration (with a view to a going concern sale) were considered and it was concluded that this was not an appropriate option for the following reasons:

- Trading in Administration would allow further time to expose the business and assets of the Group to the market; however, in view of the market challenges discussed above, further marketing beyond that already carried out was not expected to lead to any additional interest in the business and assets; and
- Based on the recent performance of the Group and its lease portfolio it was expected to continue making losses. Continued trading, while making losses, would diminish the asset base, reducing the amounts ultimately available for creditors.

There were other risks identified which were considered would contribute to trading losses and could negatively impact the potential for a going concern sale as follows:

- The potential for the loss of customers of EDT to competitors due to the uncertainty of future service provision;
- The potential for loss of employees who are key to the business to competitor businesses in view of the uncertainty over their future employment; and
- A significant portion of the Group's stock is subject to Reservation of Title ("ROT"), thereby potentially increasing the risks of trading at a loss in an Administration.

These considerations strongly suggest that trading in Administration was not likely to increase the possibility of a better outcome for creditors and was likely to increase significantly the chance of a poorer outcome for creditors.

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration

- 3.2 Management therefore concluded, and we concurred, that provided an appropriate marketing exercise was undertaken, that, if a solvent solution could not be achieved, a ‘pre-pack’ Administration would most likely lead to a better outcome for creditors than would trading in Administration.
- 3.3 No enquiries were made of potential funders as to the availability of funds for trading in Administration as it was concluded that this option did not offer the best outcome for creditors as outlined above.
- 3.4 Discussions were held with the Group’s major unsecured creditor, Chalus Chegaray & Cie.
- 3.5 The Group had traded since 2013 and no part of the business had been purchased from another Insolvency Practitioner in the 24 months leading up to this Administration appointment.

4 Administration objective

- 4.1 Pursuant to Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986, the purpose of an Administration is to achieve one of the following objectives:
- a) rescuing the company as a going concern;
 - b) achieving a better result for the company’s creditors as a whole than would be likely if the company were wound up (without first going into administration); or
 - c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 4.2 As noted in the attached Proposals, the Administration has achieved a better objective than if the Group were wound up, therefore the objective being sought is objective b).
- 4.3 As noted above, there was no prospect of a rescue of the Company via a solvent solution. Nor was a CVA considered viable, via Administration or otherwise. Therefore, it was concluded that objective a) was not achievable.
- 4.4 The pre-pack sale enables the statutory purpose to be achieved for the reasons outlined above and it offers the best available outcome for creditors as a whole in the circumstances.

5 Marketing of the business and assets

- 5.1 SIP 16 requires that any marketing undertaken prior to a “pre-pack” sale should conform to the following Marketing Essentials:
- Broadcast
 - Justify the marketing strategy
 - Independence
 - Publicise rather than simply publish
 - Connectivity
 - Comply or explain
- 5.2 *Compliance with the Marketing Essentials*

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration

5.3 The following paragraphs detail as far as possible the compliance with these Marketing Essentials.

No marketing had been undertaken by the Group or its directors prior to the involvement of Mazars LLP.

The proposed Administrators have used three different avenues to market the business:

- The business has been advertised for sale on the Deal Opportunities website;
- The business has been advertised for sale by John Pye Auctions; and
- An acquisition opportunity flyer has been circulated to Mazars partners and directors, Restructuring Services (“RS”) teams and Deal Advisory teams within the UK.

5.4 *Broadcast*

To maximise the range of potential purchasers made aware of the availability of the business for sale, it has been advertised on Deal Opportunities from 15 February 2019 and John Pye Auctions’ platform from 16 February 2019.

The flyer was sent by email to all Mazars partners and directors in the UK, members of the RS and Deal Advisory teams on 15 February 2019.

5.5 *Justify the Marketing Strategy*

The marketing strategy has ensured that the business was exposed to the online market place via two different platforms.

The length of the marketing period has provided a reasonable opportunity to generate interest and provide sufficient further information to interested parties to enable them to conclude whether the opportunity was appropriate for them.

5.6 *Independence*

The use of the online marketing site Deal Opportunities and John Pye Auctions has ensured independence in the marketing activity.

5.7 *Publicise rather than simply Publish*

A variety of different methods have been employed in publicising the business for sale:

- Internal flyer – issued to Mazars staff in the UK – this generated no leads;
- Deal Opportunities – this generated 11 leads; and
- John Pye Auctions – this generated no leads.

A deadline for indicative offers was set at 12 pm on 8 April 2019. This decision was made in view of the ongoing dissipation of cash assets through continued trading, increasing creditor pressure and the level of interest shown by potentially interested parties. This deadline was communicated to all interested parties on 1 April 2019.

Only one offer was received for the business and assets of the Group (from the Purchaser); no offers were received for shares.

5.8 *Connectivity*

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration

The opportunity has been advertised on the following internet sites to promote the online marketing of the business:

<https://www.dealopportunities.co.uk>

<https://www.johnpye.co.uk>

5.9 Comply or Explain

The proposed Administrators consider that they have complied with all relevant aspects of SIP16 as the marketing process has exposed the acquisition opportunity to the potential market via online and targeted marketing and has provided adequate time for parties interested in the opportunity to produce a deliverable offer, subject to the constraints of cash flow and asset deterioration considerations.

This has achieved the best available outcome for creditors as a whole in the circumstances as this pre-pack transaction achieves value for asset categories which would have lower realisable value in the alternate business closure scenario, minimises the creditor pool through the ongoing employment for the workforce and offers the prospect of a dividend return to unsecured creditors which would not otherwise be available.

6 Valuations of the business and assets

6.1 John Pye & Sons Limited (“John Pye”) were instructed by Mazars LLP to provide a valuation of the Group’s tangible assets. John Pye have provided confirmation that they are independent and that they carry professional indemnity insurance.

6.2 The Group’s tangible assets consist mainly stock, including wines, beers and spirits and retail and warehouse fixtures, fittings and equipment.

6.3 Market Value was used as the basis for the valuation. Market Value is defined as estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.

6.4 In situ values are based on a going concern sale where there are a number of competing bidders, whilst the ex situ values are what the agents would expect to realise in a forced sale scenario where the business closes, representing the potential realisations in the event of an insolvent Liquidation. These basis are used as they provide a range within which a going concern offer may be judged as better than the alternative scenario of a closure of the businesses.

6.5 The valuations are:

	BWR		EDT	
Asset	In Situ Value	Ex Situ Value	In Situ Value	Ex Situ Value
Plant & machinery	14,800	5,580	15,000	9,000
Stock	15,793	10,529	39,806	26,537
Total	30,593	16,109	54,806	35,537

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration

6.6 With regard to plant & machinery the total amount of consideration (£14,997) is marginally less than the going concern valuation (in sit value) provided by John Pye; however, the total amount of consideration across the Group of (£58,760) for plant, machinery and stock is higher than the Ex situ values provided by John Pye; meaning the consideration is higher than the ex situ value that would be achieved in the alternative business closure scenario. Furthermore, the sale of the business and assets is expected to result in higher recovery of trade debtors (EDT) as opposed if the business ceased to trade.

7 The transaction

7.1 The sale to the purchaser completed on 31 May 2019.

7.2 The purchaser is Spirits of Borough Limited (“the Purchaser”) (CRN 11807332) of 20-22 Wenlock Road, London, N1 7GU.

7.3 The Purchaser is considered to be a connected party by virtue of an associate of it being a significant shareholder in BWB and Arthur de Chalis being a director of BWB and the Purchaser. We understand the other director of BWB, Muriel Chatel (the sole director of BWR and EDT), will be involved in the management of the Purchaser.

7.4 The transaction comprised a going concern sale of the Group’s business and certain assets under a sale and purchase agreement (‘SPA’), under which, the Purchaser has acquired whatever right and title the Group has in the following:

- The Goodwill of the business and the exclusive right of the Purchaser to represent itself as carrying on the business in succession to the Purchaser;
- The Intellectual Property – including the website and domains and trademarks in the UK;
- The Plant & Machinery being primarily fixtures and fittings, IT and other equipment;
- The Stock comprising wines, beers and spirits and related inventory; and
- The Contracts – the contracts, orders and engagements entered into by the Group with customers or before the date of Administration which have not been fully performed by the date of completion.

7.5 The apportionment of the consideration payable is as follows:

	Consideration (£)			
	BWR	EDT	BWB	Total
Asset category				
Goodwill, sellers records, customer contracts and intellectual property	1	1	1	3
Plant & machinery	5,999	8,998	-	14,997
Stock	12,430	31,330	-	43,760
Total	18,430	40,329	1	58,760

Borough Wines & Beers Limited, Borough Wines Retail Limited and Expression Du Terroir Limited – all in Administration

Initial consideration	11,113	21,886	1	33,000
Deferred consideration	7,317	18,443	-	25,760
Total	18,430	40,329	1	58,760

- 7.6 The initial consideration (£33,000) was paid on the date of completion and held in the client account of Freeths LLP.
- 7.7 The deferred consideration (£25,760) is payable on or before 31 December 2019.
- 7.8 The Purchaser has also taken on the Group's employee liabilities in full and is expected to also negotiate and settle any ROT claims directly with suppliers.
- 7.9 The Purchaser has agreed to assist in the collection of outstanding debts due to the Group in return for a commission of 10% payable to the Purchaser in respect of any such debt recoveries.
- 7.10 The Administrators agreed with the Purchaser a licence to occupy 163 Church Street, Stoke Newington, London, N16 0UL (lease held by BWB) for a period of three months at market rent. A month's rent (£3,333) was paid in advance by the Purchaser on completion.

8 Connected Party Transactions

- 8.1 As the sale was concluded to a connected party, additional information is required to be provided. A connected party is as defined in section 249 and 435 of the Insolvency Act 1986.

Pre-Pack Pool

- 8.2 Where a "pre-pack" transaction is to a connected party, the connected party must be advised that they can contact the Pre-Pack Pool ("the Pool") and encouraged to obtain an independent review of their business.
- 8.3 The Pool is an independent body of experienced business people who will offer an opinion on the purchase of a business and/or assets from an administrator of an insolvent company, where a connected party is involved. The benefit of approaching the Pool is that creditors can be reassured that an independent person had considered the reasonableness of the proposed transaction.
- 8.4 On 8 April 2019 the Purchaser was made aware of the Pool and encouraged to seek an opinion. We are not aware that the Purchaser has approached the Pool.

Viability Statement

- 8.5 Following the changes to the "pre-pack" guidelines, connected parties are now advised to prepare a viability statement to confirm that the purchasing entity will survive for at least 12 months from the date of the proposed purchase. It should also include details of what the purchasing entity will do differently in order that the business will not fail.
- 8.6 The Purchaser was advised about the viability statement at the same time as they were notified of the Pre-Pack Pool. No viability statement has been produced.

AM03

Notice of Administrator's Proposals



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Molly McErlane**

Company name **Mazars LLP**

Address **Tower Bridge House**
St Katharine's Way

Post town **London**

County/Region

Postcode **E 1 W 1 D D**

Country

DX

Telephone **020 7063 4000**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse