

The Insolvency Act 1986

Administrative
Receiver's ReportPursuant to Section 48(1) of the Insolvency Act 1986
and Rule 3.8(3) of the Insolvency Rules 1986**S.48(1)**

To the Registrar of Companies

For official use

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Company Number

2499732

Name of Company

Bracknell (123) Limited

We,
ofA B Thompson
KPMG
PO Box 730
20 Farringdon Street
London EC4A 4PP

M D Blake

the administrative receivers of the company, attach a copy of our report to creditors.

Signed



Date 21 August 1996

KPMG Corporate Recovery
PO Box 730
20 Farringdon Street
London EC4A 4PP

Insolvency S

For Official Use

		
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Bracknell (123) Limited
(formerly known as Sock Shop Holdings Limited)

Joint Administrative Receivers' report to creditors
pursuant to S.48 of the Insolvency Act 1986
25 July 1996

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1 Introduction

In accordance with Section 48 of the Insolvency Act 1986, I set out below my report on the Administrative Receivership of Bracknell (123) Limited ("the company") following the appointment of Mike Blake and me as Joint Administrative Receivers on 4 June 1996.

2 Statutory information

Company number	2499732																				
Previous Company Names	Sock Shop Holdings Limited																				
Date of incorporation	8 May 1990																				
Registered office	PO Box 730 20 Farringdon Street London EC4A 4PP																				
Business	Retail of socks, hosiery, underwear and fashion accessories																				
Directors in the last three years	<table> <tr> <td>Mr JR Denning</td><td>Resigned 03/09/95</td></tr> <tr> <td>Mr JB Douglas</td><td>Resigned 18/08/94</td></tr> <tr> <td>Mr A Jones</td><td>Resigned 03/03/95</td></tr> <tr> <td>Mr AD MacLellan</td><td>Resigned 16/11/94</td></tr> <tr> <td>Mr J Brown</td><td>Resignation date unknown</td></tr> <tr> <td>Mr CW Smith</td><td>Resigned 16/11/94</td></tr> <tr> <td>Mr RB Collins</td><td>Resigned 23/01/96</td></tr> <tr> <td>Mr CT Harrison</td><td>Appointed 25/10/94</td></tr> <tr> <td>Mr SL Hinchliffe</td><td>Appointed 25/10/94</td></tr> <tr> <td>Mr J Olaso</td><td>Resigned 21/11/94</td></tr> </table>	Mr JR Denning	Resigned 03/09/95	Mr JB Douglas	Resigned 18/08/94	Mr A Jones	Resigned 03/03/95	Mr AD MacLellan	Resigned 16/11/94	Mr J Brown	Resignation date unknown	Mr CW Smith	Resigned 16/11/94	Mr RB Collins	Resigned 23/01/96	Mr CT Harrison	Appointed 25/10/94	Mr SL Hinchliffe	Appointed 25/10/94	Mr J Olaso	Resigned 21/11/94
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3 Background information and events leading up to appointment

The Facia group of companies was founded in July 1994 with the incorporation of Fenlog limited. On 1 August 1994 this company changed its name to Salisburys Stores Limited and changed it again on 12 August 1994 to Facia Limited. The group then proceeded rapidly to acquire the following retail groups:

Acquisition date	Subsidiary	Business
August 1994	Salisburys Limited	Retail sale of leather goods and accessories
October 1994	Sock Shop Holdings Limited	Retail sale of socks and underwear
January 1995	Torq Fashion Limited	Retail sale of sunglasses, watches and accessories
February 1995	Red or Dead Limited	Retail and wholesale of high fashion shoes and garments
March 1995	Oakland Menswear	Retail of men's clothing
March 1995	Contessa (Ladieswear) Limited	Retail of women's underwear

In June 1995 Dovetail Cabinetmakers Limited was formed to provide shopfitting services to the group.

In addition to the above companies which are included within the Facia group, the group's chairman continued to acquire other businesses ("the Hinchliffe businesses"), in particular those of Freeman Hardy Willis and Saxone. Although the companies were not legally connected except by their ultimate shareholder, significant intergroup balances built up between the Facia companies and the companies owning the Hinchliffe businesses.

The Facia group was financed by bank borrowings from United Mizrahi Bank Limited and other sources.

The Facia group did not publish any accounts since incorporation; of its subsidiaries, only Sock Shop Holdings Limited issued audited accounts. These accounts were in respect of the period ending 28 January 1995 and were heavily qualified by the auditors, Deloitte & Touche.

On 31 May 1996 Sears plc became sufficiently concerned at the level of intercompany balances between the Hinchliffe companies and the Facia group that they presented an administration petition against Facia Footwear Limited, Cityscan Limited and Wisebird Limited. The interdependence of the Hinchliffe companies and the Facia group, combined with the destabilising effect of the administration procedure, led the United Mizrahi Bank to appoint receivers over certain of the Facia group companies over which it had a fixed and floating charge, namely Facia Limited, Oakland Menswear, Contessa (Ladieswear) Limited, Sock Shop Holdings Limited, Torq Fashion Limited, Red or Dead Limited, Salisburys Limited and Dovetail Cabinetmakers Limited.

On Monday 3 June, Facia Footwear Limited, Cityscan Limited and Wisebird Limited (which between them owned inter alia the Freeman Hardy Willis and Saxone businesses) went into administration.

4 Action taken since appointment

Following the appointment of my partner, Michael Blake, and me as joint administrative receivers on 4 June 1996, my staff immediately attended the company's head office in Camberley. I carried out a brief review of the trading position and decided that the company should continue to trade for a limited period under the receivers' control whilst a purchaser for the business as a going concern was sought. The company's structure was kept intact and none of the 86 retail branches were closed.

The business and assets of the company were advertised for sale in the Financial Times on 4 June 1996. The advert together with the press coverage of the insolvency of the Facia Group resulted in considerable interest in both the business as a going concern and the property portfolio. Over 100 sales memoranda were sent out to parties who expressed an interest and several of those parties subsequently attended the head office to make more detailed enquiries. On 10 June I wrote to all interested parties requesting best and final offers by close of business 12 June.

Negotiations for the sale of the business and assets to Jumper Limited, a subsidiary of the Tulchan Group, were finalised on 15 June and completion took place at commencement of business 17 June.

Property agents have been appointed to dispose of ten short leasehold units which were not included in the sale.

5 Statement of affairs

I have requested the directors to provide a sworn statement of affairs but, to date, they have not done so. A reminder has been sent and upon receipt I will file a copy at Companies' House.

6 Debenture holder

Debentures in the form of full fixed and floating charges, covering all the companies' assets were granted to United Mizrahi Bank Limited by Facia Limited, Oakland Menswear, Contessa (Ladieswear) Limited, Sock Shop Holdings Limited, Torq Fashion Limited, Red or Dead Limited, Salisburys Limited and Dovetail Cabinetmakers Limited on 7 February 1996. This security supplemented previous security held by the bank.

The indebtedness of the above companies was also secured by full fixed and floating charges granted by Facia Footwear Limited and Cityscan Limited on the same date.

All companies were guarantors of Facia Limited's indebtedness to the bank. The bank was owed some £7.7 million at the date of receivership.

The company had a £0.5m overdraft facility with Bank of Scotland whose lending was secured by a debenture providing a first fixed and floating charge over the assets and undertaking of the company. A distribution has been made from the receivership, under the terms of the debenture, settling the company's liability to Bank of Scotland in full.

7 Preferential creditors


The preferential creditors have been estimated to be £562,000, of which an estimated £460,000 is due to Customs and Excise and £102,000 due to the Inland Revenue. I expect that funds will be available to pay a dividend to preferential creditors.

8 Unsecured creditors

The estimated amount due to unsecured creditors is £3,181,448. The extent of any surplus for unsecured creditors is not yet capable of calculation owing to the complexities of the intercompany claims between the companies and the subrogation issues arising where companies repay the secured indebtedness of other companies by way of guarantee. An estimate of the total surplus for unsecured creditors arising from all of the Facia group receiverships is £0.7m.

9 Section 48 meeting

A copy of this report has been made available for inspection by all known creditors and will be presented at a meeting convened for 13 August 1996 at 11.55 am at The Merchant Centre, 1 New Street Square, Blackfriars, London EC4A 3IB.


AB Thompson
Joint Administrative Receiver