

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company

Aromgift Limited

Company number

0369768

In the
High Court of Justice, Chancery Division

(full name of court)

Court case number
12144 of 2009(a) Insert full
name(s) and
address(es) of
administrator(s)

I (a)
Mark S Goldstein
Mark Goldstein Associates
Kingswood Court
1 Hemlock Close
Kingswood
Surrey, KT20 6QW

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

From

To

(b) Insert date

(b) From 3rd April 2009

(b) To 2nd October 2009

Signed

Administrator

Dated

2nd November 2009**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the public record

Mark S Goldstein
Mark Goldstein Associates
Kingswood Court
1 Hemlock Close
Kingswood
Surrey, KT20 6QW

DX Number

01737 830763
DX Exchange

When you have completed and signed this form, please send it to the
Registrar of Companies at:-
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

MONDAY



PC4

COMPANIES HOUSE

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To all creditors and shareholders



2 November 2009

Dear Sir(s),

Aromgift Ltd — In Administration

Company No: 03693768

Registered office: 600 High Road, Woodford Green, Essex IG8 0BS

High Court of Justice Chancery Division Companies Court No 12144 of 2009

In accordance with Rule 2.47 of the Insolvency Rules 1986, I am writing to provide you with a progress report for the period 3rd April 2009 (date of my appointment) to 2nd October 2009.

Background

1. In my letter of 20th May and my report of 6th July 2009, I provided creditors with details of the following:

- ❖ The events leading up to my appointment;
- ❖ The Court where the proceedings are;
- ❖ Statutory and general information for the Company;
- ❖ The Company's assets and liabilities;
- ❖ The steps taken in the administration

since which time there have been no amendments or deviation to the ultimate outcome of the administration. Should you require any of this information again, please do let me know.

Administrator's Receipts & Payments

2. I have still not made any realisations and therefore have made no payments for the administration period from 3rd April 2009 (date of my appointment) to 2nd October 2009. The reasons for this are set out below.

Progress since last report and remaining realisations

3. Within my Proposals circulated on 5th July, I explained that the assets of the Company comprised stock-in-trade and, potentially, debtors as well.

Stock in trade

4. As I explained in my Proposal, my agents arranged for the collection, storage and insurance of the stock. They recommended a valuation of £80,000 on a forced realisable basis, but up to £160,000 on an open market valuation. Before arranging for a disposal of this stock, my agents and I dealt with creditors' claims for Retention of Title to goods supplied. After enquiry, the Retention of Title claims were dispensed with as it was established that none of the stock at hand at the time of my appointment had been supplied by these particular creditors.

MGA

1. The preliminary marketing undertaken by my agents resulted in some encouraging enquiries. Before these could be taken forward, however, the Company's former warehouse and shipping agents notified me that the duty and taxes payable to HM Revenue & Customs upon the imported stock of jewellery and watches had not been paid by the Company. I was informed that the Company was making use of a facility granted to the warehouse whereby selected clients are able to temporarily remove goods to their own premises for a period of 90 days, following which the goods have to be returned to the warehouse for export back to the supplier (if not already sold), thereby closing the warehouse records and removing any tax liability on those goods. As a result, my agents and I had to carry out a considerable amount of communication with the warehouse company and HM Revenue & Customs. It appears that because the Company declared the value of stock being imported at £1m for duty purposes, the liability for duty and VAT if the goods were not returned to the warehouse and re-exported would crystallise at a level estimated to be approximately £196,000: a sum greater than the potential realisable value of the stock. I therefore had to establish the veracity of the temporary removal agreement; establish if this purported liability would crystallise as an ordinary non-preferential unsecured claim against the Company from either the warehouse or from HM Revenue & Customs; or if I was obliged/could return the stock to the warehouse to record the stock back into bond — albeit outside the 90-day limitation agreement — and thereafter arrange to re-import the stock at a new value for duty purposes.
2. In conclusion, I was able to establish that I could return the stock to Bond to thereby close the warehouse records of the original import and in so doing avoid the significant liability for duty and VAT: thereafter it would then be possible to arrange to re-import the stock at a valuation for duty purposes provided by my valuation agents. This has recently been put into train and it will therefore be possible for my agents to proceed soon to market and dispose of this stock in trade. This may entail a disposal by a number of piecemeal lots or a sale of all the stock by private treaty. My agents will advise me how best to maximise realisations.
3. It is important to stress that I was not aware of this problem at the date of my appointment; it only came to light because the warehouse company concerned wrote to me on 27th August to put me on notice. Resolving this problem has unfortunately but inevitably increased the costs of the administration.

Debtors: customers

4. I mentioned in my Proposals circulated on 6th July 2009 that it was not unusual for the Company to permit certain select customers to pay for their jewellery on deferred terms having had, on occasion, permitted customers to return stock bought subject to approval. I went on to explain in Section 5 of my Proposals that the Company's management team was still undertaking reconciliation work to ascertain whether or not there were outstanding debtors.
5. In the event, I am informed that all customers had either repaid their indebtedness in full or had returned stock.

Debtors: intercompany accounts

6. Another outstanding matter was the reconciliation of intercompany transactions to ascertain whether or not any of the associated/connected companies were debtors. The Company's management team brought the outstanding transactions up-to-date and submitted management figures in support of the fact that there are only intercompany creditors and not debtors.
7. In conclusion, therefore, it appears that the only asset of the Company at the date of my appointment is stock-in-trade.

Debenture holder

8. I remind creditors that the net realisation from stock after discharging the costs of sale and the administration, is payable to the debenture holder, Hoppett Holdings Ltd. There will be shortfall to Hoppett Holdings Ltd, and therefore I reconfirm that there is no prospect of a payment to any other class of creditors.

Statement of Affairs

9. The director has not yet submitted a formal Statement of Affairs. I have recently received management figures for the period since 1st January 2008 to 31st March 2009. The last filed regulatory accounts were made up to 31st December 2006, but the 2007 accounts have yet to be received. Trading figures available are summarised at **Appendix 1**. As a result of these figures being produced, and combined with my own correspondence with creditors, I have been able to update the estimated Statement of Affairs that was produced at Section 6 of my Proposals as **Appendix 2**. I presume that I will receive the formal Statement of Affairs for filing with the Registrar of Companies in the near future and that it will be a precise reflection of Appendix 2. I would draw your attention to the substantial level of intercompany claims included within the updated Statement of Affairs. There is also an increase in the amount due to trade creditors compared to the draft provided with my Proposals circulated on 6th July 2009. A schedule of creditors is attached as **Appendix 3**.

Estimated outcome

10. I attached as Appendix 4 of my Proposals circulated on 6th July 2009, an Estimated Outcome Statement. I have revised this Estimated Statement based on the reworked information as at the time of preparing this report. This is attached as **Appendix 4**.
11. The final figure for the shortfall to the secured creditor will be refined as the administration progresses, particularly once the outcome of the sale of the stock as well as the costs are known. Nevertheless, as I state above, this will not affect the fact that there is no prospect of a distribution to any other class of creditors.

Possible exit routes from administration

12. I would remind creditors that my Proposals at para 11 explained the possible exit routes from administration. My formal Proposal at para 12.4 was that if it was not possible to make a distribution to the ordinary non-preferential unsecured creditors – as is now the case - the administration should be brought to an end by my filing for the Company to be dissolved pursuant to para 84 of Sch B1 for the Insolvency Act 1986.
13. I do not currently consider, and neither do I anticipate, that there will be any change to that Proposal.

Regulatory

14. As set out in my Proposals at para 10, I requested that my remuneration was fixed by reference to the time my staff and I spend attending to matters in the administration. If any creditor requires an additional copy of my Proposal dealing with this, please let me know. Creditors approved that resolution by the requisite majority.
15. A summary of my time costs incurred to 30th September 2009 (the most convenient nearest date to the preparation of this report) and a summary of Category 1 and Category 2 disbursements is set out at **Appendix 5**. If you would like another copy of a *Creditor's Guide to Administrator's Fees* that was included with my Proposals, please let me know.

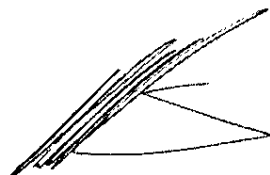
16. The costs to date have been incurred primarily as a consequence of identifying the extent of the Company's assets and arranging for their disposal. The principal activities undertaken by me as Administrator to date have comprised:
- ❖ Administration planning and Regulatory;
 - ❖ Agreeing and implementing the strategy for the sale of stock with agents: this includes dealing with the bonded warehouse, HM Revenue & Customs, and establishing the level of duty and VAT payable;
 - ❖ Dealing with insurance: through my agents;
 - ❖ Dealing with the Company's former management to identify the extent of the Company's assets and liabilities and trading results;
 - ❖ Dealing with creditors: dealing with general and specific creditor calls and correspondence;
 - ❖ Dealing with the validity of Retention of Title claims lodged.
17. I trust the foregoing summary and the attached appendices are sufficient for you to appreciate the extent of the work undertaken. If you require additional details, please do let me know.

Next report

18. It is a statutory requirement of an Administrator to provide a further progress report within one month of the end of the anniversary of the administration unless the Company has moved into liquidation or the administrator has made an application to extend the period of his office. It is my continued wish and intention to bring the administration to a conclusion and to report to you again sooner than the statutory requirement.

Should creditors need any further information before my next report, please contact me.

Yours faithfully,
for and on behalf of Aromgift Ltd — In Administration



MARK S GOLDSTEIN
Administrator

Encs.

Aromgift Limited - In Administration

Appendix 1

A summary of Profit & Loss and Balance sheets

	<i>Management Accounts for the period 1 January 2008 to 31 March 2009</i>	<i>Annual Report & Accounts for the year ended 31 December 2006</i>		<i>Annual Report & Accounts for the year ended 31 December 2006</i>
	£	£		£
Turnover	1,044,449	1,609,696	Fixed Assets	
Cost of sales	1,177,598	608,550	Intangible assets	0
Gross profit	-133,149	1,001,146	Tangible assets	761,530
165 Sloane Street Expenditure	250,034	240,710		<u>761,530</u>
32 Sloane Street Expenditure	65,990	84,165	Current Assets	
Depreciation	0	2,500	Other Current Assets	-615,450
Administrative expenses	1,101,282	732,326	Intercompany	0
	1,417,306	1,059,701	Debtors	3,116,380
Operating profit/-loss	-1,550,455	-58,555	Cash at bank & in hand	-200,883
Interest receivable & similar income	1,779	0	Prepayments	0
	-1,548,676	-58,555	VAT refund	0
Interest payable & similar charges	6,939	35,940		<u>2,300,047</u>
Profit /-Loss before tax	-1,555,615	-94,495	Current Liabilities	
Corporation Tax	0	0	Credit Card	12,976
Profit / Loss after Tax	-1,555,615	-94,495	Intercompany Loans	1,756,851
Retained loss Bfwd	-94,495	0	Trade creditors	2,568,143
			Corp Tax refund	-57,561
Balance carried forward	<u>-1,650,109</u>	<u>-94,495</u>	Other creditors	-752,356
			Taxation & Social Security	107,151
				<u>3,635,204</u>
			Net current liabilities	<u>-1,335,157</u>
			Total assets less current liabilities	-573,627
			Creditors: amounts due > one year	0
			Provision for liabilities and charges	0
				<u>-573,627</u>
			Capital and reserves	
			Called up share capital	9,694
			Retained Earnings	-488,826
			Profit & loss account	0
			Shareholders' funds	<u>-479,132</u>

AROMGIFT LTD

Appendix 2

Estimated statement of affairs as at 3rd April 2009

	Book Value £	Estimated to Realise £
ASSETS		
Stock in trade	1,129,903	160,000
LIABILITIES		
PREFERENTIAL CREDITORS:-		<u>NIL</u>
		160,000
Estimated prescribed part of net property where applicable		<u>NIL</u>
		160,000
DEBTS SECURED BY FLOATING CHARGE		
Hoppett Holdings Limited		<u>165,518</u>
Estimated shortfall to secured creditor		5,518
Unsecured non-preferential claims		
Trade & Expense Creditors	433,710	
Associated Companies	2,670,484	
HM Revenue & Customs - PAYE & NIC	109,303	
HM Revenue & Customs - VAT	<u>2,173</u>	
		<u>3,215,670</u>
Estimated deficiency as regards non-preferential creditors (excluding any shortfall to floating charge holders)		3,221,188
Issued and called up capital		
Ordinary Shareholders	2	<u>2</u>
TOTAL DEFICIENCY		<u>3,221,190</u>

**Aromgift Limited
Company Creditors**

Name	Address	£
1st Ace Security Limited	The Gatehouse, 93-97 Homedale Road, Kent, BR2 9LE	2,255.46
Alpha Creations Limited	128 Raedascosipek, Eskanasee, Yannawa, Bangkok 10100, Thailand	3,680.53
Annabel's Limited	2nd Floor, 3-5 Rathbone Place, London, W1T 1HJ	5,000.00
B T Insolvency Group	Dept W TVTE, Newcastle upon Tyne, NE83 7ZF	347.68
Brassington & Co	600 High Road, Woodford Green, Essex, IG8 0PS	4,406.25
Crivelli SRL	Via Vergelio 8, Alessandria, Italy	51,365.91
Colliers CRE	Credit Control Department, 4th Floor, 9 Marylebone Lane, W1U 1HL	15,854.81
DD Allwood	50 Soi Patanawes, Prakanong Klongtan Road, Kwang Prakanong Nua, Khet Watana, Bangkok 10110 Thailand	6,345.13
DLA Piper UK LLP	India Buildings, Water Street, Liverpool, L2 0NH	517.50
EDF Energy	Gadeon House, Grenadier Road, Exeter Business Park, Exeter EX1 3UT	150.49
EDF Energy	Major Business, Gadeon House, Grenadier Road, Exeter Business Park, Exeter, EX1 3UT	406.39
Freedom Recruitment Ltd	Academy House, 36 Poland Street, London, W1F 7LU	1,543.74
HM Revenue & Customs	Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12 4SE	109,302.90
HM Revenue & Customs	3rd Floor NW, Queens Dock, Liverpool, L74 4AA	2,173.00
Hermitage Trading	PO Box 5040, 1211 Geneva 11, Switzerland	164,721.78
Holmbury	Suite 1 - 2nd Floor, International House, 16 Bell Lane, Po Box, Gibraltar	1,872,849.44
Harry's Bar	2nd Floor, 3-5 Rathbone Place, London, W1T 1HJ	5,000.00
JP Wood Manufacturer Jewellers Ltd	47 Maddox Street, London, W1S 2PG	370.13
Royal Borough of Kensington & Chelsea	Finance - Information Systems and Property, Kensington Town, Hornton Street, London, W8 7NX	83,239.34
Krieger Jewellery	C/O Premium Collections Ltd, 16 Kingsway, Post Office Street, Altrincham, Cheshire WA14 1PJ	112,803.40
La Noisette Restaurant Ltd	1 Catherine Place, London, SW1E 6DX	18,942.37
La Vallee	Via Alessandro Piloni 39, Milan, Italy	11,469.83
Lyreco UK Ltd	Smith Partnership, 4th Floor Celtic House, Heritage Gate, Friary Street, Derby, DE1 1LS	873.57
Leopard Print Limited	Flint Research Institute, 132 heathfield Road, Keston, Kent, BR2 6BA	3,600.00
Jackson Maine	PO Box 19, Grassington, Skipton, North Yorkshire, BD23 5WS	5,869.12
Nestle Waters Powwow Ltd	PO Box 727, Camberley, Surrey, GU15 3YZ	772.33
Oriani Consultadoria	Avenida Ariaga-Edificio Ariaga 6, Funchal, Italy	632,912.47
Peninsula Business Limited	Riverside, New Bailey Street, Manchester, M3 5PB	15,275.00
Pengelly's Limited	C/o Ian Pengelly Limited, 1 Catherine Place, London, SW1E 6DX	2,628.08
Pearl & Dean	Do not send - gone away	11,789.26
SWAT Team	1 Nicoll Way, Borehamwood, Herts, WD6 2PP	123.84
Tourbillons Montres Suisse	Grand-Rue, CH-1095 Lutry, Switzerland	27,158.76
Thames Water Utilities Ltd	PO Box 286, Swindon, SN38 2RA	334.88
Valcom Security Limited	Unit 34 Cannon Wharf, 33 Evelyn Street, London, SE8 5RT	4,630.37
G Verdi SRL	Via Del Flori 4, Alessandria, Italy	30,610.94
The Vault Recruitment Ltd	Marble Arch Tower, 55 Bryanston Street, London, W1H 7AJ	6,345.00
		3,215,669.70

AROMGIFT LTD - in administration
An estimated outcome statement as at 2nd October 2009

Appendix 4

	£	£
Maximum anticipated realisation from sale of stock		160,000
Estimated costs of administration excl VAT:		
Administrator's time costs & disbursements to 29th June 2009	8,498	
Administrator's time costs & disbursements to 30th September 2009	1,222	
Administrator's agents:		
valuation	1,500	
insurance	900	
realisation fee	<u>16,000</u>	
	18,400	
Allowance for administrator's time costs to completion of the administration	<u>3,500</u>	
		<u>31,620</u>
		128,380
Secured lender Hoppett Holdings Ltd		165,518
ESTIMATED SHORTFALL TO SECURED CREDITOR		<u><u>37,138</u></u>

Aromgift Limited — In Administration

In accordance with best practice I provide below details of policies of Mark Goldstein Associates in respect of fees and expenses for work in relation to the above insolvency for the period from 3rd April 2009 to 29th September 2009, being the latest practical date before the preparation of this report.

The current charge-out rates per hour of staff within my firm who may be involved in working on the insolvency, follows:

GRADE	£
Officeholder	210
Senior Administrator	180
Junior Administrator	125

The rates charged by Mark Goldstein Associates, Kingswood Court, 1 Hemlock Close, Kingswood, Surrey KT20 6QW, are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 6 minutes under the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis, the time invoiced to the case will be subject to VAT at the prevailing rate (15% as at December 2008).

Where remuneration has been approved on a time costs basis, a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.

Category 1

This heading covers expenses where Mark Goldstein Associates has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), searches at Companies House, land registry searches, fees in respect of swearing legal documents, external printing costs, etc. In each case the recharge will be reimbursement of a specific expense incurred.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 40p per mile is raised, which is the amount the firm pays to staff. All other forms of travel are recovered at cost.

Where applicable, disbursements will be subject to VAT at the prevailing rate (15% as at December 2008).

Category 2

Additionally, there is a recharge of expenses for postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of creditors before they can be drawn, and these are known as category 2 disbursements. Category 2 disbursements, because they are imprecise, require approval by the creditors before they can be drawn.

Classification of work function	Office Holder	Snr Support Staff	Total Hours	Time Cost £
Statutory regulatory & planning	3.80	2.72	6.52	1,138.00
Dealing with realisation of assets	12.50	2.60	15.10	2,950.00
Dealing retention of title creditors	2.30	0.00	2.30	483.00
Investigation & review of company's affairs	1.40	0.60	2.00	369.00
Correspondence with Director	1.60	0.00	1.60	336.00
Reports	6.80	0.90	7.70	1,540.50
General correspondence & reports	3.80	2.20	6.00	1,073.00
Total	32.20	9.02	41.22	£7,889.50

Category 1 disbursements analysis

Disbursement	
Bond	£1,500.00
Printing circulars	£185.11
Postage	£29.00
Travel	£63.60
Company search fees	£3.00
Total	£1,780.71

Category 2 disbursements analysis

Disbursement	
Telephone & fax	£25.25
Postage	£25.08
Total	£50.33

The average hourly charge out rates, excluding VAT, were:

Office holder: £210
Senior support staff: £125

MARK GOLDSTEIN ASSOCIATES

September 2009