Rule 2 47

Form 2 24B

The Insolvency Act 1986

2.24B

Administrator's progress report

Name of Company	Company number
Ernaceous Group Plc	03732607

In the	Court case number
High Court of Justice	3014 of 2008

We

Edward George Boyle	James Robert Tucker
KPMG LLP	KPMG LLP
8 Salisbury Square	8 Salisbury Square
London	London
EC4Y 8BB	EC4Y 8BB
United Kingdom	United Kingdom

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

from	to
14 April 2011	13 October 2011

Signed J. Tucker

Joint Administrator

Dated 11 November 2011

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

Tom Chuter
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom
DX Number DX 38050 Blackfriars

Tel
DX Exchange

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COMPANIES HOUSE

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

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Erinaceous Group Plc – in administration

Administrators' seventh progress report for the period from 14 April 2011 to 13 October 2011 pursuant to Rule 2.47 of the Insolvency Rules 1986

11 November 2011

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Notice: about this report

This report has been prepared by the Joint Administrators solely to comply with their statutory duty under rule 2 47 of the Insolvency Rules 1986 to report on the progress of the Administration in the period 14 April 2011 to 13 October 2011 It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context

This report has not been prepared in contemplation of being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in EG plc

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors

Any person that chooses to rely on this report for any purpose or in any context other than under rule 2 112 of the Insolvency Rules 1986 does so at their own risk To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report

James Robert Tucker and Edward George Boyle are each authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales

The Joint Administrators act as agents of the companies and contract without personal liability The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration

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Glossary of terms

Administrators	James Robert Tucker Edward George Boyle KPMG LLP 8 Salisbury Square London, EC4Y 8BB
Banks	HBoS, Lloyds TSB and HSBC (secured by a debenture dated 26 July 2006)
EG plc and Parent Company	Erinaceous Group plc
IA86	The Insolvency Act 1986
IR86	The Insolvency Rules 1986
Group	EG plc and its subsidiaries (as at 14 April 2008)
SoA	Statement of Affairs

Contents

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Executive summary

This report has been prepared for the purposes of Rule 2 47 of the Insolvency Rules 1986

This progress report covers the period from 14 April 2011 to 13 October 2011 and follows the Administrators' sixth six monthly report to creditors which was dated 26 April 2011

The Administrators' Statement of Proposals was deemed approved by creditors on 19 July 2008 and has not been subsequently modified

Since the last report to creditors on 26 April 2011, the Administrators have continued to progress the administration to achieve the statutory purpose to realise assets for the benefit of the secured creditors

The administrations of all Group companies with the exception of EG plc have now been concluded and the relevant notices filed with Companies House

It was considered appropriate to extend the administration of EG plc in order to complete the realisation of the final asset (being litigation against a debtor) and to make a final distributions to secured creditors An application was made to the Court and on 23 September 2011 the Court gave consent to extend the period of the administration of EG plc until 12 October 2013

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Extension of the administration

We requested a 12 month extension for EG plc. However, the Court granted a two year extension of the administration period.

Prior to making the application to extend EG plc's administration we have advised the secured creditors of our intention to seek an extension to the administrations and have received their support for this strategy

An extension of the period of administration of EG plc, which was due to end on 13 October 2011, was requested for the following reasons

- To complete the collection of a debtor balance by way of a joint collection exercise with a Caley owned entity with a significant estimated realisable value
- To agree the final corporation tax position of the Group and obtain corporation tax and VAT clearance
- To make a further distribution to the secured creditors under their fixed and floating charge security

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Cost of administration

The secured creditors have approved total administrators' remuneration , across all of the Group Companies that entered administration, of £7 45 million to date

Cost of administration

In accordance with Rule 2 106 (5a) of the Insolvency Rules 1986, where there is a dividend to preferential creditors in a particular entity, a simple majority of these creditors voting is required to approve the basis of the Administrators' remuneration drawn from that estate This is in addition to the approval of each of the secured creditors

Administrators' remuneration of £7 35 million has been drawn to date in aggregate across the administrations of all the Group companies with the approval of the secured and preferential creditors, where applicable In accordance with R12 2(2) IR86 the costs associated with the agreement and payment of the Prescribed Parts are payable from those funds A further £96,000 has been paid to date from the Prescribed Parts

The Administrators' time costs to 13 April 2011 have been analysed and disclosed in previous reports to creditors An analysis of the time costs incurred in the period from 14 April 2011 to 13 October 2011 is included in Appendix 3

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Comments on Appendices

Appendix 1: Statutory information

In accordance with IR86, the prescribed statutory information for EG plc, which remains in administration, is provided

Appendix 2· Administrators' receipts and payments account

The Administrators' receipts and payments accounts to 13 October 2011 is included The figures on the account are shown net of VAT

Appendix 2 Administrators' receipts and payments account

The Administrators' time costs for the period from 14 April 2011 to 13 October 2011

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Appendix 1

Statutory information

Statutory information	
Company name	**Erinaceous Group plc**
Company number	3732607
Date of incorporation	15 March 1999
Registered office	8 Salisbury Square, London, EC4Y 8BB
Trading names	
Court	High Court of Justice
Court reference	3014/08
EU regulation	Main proceedings
Administrators	Jim Tucker and Ed Boyle
Date of appointment	14 April 2008
Appointer	Directors

Statutory information	
Company name	**Erinaceous Group plc**
Para 100(2) statement	All functions or acts to be carried out by the Joint Administrators are to be exercised by all or any one or more of the persons for the time being holding that office
Directors (number of shares in the companies held by the directors)	Nigel Peter Davis (30,927 – personal shareholding) Nicholas Rodney Lowther Fry (20,000 – personal shareholding) The Lord David Charles Poole Lord Edward Timothy Razzall CBE (9,400 – controlled company) Dominic Lavelle Timothy John Redburn
Secretary (no shares in the companies are held by the secretary)	Robin Simon Johnson

Appendix 2

Receipts and payments account

Receipts as at 13 October 2011	
£	
Receipts	
Shares and Investments	126,422,233
Goodwill	202
Leasehold property	1,205,002
Furniture and equipment	3,185
Fairoaks Escrow	152,913
Trade debtors	43,578
Intercompany debtors	576,491
Cash at bank	1,361
Rent income	232,528
Bank interest – gross	129
VAT payable	847,056
Group funding receipt	7,279,764
Other receipts	320,896
Recharge of trading / payroll costs	6,777,273
Total receipts	**143,862,611**

Source Administrators' records

Payments as at 13 October 2011	
£	
Payments	
Trading costs	9,102,405
Distribution to secured creditors	130,486,320
Legal fees	1,461,162
Administrators fees	3,819,648
Administrators expenses	55,391
Debt Collection costs	496
Irrecoverable VAT	40,350
VAT receivable	856,386
Bank Charges	248,471
Professional fees	12,754
Payroll and expenses	6,000
Storage costs	110,793
Payroll on behalf of 3rd party	3,996
Sundry expenses	645,969
Insurance of assets	30,315
Total payments	**146,880,456**
Bank funding utilised	**(3,017,845)**

Source Administrators' records

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Appendix 2

Receipts and payments account (cont.)

Transactions in the period 14 April 2011 to 13 October 2011	
£	
Receipts	
Group funding receipt	97,708
Total receipts	**97,708**
Payments	
Legal fees	5,107
VAT receivable	29,599
Bank Charges	20,655
Storage costs	63,018
Sundry expenses	16,157
Insurance of assets	2,476
Total payments	**137,012**
Movement	**(39,304)**

Source Administrators' records

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Appendix 3

Administrators' time costs

Analysis for the period from 14 April 2011 to 13 October 2011

Erinaceous Group plc (in administration)							
	Hours						
£	Partner/director	Manager	Administrator	Support	Total	Time cost	Average hourly rate
Cashiering	-	3 00	4 00	-	7 00	2,450 00	350 00
General	-	8 23	4 01	0 00	12 24	4,473 38	365 47
Shareholders	-	8 70	-	-	8 70	3,654 00	420 00
Strategy, Statutory and Planning	4 3	30 98	6 56	0 30	42 14	16,822 88	399 21
Tax	-	11 10	0 80	0 40	12 30	4,894 00	397 89
Creditors and claims	2 00	9 43	5 16	8 35	24 94	5,870 38	235 38
Employees	-	4 80	0 20	-	5 00	2,077 00	415 40
Asset realisation	0 70	6 50	0 30	4 50	12 00	3,993 50	332 79
Total in period					**124 32**	**42,235.14**	**355 84**

Source Administrators' records

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