

The Insolvency Act 1986

Administrator's progress report

Name of Company

Paramount Limited

Company number

1934366

In the
High Court of Justice, Chancery Division,
Companies Court

(full name of court)

Court case number
10242 of 2011(a) Insert full
name(s) and
address(es) of
administrator(s)We
Matthew David Smith
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WANicholas Guy Edwards
Deloitte LLP
PO Box 810
66 Shoe Lane
London
EC4A 3WA

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

From

To

(b) Insert date

(b) 23 May 2012

(b) 18 October 2012

Signed

Joint Administrator

Dated

31/10/12

Contact Details:

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

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

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02/11/2012

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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

Paramount Limited

Court Case No. 10242 of 2011

Paramount Restaurants Limited

Court Case No. 10240 of 2011

**(BOTH IN ADMINISTRATION)
(together the "Companies" and each a "Company")**

**SIX MONTHLY PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.112 AND RULE 2.47 OF THE INSOLVENCY RULES 1986 AND
THE INSOLVENCY (AMENDMENT) RULES 2010**

18 October 2012

This report has been prepared for the sole purpose of updating the creditors of the Companies for information purposes and accompanying a request for an extension of the administration periods. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever

Matthew David Smith and Nicholas Guy Edwards were appointed Joint Administrators of Paramount Limited and Paramount Restaurants Limited on 23 November 2011. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

**Matthew David Smith and Nicholas Guy Edwards
Joint Administrators
Deloitte LLP
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- 1. Statutory information**
- 2. Joint Administrators' Receipts and Payments accounts for the period 23 November 2011 to 18 October 2012 including an analysis of Receipts and Payments in the period 23 May 2012 to 18 October 2012**

ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used

| | |
|------------------------|--|
| "Act" | Insolvency Act 1986 (as amended) |
| "Companies" | Paramount Limited and Paramount Restaurants Limited (both in Administration) |
| "c " | Circa/approximately |
| "CVL" | Creditors' Voluntary Liquidation |
| "Court" | The High Court of Justice, Chancery Division, Companies Court |
| "Deloitte" | Deloitte LLP |
| "Directors" | Simon George Rowe and Stephen Rushworth Smith |
| "Group" | Caffe Uno Brasseries Limited, Groupe Chez Gerard Limited, Chez Gerard Restaurants Limited, Craftbutton Limited, Paramount Limited and Paramount Restaurants Limited (all in Administration) |
| "Joint Administrators" | Matthew David Smith and Nicholas Guy Edwards of Deloitte |
| "Prescribed Part" | The prescribed part of a Company's net property subject to Section 176A of the Insolvency Act 1986 (as amended) |
| "Rules" | Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010 |
| "Secured Creditors" | Barclays Bank PLC, Royal Bank of Scotland PLC and HSBC Bank PLC |
| "SIP 2 (E&W)" | Statement of Insolvency Practice 2 (England & Wales) |
| "SIP 7 (E&W)" | Statement of Insolvency Practice 7 (England & Wales) |
| "SIP 9 (E&W)" | Statement of Insolvency Practice 9 (England & Wales) |
| "SIP 13 (E&W)" | Statement of Insolvency Practice 13 (England & Wales) |

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.112 and Rule 2.47 of the Rules

Given the information previously provided to creditors, the Joint Administrators have not included detailed background information in respect of the Companies and have focused on progress of the administrations subsequent to the previous report to creditors dated 21 June 2012

The purpose of this report is to accompany the Joint Administrators' application to extend the administrations of the Companies, further details of which are contained in Section 5.1 of this report

In addition, schedules of statutory information in respect of the Companies are attached at Appendix 1

1.2 Details of the appointment of the Administrators

Matthew David Smith and Nicholas Guy Edwards of Deloitte were appointed Joint Administrators of the Group by the Companies' Directors on 23 November 2011 following the filing of notices of appointment of the Joint Administrators by the Directors

The Court having conduct of the proceedings is the High Court of Justice, Chancery Division, Companies Court (case numbers 10240 and 10242 of 2011)

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally

1.3 Electronic communication with creditors

In an effort to reduce the costs of the Administrations, all communications with creditors, including updates and progress reports, have been and will be posted onto the Group's website, which has been set up specifically for this purpose. The web address is www.deloitte.com/uk/paramountrestaurants

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website for at least three months after being uploaded to the site

2. JOINT ADMINISTRATORS' PROPOSALS

2.1 Introduction

The Joint Administrators' proposals were deemed approved following the issue of a notice under paragraph 52(1) of Schedule B1 of the Act on 17 January 2012 and the expiry of eight business days thereafter as detailed below

The Joint Administrators have performed their functions in relation to the Group in accordance with paragraph 3(1)(b) of Schedule B1 of the Act, namely to achieve a better result for the creditors than would be obtained through an immediate liquidation of the Group. This was realised through the sale of the businesses and assets of certain Group companies after a short period for which the business continued to trade

The Joint Administrators' proposals to achieve this objective were proposed on a Group basis, detailed below, however as this report covers only the administrations of the Companies the Joint Administrators have only commented in respect of the Companies

Conduct of business and affairs

- 1 The Joint Administrators continue to manage the affairs and any remaining assets of the Group and the settlement of all administration expenses,
- 2 The Joint Administrators continue with their enquires into the conduct of the Directors of the Group and continue to assist any regulatory authorities with their investigation into the affairs of the Group

Dealing with claims

- 3 The Joint Administrators be authorised to agree the claims of the Secured, preferential and unsecured creditors (if applicable) against each of the companies within the Group unless the Joint Administrators conclude, in their reasonable opinion, that a company within the Group will have no assets available for distribution,
- 4 The Joint Administrators be authorised to distribute funds to the Secured and preferential creditors (if applicable) as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application

Committee and remuneration

- 5 That, in the event the creditors of any company within the Group so determine, at meetings of creditors, a Creditors' Committee be appointed in respect of each or any company within the Group comprising of not more than five and not less than three creditors of that company or Companies,
- 6 That, in respect of each company within the Group, the Creditors' Committee, if one is appointed, be asked to agree that the basis of the Joint Administrators' remuneration to be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administrations, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT, and asked to agree the Joint Administrators' expenses,
- 7 That, if a Creditors' Committee is not appointed, the secured and preferential creditors (where applicable) of each of the companies within the Group shall be asked to fix the basis of the Joint Administrators remuneration in accordance with Rule 2.106(5A)(a), namely to be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administrations, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work

is performed, plus VAT. In addition those creditors shall also be asked to agree the Joint Administrators' expenses of which the Joint Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administrations, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred, plus VAT where applicable,

- 8 That, if a Creditors' Committee is not appointed, the Joint Administrators' pre-Administration costs as detailed at Appendix 5 of the Joint Administrators' Proposals be approved and that the Joint Administrators be authorised to draw their costs, plus VAT from the relevant Administration estate

Extension and exit procedures

- 9 That, following the realisation of assets and resolution of all matters in the Administrations, and as quickly and efficiently as is reasonably practicable, the Joint Administrators implement the most cost effective steps to formally conclude the Administrations. This may include the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of one or more companies within the Group or alternatively, seeking to put each or any of the companies within the Group into CVL or Compulsory Liquidation, depending on which option will result in a better realisation for creditors,
- 10 That, if each or any of the companies within the Group were to be placed into CVL, the Joint Administrators propose to be appointed Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 4.174A of the Rules and that the basis of the Liquidators' remuneration be fixed by reference to the time given in attending to matters arising in the Liquidations. As per paragraph 83(7) of Schedule B1 of the Act and Rule 2.117A(2)(b) of the Rules, the creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the Proposals are approved by creditors. For the purposes of Section 231 of the Act the Liquidators will be each be authorised to carry out all functions, duties and powers either jointly or severally, and
- 11 In the absence of Creditors' Committees, the Secured Creditors, and preferential creditors where applicable, of each of the companies within the Group agree that the Joint Administrators be discharged from liability per Paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Joint Administrators' filing their final report to creditors and vacating office

2.2 Achievement of the approved Proposals

We have summarised below the outcome in respect of each of the approved proposals

| Proposal | Current Status |
|-----------------|--|
| 1 | The Companies did not trade in administration |
| 2 | As detailed in Section 5.2 the Joint Administrators have concluded their enquires into the conduct of the Directors of the Companies and have submitted confidential reports to the Insolvency Service |
| 3 | No unsecured claims in relation to either of the Companies have been agreed to date |

| | |
|-------------------|---|
| 4 | No dividends have yet been paid to either preferential or unsecured creditors of either Company |
| 5 & 6 | No Creditors' Committee has been appointed in respect of the Companies |
| 7 | The Secured Creditors of the Companies have fixed the basis of the Joint Administrators remuneration by reference to time spent. |
| 8 | There are no pre-appointment administration costs in respect of the Companies |
| 9 & 10 | As detailed in section 5.1 of this report, the Companies are not expected to have sufficient assets to make a distribution to the unsecured creditors and the Joint Administrators have applied to the Secured Creditors of the Companies to extend the administrations which will allow for the preservation of the Group from a tax perspective which will enable tax losses held in Paramount Limited to shelter the Group's tax liabilities. This will maximise the net assets available to distribute to the Group's creditors |
| 11 | The Secured Creditors of each Company have agreed that the Joint Administrators be discharged from liability per Paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Joint Administrators filing their final return to creditors and vacating office |

Further information in respect of the final outcome of the administrations is contained in the following sections of this report

3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNTS

3.1 Introduction

During the administrations there have been no receipts or payments for either of the Companies. Nil receipts and payments accounts for the period 23 May 2012 to 18 October 2012 are shown at Appendix 2, together with cumulative totals for the entire administration to date.

3.2 Asset realisations

The Companies are dormant. The only assets to be realised are brought forward tax losses within Paramount Limited which could be utilised by other Group companies.

3.3 Estimated outcome for creditors

There are no asset realisations to be made within Paramount Restaurants Limited and therefore there will be no distribution to any class of creditor of this Company.

There may be a realisation in respect of Paramount Limited's tax losses, but at present it is envisaged that this will not be sufficient to give rise to a distribution to unsecured creditors.

4. DISTRIBUTIONS TO CREDITORS

4.1 Secured Creditors

As at the date of the Joint Administrators' appointment, the Group's secured debt, as detailed in the Directors' Statement of Affairs, comprised

| | £m |
|-----------|--------------------|
| Term Loan | 25.0 |
| Overdraft | <u>1.4</u> |
| | <u>26.4</u> |

This debt was secured by way of cross guarantees across the Group and consequently the Secured Creditors have secured claims against each of the Companies

4.2 Preferential creditors

Neither of the Companies had any employees as at the date of the Joint Administrators' appointment and therefore there are no preferential claims

4.3 Prescribed Part

The Prescribed Part (section 176A of the Insolvency Act 1986 (Prescribed Part) Order 2003) applies where there are floating charge realisations, net of costs to be set aside for unsecured creditors

As detailed at Section 3.3, it is presently not envisaged that there will be sufficient floating charge asset realisations for the Prescribed Part to apply. However this depends on the utilisation of the tax losses

4.4 Unsecured creditors

There will be no distribution to unsecured creditors of either Company except potentially to the unsecured creditors of Paramount Limited depending on the utilisation of the Company's tax losses

5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

5.1 Extensions to the initial appointment period

In accordance with the provisions of the Act incorporated by the Enterprise Act 2002, the appointment of the Joint Administrators ceases to have effect at the end of the one year beginning when the administration takes effect

The Court can extend the administrations for a specific period on the application of the Joint Administrators. Alternatively, the creditors can also extend the administrations for a maximum period of six months by consent of each secured creditor and more than 50% by value of the preferential creditors to the extent that they exist and respond to the request

The Joint Administrators are currently seeking each of the Secured Creditor's approval to extend the administrations for a period of six months to 22 May 2013. The extension of the administration of Paramount Restaurants Limited will allow for the preservation of the Group from a tax perspective, which will enable tax losses held in Paramount Limited to shelter the Group's tax liabilities. This will maximise the net assets available for distribution to the Group's creditors

The Joint Administrators consider they will be able to complete the administrations within this timescale and then intend to dissolve the Companies by filing form 2 35B with the Registrar of Companies

However, should the Joint Administrators not be satisfied that all matters have been concluded within the six month extension, they will either seek to place the Companies into Compulsory Liquidation or seek the Court's consent to further extend the administrations as appropriate

5.2 Investigations

As part of the Joint Administrators' statutory duties, an investigation into the conduct of the Companies' Directors was completed and a report submitted to The Insolvency Service on 16 May 2012

Please note that this is a confidential report, the contents of which cannot be disclosed to creditors

5.3 SIP 2 – Initial Assessment of Potential Recoveries

As part of the Joint Administrators' duties, they are obliged shortly after their appointment to review all of the information available to them and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment included enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Companies

Having completed this review, the Joint Administrators identified no further avenues of recovery. If you have any information that you feel the Joint Administrators should be made aware of in relation to the above, please contact us as a matter of urgency

5.4 Exit

As detailed at Section 5.1, in the event that the tax losses are utilised within the six month extension window, the Companies will be dissolved. If the tax issues are not resolved within this timeframe the Companies may be placed into Compulsory Liquidation or a request made to Court to further extend the administrations. The costs in doing so will be borne by Caffè Uno Brasseries Limited and Groupe Chez Gerard Restaurants Limited, which are other Group entities, who will ultimately enjoy the benefit of the reduced tax liability

5.5 SIP 13 (E&W) – Transactions with connected parties

Since the date of the Joint Administrators last progress report dated 21 June 2012 the Joint Administrators can confirm there have not been any further connected party transactions to date

5.6 EC Regulations

As stated in the Administration Order in respect of the Companies, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation

6 JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

6.1 Joint Administrators' Remuneration

6.1.1 Basis of Remuneration

The basis of the Joint Administrators' remuneration was fixed on 21 March 2012 by the Secured Creditors by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administrations calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT

6.1.2 Remuneration

The Joint Administrators have incurred time costs of £7,797 in respect of their work for each of the administrations made up of 21.3 hours per Company at an average charge out rate of c £367 per hour

Since 25 May 2012, time costs per Company of £3,905 have been incurred, made up of 11.2 hours per Company at an average charge out rate of c £547 per hour. No remuneration has been or will be drawn as there are insufficient funds in the administration estates to make any payment and therefore no further detail has been provided. However, this can be provided on request.

Expenses

The Joint Administrators' direct expenses comprised a bonding fee of £20 in addition to statutory advertising costs of £142 in respect of each Company. Advertising expenses have been met by Caffè Uno Brasseries Limited and Groupe Chez Gerard Restaurants Limited on the Companies' behalf.

No expenses in respect of the Companies have been incurred since the date of our last progress report.

6.2 Creditors' right to request information

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with leave of the Court, may, in writing, request the Joint Administrators to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2.47(1)(fa) and 2.48A of the Rules.

6.3 Creditors' right to challenge Remuneration and/or Expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2.109(4) of the Rules), reducing the amount or the basis of remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2.109 of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

PARAMOUNT RESTAURANTS LIMITED (IN ADMINISTRATION)

STATUTORY INFORMATION

| | |
|----------------------------------|--|
| Company Name | Paramount Restaurants Limited |
| Previous Names | N/A |
| Proceedings | In Administration |
| Court | High Court of Justice, Chancery Division |
| Court Reference | 10240 of 2011 |
| Date of Appointment | 23 November 2011 |
| Joint Administrators | Matthew David Smith and Nicholas Guy Edwards Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3WA |
| Registered office Address | c/o Deloitte LLP Hill House 1 Little New Street London EC4A 3TR |
| Company Number | 05155347 |
| Incorporation Date | 16 June 2004 |
| Company Secretary | - |
| Bankers | National Westminster Bank PLC |
| Auditors | - |
| Appointment by | The Directors, under Paragraph 22 of Schedule B1 of the Act |
| Directors at date of Appointment | Simon G Rowe Stephen R Smith |
| Directors' Shareholdings | None |

PARAMOUNT LIMITED (IN ADMINISTRATION)

STATUTORY INFORMATION

| | |
|----------------------------------|--|
| Company Name | Paramount Limited |
| Previous Names | N/A |
| Proceedings | In Administration |
| Court | High Court of Justice, Chancery Division |
| Court Reference | 10242 of 2011 |
| Date of Appointment | 23 November 2011 |
| Joint Administrators | Matthew David Smith and Nicholas Guy Edwards Deloitte LLP PO Box 810 66 Shoe Lane London EC4A 3WA |
| Registered office Address | c/o Deloitte LLP Hill House 1 Little New Street London EC4A 3TR |
| Company Number | 01934366 |
| Incorporation Date | 29 July 1985 |
| Company Secretary | - |
| Bankers | National Westminster Bank PLC |
| Auditors | - |
| Appointment by | The Directors, under Paragraph 22 of Schedule B1 of the Act |
| Directors at date of Appointment | Simon G Rowe Stephen R Smith |
| Directors' Shareholdings | None |

Paramount Limited
(in Administration)
Joint Administrators' Receipts and Payments Account
for the period 23 November 2011 to 18 October 2012

| | Statement of Affairs | 23 November 2011 to 22 May 2012 | 23 May 2012 to 18 October 2012 | Total Administration |
|----------------|----------------------|---------------------------------------|--------------------------------------|-------------------------|
| | £ | £ | £ | £ |
| Total Receipts | | | | |
| Receipts | - | - | - | - |
| Total Payments | | | | |
| Payments | - | - | - | - |
| Total | - | - | - | - |

Paramount Restaurants Limited
(in Administration)
Joint Administrators' Receipts and Payments Account
for the period 23 November 2011 to 18 October 2012

| | Statement of Affairs | 23 November 2011 to 22 May 2012 | 23 May 2012 to 18 October 2012 | Total Administration |
|-----------------------|----------------------|---------------------------------------|--------------------------------------|-------------------------|
| | £ | £ | £ | £ |
| Total Receipts | | | | |
| Receipts | - | - | - | - |
| Total Payments | | | | |
| Payments | - | - | - | - |
| Total | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |