

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
Baker & Spice Limited

Company number
03039351

In the High Court, Chancery Division, Companies Court (full name of court)
--

Court case number
11205 of 2009

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)
Geoffrey Paul Rowley
Vantis Business Recovery Services
PO Box 2653
66 Wigmore Street
London
W1A 3RT

Nicholas Hugh O'Reilly
Vantis Business Recovery Services
PO Box 2653
66 Wigmore Street
London
W1A 3RT

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 20 February 2009

To
(b) 19 August 2009

Signed

Joint / Administrator(s)

Dated

25/8/09

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

Nicholas O'Reilly
Vantis Business Recovery Services
PO Box 2653
66 Wigmore Street
London
W1A 3RT

DX Number

020 7467 4264
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

FRIDAY



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28/08/2009

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COMPANIES HOUSE



Vantis
PO Box 2653
66 Wigmore Street
London W1A 3RT
Tel: +44(0)20 7467 4000
Fax: +44(0)20 7467 4250
DX: 42741 Oxford Circus North
www.vantisplc.com

To all known creditors and members

your ref:

our ref: AO083a/J

date: 27 August 2009

Please ask for: Alistair Holt-Thomas

Dear Sir/Madam

BAKER & SPICE LIMITED (IN ADMINISTRATION)

Further to my report dated 2 April 2009 I enclose a progress report covering the period 20 February 2009 to 19 August 2009, in accordance with Rule 2.47 of the Insolvency Rules 1986.

Should you have any queries regarding the report or require any further information about the administration please contact Alistair Holt-Thomas on 020 7467 4264.

Yours faithfully
for and on behalf of
Baker & Spice Limited

Nicholas O'Reilly
Joint Administrator
Licensed by the Insolvency Practitioners Association

The Joint Administrators act as agents of the company and without personal liability.

The affairs, business and property of the company are being managed by Geoffrey Paul Rowley and Nicholas Hugh O'Reilly who were appointed Joint Administrators on 20 February 2009.

Enc.

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Issue 1 30/11/93 QP

Baker & Spice Limited (in Administration)
Report to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986



Baker & Spice Limited (In Administration)

**Report to creditors pursuant to
Rule 2.47 of the Insolvency Rules 1986**

25 August 2009

Baker & Spice Limited (in Administration)
Report to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986

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Baker & Spice Limited (in Administration)
Report to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986

1. Glossary and disclaimers

The Company	Baker & Spice Limited (In Administration)
The Joint Administrators	Geoffrey Paul Rowley, licensed by the Insolvency Practitioners Association & Nicholas Hugh O'Reilly, licensed by the Insolvency Practitioners Association of Vantis Group Ltd, 66 Wigmore Street, London, W1U 2SB
The Bank/Barclays	Barclays Bank PLC, 1 Churchill Place, London, E14 5HP
TUPE	Transfer of Undertakings (Protection of Employment)
SPA	Sale and Purchase Agreement
RCP	Risk Capital Partners
Capricorn	Capricorn Ventures International Ltd

The references in this report to sections, paragraphs or rules are to the Insolvency Act 1986 ("IA 86"), Schedule B1 of the Insolvency Act 1986 ("Sch B1") and the Insolvency Rules 1986 ("IR 86").

The Joint Administrators act as agents of the company and without personal liability.

The affairs, business and property of the company are being managed by Geoffrey Paul Rowley and Nicholas Hugh O'Reilly who were appointed Joint Administrators on 20 February 2009.

Baker & Spice Limited (in Administration)
Report to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986

2. Introduction

I write further to my appointment as Joint Administrator of the company, with Geoffrey Rowley, to report on the progress of the administration under Rule 2.47 of the Insolvency Rules 1986.

In accordance with Paragraph 100(2) Sch B1 IA86 the appointment of the Joint Administrators included a declaration that during the period of the administration they may act jointly or concurrently as the administrators of the company.

This report should be read in conjunction with my previous communications in this matter.

Statutory information about the company and the Administrators is attached as Appendix A.

3. The Administrators' Proposals

The Joint Administrator's proposals in accordance with Para. 49 of the Schedule B1 IA86 to achieve the purpose of the administration - this being to obtain a better result for creditors as a whole than would be likely if the company were wound up (without first being in administration) are attached at appendix B.

Based on information available, the Administrators considered that the company has insufficient property to enable a distribution to be made to unsecured creditors. They were therefore not required to call a creditors' meeting pursuant to Paragraph 51 of Schedule B1 of the Insolvency Act 1986 to consider their proposals for achieving the purpose of the administration, unless requested to do so by creditors whose debts amount to at least 10% of the total debts of the company. No such request was received and thus, in accordance with Rule 2.33(5) of IR 86, the proposals set out at Appendix B are deemed to have been approved by the creditors. However the basis on which the Administrators' remuneration was to be calculated required the approval of all secured creditors in accordance with the rule 2.106(5A b)

4. Progress of the Administration

I attach at Appendix C an abstract of my receipts and payments for the period from 20 February 2009 to 19 August 2009.

I anticipate that subject to the lease assignment issues being resolved and the rent deposits being collected (as detailed in 4.6 of this report) the company will move to dissolution in accordance with the Administrator's proposals prior to the automatic end of the administration being within 12 months from the date of appointment.

4.1 Sale of Business and Assets

For the reasons detailed in my previous report the sale of the business and certain assets (comprising Goodwill, Intellectual Property, Trademarks, customer contracts, unencumbered plant & machinery/Fixtures & Fittings/Equipment and stock) to Spice Bakery Limited (a wholly unconnected third party) as a going concern completed on the day of the appointment of the Administrators, with the total consideration of £625,000 plus the licence fee (as regards occupying certain of the leasehold premises) being paid to the Administrators' solicitor's client account on completion. The net sale proceeds have now been received by the Administrators.

Baker & Spice Limited (in Administration)
Report to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986

In my previous report I detailed the various offers for the business that were received. I would like to clarify that the offer from Capricorn included an offer to make an additional payment to certain of the unsecured creditors in the sum of £225,000. However I could not accept that additional payment as part of an offer as this was effectively a commercial decision made by Capricorn whereby if it successfully purchased the business, it would make payments to certain creditors to assist in future supplies. It is for this reason when comparing the two offers on a "like for like" basis, that the RCP offer was at a higher level and thus accepted.

My report also said that the Capricorn funding "was still to be sanctioned". Whilst I was told that discussions had taken place between Capricorn and its bankers and that the funding had been agreed, I was not provided with evidence that the funding was in place and thus able to be drawn down immediately.

4.2 Employees

All staff were transferred to Spice Bakery Ltd under the TUPE regulations following the sale of the business and assets as a going concern.

4.3 Premises

Spice Bakery Ltd are continuing to occupy the leasehold trading premises under licence. The SPA states that the buyer will use its reasonable endeavours to seek an assignment of the leases that they are occupying (to date one lease has been assigned).

In addition the two premises excluded from the SPA have now been surrendered to the landlords by the Joint administrators.

No deposits have been recovered from these transactions.

4.4 Stock and Retention of Title

Within the terms of the SPA the buyer has agreed to deliver up or discharge such claims by suppliers with valid Reservation of Title claims as at the date of administration. My staff have liaised with the purchasers on the reservation of title claims received.

4.5 Debtors

The debtors were specifically excluded from the sale to Spice Bakery Ltd. A firm of collection agents were instructed to collect the debtors on the administrators behalf and to date they have collected £27,767 before costs.

4.6 Rent Deposits

My staff are continuing our work to recover the rent deposits as the lease assignments are addressed. To date one assignment has been completed and one lease surrendered.

5 Creditors

5.1 Estimated Outcome for Secured Creditors

The Bank holds a debenture created on 22 May 1995 containing fixed and floating charges. At the date of appointment the bank was owed £867,485.

In the period to 19 August 2009 a distribution of £10,001 has been made under the fixed charge and £489,999 under the floating charge. A further distribution under the floating charge will be made in due course.

Based on current information, I expect that the bank will suffer a shortfall.

5.2 Estimated Outcome for Preferential Creditors

Preferential creditors comprise employees' entitlements in respect of unpaid wages (capped at £800) and any unpaid holiday pay.

Based on current information a dividend would be available to preferential creditors. As all staff were transferred to Spice Bakery Ltd under the TUPE regulations following the sale of the business and assets as a going concern, I did not expect to receive any preferential claims.

I have recently received claims from former employees that were subsequently made redundant by Spice Bakery Ltd following the transfer. The claims have been passed to the Redundancy Payments Office for adjudication given the transfer following the sale of the as a going concern, however I am unable to comment at this stage as to whether any of these preferential claims will be upheld.

5.3 Estimated Outcome for Unsecured Creditors

To date claims have been received from unsecured creditors in the region of £628k.

As advised in my previous report, subject to costs, a dividend will not be available to unsecured creditors in due course.

5.4 Prescribed part for unsecured creditors

The Administrators have further considered the possibility of a prescribed part for unsecured creditors under S176A of the Insolvency Act 1986. The prescribed part is not appropriate in this case because it only applies where there is a floating charge created after 15 September 2003. The floating charge held by Barclays is created before this, on 22 May 1995.

6 Statutory matters

6.1 Administrators' Remuneration

As the administrators made a statement under Paragraph 52(1) (b) of Schedule B1 to the Insolvency Act 1986 they were not required to hold a meeting of creditors to approve their proposals. As there is no creditors committee and there was no fee resolution passed at a meeting of creditors the basis of the administrators' remuneration is to be agreed in accordance with Rule 2.106(5A) IR86. The basis of the administrator's remuneration drawn to date has been agreed by Barclays as the secured creditor as there were no preferential creditors in the administration when the initial remuneration was drawn.

Baker & Spice Limited (in Administration)
Report to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986

174.95 hours have been spent on this case to date, giving a total of £46,178 charged to the administration. Remuneration of £19,222 has been drawn to date. An analysis of the time charged, showing different grades of staff and the type of work undertaken, is attached at Appendix D.

7. Form 2.24B, formal notice of the progress report, is also attached.

If you have any queries about this report or the progress of the administration, please do not hesitate to contact Alistair Holt-Thomas at this office.



Nicholas O'Reilly
Joint Administrator

Licensed by Insolvency Practitioners Association

Baker & Spice Limited (in Administration)
Report to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986

BAKER & SPICE LIMITED

APPENDIX A

Statutory Information

Court in which administration proceedings were brought:	High Court, Chancery Division, Companies Court
Court reference number:	11205 of 2009
Administrators:	Geoffrey Paul Rowley and Nicholas Hugh O'Reilly, Vantis, 66 Wigmore St, London W1U 2SB
Appointor:	Barclays Bank PLC, 1 Churchill Place, London, E14 5HP
Date of incorporation:	29 March 1995
Company number:	3039351
Registered office:	66 Wigmore St, London W1U 2SB
Previous registered office:	Harben House, Harben Parade, Finchley Road, London, NW3 6LH
Directors:	Yael Mejia, Jane O'Riordan, Honor Chapman, Sarah-Jane Curtis
Company secretary:	Yael Mejia

The directors and company secretary have the following shareholdings in the company:-

Name	Shares	Type	Percentage shareholding
Yael Mejia	60	Ordinary	60%
Capricorn Ventures International Ltd	40	Ordinary	40%

It is considered that the EC Regulations will apply and the proceedings will be the main proceedings as defined in Article 3 of the EC Regulation. The company is registered and traded in the UK and its management and administrative functions are controlled by UK based officers thus its centre of main interest is in the UK.

THE INSOLVENCY ACT 1986

**STATEMENT OF THE PROPOSALS OF THE JOINT ADMINISTRATORS OF BAKER & SPICE LIMITED
(IN ADMINISTRATION)**

PURSUANT TO PARAGRAPH 49(1) OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986

1. These are the proposals of Geoffrey Paul Rowley and Nicholas Hugh O'Reilly, the Joint Administrators of BAKER & SPICE LIMITED pursuant to paragraph 49(1) of schedule B1 to the Insolvency Act 1986.
2. The Joint Administrators think that objective a) of the administration, as detailed in paragraph 3(1) of Schedule B1 of the Insolvency Act 1986, will not be achieved due to the level of the company's historic liabilities. As such, it is envisaged that objective 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) will be achieved though the sale of the business and certain assets as a going concern.
3. The Joint Administrators propose that:
 - a) they will continue to realise the assets of the company.
 - b) following a reasonable period of time to achieve proposal (a), and if they think that the company has sufficient property to permit a distribution to its unsecured creditors, they will send notice to the Register of Companies in accordance with paragraph 83 of schedule B1 of the Insolvency Act 1986 for the company to be placed in Creditors Voluntary Liquidation. The proposed Liquidators are to be Geoffrey Paul Rowley and Nicholas Hugh O'Reilly of Vantis
 - c) if they think the company has no property which might permit a distribution to its unsecured creditors, they will send a notice to the Registrar of Companies in accordance with paragraph 84 of schedule B1 to the Insolvency Act 1986 and three months after the filing of the notice the company will be deemed to be dissolved having given due consideration to point (b) above
 - d) the Joint Administrators' fees be agreed on a time cost basis in accordance with their charge out rates applicable from time to time plus disbursements which may include an element of shared or allocated costs and also disbursements and expenses directly incurred during the course of the administration be recovered, and may be drawn when the Administrators deem necessary.
 - e) The term of the administration may be extended by six months prior to the one year anniversary, if deemed necessary by the Administrators.

**Baker & Spice Limited
(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments
To 19 August 2009**

	Fixed Charge £	Floating Charge £	Total £
RECEIPTS			
Goodwill	1.00		1.00
Intellectual Property	10,000.00		10,000.00
Plant & Machinery		509,998.00	509,998.00
Stock		105,000.00	105,000.00
Contracts		1.00	1.00
Book Debts		27,767.37	27,767.37
Rent		1,886.49	1,886.49
Bank Interest Gross		44.45	44.45
Rates refund		496.18	496.18
Vat Payable - Floating		7,642.33	7,642.33
	10,001.00	652,835.82	662,836.82
PAYMENTS			
Debt Collection Fees		6,941.83	6,941.83
Chargeholder - Barclays Bank	10,001.00		10,001.00
Administrators' Remuneration		19,222.50	19,222.50
Administrators' Disbursements		534.92	534.92
Payroll firm costs		350.00	350.00
Agents/Valuers Fees		5,000.00	5,000.00
Legal Fees		22,008.80	22,008.80
Statutory Advertising		124.18	124.18
Bank Charges		80.00	80.00
Floating Charge Creditor		489,999.00	489,999.00
Vat Receivable		15,480.71	12,169.75
Vat Control Account		206.37	206.37
	10,001.00	559,948.31	569,949.31
Balances in Hand	0.00	92,887.51	92,887.51
	10,001.00	652,835.82	662,836.82

BAKER & SPICE LTD (IN ADMINISTRATION)
Analysis of time costs
for the period 20 February 2009 to 19 August 2009

Time costs							
Classification of work	Partner	Manager	Other senior professionals	Assistants & support staff	Total hours	Time cost	Total average cost
Admin & Planning	1.00	19.60	26.50	3.95	51.05	13,624.50	266.89
Investigations	-	-	-	-	-	-	-
Realisation of Assets	3.50	1.00	51.90	-	56.40	14,652.50	259.80
Trading	-	-	-	-	-	-	-
Creditors	6.50	2.00	59.00	-	67.50	17,901.50	265.21
Case Specific Matters	-	-	-	-	-	-	-
Total	11.00	22.60	137.40	3.95	174.95	46,178.50	
Total fees claimed						19,222.00	

Disbursements

Category 1

691.42

Charge out rates with effect from 1/05/08

Grade	£/h
Partner	360-445
Manager	260-310
Other senior professionals	160-210
Assistants and support staff	140-163

Charge out rates with effect from 1/11/08

Grade	£/h
Partner	395-495
Manager	295-350
Other senior professionals	160-250
Assistants and support staff	140-250

Examples of work**Admin & Planning**

Case planning
 Administrative Set-up
 Appointment Notification
 Maintenance of records
 Statutory reporting

Investigations

SIP 2 - A Liquidator's Investigation into the affairs of an insolvent company
 Company Directors Disqualification Act 1986
 Antecedent transactions

Realisation of Assets

Identifying, insuring and securing assets
 Retention of title
 Property Business and asset sales
 Debt collection

Trading

Management of operations
 Accounting for trading
 Ongoing employee issues

Creditors

Communication with creditors
 Creditors claims (including employees and other preferential creditors)

Case Specific Matters