

The Insolvency Act 1986

Administrator's progress reportName of Company
Miracle Retail LimitedCompany number
03184569In the
Leeds High Court of Justice

(full name of court)

Court case number
507 of 2007(a) Insert full name(s) and
address(es) of
administrator(s)I, David Michael Riley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

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

(b) Insert dates

from

to

24 April 2007

24 October 2007

Signed

Joint Administrator

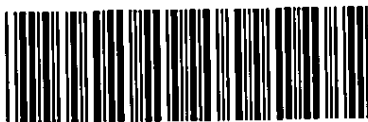
Dated

21/11/2007

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.

	Tel
DX Number	DX Exchange



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27/11/2007

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Our Ref ZZZ/LAG/AXB/CSR/5

TO THE CREDITORS

21 November 2007

Dear Sirs

MIRACLE RETAIL LIMITED - IN ADMINISTRATION
(THE COMPANY) (MIRACLE)

1 INTRODUCTION

- 1.1 Simon Peter Bower, formerly of RSM Robson Rhodes LLP, and David Michael Riley, now of Grant Thornton UK LLP, were appointed Joint Administrators of the above company on 24 April 2007. I now provide our first progress report on the progress of the administration for the period 24 April 2007 to 24 October 2007, further to our previous report and proposals dated 19 June 2007.
- 1.2 The proceedings are conducted in the Leeds High Court of Justice and the case reference number is 507 of 2007.
- 1.3 The Administration constitutes "main proceedings" as defined by Article 3 of the EC Regulation on Insolvency Proceedings ie the company's centre of main interest was situated in the United Kingdom.
- 1.4 Please note that on 1 July 2007 RSM Robson Rhodes LLP merged with Grant Thornton UK LLP.
- 1.5 In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them.

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Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

2 STATUTORY INFORMATION

2 1 The company's statutory details are as follows

Registered number	03184569
Registered office	30 Finsbury Square, London, EC2P 2YU
Former head office	9 Taylors Court, Parkgate, Rotherham, S62 6NU

2 2 Miracle is one of a number of companies that form the Out of Town Group (the group), which traded as a number of food and beverage retail outlets across both England and Wales. The group includes eight trading and three holding companies, all of which are in administration

3 RECEIPTS AND PAYMENTS ACCOUNT

3 1 I attach, at Appendix I, a copy of our receipts and payments account for the six month period to 24 October 2007. You will note that the account shows the assets realised to date, along with payments made to creditors and others

3 2 Please note realisations in respect of goodwill and leases are fixed charge realisations

4 PROGRESS OF THE ADMINISTRATION

Administration Strategy

4 1 In accordance with our proposals, which were sent to all creditors, we continued to trade various sites of the company, while seeking a sale of the group as a going concern, in order to maximise the realisations from these units

Sale of Business

4 2 We advertised the group and its assets for sale in the Financial Times on 27 April 2007. We received a number of formal offers for the business and assets of individual companies as well as for the group as a whole

4 3 Full details of the business sale process were provided in our proposals to creditors

4 4 Following receipt of all offers, we entered into negotiations with two interested parties. One of the parties involved was unable to provide proof of funding within the required timescale. Accordingly, we proceeded into detailed negotiations with the remaining party. We concluded a sale of majority of the remaining business and assets of the group for total consideration of £4.73m, to Out of Town Leisure Group Limited (OOTLG) on 4 August 2007. Of this amount, £3.0m is contingent on the successful assignment of leases to OOTLG

- 4 5 Miracle has received £406,000 of the sales consideration, of which £10,000 was in respect of stock held at the trading units on the date of sales, and a further £396,000 as described below

Property

- 4 6 The company operated and traded eight units at the date of our appointment. Two of these sites were sold to OOTLG and the remaining six were closed.
- 4 7 We have surrendered the leases of two of the six closed trading units. We continue to negotiate surrenders of the remaining leases, in order to prevent further liabilities accruing against the administration.
- 4 8 The consideration due to Miracle from the business sale, for the two sites transferred is shown below:

<u>Units</u>	<u>Consideration (£)</u>
Fresh, Cheshire Oaks	£2,000 for chattel assets £196,000 for goodwill/leases
Potato Bakehouse, Fosse Park	£2,000 for chattel assets £196,000 for goodwill/leases

- 4 9 We have received all the consideration for the units, per Appendix I. No further work is required in respect of these units.

Trading

- 4 10 We continued to trade the company while the sale was progressed. As described above, six retail units were closed during the trading period as it was deemed uneconomical to continue to operate from these sites. The final units were closed on 4 August 2007.
- 4 11 Our estimated final trading account is attached at Appendix II.
- 4 12 Net sales of £264,325 were made. We expect to make an estimated loss of £79,992. Please note this position has yet to be finalised, as a number of suppliers have not supplied their final accounts and non-domestic rates are accruing against the sites not yet surrendered.
- 4 13 The group had a centralised head office function, which we continued to operate in the administration. The reported profit at Appendix II includes head office costs of £22,951. Total head office costs have been apportioned across the trading group on the basis of turnover.
- 4 14 Appendix I shows a number of inter-company loans that have arisen due to shared costs incurred during the trading period. These loans will be repaid in full once the trading positions of the companies involved have been finalised.

Debtors

- 4 15 The statements of affairs, provided with the proposals, showed total debtors of £150,041. This sum related to rents and utilities prepayments that were utilised during the trading period.

Cash in Transit

- 4 16 Appendix I shows £58,306 of cash in transit. This relates to sales monies taken prior to our appointment, but yet to be received into the company's bank account.

Refunds Received

- 4 17 Refunds totalling £8,321 have been received in respect of utilities and national non-domestic rates prepaid by the company at the date of our appointment.
- 4 18 We are currently investigating the possibility of further refunds and will update creditors in our next report if appropriate.

Professional Fees

- 4 19 DLA Piper (DLA), our solicitors, have yet to submit an invoice in respect of their work on the sale of business, property assignments, employee advice, advising on the validity of our appointment, statutory matters and other general legal advice, which has been necessary during the administration.
- 4 20 DLA have indicated that their costs for the whole group to September 2007 are £119,000. DLA believe they will incur further costs of between £15,000 and £30,000 depending on the complexity of future matters.
- 4 21 These costs shall be allocated across the group once we have received their invoice.

5 ESTIMATED OUTCOME FOR CREDITORS

Secured Creditors

- 5 1 Barclays Bank PLC (the Bank) holds fixed and floating charges created on 5 December 2002 over the assets of the company. The Bank also benefits from a secured cross-guarantee between all trading companies in the group except for Mall Ice Cream Retail Limited.
- 5 2 As detailed in our proposals, on 25 April 2007 the Bank made a formal demand for repayment from the companies within the group for £8,044,407 subject to accruing interest and charges. This amount is secured by its fixed and floating charges.
- 5 3 This may not represent the company's and group's total indebtedness to the Bank as this does not account for any termination fees and interest.

5 4 We currently anticipate a shortfall to the secured creditor based on the sales proceeds from the business sale and results from the administration trading period

5 5 A payment of £250,000 was made to the Bank, under its fixed charge, following the sale of the business

Preferential Creditors

5 6 A total of 104 employees were made redundant as part of the site closure programme between 24 April 2007 and 2 August 2007

5 7 Employee preferential claims for holiday pay are estimated to total £6,000. The Redundancy Payments Office (RPO) will have a subrogate claim for the majority of this total. We are yet to receive confirmation of this claim from the RPO.

5 8 We do not currently anticipate having sufficient surplus floating charge funds to be able to make a distribution to preferential creditors.

Prescribed Part

5 9 Pursuant to Section 176 of the Insolvency Act 1986 (as amended), a prescribed part is carved out of the floating charge assets (net of preferential creditors and costs) where the floating charge was created after 15 September 2003.

5 10 The floating charge held by the Bank for this company predates 15 September 2003 and therefore the prescribed part provision does not apply in this matter.

Unsecured Creditors

5 11 As we anticipate a shortfall to the secured creditor, we do not expect to be able to make a distribution to unsecured creditors.

6 EXIT ROUTE

6 1 In line with our proposals, the company will either be dissolved at the end of the administration or be placed into compulsory liquidation, in order that we may disclaim the company's remaining leases.

6 2 We anticipate being able to complete our duties in time to end the administration on the anniversary of our appointment, if not earlier.

6 3 In such an event, we shall update the creditors.

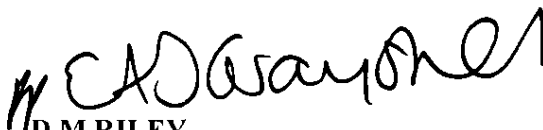
7 ADMINISTRATORS' REMUNERATION

7 1 The administrators' remuneration will be agreed with the secured creditor, pursuant to Rule 2.106(5A) of the Insolvency Act 1986.

- 7.2 In accordance with Statement of Insolvency Practice (9), I attach at Appendix III a summary of our time costs to 24 October 2007 by grade of staff and type of work. This shows total time costs of £143,042, representing 991 hours at an average of £144 per hour. We are yet to draw fees in this matter.
- 7.3 Category 1 disbursements, ie those paid to independent third parties, of £10,042 have been discharged from the administration. These comprise of travel, accommodation, employee subsistence and other costs incurred.

The next report will be given in 6 months time or the end of the administration, whichever is sooner.

Yours faithfully
for and on behalf of Miracle Retail Limited


D M RILEY
Joint Administrator

Enc

The affairs, business and property of the company are being managed by the joint administrators.
The joint administrators act as agents of the company and without personal liability.

Simon Peter Bower is licensed by the Institute of Chartered Accountants in England and Wales.
David Michael Riley is licensed by the Association of Chartered Certified Accountants.

APPENDIX I

Miracle Retail Limited - in administration
Joint Administrators' Abstract of Receipts and Payments to 24 October 2007

	<u>Fixed</u> <u>Charge</u> £	<u>Floating</u> <u>Charge</u> £	<u>Total</u> £
RECEIPTS			
Sales		264,325 39	264,325 39
Banked Floats		18,500 00	18,500 00
Change orders		13,188 00	13,188 00
Goodwill	392,000 00		392,000 00
Chattel assets		4,000 00	4,000 00
Stock		10,033 00	10,033 00
Cash in transit		58,306 18	58,306 18
Refunds		6,874 60	6,874 60
Bank Interest Gross		3,031 37	3,031 37
Mall Ice Cream loan		30,688 52	30,688 52
City loan		2,193 60	2,193 60
VAT output tax (floating)		46,270 98	46,270 98
PAYE & NI		9,737 22	9,737 22
Third party funds		15 72	15 72
	<u>392,000 00</u>	<u>467,164 58</u>	<u>859,164 58</u>
PAYMENTS			
Purchases (1)		115,881 23	115,881 23
Direct Labour		118,172 64	118,172 64
Rents		69,013 82	69,013 82
Rates		25,566 78	25,566 78
Utilities		2,953 88	2,953 88
Repairs & Maintenance		2,088 39	2,088 39
Sundry Expenses		2,602 85	2,602 85
Petty cash		1,480 05	1,480 05
Under/over banking		882 00	882 00
Chargeholder (1)	250,000 00		250,000 00
Specific Bond		528 00	528 00
Administrators' Disbursements Category 1		10,042 10	10,042 10
Cash Handling charges		360 53	360 53
Bank Charges		2,163 57	2,163 57
Courtlands loan		560 75	560 75
VAT input tax (floating)		20,374 69	20,374 69
Vat control account (floating)		26,753 71	26,753 71
	<u>250,000 00</u>	<u>399,424 99</u>	<u>649,424 99</u>
Balances in Hand	142,000 00	67,739 59	209,739 59
	<u>392,000 00</u>	<u>467,164 58</u>	<u>859,164 58</u>

Miracle Retail Limited - in administration
Estimated Trading Account from 24/04/07 to 04/08/07

APPENDIX II

	<u>As at 13</u>	<u>Future</u>	<u>Total</u>
	<u>November 2007</u>	<u>Movement</u>	
<u>Income</u>			
Sales	264,325 39	-	264,325 39
Banked Floats	18,500 00	-	18,500 00
Bank Interest Gross	3,419 42	-	3,419 42
Change orders	13,188 00	(13,188 00)	0 00
			286,244 81
<u>Expenditure</u>			
Purchases	(118,317 85)	(500 00)	(118,817 85)
Direct Labour	(118,172 64)	-	(118,172 64)
Rents	(69,013 82)	-	(69,013 82)
Rates	(24,750 70)	-	(24,750 70)
Utilities	(2,953 88)	-	(2,953 88)
Repairs & Maintenance	(2,088 39)	-	(2,088 39)
Sundry Expenses	(2,602 85)	-	(2,602 85)
Petty cash	(1,480 05)	-	(1,480 05)
Under/over banking	(882 00)	-	(882 00)
Cash Handling charges	(360 53)	-	(360 53)
Bank Charges	(2,163 57)	-	(2,163 57)
Head Office Costs Allocation			(22,950 91)
Estimated Trading Loss			<u>(79,992 38)</u>

MIRACLE RETAIL LIMITED

APPENDIX III

Summary of Administrators Time Costs to 24 October 2007

ACTIVITY	Partner Hours	Manager Hours	Senior Hours	Administrator Hours	Support Hours	Total COST Hours	£	Avg £/H
Administration & Planning	7 13	6 15	0 18	10 01	7 35	30 82	6,161 26	199 91
Creditors	1 20	10 57	0 81	36 76	1 97	51 31	7,147 91	139 31
Investigations	0	0	0	0 61	0	0 61	104 32	171 02
Realisations	5 38	44 46	0 22	66 99	0 06	117 11	19,876 55	169 73
Trading	3 84	180 16	46 60	463 76	0 32	694 68	94,796 90	136 46
Treasury & Cashiering	7 58	0 14	0 06	7 78	80 48	96 04	14,955 23	155 72
TOTAL HOURS	25 13	241 48	47 87	585 91	90 18	990 57		
							£ 143,042 17	144 40
							TOTAL TIME COSTS	