

The Insolvency Act 1986

Administrator's progress report

Name of Company
Flatbread Cafe Limited

Company number
04062365

In the Newcastle Upon Tyne District Registry (full name of court)

Court case number
1749 of 2010

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

I/We (a)
Steven Philip Ross
RSM Tenon Recovery
Tenon House
Ferryboat Lane
Sunderland
Tyne and Wear
SR5 3JN

Ian William Kings
RSM Tenon Recovery
Tenon House
Ferryboat Lane
Sunderland
Tyne and Wear

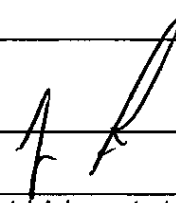
administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 19 January 2011

To
(b) 18 July 2011

Signed


Joint / Administrator(s)

Dated

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

Steven Philip Ross
RSM Tenon Recovery
Tenon House
Ferryboat Lane
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SR5 3JN

DX Number

+44 (0) 191 511 5000
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

Flatbread Cafe Limited (“the Company”) – In Administration

**Joint Administrators’ 2nd Progress Report
for the period from 19 January 2011 to 18 July 2011**

Issued on: 31 October 2011

Steven Philip Ross and Ian William Kings of RSM Tenon Recovery are the Joint Administratorss of the Company and this is their report on the progress of the administration of the Company for the period from 19 January 2011 to 18 July 2011 This report should be read in conjunction with previous progress reports

1. Statutory Information

Statutory information relating to the Company is attached at **Appendix I**

2. Joint Administrators' receipts and payment account

A summary of the Joint Administrators' receipts and payments account relating to the Company for the relevant period from 19 January 2011 to 18 July 2011 is attached at **Appendix II**, which I trust is self explanatory

3. Action taken by the Joint Administrators since last report

As previously advised the creditors approved the Administrator's proposals previously circulated in accordance with Rule 2 33(5) of the Insolvency Rules 1986

Collection of deferred consideration is ongoing with regards to Team Valley and Newcastle A summary of the present position is detailed below

Team Valley

Office Furniture, Equipment & Goodwill was sold on 3 September for £50,000 plus vat, payable as follows

	£	
Initial consideration	5,000	Payable on Completion
		Payable by 9 monthly consecutive instalments of
Deferred consideration	<u>45,000</u>	£5,000 plus vat commencing 1 October 2010
	<u>50,000</u>	

A total of £25,000 has been received date Unfortunately, the Company who purchased the equipment has recently been placed into Administration The agreement incorporated a personal guarantee and a reservation of title clause

We have discussed the position with the Guarantor and considering the resale of the equipment in the current economic climate if recovered under the Retention of Title clause, it was agreed that the guarantor would pay a reduced balance of £20,000 plus VAT The agreed balance of £20,000 is payable over 3 equal instalments

Newcastle

Plant & Machinery, Equipment & Goodwill was completed on 25 March 2011 The assets were sold for £15,500 plus Vat £1,550 plus vat payable on completion and the remaining balance payable by 9 consecutive instalments of £1,550 plus vat We have received a total of £1,550 plus VAT to date and contributions are still ongoing

4 Investigations

Administrators have a duty to submit confidential reports to the government's Disqualification Unit on the conduct of those persons who acted as directors of the Company in the three year period before the Administration these

have been completed

5. Future Actions of the Joint Administrators

The deferred sales consideration repayments for both the site at Team Valley and Newcastle extend beyond the statutory time limit of an Administration procedure. Therefore the Administration has been extended with 'creditors consent' for 6 months to allow the purpose of the Administration to be achieved and appropriately concluded.

6. Liabilities and dividends

6.1 Secured Creditors

HSBC Bank PLC 'HSBC' have debenture created on 19 October 2007 and registered with the Registrar of Companies on 30 October 2007. As at the date of the appointment the indebtedness to HSBC was in the region of £109,902 excluding interest.

To date HSBC have received £5,000 under its fixed charge and we anticipate that there will be a further small distribution on collection of the deferred consideration mentioned above.

6.2 Preferential creditors

The claims so far received are -

	Statement of Affairs £	Claim Received £
Redundancy Payments Service - Employees	17,439 00	19,163 64
claims to arrears of pay and holiday pay		
Employees arrears of pay & holiday pay	<u>321 00</u>	<u>388 31</u>
	<u>17,760.00</u>	<u>19,551.95</u>

There is no prospect of a dividend to preferential creditors in this case.

6.3. Floating charge creditors

HSBC will have a claim under its floating charge as it will not be repaid in full from fixed charged realisations.

There is no prospect of a dividend to floating charge creditors in this case.

6.4. Unsecured creditors and the Prescribed Part

The prescribed part will not apply as the Company's net Property will be less than £10,000. As such, there will be no dividend payable to the unsecured creditors in this case.

7. Joint Administrators' Remuneration, Disbursements and Expenses

Basis of remuneration and disbursements

As a result of the agreement of the Administrators' proposals, the Joint Administrators' proposals relating to their remuneration and disbursements were approved. This provided for the Joint Administrators to be remunerated with reference to time properly spent in dealing with matters in the administration and that disbursements would be drawn in accordance with the tariff outlined in **Appendix III**.

Remuneration charged in the period

The Joint Administrators' time costs were charged (exc VAT) as follows

For this period, from 19 January 2011 to 18 July 2011	£10,650 50
Since appointment on 19 July 2010 to 18 January 2011	£33,451 50
Total	£44,102.00

In accordance with Statement of Insolvency Practice 9, attached at **Appendix III** is a breakdown of these time costs

The secured creditors and 50% of the preferential creditors have authorised the Administrators to draw remuneration up to £40,000 plus Vat

Time costs drawn to date are as follows

In this period, from 19 January 2011 to 18 July 2011	£15,000 00
Since appointment on 19 July 2010 to 18 January 2011	£Nil
Total	£15,000.00

Disbursements incurred and drawn

The Administrators' disbursements incurred during the period of this report and those reimbursed in the period are summarised below. Details are in the attached Appendix III

No category 2 disbursements have been charged nor will be recovered in this matter

	Incurred	Paid
Category 1 disbursements for this period, from 19 January 2011 to 18 July 2011	£6 40	£nil
Category 1 disbursements since appointment on 19 July 2010 to 18 January 2011	£635 48	£nil
Total	£641 88	£nil

Expenses (professional advisors) charged and drawn in the period

The following professional advisors have been instructed in this matter

<i>Professional Advisor</i>	<i>Nature of Work</i>	<i>Fee Arrangement</i>
James Sutherland (Auctioneers) Limited	Professional Valuers	Fixed Fee
E-Financial Management	Accountants Assistance with Payroll	Fixed Fee
Ward Hadaway Solicitors	Solicitors sale agreement	Time Cost Basis

The choice of professionals was based on perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the Administrators' fee arrangement with them. Details of the costs incurred and paid by the Administrators in relation to administration expenses for the period are also attached at **Appendix III**

Creditors' Guide to Fees and statement of creditors' rights

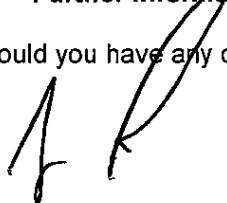
Creditors have a right to request further information from the Administrators and additionally have a right to challenge the Administrators' remuneration and expenses time limits apply. Details can be found in the document 'Remuneration Guidelines Administration (post 6 April 2010)' which you can access and download at <http://www.rsmtenton.com/creditorguides>. Alternatively a copy is available free of charge upon request from the address above

8. End of Administration

As outlined previously the deferred sales consideration repayments extend beyond the statutory time limit of an Administration procedure. The Administration with 'creditors consent' has been extended for 6 months to allow the purpose of the Administration to be achieved and appropriately concluded following which the Company will be dissolved

9. Further Information

Should you have any queries please do not hesitate to contact Lisa Bryce on the above number



Ian W Kings and Steven P Ross

Joint Administrators

*Licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales
The affairs, business and property of the Company are being managed by the Administrators*

Appendix I

Company Information

Company Name	Flatbread Cafe Limited
Previous Name	The Flat Bead Company Limited
Company Number	04062365
Date of Incorporation	30 August 2000
Trading Address	Unit 14, Octavian Way, Team Valley Industrial Estate, Gateshead, NE11 9YG 69-75 High Bridge Street, Newcastle upon Tyne, NE1 6BX Unit M11/M12 The Studio, Yellow Mall, Metro Centre, Gateshead, NE11 9XG
Current Registered Office	Tenon House, Ferryboat Lane, Sunderland, Tyne and Wear SR5 3JN
Former Registered Office	Unit 10 Bearl Farm, Stocksfield, Northumberland, NE43 7AJ
Principal Trading Activity	Food outlet

Appointment details

Joint Administrators' name and address	Steven Philip Ross of RSM Tenon Recovery, Tenon House, Ferryboat Lane, Sunderland, Tyne and Wear, SR5 3JN and Ian William Kings of RSM Tenon Recovery Tenon House, Ferryboat Lane, Sunderland, Tyne and Wear, SR5 3JN
Date of appointment	19 July 2010
Court Name and Reference	Newcastle Upon Tyne 1749 of 2010
Appointment made by	Directors
Actions of Joint Administrators	Any act required or authorised under any enactment to be done by an Administrator may be done by either or both of the Administrators acting jointly or alone
Extension to period of appointment	Extended to 18 January 2012 with 'Creditors Consent'

Appendix II – Receipts and Payments account

Note

Prescribed Part – Such a fund will not apply as the Company's net property is estimates to be less than £10,000

Flatbread Cafe Limited - In Administration

Joint Administrators Receipts and Payments Accountant for the period

	19 July 2010 - 18 January 2011		19 January 2011 - 18 July 2011		Total	
	Fixed charge	Floating Charge	Fixed charge	Floating Charge	Fixed charge	Floating Charge
<u>Receipts</u>	£	£	£	£	£	£
Balance c/f	0 00	0 00	5,000 00	15,480 92		
Goodwill - Newcastle					0 00	0 00
Goodwill - Team Valley	5,000 00		2,500 00		7,500 00	0 00
Assets sale - Team Valley		15,000 00		2,500 00	0 00	17,500 00
Assets sale - Metro Centre		2,500 00			0 00	2,500 00
Assets sale - Newcastle				3,100 00	0 00	3,100 00
Rates refund		497 40		270 80	0 00	768 20
Petty cash		27 15			0 00	27 15
Utility refund		2 65			0 00	2 65
Bank Interest Gross		0 93		10 89	0 00	11 82
Vat Payable		3,937 50		1,185 00	0 00	5,122 50
	5,000 00	21,965 63	2,500 00	7,066 69	7,500 00	29,032 32
Payments						
HSBC Bank Plc			5,000 00		5,000 00	0 00
Administrators Remuneration				15,000 00	0 00	15,000 00
Funds with Solicitors				1,550 00	0 00	1,550 00
Legal advice and costs - Sale agreement Team Valley		5,519 50			0 00	5,519 50
Oath fee				30 00	0 00	30 00
Accountants fees				1,000 00	0 00	1,000 00
Vat receivable		965 21		3,175 00	0 00	4,140 21
	0 00	6,484 71	5,000 00	20,755 00	5,000 00	27,239 71
Balance in hand	5,000.00	15,480.92	2,500 00	1,792.61	2,500 00	1,792 61

Appendix III – Information relating to the Joint Administrators' Fees and Expenses

Appendix III

Flatbread Cafe Limited

Information relating to the Joint Administrators' Fees and Expenses

1. Explanation of Administrators' charging and disbursement recovery policies

1.1. Time recording

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge-out rates are

	Prior to 1 May 2010	From 1 May 2010	From 8 February 2011
	£	£	£
Director and licensed Insolvency Practitioner	225-280	225-280	225-280
Manager	160-215	160-230	200-250
Other senior professionals	110-205	110-220	110-230
Assistants and support staff	50-140	50-140	50-140

1.2. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case. Where these have initially been paid by RSM Tenon Recovery and then recharged to the case, approval from creditors is not required. The amount recharged is the exact amount incurred.

Examples of Category 1 expenses are postage, case advertising, specific bond insurance, company search fees, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

2. Description of work carried out

Section 4 of this appendix outlines the time costs to date in relation to activities undertaken during this period. These can be summarised as follows:

2.1. Pre-appointment

Time spent in this category comprises the activities required to obtain an Administration order.

2.2. Administration and planning

This includes the following activities which have been undertaken

- > Statutory duties associated with the appointment including the filing of relevant notices,
- > Notification of the appointment to creditors, members, employees and other interested parties,
- > Reviewing available information to determine appropriate strategy,
- > Maintaining bank accounts,
- > 6 monthly progress review of the case

2.3. Investigations

The time spent includes

- > Corresponding with the former directors and management,
- > Review of questionnaires and comments provided by interested parties,
- > Review of company documentation,
- > Completion of statutory returns to the Insolvency Service

Due to the complex nature and importance of the investigations, the staff utilised to conduct such work involved experienced members of staff

2.4 Realisation of assets

Staff of different levels were involved in the above activities depending upon the experience required

2.5. Creditors

The time spent includes the following matters

- > Recording and maintaining the list of creditors,
- > Dealing with employee related matters,
- > Recording creditor claims
- > Reporting to creditors,
- > Meetings of creditors,
- > Dealing with creditor queries,
- > Reviewing and evaluating creditor claims,

3. Time and charge-out summary

For the period of the report 19 July 2010 to 18 July 2011, a total of 236 40 hours have been spent at an average charge out rate of £186 56 bringing the total cost to date to £44,102

The table below shows details of the time costs charged (exc VAT) to date

Classification of work function	Insolvency Practitioner/ Director/ Associate Director	Manager	Other senior professionals	Assistants and support staff	Hours Total	Time cost £	Average Hourly rate £
Administration and Planning	7 00	62 50	26 90		96 40	16,957 00	175 90
Investigations		3 00	3 00		6 00	840 00	140 00
Realisation of assets	23 00	74 60	3 20		100 80	21,496 00	213 25
Trading							
Creditors	2 00	12 60	18 60		33 20	4,809 00	144 85
Total hours	32 00	152 70	51 70		236 40	44,102 00	186 56
Total fees claimed £						15,000 00	

Since the end of the current period on 19 July 2011, further time costs have been incurred of £100 00, primarily in relation to general administration. Such costs will be fully reported in my next progress report

4 Disbursements

Disbursements incurred during the period of this report and cumulatively, and those reimbursed in the period and cumulatively to end of current period, are detailed below

Disbursements	Incurred £	This period	Previous period		Incurred £	Cumulatively Paid £
		Paid £	Incurred £	Paid £		
Category 1						
Statutory advertising	nil	nil	75 60	nil	75 60	nil
Court fees	nil	nil	30 00	nil	30 00	nil
Bond premium	nil	nil	158 00	nil	158 00	nil
Postage	nil	nil	77 88	nil	77 88	nil
Courier Costs	nil	nil	294 00	nil	294 00	nil
Parking Fees	6 40	nil	nil	nil	6 40	nil
Total	6 40	nil	635.48	nil	641.88	nil

The above costs exclude VAT

No category 2 disbursements have been charged to this matter

5 Professional advisors and expenses

The Joint Administrators have incurred administration expenses in connection with the instruction of the parties shown below. Expenses incurred during the period of this report and cumulatively, and those paid in the period and cumulatively to end of current period are detailed

Name & Activity	Incurred £	This period Paid £	Previous period Incurred £	Previous period Paid £	Incurred £	Cumulatively Paid £
James Sutherland (Auctioneers) Limited – Professional Valuers	nil	nil	1,400 00	1,400 00	1,400 00	Nil
Ward Hadaway LLP – Asset Sale E-Financial	nil	nil	5,519 50	5,519 50	5,519 50	5,519 50
Management – Assistance with Payroll	nil	nil	1,000 00	1,000 00	1,000 00	1,000 00
Total	nil	nil	7,919.50	6,519.50	7,919.50	6,519.50

The above costs exclude VAT