

The Insolvency Act 1986

# Statement of administrator's proposals

# R2.25

Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986  
and Rule 2.25 of the Insolvency (Scotland) Rules 1986

Name of Company  COFFEE REPUBLIC PLC	Company number  SC125098
--	--------------------------------

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


I / We (a) Richard John Hill and David John Crawshaw of KPMG LLP, 8 Salisbury Square, London  
EC4Y 8BB

attach a copy of ~~my~~ / our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 20 August 2009

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

Russell Deen KPMG LLP	
8 Salisbury Square London	
EC4Y 8BB United Kingdom	Tel +44 20 7311 4813
DX Number DX 38050 Blackfriars	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, 37 Castle Terrace, Edinburgh EH1 2EB  
DX 235 Edinburgh / LP 4 Edinburgh-2





**KPMG LLP**  
**Restructuring**  
8 Salisbury Square  
London  
EC4Y 8BB  
United Kingdom

Tel +44 (0) 20 7311 1000  
Fax +44(0) 20 7311 3311  
DX 38050 Blackfriars

**Private & confidential**

Our ref **RJH/MM/ciw**  
**edme01b001**  
Contact **Russell Deen**  
**+44 20 73114813**

20 August 2009

Dear Sir

**Coffee Republic Plc (in administration) ("the Company")**  
**Joint administrators - Richard Hill and David Crawshaw**

A meeting of creditors of the Company will be held at 10.00am on 8 September 2009 at St Brides Foundation, Bride Lane, Fleet Street, London EC4Y 8EQ, to consider our proposals and whether to establish a creditors' committee.

I attach formal notice of the meeting, a copy of the proposals, a proxy form and a statement of claim form. A company may vote either by proxy or through a representative appointed by board resolution.

A secured creditor is entitled to vote in respect of any unsecured balance of claim after deduction of the estimated security value. A creditor claiming retention of title must deduct the estimated value of any such rights and a creditor claiming under a hire purchase, conditional sale or chattel leasing agreement is entitled to vote only for the amount due and payable at the date of the administration, being 10 July 2009.

Yours faithfully,  
For Coffee Republic Plc

**Richard Hill**  
*Joint Administrator*

The affairs, business and property of the companies are being managed by the joint administrators

Richard John Hill and David John Crawshaw are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales

Enclosures: Notice of meeting / Form 4.29 (Scot) - proxy form / Form 4.7 (Scot) statement of claim form / Form 2.16B (Scot) – statement of administrators' proposals

## **Coffee Republic Plc (in administration)**

Notice is hereby given, pursuant to paragraph 50 Schedule B1 of the Insolvency Act 1986, that a meeting of creditors of the above company will be held at St Brides Foundation, Bride Lane, Fleet Street, London EC4Y 8EQ on 8 September 2009 at 10:00am for the purposes of presenting the Report of the Joint Administrators together with their proposals for achieving the purpose of the Administration and, should the meeting think fit, of determining whether or not to establish a Committee of Creditors and who are to be Members of that committee, if established.

Creditors whose claims are unsecured, in whole or in part, are entitled to attend and vote in person or by proxy providing their claims (and proxies) have been submitted and accepted at the Meeting or lodged beforehand at the undernoted address.

A resolution will be passed when a majority in value of those voting have voted in favour of it.



**Richard Hill**  
*Joint Administrator*

KPMG LLP  
8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

20 August 2009

The Insolvency Act 1986

# Statement of administrator's proposals

**R2.25**

Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986  
and Rule 2.25 of the Insolvency (Scotland) Rules 1986

Name of Company  COFFEE REPUBLIC PLC	Company number  SC125098
--	--------------------------------

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

I / We (a) - Richard John Hill and David John Crawshaw of KPMG LLP, 8 Salisbury Square, London  
EC4Y 8BB

attach a copy of my / our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 20 August 2009



Signed \_\_\_\_\_  
Joint / Administrator(s)

Dated \_\_\_\_\_

## Contact Details:

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Russell Deen KPMG LLP	
8 Salisbury Square London	
EC4Y 8BB United Kingdom	Tel +44 20 7311 4813
DX Number DX 38050 Blackfriars	DX Exchange

Companies House receipt date barcode

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Companies House, 37 Castle Terrace, Edinburgh EH1 2EB  
DX 235 Edinburgh / LP 4 Edinburgh-2



*Coffee Republic Plc  
(in Administration)  
Statement of Proposals  
KPMG LLP*

## **Coffee Republic Plc (in Administration)**

### **Statement of Proposals**

Pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986 &  
Rule 2.25 of the Insolvency (Scotland) Rules 1986

KPMG LLP  
20 August 2009

RJH/DMP/CIW/2382965

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## **Executive Summary**

Richard Hill and David Crawshaw of KPMG LLP were appointed Joint Administrators of Coffee Republic Plc ("PLC" or "the Company") a Scottish registered company on 10 July 2009 by an order of the Lord Ordinary at the Court of Session in Scotland.

PLC is an AIM listed holding company for the Coffee Republic group, the main operating subsidiaries being Coffee Republic (UK) Limited ("CRUK"), Coffee Republic Franchising Limited ("CRF") and Goodbean Limited ("GB") (collectively 'the subsidiaries'). The subsidiaries were placed in administration on 7 July 2009. Separate creditors meetings will be convened for the subsidiaries.

Shortly after the administration appointment over the subsidiaries, the directors resolved to place PLC into administration for the benefit of the Group as a whole. Before they were able to file the administration application in court, a winding up petition was filed against the Company by one of its creditors, and a provisional liquidator was appointed by the Court on 8 July 2009.

Solicitors representing PLC presented their views to the Court as to why an administration would achieve a better result for the company's creditors as a whole than would be likely if the company were wound up. The Court agreed, the provisional liquidator was removed from office and the administration order was made on 10 July 2009.

PLC's main assets were its investment in the subsidiaries. PLC also held six Company operated bar leases (two of which were not yet open), and one franchised bar in its name. The bars were operated through the subsidiaries, with the respective income and costs reported by management through CRUK. A number of employee contracts were also held in the name of PLC, which also held £50,000 in a recently opened bank account.

Based on the expected level of realisations there is a good prospect of a dividend for the creditors of PLC. This is because PLC is the largest creditor of CRUK which is expected to pay a dividend to its creditors. These will include PLC. Because PLC is reliant on the outcome from CRUK, it is too early to indicate the quantum or timing of the dividend.

The planned exit route from the administration is via creditors' voluntary liquidation, as explained in section 2 of this report. The Joint Administrators have convened a creditors' meeting to enable creditors to consider the Administrators' proposals, make modifications and vote as appropriate. These proposals are set out in Section 4.

#### Disclaimer Notice

- This Statement of Proposals ("Proposals") has been prepared by Richard John Hill and David John Crawshaw, the Administrators of Coffee Republic Plc solely to comply with their statutory duty under paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the Administration order, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- These Proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Coffee Republic Plc.
- Any estimated outcomes for creditors included in these Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on these Proposals for any purpose or in any context other than under paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.
- The Administrators act as agents for Coffee Republic Plc and contract without personal liability. The appointment of the 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 these Proposals or the conduct of the Administration.

## **Glossary**

<b>Act</b>	The Insolvency Act 1986 as amended by the Enterprise Act 2002
<b>Administrators</b>	Richard John Hill & David John Crawshaw of KPMG LLP
<b>AIM</b>	Alternative Investment Market
<b>Companies/The Subsidiaries</b>	CRF, CRUK and GB
<b>CRF</b>	Coffee Republic Franchising Limited
<b>CRUK</b>	Coffee Republic (UK) Limited
<b>GB</b>	Goodbean Limited
<b>Group</b>	PLC and its trading subsidiaries
<b>PLC/Company</b>	Coffee Republic Plc

## **1 Background and events leading to the Administration**

Coffee Republic was founded in 1995, opening its first shop in South Molton Street, London. PLC entered AIM in 1998, since when the Group has expanded significantly, with a total of 193 outlets in the UK and overseas. All but six of these outlets were operated by the subsidiaries and comprised 26 company operated bars, 70 franchised outlets and 97 concessions.

PLC was the holding company for the Group, with its main assets being its investment in the subsidiaries. In the audited accounts at 30 March 2008, long term loans from PLC to the subsidiaries were £30.9million.

The Group has been historically loss making. At 30 March 2008 the audited accounts reported consolidated cumulative losses of £9.48 million. This cumulated loss position would have been substantially greater, but it was reported in the March 2004 consolidated audited accounts that a Court approved capital reorganisation took place. Under this reorganisation £26.41 million was transferred from PLC's share premium and share capital account to eliminate the £26.41 million deficit on the profit and loss account at 30 March 2003.

Given the difficulties of exiting from unprofitable bars, and the pressure on cash flows, the directors sought legal and financial advice, and resolved to place the subsidiaries into administration on 7 July 2009. It was felt that there was no benefit in appointing administrators over PLC at this time as it was understood that all employees were employed by CRUK and all trading activities were carried out by the subsidiaries.

Following appointment over the subsidiaries, it transpired that a number of employees were employed by PLC and that a number of creditors were threatening to take recovery proceedings against PLC. Following legal advice, the directors resolved to put PLC into administration. The relevant documentation was signed on 8 July and despatched to Scotland as required for a Scottish registered company.

Before the documentation was filed in Court, a winding up petition was filed against PLC by one of its creditors, and a provisional liquidator was appointed by the Court on 8 July 2009. Solicitors representing PLC made an application to the Court to explain why an administration would achieve a better result for the company's creditors as a whole than would be likely if the company were wound up. The Court agreed, the provisional liquidator was removed from office and the administration order was made on 10 July 2009.

## **2 Purpose of the Administration**

An Administrator of a company must perform his functions with one of the following main objectives:

- a) rescuing the company as a going concern, or
- b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up, or
- c) realising property in order to make a distribution to one or more secured or preferential creditors.

The objective of the administration is to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up.

Administration was deemed preferable to liquidation because:

- administration allowed the employees in PLC to be retained to assist with the trading of the subsidiaries, whilst a purchaser for the business as a whole was sought;
- the company operated leases that were held in PLC's name were traded by CRUK, which provided staff and operational support to these intertwined and interdependent outlets;
- in order to sell the business of the Group as a going concern, it would be necessary to transfer the retained employees of PLC to the purchaser;
- because PLC would be a party to any sale contract it was preferable to have the same appointees acting on behalf of PLC as for the subsidiaries.

## **3 Progress of the Administration to date**

### **3.1 Strategy**

As explained above, it was in the interests of the creditors of the Group as a whole that the businesses continued to trade for a short period, whilst a purchaser was sought. In order to fulfill this strategy, certain PLC employees were required to assist with ongoing trading of the bars. These employees would also be required by a purchaser.

### **3.2 Sale of the Business**

Immediately following their appointment over the subsidiaries, the Administrators began contacting interested parties and providing information to encourage offers for the business in a limited time period.

Significant interest in the business was generated through contacting parties on the KPMG database, and through the press coverage generated from the administration appointment. This resulted in over 120 expressions of interest. Initial offers were requested by 13 July and this resulted in 19 formal written offers for the business.

The terms of these offers were clarified and on 17 July 2009, following receipt of a non-refundable deposit, the Administrators entered into a period of exclusivity with Arab Investments Ltd, to allow them to carry out limited due diligence until 22 July 2009. Following further negotiations contracts for the sale of the viable parts of the business and assets for a total price of £1.5 million were exchanged on 24 July 2009. Completion took place on 29 July 2009.

Of the £1.5 million consideration, £1 million was received on 29 July 2009. The remaining £0.5 million is deferred, and payable in monthly instalments over the next 6 months, with the final payment being due on 29 January 2010.

The majority of the sale proceeds related to goodwill in respect of the Coffee Republic brand, which was owned by CRUK. None of the assets held by PLC were sold to the purchaser. However, based on the expected level of realisations, there is a good prospect of a dividend for the creditors of CRUK. These will include PLC by virtue of the outstanding intercompany debt owed by CRUK. At present, it is too early to indicate the quantum or timing of the dividend.

### **3.3 Leases**

In addition to its shares in the subsidiaries, PLC held six Company operated bar leases (two of which were not yet open), and one leased franchise bar. The bars were operated through the subsidiaries, with the respective income and costs reported by Management through CRUK.

The purchaser did not wish to acquire any of the leases held in PLC. Valuations of these leases have been obtained from Colliers CRE, who advised they have no value. Consequently, letters have been written to the landlords offering a surrender of the leases.

### **3.4 Debtors**

Other than the intercompany debt owed by the subsidiaries, the Company's records did not show it having any other debtors.

### **3.5 Cash at Bank**

A separate bank account was opened by the directors shortly prior to the administration. The directors have stated that the intention was to create a trust account for advance deposits received from potential franchisees who then decided not to proceed. An amount of £50,000 was transferred from CRUK on 30 June 2009.

We have instructed our lawyers to advise whether this is a genuine trust account and whether the transfer of funds from CRUK so soon before administration constitutes a preference.

### **3.6 Investigations**

The Administrators have a duty to investigate whether potential causes of action exist against third parties which would increase recoveries for creditors. If creditors wish to

bring any matters they believe to be relevant to the attention of the Administrators, they are invited to do so in writing to Richard Hill at KPMG LLP, 8 Salisbury Square, London EC4Y 8BB.

### 3.7 Liabilities

#### 3.7.1 Secured creditors

The Company does not have any outstanding debt with its secured creditors.

#### 3.7.2 Preferential creditors

Claims in respect of certain arrears of wages and holiday pay rank preferentially.

The level of preferential claims will be reduced by the sale of the business. Based on the expected dividend from CRUK, it is anticipated that there will be sufficient funds to pay any residual preferential claims in full.

#### 3.7.3 Unsecured creditors

The Directors estimate the Company to have the following unsecured ordinary liabilities:

	PLC
	£'000
Trade creditors (suppliers)	66
Loan Notes	780
HM Revenue & Customs	0
Directors' Loans	<u>200</u>
<b>Total</b>	<b><u>1,046</u></b>
<i>Source: Directors' statement of affairs</i>	

Based on the expected dividend from CRUK, it is anticipated that there will be funds available for a distribution to be paid to the unsecured creditors. Because PLC is reliant on the outcome from CRUK and because the creditors may increase due to contingent claims from landlords, it is not possible to indicate the quantum or timing of the return to unsecured creditors at this stage.

### 3.8 Prescribed Part

The Prescribed Part provisions of S176A of the Act are not relevant in this matter because the Company does not have any outstanding debt with its secured creditors.

### 3.9 Costs of the Administration

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication *A Creditors' Guide to Administrators' Fees*, a copy of which can be obtained upon request to the Administrators or by logging onto the R3 website at [www.r3.org.uk](http://www.r3.org.uk).

The Joint Administrators propose that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the administration.

The Association of Business Recovery Professional's Statement of Insolvency Practice No. 9 ("SIP 9") requires the joint administrators to provide a detailed analysis of time spent, and charge out rates, for each grade of staff for the various areas of work carried out. Attached as Appendix 4 is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out to 7 August 2009, as required by SIP 9.

### **3.9.1 Creditors' Meeting**

A creditors' meeting has been called under Paragraph 51 of Schedule B of the Insolvency Act 1986 for 10.00 am on 8 September 2009 at St Brides Foundation, Bride Lane, Fleet Street, London, EC4Y 8EQ, to enable creditors to consider the Administrators' proposals, make modifications and vote as appropriate

A proxy form is enclosed for your use if you intend to be present or represented at the meeting. Please attach details of your claim to the completed proxy form and return them to KPMG LLP, 8 Salisbury Square, London EC4Y 8BB for the attention of Russell Deen.

## **4 Joint Administrators' proposals**

The Joint Administrators propose the following:

- To continue to do all such things reasonably expedient and generally exercise all their powers as Joint Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company in accordance with the objective as set out above.
- To investigate and, if appropriate, pursue any claims the Company may have.
- To seek an extension to the administration period if deemed necessary.
- When deemed appropriate, and in order to make available a distribution to unsecured creditors to move the Company from administration to creditors' voluntary liquidation and appoint Richard Hill and David Crawshaw as Liquidators of the Company without any further recourse to creditors. In accordance with paragraph 83(7) and Rule 2.117(3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved. Any act required or authorised under any enactment to be done by the liquidators may be done by either one of them.
- In the event the Joint Administrators deem that liquidation is not appropriate because there are no further distributable assets available to creditors, and there are no other outstanding matters that require to be dealt with in a liquidation, then the Joint Administrators shall file the appropriate notices at Companies House and the Company will subsequently be dissolved.
- That the Joint Administrators are discharged from liability in respect of any action of theirs as Joint Administrators pursuant to paragraph 98(1) of Schedule B1 of the Act

upon registration of the notice given pursuant to Paragraph 83 or 84 of Schedule B1 of the Act..

- That in the event that no creditors' committee is formed, the Joint Administrators' remuneration will be based upon time costs properly incurred at KPMG LLP time rates determined in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986. They be authorised to draw fees on account from the assets of the Company together with disbursements. A creditors' guide to fees can be found at the following link:

[https://www.r3.org.uk/uploads/sip/SIP9%20Scotland %20%201-4-2007.pdf](https://www.r3.org.uk/uploads/sip/SIP9%20Scotland%20%201-4-2007.pdf)

However, if you are unable to access these guides and would like copies please contact Russell Deen at KPMG LLP, 8 Salisbury Square, London EC4Y 8BB.

- That the costs of KPMG LLP in respect of forensic, tax, VAT and pension advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of the Company.

## Appendix 1

### Statutory information

Company name	Coffee Republic Plc		
Administration Order	The Administration Order granted in the Court of Session, Edinburgh. Ref: High Court No P906 of 2009		
Date of appointment	10 July 2009		
Administrators details	Richard John Hill and David John Crawshaw are authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.		
Functions	The functions of the Administrators are being exercised by either or both of them in accordance with Paragraph 100(2) of Schedule B1 of the Act.		
Application of EC regulations	The Administration is a main proceeding under the EC Regulation on Insolvency Proceedings. The Company has its main centre of interest in the United Kingdom and the Administration is governed by the Insolvency Act 1986		
Company Directors	Nicholas Jeffrey Peter John Freeman Breach Steven George Bartlett James Cameron Muirhead	From: 22 February 1998 19 October 2006 19 October 2006 20 September 2007	To: Present Present Present Present
Company Secretary	Jeremy Philip Gorman		
Date of incorporation	18 May 1990		
Company Reg. no.	SC125098		
Previous registered office	50 Lothian Road, Festival Square, Edinburgh EH3 9WJ		
Present registered office	c/o KPMG LLP, 8 Salisbury Square, London EC4Y 8BB		
Trading addresses	109-123 Clifton Street, London EC2A 4LD		
Employees	34		

Extracts from the Company's recent consolidated trading results are shown below:

	<i>Y/E</i> <i>30/03/08</i> <i>(audited)</i> <i>£'000</i>	<i>Y/E</i> <i>30/03/07</i> <i>(audited)</i> <i>£'000</i>	<i>Y/E</i> <i>30/03/06</i> <i>(audited)</i> <i>£'000</i>	<i>Y/E</i> <i>30/03/05</i> <i>(audited)</i> <i>£'000</i>
Turnover	5,849	9,719	14,914	17,553
Cost of sales	(6,539)	(10,731)	(15,454)	(18,134)
<b>Gross profit</b>	<b>(690)</b>	<b>(1,012)</b>	<b>(540)</b>	<b>(581)</b>
Admin expenses	(1,601)	(1,213)	(510)	(542)
<b>Operating profit</b>	<b>(2,291)</b>	<b>(2,225)</b>	<b>(1,050)</b>	<b>(1,123)</b>
Exceptional items	-	-	(157)	(103)
Interest receivable & similar income	-	14	30	12
Interest payable & similar charges	(206)	(212)	(269)	(182)
<b>Profit before tax</b>	<b>(2,497)</b>	<b>(2,423)</b>	<b>(1,446)</b>	<b>(1,396)</b>

Details of the Company's share capital and holdings

Authorised share capital	20,000,000 ordinary 6p shares
Issued share capital	12,670,890 ordinary 6p shares Aggregate Nominal Value £760,253.40
Director shareholdings:	
	Nicholas Jeffrey Nil
	Peter John Freeman Breach Nil
	Steven George Bartlett 100,000
	James Cameron Muirhead 33,334



*Coffee Republic Plc  
(in Administration)  
Statement of Proposals  
KPMG LLP  
20 August 2009*

## **Appendix 2**

### **Joint Administrators' receipts and payments account**

**Coffee Republic Plc**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

	Statement of Affairs £	From 10/07/2009 To 07/08/2009 £
ASSET REALISATIONS		
Plant & machinery	80,000.00	Nil
	<u>80,000.00</u>	<u>Nil</u>
OTHER REALISATIONS		
Intercompany loan		1,000.00
		<u>1,000.00</u>
COST OF REALISATIONS		
Statutory advertising		283.50
		<u>(283.50)</u>
	<u><u>80,000.00</u></u>	<u><u>716.50</u></u>
REPRESENTED BY		
Floating ch. VAT rec'able		42.53
Floating charge current		673.97
		<u><u>716.50</u></u>

RECEIPTS		£
Brought forward from previous Abstract (if Any)		0.00
Intercompany loan		1,000.00
Carried forward to * continuation sheet / next abstract		1,000.00
PAYMENTS		£
Brought forward from previous Abstract (if Any)		0.00
Statutory advertising		283.50
Floating ch. VAT rec'able		42.53
Carried forward to * continuation sheet / next abstract		326.03

\* Delete as appropriate

\* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed.



*Coffee Republic Plc  
(in Administration)  
Statement of Proposals  
KPMG LLP  
20 August 2009*

## **Appendix 3**

### **Directors' statement of affairs**

## Statement of Affairs

Pursuant to paragraph 47 of Schedule B1 to the Insolvency Act 1986  
and Rule 2.21(1) of the Insolvency (Scotland) Rules 1986

Insert name of the  
company

Statement as to the affairs of Coffee Republic Plc

as at the 10 July 2009, the date that the company entered administration.

### Statutory Declaration

JAMES MUIRHEAD

I solemnly and sincerely declare that the information provided in this statement and the lists A to G annexed and signed as relative hereto is, to the best of my knowledge and belief, true and complete,

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

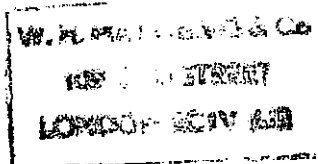
Declared at 109 Old Street London, EC1Y 1LR

Signed Bangor

This 2nd day of July 20 09

Before me BARRY LEWIS

A Notary Public or Justice of the Peace or Solicitor



STATEMENT as to the affairs of the company on the \_\_\_\_\_

Please do not write in this margin  
Please complete legibly, preferably in black type, or bold block lettering

		Estimated Realisable Values £
<b>ASSETS</b>		
Assets not specifically secured (as per List "A")	700,000	80,000
Assets specifically secured (as per List "B")	£	
Estimated realisable value		
Less: Amount due to secured creditors		0
Estimated Surplus		
Estimated Total Assets available for preferential creditors, holders of floating charges and unsecured creditors		80,000
<b>LIABILITIES</b>		
Preferential creditors (as per List "C")		0
Estimated balance of assets available for holders of floating charges and unsecured creditors		80,000
Estimated prescribed part of net property where applicable (to carry forward)		80,000
Holders of floating charges (as per List "D")	0	0
Estimated surplus/deficiency as regards holders of floating charges		80,000
Estimated prescribed part of net property where applicable (brought down)		80,000
<b>Unsecured Creditors</b>		
Trade accounts (as per List "E")	65,837	
Bills payable (as per List "F")	900,000	
Contingent or other liabilities (as per List "G")	0	
Estimated deficiency after floating charge where applicable (brought down)	0	
Total unsecured creditors	1,065,837	
Estimated Surplus/Deficiency as regards creditors		(965,837)
Issued and Called-up Capital	(760,253)	
Estimated Surplus/Deficiency as regards members		(760,253)

These figures must be read subject to the following:-

\*delete as appropriate

\*[(a) There is no unpaid capital liable to be called up]

\*[(b) The nominal amount of unpaid capital liable to be called up is £

estimated to produce £

which is/is not charged in favour of the holder of the floating charge(s)]

The estimates are subject to the expenses of the administration and to any surplus or deficiency on trading pending realisation of the Assets.

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Please complete legibly, preferably in black type, or bold block lettering

# Statement of affairs LIST 'A'

## Assets not specifically secured

Particulars of assets	Book value £	Estimated to produce £
Balance at bank ..... 0	0	0
Cash in hand ..... 0	0	0
Marketable securities (as per Schedule I) .....	£500k	0
Bills receivable (as per Schedule II) .....	0	0
Trade debtors (as per Schedule III) .....	0	0
Loans and advances (as per Schedule IV) .....	0	0
Unpaid calls (as per Schedule V) .....	0	0
Stock in trade ..... 0		
Work in progress ..... 0		
Heritable property .....	0	0
Leasehold property ..... <i>(approx value of Broadgate &amp; Le Tilleul stores)</i>	200,000	0
Plant, machinery and vehicles .....	200,000	80,000
Furniture and fittings, etc .....	-	-
Patents, trade marks, etc .....	-	-
Investments other than marketable securities .....	-	-
Other property .....	-	-
Total	700,000	80,000

Signed

*James Marshall*

Date

*27/07/09*

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# SCHEDULE I TO LIST 'A'

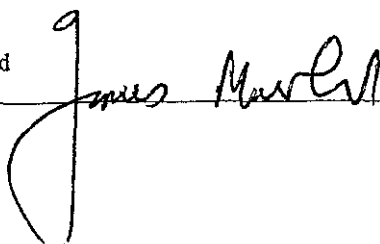
## Statement of affairs

### Marketable Securities

Names to be arranged in alphabetical order and  
numbered consecutively

No	Name of organisation in which securities are held	Details of securities held	Book value £	Estimated to produce £
1	CR (UK) Ltd	100% ord Shares	in administration	0
2	CR Franchising Ltd	100% ord Shares	in administration	0
3	Goodbean Ltd	100% ord Shares	in administration	0
4	CR Property Holdings	100% ord Shares	£500k intercompany debt	0

Signed



Date

24/07/09

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# **SCHEDULE II TO LIST 'A'**

## **Statement of affairs**

### **Bills of exchange, promissory notes, etc. available as assets**

Please complete legibly, preferably in black type, or bold block lettering

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of acceptor of bill or note	Amount of bill or note £	Date when due	Estimated to produce £	Particulars of any property held as security for payment of bill or note
	None	None	None	None	None

Signed

*James Marshall*

Date

21/07/09

CR AC

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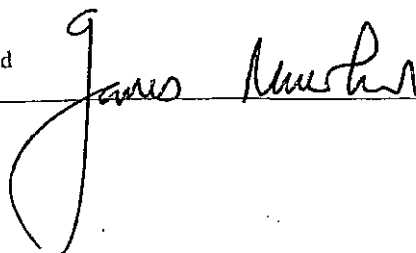
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black type, or bold  
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**SCHEDULE III TO LIST 'A'**  
**Statement of affairs**  
**Trade debtors**

Names to be arranged in alphabetical order and  
numbered consecutively

No	Name and address of debtor	Particulars of any securities held for debt	Book value £	Estimated to produce £
	none	none	none	0

Signed



Date

21/7/09

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**SCHEDULE IV TO LIST 'A'**  
**Statement of affairs**  
**Loans and Advances**

Names to be arranged in alphabetical order and  
numbered consecutively

No	Name and address of debtor	Particulars of any securities held for debt	Book value £	Estimated to produce £
	None	None	None	None

Signed

*James Maxwell*

Date

26/07/09

Please complete legibly, preferably in black type, or bold block lettering

**SCHEDULE V TO LIST 'A'**  
**Statement of affairs**  
**Loans and Advances**

Names to be arranged in alphabetical order and numbered consecutively

No	No in share register	Name and address of shareholder	No of shares held	Amount of call per share unpaid £	Total amount due £	Estimated to produce £
	0	0	0	0	0	0

Signed

Date \_\_\_\_\_

Signed James Newlin

20/07/09

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Please complete legibly, preferably in black type, or bold block lettering

LIST 'B' (consisting of 1 pages)

### Statement of affairs

Assets specifically secured and creditors fully or partly secured (see note below) (not including debenture holders secured by a floating charge)

No	Particulars of assets specifically secured and nature of security	Date when security granted	Name of creditor	Address and occupation
	None	None	None	None

Note: For this purpose treat as a creditor but identify separately

- (a) an owner of goods in the company's possession under a hire-purchase agreement or an agreement for the hire of goods for more than 3 months, or
- (b) a seller of goods to the company claiming a retention of title or a seller under a conditional sale agreement.

CR 11c

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**LIST 'C' (consisting of \_\_\_\_\_ pages)**  
**Statement of affairs**  
**Preferential creditors for salaries, wages and otherwise**

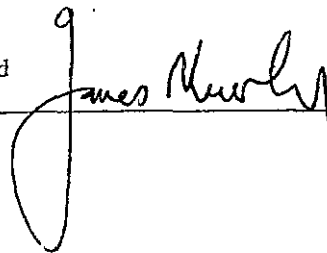
Names to be arranged in alphabetical order and numbered consecutively

No	Name of creditor	Address
	None	None

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black type, or bold  
block lettering

Nature of claim	Total amount of claim	Amount ranking as preferential	Balance not preferential carried to List 'E'

Signed



Date

27/07/09

CRP1c

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# LIST 'D'

## Statement of affairs

### List of holders of debentures secured by a floating charge

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of Holder	Amount £	Description of assets over which security extends
	—	—	—
	—	—	—
	none	none	none

Signed

*James Newell*

Date

20/07/09

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legibly, preferable in  
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block lettering

LIST 'D' (consisting of 1 pages)

**Statement of affairs**

**Unsecured creditors – trade accounts.**

Identify separately on this list customers claiming amounts paid in advance of the supply of goods and services

Names to be arranged in alphabetical order and numbered consecutively

No	Name of and address of creditor	Amount of the debt £
1	Broadgate Estates Management 12 Exchange Square, London EC2A 2BQ	22,289.43
2	FP Life Assurance Ltd Park Lodge London Road Dorking RH4 1QP	15,435.61
3	MWS Business Management Ltd 6 Earls Court Priory Park East Hull HU4 7DY	10,062.50
4	Savills Commercial Ltd 25 Finsbury Circus, London EC2M 7EE	18,050.20
	Total	65,837.74

Signed

James Murch

Date

24/07/09

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Please complete legibly, preferably in black type, or bold block lettering

# LIST 'F'

## Statement of affairs

### Unsecured creditors – Bills payable, promissory notes, etc

Names to be arranged in alphabetical order and numbered consecutively

#### \*Note

The particulars of any bills of exchange and promissory notes held by a holder should be inserted immediately below the name and address of such creditor.

No	Name and address of acceptor of bill or note	Name and address of holder*	Date when due	Amount of claim £
1 to 16	See attached spreadsheet for detail on loan notes		2012	780k
17	Coffee Republic PLC	Steven Bartlett 7, Porter Place, Muttley, Plymouth Devon PL4 7QG Director's loan to business	on demand	100k
18	Coffee Republic PLC	Peter Breach 7, Park Street, Bristol Avon BS1 5NF Director's loan to business	on demand	100k.  90k

Signed

*James Munnell*

Date

26/07/09

CARE

Unpaid interest (to  
10th July)

Coffee republic Convertible loan stock			Subscription amount	11%	8% Total amount
Name of Registered holder	contact name				
1 Synergy investments Ltd	Matthew Corbin	Le Bocage Collage Les Fonds de Longueville Grouville Jersey JE3 9AB	£100,000	£857.53	£100,658
2 West Country holding Ltd	Gordon Fitzjohn	Cherry Burton Le Rue en Croquet St Helade Jersey Channel Islands Ja3 8 BZ	£150,000	£886.30	£150,986
		Deutsche Bank Internationale Limited P. O. Box 727 St Paul's Gate New Street St. Helier Jersey JE4 8ZS Account: West Country Holdings Limited Attention: Mr Adam Norris			
3 Francis Terence Murphy	The same	2, Pine Croft Street Wokingham Berkshire RG41 4AL	100000	£857.53	£100,658
4 Mr Arthur Bartlett Mrs Elizabeth Bartlett	the same	Coech house Clanham Court Seymour Road Plymouth PL3 5AU	30000	£197.26	£30,187
5 John Alan Frankel	the same	16, Hardy's Field Kingslure Newbury Berkshire RG20 5EU	10000	£85.75	£10,066
6 Graham Spencer	the same	8 Bronde Close Long Eaton Nottingham NG10 3RS	50,000	£394.52	£80,395
7 Elliot Spencer	the same	8 Bronde Close Long Eaton Nottingham NG10 3RS	20000	£131.51	£20,132
8 Kevin Dray	the same	7 Windmill parade 175 Old Shoreham parade Southwick West Sussex BN42 4GB	10000	£85.75	£10,066
9 Ashley Cox	The same	The birche Ghelsay Beauchamp Worcester W15 6Ld	20000	£131.51	£20,132
10 Paul Hammond	The same	17 hammy Close Shoreham by sea West Sussex BN43 6bl	10000	£85.75	£10,066
11 CR Mercie	Ashley Cox	The birche Ghelsay Beauchamp Worcester W15 6Ld	70000	£460.27	£70,460
12 Gavin Wilks	Gavin Ronald Wilks	4, Nirvana, 9 birchwood road Poole BH14 9nw	30000	£197.26	£30,187
13 Ian Homer	Ian Homer	73 Ashley Drive south Ashley Heath Ringwood Hampshire BH24 2JU	20000	£131.51	£20,132
14 Mark Levy	Mark Levy	19a haven Road Poole BH13 7LE	20000	£131.51	£20,132
15 Coffox Ltd	Andrew Bowen	Field View 26 Badwell Lane Appleton Abingdon Oxon OX13 5JN	30000	£197.26	£30,187
16 CR south west	Mark Christie	122 North Hill Plymouth Devon	100000	£857.53	£100,658
			£780,000	£5,129	£785,129

Convertible Loan note issued in May and July 2008. 6% interest payable and repayable in 2012

James W. W. 20/7/09

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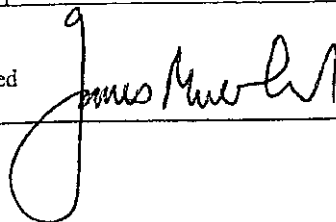
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**LIST 'G'****Statement of affairs****Unsecured creditors – contingent liabilities**

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of creditor	Nature of liability	Amount of claim £
	none	none	none

Signed



Date

22/07/09



*Coffee Republic Plc  
(in Administration)  
Statement of Proposals  
KPMG LLP  
20 August 2009*

## **Appendix 4**

### **Analysis of the Joint Administrators' time costs for period 7 July 2009 to 7 August 2009**

## Coffee Republic Plc (in administration)

### Time costs analysis for the period 10 July 2009 to 7 August 2009

	Partner / Director	Manager	Administrator / support	Total hours	Time cost £	Average hourly rate
<b>Trading</b>						
Asset Realisation						
Health & safety		1.00		1.00	320.00	320.00
Cashiering						
General (Cashiering)			4.00	4.00	900.00	225.00
Employees						
Correspondence			15.35	15.35	3,072.75	200.18
DTI redundancy payments service			1.50	1.50	277.50	185.00
Pensions reviews			0.20	0.20	45.00	225.00
Tax						
Initial reviews - CT and VAT			6.70	6.70	1,327.50	198.13
Post appointment corporation tax		1.20	1.20	1.20	384.00	320.00
Post appointment VAT	0.40		0.50	0.90	288.50	320.56
Trading						
Cash & profit projections & strategy		4.00		4.00	1,620.00	405.00
<b>Administration &amp; planning</b>						
Cashiering						
General (Cashiering)			1.00	1.00	225.00	225.00
Shareholders/Bankrupt						
Dissenting shareholders	1.00			1.00	515.00	515.00
General correspondence		2.00		2.00	810.00	405.00
Statutory and compliance						
Appointment and related formalities	3.70	3.00	7.00	13.70	4,695.50	342.74
Bonding and bordereau			0.70	0.70	73.50	105.00
Tax						
Initial reviews - CT and VAT			1.40	1.40	315.00	225.00
<b>Creditors</b>						
Creditors and claims						
General correspondence		4.00	9.25	13.25	3,531.25	266.51
ROT Claims			1.50	1.50	247.50	165.00
Statutory reports			4.50	4.50	952.50	211.67
Employees						
Correspondence		1.00	5.40	6.40	1,620.00	253.13
DTI redundancy payments service			0.20	0.20	33.00	165.00
<b>Investigation</b>						
Directors						
Directors' questionnaire / checklist			0.50	0.50	82.50	165.00
<b>Realisation of assets</b>						
Asset Realisation						
Cash and investments	0.50			0.50	257.50	515.00
Leasehold property		2.00		2.00	810.00	405.00
Sale of business	2.00			2.00	1,030.00	515.00
<b>Total in period</b>	<b>7.60</b>	<b>18.20</b>	<b>59.70</b>	<b>85.50</b>	<b>23,433.50</b>	<b>274.08</b>

#### Notes

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent.

The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge-out rates.

**Coffee Republic PLC (in administration)**

**Summary of charge out rates in operation during the course of the administration**

	10 July 2009 to 07 August 2009
<b>RESTRUCTURING</b>	
Partner	515
Director	440
Senior Manager	405
Manager	320
Senior Administrator/ Assistant Manager	225
Administrator	165
Support staff	105
<b>TAX</b>	
Partner	515
Senior Manager	405
Administrator	165

## Statement of Claim by Creditor

Pursuant to Rule 4.15(2)(a) of the Insolvency (Scotland) Rules 1986

### WARNING

It is a criminal offence

for a creditor to produce a statement of claim, account, voucher or other evidence which is false, unless he shows that he neither knew nor had reason to believe that it was false; or

for a director or other officer of the company who knows or becomes aware that it is false to fail to report it to the liquidator within one month of acquiring such knowledge.

On conviction either creditor or such director or other officer of the company may be liable to a fine and/or imprisonment.

### Notes

(a) Insert name of company

(a) Coffee Republic Plc (in administration)

(b) Insert name and address of creditor

(b) \_\_\_\_\_

(c) Insert name and address, if applicable, of authorised person acting on behalf of the creditor

(c) \_\_\_\_\_

(d) Insert total amount as at the due date (see note (e) below) claimed in respect of all the debts, the particulars of which are set out overleaf.

I submit a claim of (d) £\_\_\_\_\_ in the liquidation of the above company and certify that the particulars of the debt or debts making up that claim, which are set out overleaf, are true, complete and accurate, to the best of my knowledge and belief.

(e) The due date in the case of a company  
(i) which is subject to a voluntary arrangement is the date of a creditors' meeting in the voluntary arrangement;  
(ii) which is in administration is the date of the administration order;  
(iii) which is in receivership is the date of appointment of the receiver; and  
(iv) which is in liquidation is the commencement of the winding up.  
The date of commencement of the winding up is

Signed \_\_\_\_\_

Creditor/person acting on behalf of creditor

Date \_\_\_\_\_

(i) in a voluntary winding up the date of the resolution by the company for winding up (section 86 or 98); and  
(ii) in a winding up by the court, the date of the presentation of the petition for winding up unless it is preceded by a resolution for voluntary winding up (section 129).

**PARTICULARS OF EACH DEBT****Notes**

A separate set of particulars should be made out in respect of each debt.

- |   |                                      |
|---|--------------------------------------|
| <p>1 Describe briefly the debt, giving details of its nature the date when it was incurred and when payment became due</p> <p>Attach any documentary evidence of the debt, if available</p>   | <p>1 Particulars of debt</p>         |
| <p>2 Insert total amount of the debt, showing separately the amount of principal and any interest which is due on the debt as at the due date (see note (e)). Interest may only be claimed if the creditor is entitled to it. Show separately the VAT on the debt and indicate whether the VAT is being claimed back from HM Customs &amp; Excise</p>   | <p>2 Amount of debt</p>              |
| <p>3 Insert the nature and amount of any preference under Schedule 6 to the Act claimed in respect of the debt</p>  | <p>3 Preference claimed for debt</p> |
| <p>4 Specify and give details of the nature of any security held in respect of the debt including -<br/>(a) the subjects covered and the date when it was given;<br/>(b) the value of the security.</p> <p>Security is defined in section 248(b) of the Insolvency Act 1986 as meaning "any security (whether heritable or moveable), any floating charge and any right of retention (other preference and any right of compensation or set off)". For claims in administration procedure security also includes a retention of title agreement, hire purchase agreement, agreement for the hire of goods for more than three months and a conditional sale agreement (see Rules 2.11 and 2.12).</p> <p>In liquidation only the creditor should state whether he is surrendering or undertakes to surrender his security; the liquidator may at any time after 12 weeks from the date of commencement of the winding up (note (e)) require a creditor to discharge a security or to convey or assign it to him on payment of the value specified by the creditor.</p> | <p>4 Security for debt</p>           |
| <p>5 In calculating the total amount of his claim in a liquidation, a creditor shall deduct the value of any security as estimated by him unless he surrenders it (see note 4). This may apply in administration (see Rule 2.11).</p>   | <p>5 Total amount of the debt</p>    |

**PROXY**

Pursuant to Rules 7.14 and 7.15 of the Insolvency (Scotland) Rules 1986

(a) Insert name of the company (a) **Coffee Republic Plc**(b) Insert nature of insolvency proceedings (b) **Administration**

Name of Creditor/Member \_\_\_\_\_

Address \_\_\_\_\_

(hereinafter called "the principal")

(c) Insert the name and address of the proxy-holder and of any alternatives. A proxy-holder must be an individual aged over 18

Name of proxy holder (c) 1. \_\_\_\_\_

Address \_\_\_\_\_

whom failing 2. \_\_\_\_\_

whom failing 3. \_\_\_\_\_

\*Delete as appropriate

I appoint the above person to be the principal's proxy-holder at:

\*[all meetings in the above Insolvency proceedings relating to the above company];

\*[the meeting of \*creditors/members of the above company to be held on \_\_\_\_\_ or at any adjournment of that meeting]

**Voting Instructions****The proxy-holder is authorised** to vote or abstain from voting in the name, and on behalf of, the principal in respect of any matter\*/s, including resolution\*/s, arising for determination at said meeting\*/s and any adjournment\*/s thereof and to propose any resolution \*/s in the name of the principal, either

- (i) in accordance with the instructions given below or,
- (ii) if no instructions are given, in accordance with his/her own discretion.

(d) Complete only if you wish to instruct the proxy holder to vote for this resolution (\* tick as appropriate)

(d) I confirm my approval of the Joint Administrators' proposals, as detailed within the Paragraph 49 report, or any amended proposals.

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

**Rule 7.15 The Insolvency Act 1986****Form 4.29 (Scot)**

(e) Complete only if you wish to instruct the proxy holder to vote for this resolution (\* tick as appropriate)

(e) That in the event that no creditors' committee is formed, the Joint Administrators' remuneration will be based upon time costs properly incurred at KPMG LLP time rates determined in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986. They be authorised to draw fees on account from the assets of the company together with disbursements. A copy of "A creditor's guide to Administrators' fees" is attached at Appendix 4, along with details of the current time rates.

Yes	No

(f) Complete only if you wish to instruct the proxy holder to vote for this resolution

(f) For the appointment of \_\_\_\_\_

of \_\_\_\_\_

representing \_\_\_\_\_

as a member of the creditors' committee. I attach my consent to act.

(g) Set forth any further voting instructions for the proxy holder. If more room is required attach a separate sheet

(g) \_\_\_\_\_

Signed \_\_\_\_\_ Date \_\_\_\_\_

Name in BLOCK LETTERS \_\_\_\_\_

Position of signatory in relation to the \*creditor/or member or other authority for signing.

\_\_\_\_\_

**Notes for the Principal and Proxy-holder**

- 1 The chairman of the meeting who may be nominated as proxy-holder, will be the insolvency practitioner who is presently Administrator.
- 2 All proxies must be in this form or a form substantially to the same effect with such variations as circumstances may require. (Rules 7.15(3) and 7.30).
- 3 To be valid the proxy must be lodged at or before the meeting at which it is to be used. (Rule 7.16(2)).
- 4 Where the chairman is nominated as proxy-holder he cannot decline the nomination. (Rule 7.14(4)).
- 5 The proxy-holder may vote for or against a resolution for the appointment of a named person to be administrator jointly with another person, unless the proxy states otherwise. (Rule 7.16(4)).
- 6 The proxy-holder may propose any resolution in favour of which he could vote by virtue of this proxy. (Rule 7.16(5)).
- 7 The proxy-holder may vote at his discretion on any resolutions not dealt with in the proxy, unless the proxy states otherwise. (Rule 7.16(6)).
- 8 The proxy-holder may not vote in favour of any resolution which places him, or any associate of his, in a position to receive remuneration out of the insolvent estate unless the proxy specifically directs him so to vote. (Rule 7.19(1)).
- 9 Unless the proxy contains a statement to the contrary the proxy-holder has a mandate to act as representative of the principal on the creditors' committee. (Rule 4.48).