

The Insolvency Act 1986

Administrator's progress report

Name of Company
Eaton's Patisserie & Quality Cuisine Limited

Company number
6404243

In the Bristol District Registry
(full name of court)

Court case number
482 of 2010

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

I/We (a)
Robin David Allen
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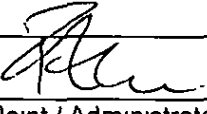
administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 24 February 2010

To
(b) 23 August 2010

Signed


 Joint / Administrator(s)

Dated

17.9.10

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

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COMPANIES HOUSE

**Eaton's Patisserie and Quality Cuisine Limited
(IN ADMINISTRATION)
("the Company")**

Court No. 482 of 2010

**SIX MONTHLY PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986**

17 September 2010

This report has been prepared for the sole purpose of advising the Creditors. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than advising them, or by any other person for any purpose whatsoever.

The Administrators act as agents of the Company without personal liability

**Robin David Allen and Richard Michael Hawes
Deloitte LLP
3 Rivergate
Temple Quay
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ABBREVIATIONS

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

"The Act"	Insolvency Act 1986 (as amended)
"The Rules"	Insolvency Rules 1986 (as amended)
"the Administrators"	Robin David Allen and Richard Michael Hawes
"the Company"	Eaton's Patisserie and Quality Cuisine Limited (in Administration)
"Deloitte"	Deloitte LLP
"the Bank"	HSBC Bank Plc
"HIF"	HSBC Invoice Finance (UK) Ltd
"EP"	The Eaton's Patisserie business operated by the Company making and selling desserts
"QC"	The Quality Cuisine business operated by the Company making and selling starters and main courses
"CID"	Confidential invoice discounting
"RPO"	The Redundancy Payments Office
"ROT"	Retention of title
"PP"	The Prescribed Part of the Company's net property subject to s.176A of the Insolvency Act 1986

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.47 of The Rules to provide creditors with an update on the progress of the Administration of the Company since our Statement of Proposals dated 31 March 2010 ("the Proposals").

Given the information previously provided to creditors in the Proposals, we have not included detailed background information in respect of the Company and have focussed on the progress of the Administration since the Proposals were issued.

The Administrators believe that there will be insufficient funds for a distribution to the unsecured creditors other than possibly under the prescribed part. In accordance with Paragraph 52(1)(b) of schedule B1 of the Act, the Administrators did not convene a creditors' meeting to consider the Proposals. As no request to convene such a meeting was subsequently received from creditors, the Proposals were deemed to be approved.

The Proposals are referred to in more detail at section 2.1 below.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

1.2 Details of the appointment of the administrators

Robin David Allen and Richard Michael Hawes of Deloitte were appointed Joint Administrators of the Company by the directors of the Company on 24 February 2010.

The Court of the proceedings is the High Court of Justice, Bristol District Registry under case number 482 of 2010.

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

2. THE ADMINISTRATORS' PROPOSALS

2.1 Introduction

As previously reported to creditors, the Administrators concluded that it would not be possible to restructure the Company's liabilities and rescue the Company as a going concern.

Consequently, the Administrators have performed their functions in relation to the Company with the objective set out in Paragraph 3(1)(b), which is to achieve a better result for the creditors than would have been obtained through the immediate liquidation of the Company. This purpose was achieved through sales of the businesses operated by the Company together with their associated assets.

The Administrators' proposals in order to achieve this objective are as follows:

1. the Administrators continue to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses;
2. the Administrators continue with their enquiries into the conduct of the directors of the Company and continue to assist any regulatory authorities with their investigation into the affairs of the Company;
3. the Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against the Company unless the Administrators conclude, in their reasonable opinion, that the Company will have no assets available for distribution;
4. the Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application;
5. that, in the event the creditors of the Company so determine at a meeting of creditors summoned by the Administrators following an appropriate request by the creditors, a Creditors' Committee be appointed in respect of the Company comprising not more than five and not less than three creditors of the Company;
6. that the Creditors' Committee, if one is appointed, shall be asked to agree that the Administrators' fees be fixed by reference to the time given in attending to matters arising in the Administration, and asked to agree the Administrators' expenses.
7. that, if a Creditors' Committee is not appointed, the secured and preferential creditors of the Company shall be asked to agree the Administrators' fees, in accordance with Rule 2.106(5A)(a), by reference to the time given in attending to matters arising in the Administration and that the Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising in the Administration, at the prevailing standard mileage rate used by Deloitte LLP at the time when the mileage is incurred (presently up to 40p per mile);
8. that, following the realisation of assets and resolution of all matters in the Administration, and as quickly and efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude

the Administration. This may include the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of the Company or alternatively, seeking to put the Company into Creditors' Voluntary Liquidation ("CVL") or Compulsory Liquidation, depending on which option will result in a better realisation for creditors;

9. that, if the Company were to be placed into CVL, the Administrators propose to be appointed Liquidators and any Creditors' Committee appointed will become a Liquidation Committee pursuant to R4.174 of the Rules. As per paragraph 83(7) of Schedule B1 of the Act and R2.117 (3) of the Rules, the creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors. For the purposes of s231 of the Act the Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.
10. in the absence of a Creditors' Committee, the secured and preferential creditors of the Company agree that the Administrators be discharged from liability per paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Administrators filing their final report to creditors and vacating office.

2.2 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals:

Proposal	Current status
1.	The Administrators are continuing to realise the Company's book debts and to settle the Administration expenses All other assets have been realised as part of the sale of the businesses as previously reported in the Proposals
2	The Administrators have submitted their report on the conduct of the Company's affairs and the Directors to the Department for Business, Innovation and Skills.
3. & 4.	The Administrators have agreed the secured creditor's claim, and have made initial distributions totalling £55,000. The final preferential claims are being agreed; no distribution has been made to date Unsecured claims are currently being noted but not agreed. It is not yet clear whether there will be any funds available for distribution to these creditors
5. & 6	No meeting was requested by creditors, and no Creditors' Committee was appointed
7	The secured and preferential creditors have approved the Administrators' fees drawn to date

8 - 10	The Administration is still in progress, and it is therefore not yet appropriate for these matters to be addressed
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Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report.

3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

3.1 Introduction

Attached at Appendix 2 is a Receipts and Payments account covering the period from 24 February 2010 to 23 August 2010.

The Administrators were not able to trade the Company's business, as there were not enough secured orders to make this commercially practicable. In addition, there was no prospect of securing funding to allow continuation of trading

In this section, we have summarised the main asset realisations during the 6 month period and provided an estimate of the realisable value of the assets yet to be realised.

3.2 Asset realisations

Sale of business

As reported in the Proposals, the Administrators were able to sell the two businesses operated by the Company. This served to realise the following amounts

• Goodwill	£104,681
• Stock	£74,282
• Plant and equipment	£14,500
• Licence fees	£13,356

A further £500 was subsequently realised for residual stock.

Debtors

HIF had provided a CID facility to the Company prior to the Administration, and had ownership of the debtors following the Company's insolvency. They have now collected sufficient funds to repay their debt of c.£105,000 in full.

The residual debtors have now been reassigned back to the Company. In the period covered by this report the Administrators received £11,016 of debtor monies.

The Administrators have asked Davis Gregory, a firm of solicitors experienced in debtor collection work, to collect the remaining debtor balances. The Administrators estimate that a further £15,000 will be recoverable in due course.

3.3 Payments

The Administrators have made payments totalling £21,112 in respect of warehousing charges in the period. These charges relate to both pre-appointment and post-appointment charges for the interim storage of certain items of stock. The pre-appointment costs were settled in order to release a large quantity of stock which resulted in the realisation of £74,282 as noted above in section 3.2.

The Administrators have also settled rent of £12,701 in respect of rental of the Company's premises. As part of the sale agreements noted in section 3.2, the Administrators received a licence fee of £13,356 in respect of this cost.

3.4 Estimated future realisations

The only known potential source of future recoveries is the remaining debtors, as described above.

3.5 Estimated outcome for creditors

The potential outcome for the various classes of creditors is reviewed at section 4 below.

4. DISTRIBUTIONS TO CREDITORS

4.1 Secured creditors

At the start of the Administration, the amounts owed to the secured creditors were as follows

	£'000
HSBC Bank Plc	830
HSBC Invoice Finance (UK) Ltd	96
	<hr/>
Total	<u>926</u>

Distributions totalling £55,000 have been made to the Bank under its fixed charge security. Further funds may be payable to the Bank, but these will be dependent on the level of future debtor realisations.

Any additional distributions are unlikely to exceed £10,000, and will leave a sizeable shortfall against the Bank's lending

As described above, HIF were able to recover sufficient funds to repay in full the amount owed to them, together with their collection charges totalling £8,727.

4.2 Preferential creditors

The directors' statement of affairs estimated the preferential claims at £29,000.

The Administrators have now received the majority of preferential claims; once the final claims have been received then the claims will be agreed. At present it is estimated that total preferential claims will be of the order of £40,000.

On the basis of current information, it appears likely that the preferential creditors will receive a distribution in excess of 75p / £. The final level of distribution is dependent on future debtor recoveries.

4.3 Prescribed Part

Under section 176A of the Act, the Administrators are required to make a prescribed part of the Company's net property available to the unsecured creditors. Net property is defined as the net realisations, after payment in full of the administration costs and the preferential creditors, which would otherwise be available to the holders of floating charge security over the Company's assets

On the basis of the monies received to date, there are insufficient funds to repay the preferential creditors in full, and hence there are no monies which would fall into the prescribed part.

This will be reviewed in the light of any further debtor recoveries which are made.

4.4 Unsecured creditors

Unsecured claims, excluding any unsecured shortfall to the Bank, are estimated at £1.1 million in the statement of affairs. As noted above, there are at present

insufficient funds to generate any prescribed part to be made available to unsecured creditors, although the Administrators will keep this under review.

Unsecured creditors also stand to receive any surplus monies after the secured creditors have been repaid in full. There is currently no prospect of the Bank being repaid in full, and hence there will be no surplus monies payable to the unsecured creditors.

5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

5.1 Extensions to the initial appointment period

Under the provisions of the Act all Administrations automatically come to an end after one year, unless an extension is granted by the Court or with the consent of the creditors. At present the Administrators believe that it will be possible to conclude the outstanding matters without an extension being required. This will be reviewed in the light of progress in collecting the outstanding debtors, and making any distribution required to the preferential creditors.

5.2 Investigations

The Administrators have submitted their report into the conduct of the Company's affairs to the Department for Business, Innovation and Skills. The contents of the report are confidential.

5.3 Exit

If there are no monies to be distributed to the unsecured creditors then it is likely that the Administrators will allow the Company to be dissolved following the expiry of the Administration period. Alternatively they might file a notice in Court and with the Registrar of Companies confirming that the purpose of the Administration has been sufficiently achieved.

If there are funds available for the unsecured creditors then the Administrators will either seek the Court's authority for the distribution to be made as part of the Administration, or will put the Company into Creditors' Voluntary Liquidation.

5.4 SIP 13 – Transactions with connected parties

In accordance with Statement of Insolvency Practice Number 13, we confirm that there have been no transactions with connected parties in the period.

5.5 EC Regulations

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

6. JOINT ADMINISTRATORS' FEES AND EXPENSES

6.1 Joint Administrators' Fees

In accordance with Rule 2.106 of The Rules, in the absence of a creditors committee, the Administrators have sought approval of their fees and expenses from the Company's secured and preferential creditors. The Administrators' time costs for the administration are summarised in the table below. A detailed analysis of the time spent by work function is attached at Appendix 3.

Classification of work function	Partners and Associate Partners	Assistant Directors	Supervisors and Associates	Total Hours	Time Cost £	Average Hourly Rate £
Administration and planning	17.8	57.4	58.7	133.9	26,450	198
Trading	-	7.4	5.5	12.9	2,472	192
Realisation of assets	17.0	51.7	28.8	97.5	20,273	208
Creditors	7.5	7.6	64.1	79.2	12,965	164
Other matters	-	1.0	3.6	4.6	734	160
	<u>42.3</u>	<u>125.1</u>	<u>160.7</u>	<u>328.0</u>	<u>62,894</u>	<u>192</u>
Time cost	<u>12,675</u>	<u>28,773</u>	<u>21,446</u>	<u>62,894</u>		
Total fees claimed					50,949	

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting, compliance, cashiering and accounting.
- **Trading** includes planning, identifying strategy, preparation of trading forecasts, monitoring of performance against the forecasts, managing operations, dealing with supplier and landlord issues to ensure continuity of operations, accounting and employees (including pensions and other staff benefits).
- **Realisation of assets** includes identifying, securing and insuring assets, sale of business, transition of contracts, property issues, disposal of stocks, and collection of debts.
- **Creditors** includes set-up of creditor records, creditor communications, preferential claims, unsecured claims, secured and employee claims.
- **Other matters** includes VAT and taxation matters, together with investigation into the conduct of the Company's affairs.

6.2 Disbursements

The Administrators' direct disbursements in the Administration to date are as follows:

Nature of disbursement	Total (£)
Statutory bonding	158
Mileage	1,153
Stationery / postage	31
Trading costs	85
Parking	22
Total	1,449

Mileage is calculated at the prevailing standard mileage rate of up to 40p used by Deloitte LLP at the time when the mileage is incurred.

6.3 Charge out rates

Our charge out rates for the staff involved in this assignment are as follows.

Grade	£
Partners / associate partners	300
Assistant directors	230
Supervisors and associates	140 to 90

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

6.4 Other professional costs

As previously advised, Osborne Clarke were instructed by the Administrators to advise on appropriate legal matters. In addition GoIndustry (UK) Ltd, a firm of chattel agents, were instructed by the Administrators to undertake inventories and valuations of stock, plant and equipment, fixtures and fittings and other chattel assets where appropriate.

More recently, the Administrators have instructed Davis Gregory to assist with the collection of the remaining debtor balances. Their fees will be based on a

commission rate of 15% of the collections that they are able to make. No fees were paid to Davis Gregory in the period covered by this report

The professional costs to date are summarised in the table below. All professional costs are reviewed and analysed before payment is approved.

	£
Osborne Clarke	14,946
GoIndustry (UK)	3,480
Total	18,426

EATON'S PATISSERIE AND QUALITY CUISINE LIMITED - IN ADMINISTRATION

Statutory Information

Company name	Eaton's Patisserie and Quality Cuisine Limited	
Trading names	"Eaton's Patisserie" and "Quality Cuisine"	
Company registration number	06404243	
Incorporation date	19 October 2007	
Trading addresses	Rocklands Industrial Estate Kingsteignton Newton Abbott TQ12 3HX	Units 9 / 10 Rydon Industrial Estate Kingsteignton Newton Abbott TQ12 3SJ
Registered office	Rocklands Industrial Estate Kingsteignton Newton Abbott TQ12 3HX	
Issued and called up share capital	1 £100 ordinary share	
Shareholder	S I Thomson	
Directors	Appointed	Resigned
S I Thomson The Old Mill, The Green Old Coleford, Bath BA3 5LY	24 October 2007	n/a
D R Page 30 Shire Way Westbury BA13 3GF	24 October 2007	n/a
Company secretary	S I Thomson	
Bankers	HSBC Bank Plc	
Auditors	N/A	

EATON'S PATISSERIE AND QUALITY CUISINE LIMITED - IN ADMINISTRATION

Administrators' summary of receipts and payments to 23 August 2010

	Directors' statement of affairs £	24 February to 23 August 2010 £
Receipts		
Surplus recoveries on book debts	50,143	11,016
Goodwill	67,000	104,681
Stock	100,000	74,782
Plant & equipment, office furniture and computer equipment	30,000	14,500
Licence fees	0	13,356
Prepayments	2,000	0
Payment received in error	0	1,557
Interest	0	205
	<hr/> 249,143	<hr/> 220,097
Payments		
Distribution to chargeholder		55,000
Warehousing charges		21,112
Administrators' fees		50,949
Legal fees		14,946
Agents' fees		3,480
Rent		12,701
Heat and light		548
Repayment of funds received in error		1,557
Wages		892
Statutory advertising		144
Bank charges		35
		<hr/> 161,363
Balance in hand		<hr/> 58,734
Made up as follows		
Funds on interest-bearing account		46,352
Net VAT recoverable		12,382
		<hr/> 58,734

EATON'S PATISSERIE AND QUALITY CUISINE LIMITED - IN ADMINISTRATION

Administrators' analysis of time costs to 23 August 2010

	Partner		Assistant Director		Supervisor		Associate		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
<i>Rate per hour</i>		300		230		140		90		
Administration and planning										
Cashiering	0.3	75	3.1	713	6.9	966	2.5	225	12.8	1,979
Compliance	3.0	900	2.0	460	19.1	2,674	1.9	171	26.0	4,205
Immediate actions	-	-	7.4	1,702	14.8	2,072	-	-	22.2	3,774
Meetings	-	-	-	-	0.7	98	-	-	0.7	98
Fees	0.5	150	2.7	621	1.9	266	-	-	5.1	1,037
Pre-appointment	12.0	3,600	7.7	1,771	7.0	980	1.5	135	28.2	6,486
Reporting	2.0	600	34.5	7,935	2.4	336	-	-	38.9	8,871
	17.8	5,325	57.4	13,202	52.8	7,392	5.9	531	133.9	26,450
Realisation of assets										
Debtors	-	-	2.3	529	0.7	98	15.0	1,350	18.0	1,977
Third party assets	-	-	0.3	69	3.6	504	-	-	3.9	573
Leasehold properties	-	-	4.1	943	1.0	140	-	-	5.1	1,083
Other assets	-	-	5.9	1,357	-	-	-	-	5.9	1,357
Plant & equipment	-	-	-	-	1.4	196	-	-	1.4	196
Sale of the business	17.0	5,100	39.1	8,993	7.1	994	-	-	63.2	15,087
	17.0	5,100	51.7	11,891	13.8	1,932	15.0	1,350	97.5	20,273
Trading										
Trading Issues	-	-	7.4	1,702	5.5	770	-	-	12.9	2,472
	-	-	7.4	1,702	5.5	770	-	-	12.9	2,472
Creditors										
Employees	-	-	1.4	322	21.2	2,968	-	-	22.6	3,290
Preferential claims	-	-	1.4	322	1.4	196	-	-	2.8	518
Retention of title	-	-	0.8	184	26.7	3,738	-	-	27.5	3,922
Secured creditors	5.5	1,650	2.4	552	0.4	56	-	-	8.3	2,258
Unsecured creditors	2.0	600	1.6	368	14.4	2,009	-	-	18.0	2,977
	7.5	2,250	7.6	1,748	64.1	8,967	-	-	79.2	12,965
Other matters										
Investigations	-	-	-	-	3.6	504	-	-	3.6	504
VAT	-	-	1.0	230	-	-	-	-	1.0	230
	-	-	1.0	230.0	3.6	504.0	-	-	4.6	734.0
Total	42.3	12,675	125.1	28,773	139.8	19,565	20.9	1,881	328.0	62,894

Notes to analysis of time costs

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time-recording system

A summary of the time costs incurred is provided above, in accordance with Statement of Insolvency Practice number 9

Time spent by secretarial staff working on the assignment has not been recorded or recovered

The appropriate staff were assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims being agreed

This summary should be read in conjunction with the attached report and explanatory notes