

**2.24B****Administrator's progress report**

Name of Company Abbey Cakes Limited	Company number 01701477
In the High Court Birmingham District Registry [full name of court]	Court case number 8600 of 2009

We  
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B4 6GH

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

from	to
25 March 2010	24 September 2010
Signed	
Dated	1 October 2010

**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 provide will be searched.

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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





**Abbey Cakes Limited  
(in administration)**

Progress Report for period from 25 March  
2010 to 24 September 2010

1 October 2010

KPMG Restructuring

rjp/nje Report to creditors



## **Contents**

1	Notice About this report	2
2	Glossary	2
3	Introduction	3
4	Statement of proposals	3
5	Progress of the administration	4
5 1	Trading	4
5 2	Sale of business	4
5 3	Leasehold premises	4
5 4	Pre appointment book debts	4
5 5	Other realisations	4
6	Funds available to creditors	5
6 1	Secured creditors	5
6 2	Preferential creditors	5
6 3	Unsecured creditors	5
7	Administrators' Time Costs and fee approval	6
8	Other Matters	6
8 1	EC Regulations	6
8 2	Future strategy	6

Appendix 1 – Statutory Information

Appendix 2 – Joint Administrators' time cost analysis

Appendix 3 – Summary of receipts and payments from 25 March 2010 to 24 September 2010

## 1 Notice: About this report

This Progress report has been prepared by Richard James Philpott and Mark Jeremy Orton, the Joint Administrators of Abbey Cakes Limited, solely to comply with their statutory duty under the Insolvency Act and Rules 1986 to provide creditors with an update on the purpose of the administration of the estate, 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.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Abbey Cakes Limited.

Any estimated outcomes for creditors included in this Proposal are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Proposal for any purpose or in any context other than under the Insolvency Act and Rules 1986 (as amended) does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report.

Richard James Philpott is authorised to act as an insolvency practitioner by The Insolvency Practitioners Association. Mark Jeremy Orton is authorised to act as an insolvency practitioner by The Insolvency Practitioners Association.

The Joint Administrators act as agents for Abbey Cakes Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.

## 2 Glossary

"Abbey"/"the Company"	Abbey Cakes Limited
"HFC"	The Handmade Flapjack Company Limited
"HBG"	The Handmade Bakery Group Limited
"The Group"	Abbey Cakes Limited, The Handmade Flapjack Company Limited and The Handmade Bakery Group Limited
"HSP"	Handmade Speciality Products Limited
"Joint Administrators"/ "administrators"	Richard James Philpott of KPMG LLP, 1 Waterloo Way, Leicester, LE1 6LP and Mark Jeremy Orton of KPMG LLP, 2



Cornwall Street, Birmingham, B3 2DL

"The Bank"	The Royal Bank Of Scotland Plc
"RBSIF"	Royal Bank Of Scotland Invoice Finance Limited
"The secured creditors"	The Bank and RBSIF
"The Act"	The Insolvency Act 1986
"The Rules"	The Insolvency (Amendment) Rules 2003

### 3 Introduction

Richard James Philpott and Mark Jeremy Orton of KPMG LLP were appointed Joint Administrators of Abbey Cakes Limited ("Abbey") on 25 September 2009 by the Bank as a Qualifying Floating Chargeholder under Paragraph 14 of Schedule B1 of the Act. The appointment was registered in the Companies Court, Chancery Division, High Court of Justice. The Court Case number is 8600 of 2009.

In accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the functions of the Joint Administrators can be exercised by any of the Joint Administrators.

In accordance with Rule 2.47 and 2.112(1) of the Insolvency (Amendment) Rules 2003 we are writing to provide an update on the progress of the second six months of the administration from 25 March 2010 to 24 September 2010. We also enclose Form 2.24B providing formal notice to that effect.

An abstract receipts and payments account for the period is attached at Appendix 3. Other information required by Rule 2.47 of the Insolvency (Amendment) Rules 2003 is attached at Appendix 1. A schedule of the administrators' time costs and disbursements is attached at Appendix 2.

### 4 Statement of proposals

The Administrators elected not to hold a meeting of creditors. They were entitled to make such an election pursuant to paragraph 52 of Schedule B1 of the Insolvency Act 1986, as in their opinion, the Company did not have sufficient property to enable a distribution to be made to unsecured creditors, other than by virtue of the prescribed part.

The administrators' proposals, as detailed in our previous reports, were deemed to have been approved by creditors pursuant to Rule 2.33 (5) of the Insolvency Rules 1986, with the exception of fee approval and approval of discharge of administrators' liability. Accordingly, the Joint Administrators have sought approval of their fees and discharge of liability from the secured creditors.

## **5 Progress of the administration**

### **5.1 Trading**

As previously reported, the Company continued to trade under the control of the Joint Administrators for a period of four days following appointment. All trading liabilities have been settled.

### **5.2 Sale of business**

As outlined in previous reports to creditors, a sale of the business and assets of HFC and Abbey was successfully concluded on 29 September 2009 to Handmade Specialty Products Limited, a company set up by a third party, May and Raeburn Limited. Upon completion of the sale, all employees transferred to HSP and so the preferential claims that would crystallise on a shutdown of the business were mitigated.

### **5.3 Leasehold premises**

All costs incurred for the period of occupation have been settled in full by the Administrators, with the final rent payment being made in the period of this report. A formal surrender, however, has not been accepted by the landlord.

### **5.4 Pre appointment book debts**

As outlined below, all pre-appointment trade debtors are subject to an invoice discounting facility with RBSIF, which affords RBSIF fixed charge security, subject to validity advice from our lawyers. Realisations have been paid into the RBSIF pre-appointment trust bank account and are being monitored and collected by the Joint Administrators.

At the date of our appointment the gross book debt ledger stood at approximately £354,000 of which approximately £80,000 related to HFC and so was not collectable. A further £19,000 was disputed, which together with contra of approximately £4,000, left a potentially collectable ledger of £251,000 against RBSIF's initial indebtedness of approximately £200,000, net of termination fees and other charges (estimated at £25,000).

To date we have collected approximately £253,000 book debts and we do not expect any further significant realisations from this source.

### **5.5 Other realisations**

Approximately £7,000 of business and water rates paid in advance by Abbey have been refunded to the Company, £4,000 of which has been realised in the last six months.

We are not currently aware of any further assets to be realised.

## **6 Funds available to creditors**

### **6.1 Secured creditors**

The Bank holds a debenture (in the name of National Westminster Bank Plc), dated 17 January 2005, containing fixed and floating charges over all the assets of the Company. A cross guarantee is in place between Abbey and HBG (dated January 2005) and HFC acceded to this guarantee in September 2005. The validity of the debenture, cross guarantee and accession documentation has been reviewed and confirmed by the administrators' solicitors, Messrs Eversheds LLP.

At appointment, £475,839 was owed to the Bank by Abbey in respect of a term loan and an overdraft facility. HBG owed £1,072,380, also under a term loan and overdraft facility, and HFC had a credit balance of £976,092. The balance on the HFC account was called under the cross guarantee and used to set off against the amount due from Abbey and HBG resulting in total indebtedness of approximately £572,128 across the Group. Due to the Company's lack of floating charge assets, it is unlikely that a significant distribution will be made to the Bank under its security.

RBSIF also holds a fixed and floating charge debenture over the assets of the Company, dated 18 January 2005, together with an invoice discounting facility agreement in relation to the Company's book debts. RBSIF had a total indebtedness under its invoice discounting facility of approximately £200,000 on appointment prior to the application of any termination fees and charges (currently estimated at £25,000). To date, RBSIF have received £253,000 from the book debt realisations. The surplus debtor realisations are covered by the cross guarantee RBSIF have in place across the Group and have been utilised to cover the shortfall in debtor realisations in HFC. The validity of the debenture, agreement and cross guarantee has been reviewed by the administrators' solicitors, Messrs Eversheds LLP.

### **6.2 Preferential creditors**

Preferential claims are made up of holiday pay, accrued wages and subrogated claims. All employees were transferred to the purchaser upon the sale of the business and assets and so we are expecting preferential claims to be nil.

### **6.3 Unsecured creditors**

As the Bank's and RBSIF's charge were registered after the Enterprise Act 2003 took effect, there is a requirement for the administrators to make funds available under the prescribed part, in accordance with paragraph 176A of the Act. Due to the secured creditor RBSIF being able to utilise surplus debtor realisations against their shortfall in debtor realisations in HFC, there will not be adequate funds to enable a prescribed part to be available for unsecured creditors.

At the date of the administrators' appointment, total unsecured trade creditors stood at approximately £896,000, according to the Directors' Statement of Affairs. Due to the



level of expected asset realisations and the amount of secured debt owed by the Company, it is very unlikely that there will be any funds available to unsecured creditors

## **7 Administrators' Time Costs and fee approval**

Time costs of £19,523 have been incurred in the last six months, equating to 73.7 hours at an average rate of £264.90 per hour. A detailed analysis of this is attached at Appendix 2. The key areas in which the administrators' costs have been necessarily incurred are as follows

- Preparation and submission of administration corporation tax returns,
- Negotiation with the landlord of the Company's leasehold property,
- Dealing with creditor queries,
- Monitoring and progressing book debt collections, and
- Attending to all statutory duties that are associated with this type of insolvency

As there are no preferential creditors and there will not be any funds available to unsecured creditors, we have sought approval for our fees from the secured creditors of the Company. We can confirm that the Joint Administrators have not drawn any fees to date and we do not anticipate a full recovery against our time costs. No disbursements have been drawn to date. A detailed analysis of disbursements incurred in the administration to date is included at Appendix 2.

A creditors' guide to fees can be found at the following website [http://www.r3.org.uk/uploads/sip/SIP9\\_v5\\_April\\_2007\(1\).pdf](http://www.r3.org.uk/uploads/sip/SIP9_v5_April_2007(1).pdf), however, if you are unable to access this guide and would like a copy please contact Helen Sutton on 0121 609 5894.

The Administrators have instructed KPMG Tax, Environmental, Pensions and VAT specialists to carry out assessments of the Company's position. Their costs are reflected in the total KPMG time costs detailed above. No disbursements have been drawn to date.

## **8 Other Matters**

### **8.1 EC Regulations**

EC regulations will apply and these proceedings will be the main proceedings as defined in Article 3 of the EC Regulations. The centre of main interest of the Company is in England within the EC.

### **8.2 Future strategy**

The administration has been extended by six months, to 24 March 2011. As the Joint Administrators had made a statement in accordance with Paragraph 52(1)(b) to the effect that there would be no dividend to unsecured creditors, other by virtue of the prescribed





*Abbey Cakes Limited  
(in administration)  
Joint Administrators - Richard James Philpott and Mark Jeremy Orton  
KPMG LLP  
1 October 2010*

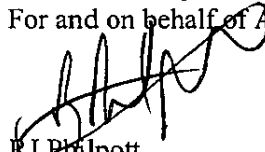
part, and due to there being no preferential creditors, only consent of the secured creditors was required to approve the extension of the administration

The extension was required to ensure that HM Revenue and Customs accept our nil corporation tax returns for the administration period and confirm their approval to place the Company into dissolution. Available funds will then be distributed to the secured creditor, RBS

The Administrators will then take the necessary steps to move the company straight into dissolution, pursuant to Paragraph 84 of Schedule B1 to the Act

This concludes the Joint Administrators' first progress report to creditors. Should you require any further information, please contact Helen Sutton of my staff on 0121 609 5894

Yours faithfully  
For and on behalf of Abbey Cakes Limited



R.J. Philpott  
*Joint Administrator*

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

Richard James Philpott and Mark Jeremy Orton are authorised to act as insolvency practitioners by the Insolvency Practitioners Association

The Joint Administrators act strictly as agents of the Company and contract without personal liability



## Appendix 1

### Statutory information

Company name & Trading style	Abbey Cakes Limited	
Administration Order	The Administration Order was granted in the Companies Court, Chancery Division, High Court of Justice Ref High Court No 8600 of 2009	
Date of appointment	25 September 2009	
Administrators details	Richard James Philpott is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association Mark Jeremy Orton is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association	
Functions	The functions of the Administrators are being exercised by any or one of them in accordance with Paragraph 100(2) of Schedule B1 of the Act	
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations	
Company Directors	From	
	Robert Pollard	22 March 2005
(Source Annual Returns)		
Company Secretary	Simon Cuthbertson	25 April 2008
(Source Annual Returns)		
Shareholders	The Handmade Bakery Group Limited	
Date of incorporation	22 February 1983	
Company registration number	01701477	
Present registered office	c/o KPMG LLP 1 Waterloo Way, Leicester, LE1 6LP	
Previous registered office	67, Blackhorse Road, Longford, Coventry, CV6 6DP	
Trading address	Units 28, 29 and 38 Alston Drive, Bradwell Abbey, Milton Keynes, MK13 9HA	
Employees	47	



**Details of the Company's trading results are shown below:**

	<i>3 months to</i>	<i>Y/E</i>	<i>Y/E</i>	<i>Y/E</i>
	<i>31/07/2009</i>	<i>30/04/2009</i>	<i>30/04/2008</i>	<i>30/04/2007</i>
	<i>(draft</i>	<i>(draft</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>unaudited)</i>	<i>unaudited)</i>		
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover	433	2,137	2,807	2,617
Gross profit	26	412	615	617
Profit / (loss) after tax	(87)	(170)	53	57
Directors' emoluments	-	-	-	3
Dividends paid	-	-	0	0
Tangible fixed assets	126	133	157	193
Stocks	72	85	107	96
Debtors	315	441	1,333	1,073
Cash at bank and in hand	(444)	(379)	-	-
Creditors amounts falling due within 1 year	(553)	(699)	(1,165)	(979)
Creditors amounts falling due after 1 year	-	-	-	(5)
Provisions for liabilities	(21)	(21)	(21)	(22)
Shareholders' Funds	293	374	411	356
<b>Source. Audited &amp; Management accounts</b>				
<b>Note</b> Intercompany balances have been excluded from the 2009 figures on the basis that they are not recoverable				



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KPMG LLP  
1 October 2010*

#### **Details of the Company's share capital and holdings**

Authorised share capital	£685,000 (685,000 x ordinary £1 shares)
Issued share capital	£250,690 (250,690 x ordinary £1 shares)
(Source Annual Returns)	£40,810 (40,810 x preference £1 shares)
Shareholders	The Handmade Bakery Group Limited
(Source Annual Returns)	



## Appendix 2 Administrators' time cost analysis from 25 March 2010 to 24 September 2010

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
<b>Administration &amp; planning</b>							
Cashiering							
General (Cashiering)	0 10		9 00	0 40	9 50	£1 650 50	£173 74
Reconciliations (& IPS accounting reviews)			1 40		1 40	£255 00	£182 14
General							
Fees and WIP		1 50			1 50	£607 50	£405 00
Statutory and compliance							
Appointment and related formalities		2 20			2 20	£891 00	£405 00
Checklist & reviews		5 50			5 50	£1 972 50	£358 64
Reports to debenture holders	0 50	2 50			3 00	£1 270 00	£423 33
Statutory receipts and payments accounts		0 50	1 10		1 60	£450 00	£281 25
Tax							
Post appointment corporation tax		2 30	8 50		10 80	£2 358 00	£218 33
Post appointment VAT			6 10		6 10	£1 372 50	£225 00
<b>Creditors</b>							
Creditors and claims							
Agreement of unsecured claims			9 40		9 40	£1 551 00	£165 00
General correspondence			2 00		2 00	£330 00	£165 00
Pre-appointment VAT / PAYE / CT		1 50			1 50	£480 00	£320 00
Statutory reports	1 00	4 50	0 20		5 70	£2 000 00	£350 88
<b>Investigation</b>							
Directors							
Directors questionnaire / checklist		0 50			0 50	£202 50	£405 00
Statement of affairs			1 00		1 00	£165 00	£165 00
<b>Realisation of assets</b>							
Asset Realisation							
Debtors		5 00			5 00	£1 600 00	£320 00
Leasehold property		7 00			7 00	£2 367 50	£338 21
<b>Total in period</b>					<b>73 70</b>	<b>£19,523 00</b>	<b>£264 90</b>

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.

## Administrators' disbursements from 25 September 2009 to 24 September 2010

Expense Type	Partner/Director	Manager	Administrator	Support	Grade N/A	Total £
Mileage			248 80			248 80
Rail Costs			70 00			70 00
Advertising			89 95			89 95
Lunch			8 15			8 15
Research					3 00	3 00
			416 80		3 00	419 80



**Schedule of KPMG LLP charge out rates for Restructuring and other partners and staff who may be used in this case**

Grade	2009/10 £
<b><i>KPMG Restructuring Partners and Staff</i></b>	
Partner	515
Director	440
Senior Manager	405
Manager	320
Senior Administrator	225
Assistant Administrator	165
Support	105
<b><i>Other KPMG Professionals</i></b>	
Senior Manager – Corporation Tax	470
Consultant – Corporation Tax	220
Assistant – Corporation Tax	125-165
Manager – Indirect Tax	455
Assistant – Indirect Tax	185
Consultant – Pension Advice	305
Assistant Consultant – Pension Advice	80
Manager – Health & Safety	450



*Abbey Cakes Limited  
(in administration)  
Joint Administrators - Richard James Philpot and Mark Jeremy Orton  
KPMG LLP  
1 October 2010*

### **Appendix 3**

#### **Summary of receipts and payments from 25 March 2010 to 24 September 2010**

**Abbey Cakes Limited**  
**(In Administration)**  
**Administrators' Trading Account**

Statement of Affairs	From 25/03/2010 To 24/09/2010	From 25/09/2009 To 24/09/2010
OTHER DIRECT COSTS		
Direct labour	<u>NIL</u>	<u>13,403 45</u>
	NIL	(13,403 45)
TRADING SURPLUS/(DEFICIT)	<u><u>NIL</u></u>	<u><u>(13,403.45)</u></u>



**Abbey Cakes Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 25/03/2010 To 24/09/2010	From 25/09/2009 To 24/09/2010
<b>FIXED CHARGE ASSETS</b>			
253,000 00	Book debts	NIL	NIL
	Sales Information	NIL	1 00
	Marketing & Media Information	NIL	1 00
	Intellectual Property	NIL	1 00
4 00	Customer Contracts	NIL	1 00
5,000 00	Business and Goodwill	NIL	5,000 00
		NIL	5,004 00
<b>FIXED CHARGE CREDITORS</b>			
(199,304 00)	Fixed charge creditor	NIL	NIL
(1,346,771 00)	Fixed charge creditor (2)	NIL	NIL
		NIL	NIL
<b>ASSET REALISATIONS</b>			
2,000 00	Prepayments	NIL	NIL
19,996 00	Plant & machinery	NIL	20,847 06
36,500 00	Stock	NIL	NIL
	Stock - work in progress	NIL	36,500 00
	Book debts	50 34	50 34
	Licence Fee	1,834 82	49,678 34
		1,885 16	107,075 74
<b>OTHER REALISATIONS</b>			
	Bank interest, gross	20 43	41 38
	Trading Surplus/(Deficit)	NIL	(13,403 45)
	Business Rates Refund	4,211 04	4,211 04
	Water Rates Refund	NIL	2,447 31
		4,231 47	(6,703 72)
<b>COST OF REALISATIONS</b>			
	Distrain claim settlement	9,574 47	9,574 47
	Agents'/Valuers' fees	NIL	3,735 00
	Legal fees	4,008 00	8,486 95
	Debt collection costs	NIL	195 00
	Statutory advertising	NIL	130 62
	Rent	9,808 74	49,678 34
	Bank charges	NIL	392 00
		(23,391 21)	(72,192 38)
<b>UNSECURED CREDITORS</b>			
(317,589 00)	Trade & expense	NIL	NIL
(423,733 00)	Connected companies	NIL	NIL
(153,681 00)	Corp tax etc/nonpref PAYE	NIL	NIL
		NIL	NIL
<b>DISTRIBUTIONS</b>			
(40,810 00)	Preference shareholders	NIL	NIL
(250,690 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
<b>(2,416,078.00)</b>		<b>(17,274.58)</b>	<b>33,183 64</b>

REPRESENTED BY

Floating ch VAT rec'able	11,917 76
Floating charge current	32,483 64
Floating ch VAT payable	(8,244 62)
Floating ch VAT control	(2,973 14)
	<hr/>
	<b>33,183.64</b>
	<hr/>