

The Insolvency Act 1986

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

Richard James Philpott

KPMG LLP

1 Waterloo Way

Leicester

LE1 6LP

United Kingdom

Mark Jeremy Orton

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Snow Hill Queensway

Birmingham

B4 6GH

United Kingdom

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

from

25 September 2010

to

2 March 2011

Signed

Joint Administrator

Dated

7 March 2011

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.

Helen Sutton

KPMG LLP

1 Waterloo Way

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LE1 6LP

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DX Number DX 719593 Leicester 17

Tel

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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

WEDNESDAY



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COMPANIES HOUSE



**Abbey Cakes Limited
(in administration)**

Final Progress Report pursuant to Rules
2.47 and 2.110 of the Insolvency Rule 2003

7 March 2011

KPMG Restructuring

rjp/nje Report to creditors



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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” Company”	/	“the 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, 1 Snowhill, Snow Hill Queensway, Birmingham, B4 6GH
“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 2.110 of the Insolvency (Amendment) Rules 2003 we are writing to provide an update on the progress since our previous report, covering the period 25 September 2010 to 2 March 2011. 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 sought approval of their fees and discharge of



liability from the secured creditors. We confirm that we have received approval to receive our discharge from any liability in respect of our actions as Administrators upon the filing of the final receipts and payments account with the Registrar of Companies.

5 Purpose of the administration

In accordance with Paragraph 3(1) of Schedule B1 to the Act, the purposes of the administration were

- 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 (without first being in administration), or
- c) Realising property in order to make a distribution to one or more secured creditors or preferential creditors

The initial purpose of the administration was to rescue the Company as a going concern pursuant to Paragraph 3(1)(a) of Schedule B1 to the Insolvency Act 1986.

However, this was not achievable due to the level of Bank and other creditor indebtedness, together with the inability to trade the Company for longer than three to four days due to forecast losses and a lack of available funding.

Therefore, the Joint Administrators decided to perform their functions with the paragraph 3(1)(b) objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up. This was achieved by continuing to trade the business in the short term and successfully achieving a going concern sale of the Company's business and assets. This strategy maximised debtor realisations through mitigating counter claims for lack of supply and also eliminated preferential creditor claims as all employees transferred to the purchaser.

6 Progress of the administration

6.1 Realisations

A small amount of bank interest has been realised in the period of this report. Further to this, the Joint Administrators have also received a small water rates refund. No further realisations are anticipated.

6.2 Costs of realisations

Costs of realisations have been finalised in the period of this report. Final insurance costs of £1,319.54 have been invoiced and paid, together with a £1,500 payment for the assistance received from Mercer & Hole in relation to completion of the Statement of



Affairs Administrators' fees and disbursements have also been paid during the period, the detail of which is included in section 8 of this report

7 Funds available to creditors

7.1 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.

A first and final distribution to the Bank of £6,846.37 has been made during the period of this report.

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. 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.

7.2 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 preferential claims are nil.

7.3 Unsecured creditors

As the Bank's charge was registered prior to the Enterprise Act 2003 taking effect, there is no requirement for the administrators to make funds available under the prescribed part, in accordance with paragraph 176A of the Act.

At the date of the administrators' appointment, total unsecured trade creditors stood at approximately £895,003, according to the Company's records. Due to the level of asset



realisations and the amount of secured debt owed by the Company, there are no funds available to unsecured creditors

8 Administrators' Time Costs and fee approval

Time costs of £14,444.25 have been incurred in the period 25 September 2010 to 2 March 2011, representing 57.65 hours at an average rate of £250.55 per hour. Total time costs to 2 March 2011 are £103,044.60, representing 380.64 hours at an average rate of £270.71 per hour.

A detailed analysis of the time incurred in period 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 and obtaining tax clearance,
- Dealing with creditor queries,
- Finalising costs of realisation, 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 confirm that the Joint Administrators have drawn £23,000 fees to date from the estate funds and have been paid a further £12,651.77 fees directly from RBS Invoice Finance in relation to debt collection work. No further fees will be drawn.

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.

£419.90 disbursements have been drawn to date, but no further disbursements will be drawn. A detailed analysis of disbursements incurred since appointment is attached at Appendix 2.

9 Other Matters

9.1 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.



*Abbey Cakes Limited
(in administration)
Joint Administrators - Richard James Philpott and Mark Jeremy Orton
KPMG LLP
7 March 2011*

9.2 Closure of the administration

As there are no assets remaining in the Company which would enable further realisations for the benefit of creditors, the Joint Administrators have sent the appropriate notice to the Registrar of Companies that will move the Company into dissolution, in accordance with Paragraph 84 of Schedule B1 to the Insolvency Act 1986. Upon registration of this notice, the appointment of the Joint Administrators will cease to have effect and three months thereafter, the Company will be dissolved.

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>31/07/2009</i> <i>(draft</i> <i>unaudited)</i> <i>£'000</i>	<i>Y/E</i> <i>30/04/2009</i> <i>(draft</i> <i>unaudited)</i> <i>£'000</i>	<i>Y/E</i> <i>30/04/2008</i> <i>(audited)</i> <i>£'000</i>	<i>Y/E</i> <i>30/4/2007</i> <i>(audited)</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
Source Audited & Management accounts				
Note Intercompany balances have been excluded from the 2009 figures on the basis that they are not recoverable				



Abbey Cakes Limited
(in administration)
Joint Administrators - Richard James Philpot and Mark Jeremy Orton
KPMG LLP
7 March 2011

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)
	£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 September 2010 to 2 March 2011

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
Fund management	0 10				0 10	£46 00	£460 00
General (Cashiering)	0 10		9 60	1 10	10 80	£1,985 50	£183 84
Reconciliations (& IPS accounting reviews)			1 10		1 10	£192 50	£175 00
Statutory and compliance							
Checklist & reviews		3 50			3 50	£1,487 50	£425 00
Closure and related formalities		5 00	5 50		10 50	£3,087 50	£294 05
Tax							
Post appointment corporation tax		0 70	9 70		10 40	£2,407 00	£231 44
Post appointment VAT		0 20	2 60		2 80	£620 00	£221 43
Creditors							
Creditors and claims							
General correspondence		1 00			1 00	£425 00	£425 00
Statutory reports		2 50	0 75		3 25	£1,143 75	£351 92
Employees							
Pensions reviews		0 60	4 80	0 30	5 70	£1,392 00	£244 21
Realisation of assets							
Asset Realisation							
Debtors		1 00			1 00	£345 00	£345 00
Leasehold property			7 50		7 50	£1,312 50	£175 00
Total in period					57 65	£14,444 25	£250 55

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 2 March 2011

No further disbursements have been drawn in this period.



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

Grade	2009/10	2010/11
	£	£
<i>KPMG Restructuring Partners and Staff</i>		
Partner	515	535
Director	440	460
Senior Manager	405	425
Manager	320	345
Senior Administrator	225	240
Assistant Administrator	165	175
Support	105	110
<i>Other KPMG Professionals</i>		
Senior Manager – Corporation Tax	405	405
Consultant – Corporation Tax	225	240
Assistant – Corporation Tax	125-165	165
Manager – Indirect Tax	320	345
Assistant – Indirect Tax	185	240
Consultant – Pension Advice	345	345
Assistant Consultant – Pension Advice	240	240
Manager – Health & Safety	450	450



*Abbey Cakes Limited
(in administration)
Joint Administrators - Richard James Philpot and Mark Jeremy Orton
KPMG LLP
7 March 2011*

Appendix 3

Summary of receipts and payments from 25 September 2010 to 2 March 2011

Abbey Cakes Limited
(In Administration)
Administrators' Trading Account

Statement of Affairs	From 25/09/2010 To 02/03/2011	From 25/09/2009 To 02/03/2011
OTHER DIRECT COSTS		
Direct labour	NIL	13,403 45
	NIL	(13,403 45)
TRADING SURPLUS/(DEFICIT)	NIL	(13,403 45)

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

Statement of Affairs		From 25/09/2010 To 02/03/2011	From 25/09/2009 To 02/03/2011
	FIXED CHARGE ASSETS		
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
	FIXED CHARGE CREDITORS		
(199,304 00)	Fixed charge creditor	NIL	NIL
(1,346,771 00)	Fixed charge creditor (2)	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
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	NIL	50 34
	Licence Fee	NIL	49,678 34
		NIL	107,075 74
	OTHER REALISATIONS		
	Bank interest, gross	4 32	45 70
	Trading Surplus/(Deficit)	NIL	(13,403 45)
	Business Rates Refund	NIL	4,211 04
	Water Rates Refund	160 35	2,607 66
		164 67	(6,539 05)
	COST OF REALISATIONS		
	Distrainment claim settlement	NIL	9,574 47
	Statement of affairs work	1,500 00	1,500 00
	Administrators' fees	23,000 00	23,000 00
	Administrators' expenses	419 90	419 90
	Irrecoverable VAT	262 50	262 50
	Agents'/Valuers' fees	NIL	3,735 00
	Legal fees	NIL	8,486 95
	Debt collection costs	NIL	195 00
	Statutory advertising	NIL	130 62
	Rent	NIL	49,678 34
	Insurance of assets	1,319 54	1,319 54
	Bank charges	NIL	392 00
		(26,501 94)	(98,694 32)
	FLOATING CHARGE CREDITORS		
	Floating charge	6,846 37	6,846 37
		(6,846 37)	(6,846 37)
	UNSECURED CREDITORS		
(317,589 00)	Trade & expense	NIL	NIL
(423,733 00)	Connected companies	NIL	NIL
(153,681 00)	Corp tax etc/nonpref PAYE	NIL	NIL

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

Statement of Affairs		From 25/09/2010 To 02/03/2011	From 25/09/2009 To 02/03/2011
		NIL	NIL
	DISTRIBUTIONS		
(40,810 00)	Preference shareholders	NIL	NIL
(250,690 00)	Ordinary shareholders	NIL	NIL
		NIL	NIL
(2,416,078.00)		(33,183.64)	(0.00)
	REPRESENTED BY		
	Floating ch VAT rec'able		16,016 24
	Floating ch VAT payable		(8,244 62)
	Floating ch VAT control		(7,771 62)
			(0.00)