

The Insolvency Act 1986

Administrator's progress report

Name of Company

Town Centre Restaurants Limited

Company number

02730902

In the

High Court of Justice, Chancery Division,
Companies Court

(full name of court)

Court case number

5140 of 2012

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

We (a)

F J Gray

Zolfo Cooper

Cornerstone

107 West Regent Street

Glasgow

G2 2BA

A C O'Keefe

Zolfo Cooper

The Zenith Building

26 Spring Gardens

Manchester

M2 1AB

M N Cropper

Zolfo Cooper

10 Fleet Place

London

EC4M 7RB

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

From

To

(b) Insert date

(b) 26 June 2012

(b) 25 December 2012

Signed


Joint Administrator

Dated

24 January 2012

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

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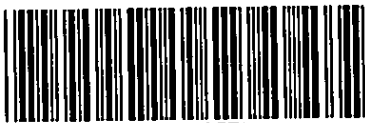
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Joint Administrators' Progress Report for the period 26 June 2012 to 25 December 2012

Town Centre Restaurants Limited
In Administration

24 January 2013

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1 Statutory information

- 1.1 Fraser Gray was appointed Joint Administrator of Town Centre Restaurants Limited (the Company) together with Anne O'Keefe and Nick Cropper on 26 June 2012 by the High Court of Justice. The application for the appointment of Administrators was made by the director.
- 1.2 The Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.3 The Administration is registered in the High Court of Justice, Chancery Division, Companies Court under reference number 5140 of 2012
- 1.4 The business traded from 39 restaurants under the names Café Giardino, Azurro and Auberge. The Company's head office was Unit 6, the Dencoram Centre, Dundee Way, Mollison Avenue, Enfield, Middlesex, EN3 7SX
- 1.5 The registered office of the Company has been changed to c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB and its registered number is 02730902
- 1.6 In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Joint Administrators are to be exercised by any or all of the Joint Administrators.

2 Progress of the Administration

- 2.1 Attached at Appendices A and B are the Joint Administrators' Receipts and Payments Account and Trading Account for the period 26 June 2012 to 25 December 2012.
- 2.2 The analysis of receipts and payments for the period excludes the following costs which have been incurred but not yet paid. All costs will be paid within the agreed period with each supplier.

Cost category	Supplier	Amount not yet paid £
Agent's fees - rates refund	Allsop LLP	4,956
Agent's fees - rates refund	GVA Grimley Limited	9,749
Legal fees	Kennedys Law LLP	27,000
Insurance	Willis Limited	3,121
Total		44,826

- 2.3 As detailed in the Joint Administrators' Statement of Proposals dated 23 July 2012 (the Proposals), the Joint Administrators are pursuing the second objective of 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).
- 2.4 The Joint Administrators have achieved this objective through a sale of part of the Company's business and assets, which permitted the transfer of certain employees thereby reducing the claims against the Company, further details of which are reported below
- 2.5 This report should be read in conjunction with the Proposals, the contents of which are not repeated in detail in this report.

Sale of the business

- 2.6 As stated in the Proposals, a pre-packaged sale of part of the Company's business and assets took place to TCR (London) Limited (the Purchaser) on 26 June 2012.
- 2.7 The total consideration for the sale was £3.5 million of which £1.2 million was paid upon completion.
- 2.8 The sale included 22 leasehold sites and the head office. The staff at these sites were transferred to the Purchaser under the Transfer of Undertaking Protection of Employees (TUPE) Regulations.
- 2.9 The Joint Administrators previously reported that the Purchaser was trading from these sites under a licence to occupy to enable them to negotiate an assignment of the leases with the landlords. All but two of these leases have now either been assigned to the Purchaser or have been surrendered and a new lease granted to the Purchaser by the landlord. It is anticipated that the remaining two leases will be dealt with within the next month.
- 2.10 The remaining consideration of £2.3 million was apportioned based on the individual lease values. As each property has been assigned or surrendered this amount was then paid to the Joint Administrators. £2.19 million has been paid to date, with the balance of £110,000 to be paid when the remaining two leases are resolved.

Trading

- 2.11 The Joint Administrators previously reported that one site at London Bridge continued to trade while the Purchaser concluded discussions with the landlord regarding a new lease. A new lease was granted to the Purchaser on 22 November 2012 and the Joint Administrators ceased to trade from the site at this time.
- 2.12 Although the Trading Account at Appendix B suggests a trading surplus of £78,518, once final costs have been deducted, it is estimated that the trading profit will be approximately £24,000.
- 2.13 As reported in the Proposals, the remaining 17 sites were closed upon the Joint Administrators' appointment and all 99 staff who worked there were made redundant.

Cash at bank

- 2.14 Cash at the date of the Joint Administrators' appointment of £799,915 has been received in relation to funds held in the Company's bank account and the till floats from the various sites. Approximately £70,000 received in the cash at bank relates to credit card debtors that have repaid outstanding funds.

Rates refunds

- 2.15 In the Proposals, the Joint Administrators advised that Allsop LLP had been engaged to pursue any refunds due in respect of historic non-domestic rates. GVA Grimley Limited was also engaged to pursue any refunds due with regard to a change in the rateable value of the properties. To date, the sum of £105,202 has been collected in respect of rates refunds and refunds due to a change in the rateable value.

- 2.16 The Joint Administrators continue to pursue the remaining refunds and it is estimated that a further £39,875 is recoverable

Other refunds

- 2.17 The Joint Administrators are also pursuing refunds from the Performing Rights Society of £3,300 and from Southern Electric of £5,000. It is anticipated that these will be recovered over the next few months.

3 Assets still to be realised

- 3.1 The remaining assets still to be realised are the refunds referred to above and the deferred consideration in relation to the two remaining leases
- 3.2 There is a residual amount due to the Company from Eddisons Commercial Limited in respect of realisations from fixtures and fittings. However, this is expected to be offset against costs incurred.

4 Investigations

- 4.1 The Joint Administrators conducted investigations into the conduct of the directors and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act, and Statement of Insolvency Practice 2 - Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Joint Administrators' investigations, there were no matters identified that required further action.

5 Pre-administration costs

- 5.1 The pre-administration costs incurred by the Joint Administrators were reported in the Proposals. Approval was obtained from the Company's secured and preferential creditors on 9 August 2012 for the Joint Administrators to draw their pre-administration fees and they will be taken in due course.

6 Joint Administrators' remuneration

- 6.1 The secured and preferential creditors (the Relevant Creditors) approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by the Joint Administrators and their staff on matters arising in the Administration.
- 6.2 The Joint Administrators' time costs for the period 26 June 2012 to 25 December 2012 are £140,018, which represents 532 hours at an average rate of £263 per hour.
- 6.3 Attached at Appendix C is a Time Analysis for the period which provides details of the costs incurred by activity and by staff grade. Approval of the Joint Administrators' remuneration has been sought from the Relevant Creditors in accordance with rule 2.106 of the Insolvency Rules 1986 as amended.

6.4 Principal areas of activity during the period are discussed in further detail below.

- **Administration and planning** - time has been incurred implementing and maintaining the case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
- **Investigations** - time has been incurred conducting investigations into the directors' conduct together with the Company's dealings prior to the appointment of the Joint Administrators and the submission of a report to the Department for Business, Innovation and Skills pursuant to the Company Directors Disqualification Act 1986.
- **Realisation of assets - fixed charge** - time has been incurred here finalising the sale of the business and assets to the Purchaser.
- **Realisation of assets - floating charge** - time recorded within this category includes liaising with the agents in respect of the plant, machinery, fixtures and fittings and rates refunds. Time has also been spent dealing with the surrender and assignment of leases and obtaining the deferred consideration.
- **Trading** - time has been incurred preparing trading budgets and forecasts, liaising with suppliers and customers, managing employee issues and overseeing the ongoing trading of the business. Treasury time relating to recording trading receipts and payments is also recorded here.
- **Creditors** - time has been incurred notifying all creditors of the appointment and preparing statutory reports. Time has also been spent dealing with employee claims, liaising with the employee consultants and reporting to the secured creditor.

6.5 A copy of 'A Creditors' Guide to Administrators' Fees' can be downloaded from Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>) - click on **Creditors' Guide to Fees** in the menu on the left side of the screen. If you would prefer this to be sent to you in hard copy please contact the Joint Administrators and they will forward a copy to you.

6.6 The Joint Administrators can confirm that they have obtained authority to draw category 2 disbursements consisting of photocopying, charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying. These have been incurred but not yet drawn and will be drawn in due course.

6.7 Appendix D contains additional information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, payment of disbursements and details of current charge-out rates by staff grade.

7 Estimated outcome for creditors

Secured creditor - Clydesdale Bank Plc (the Bank)

- 7.1 The Company granted a fixed and floating charge to the Bank on 23 February 2011. At the date of appointment the Bank was owed £9.7 million (excluding interest and charges) under its security.
- 7.2 To date, £3.34 million has been paid to the Bank and whilst further distributions will be made in due course, it is estimated that the Bank will suffer a shortfall on its lending.

Preferential creditors

- 7.3 Based on current information, preferential creditors are anticipated to be in the region of £60,000 and will receive a dividend of 100 pence in the pound.

Unsecured Creditors' Fund

- 7.4 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Joint Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund)
- 7.5 As the Company granted a floating charge to the secured creditor after 15 September 2003, the Joint Administrators are required to create an Unsecured Creditors' Fund. Based on present information, the Joint Administrators estimate the value of the Company's net floating charge property to be £1,107,000. Arising from this, the value of the Unsecured Creditors' Fund is estimated to be £224,400 before costs.

Unsecured creditors

- 7.6 Based on claims received to date, unsecured creditors are anticipated to be approximately £3.63 million. The Joint Administrators anticipate that the only funds available for unsecured creditors will be from the Unsecured Creditors' Fund and based on estimated realisations they estimate the rate of dividend will be approximately six pence in the pound before costs.

8 Ending the Administration

- 8.1 Once the remaining leases are finalised and the preferential dividend has been paid, there will be a dividend available to the unsecured creditors of the Company. At this time, the Joint Administrators will file a notice with the Registrar of Companies in order that the Administration ceases and the Company will automatically move into Creditors Voluntary Liquidation (CVL). The Joint Administrators will send copies of these documents to the Company and its creditors.
- 8.2 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Joint Administrators ceases to have effect.

9 Creditors' rights

- 9.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 9.2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Joint Administrators' remuneration is inappropriate, or that the remuneration charged or the expenses incurred by the Joint Administrators as set out in this report are excessive

10 Next report

- 10.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised.

For and on behalf of
Town Centre Restaurants Limited



Anne O'Keefe
Joint Administrator

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**Receipts and Payments Account for the period
26 June 2012 to 25 December 2012**
Appendix A
**Statement
of Affairs**

£		£
	Fixed charge assets	
	Receipts	
2,300,000	Leasehold land and property	2,190,000
	Intellectual property	20,000
785,000	Goodwill	764,997
40,000	Equipment	39,080
		<u>3,014,077</u>
	Payments	
	Costs of Bristol lease surrender	1,666
		<u>(1,666)</u>
	Distributions	
	Fixed chargeholder	(2,964,077)
		<u>(2,964,077)</u>
	Balance of fixed charge assets	<u>48,334</u>
	Floating charge assets	
	Receipts	
	Benefit of contacts	1
	Customer list	1
280,000	Fixtures, fittings and IT	280,920
25,000	Apportionment amount	25,000
81,000	Stock	89,177
	Option	1
6,000	Rates refunds	105,202
768,000	* Cash at bank and till floats	799,915
	Bank interest gross	398
22,000	Pre-appointment refunds	21,986
	Trading surplus	78,518
	Southern Electric refunds	14,927
3,000	Prepayments	-
		<u>1,416,045</u>

* This Statement of Affairs figure consists of £654,000 cash at bank, £44,000 cash in transit and £70,000 other debtors

**Receipts and Payments Account for the period
26 June 2012 to 25 December 2012 (cont'd)**
Appendix A

Payments	
Pre-appointment fees	
Legal fees	93,432
Agent's/valuer's fees	8,210
Employee consultants	4,255
Legal fees	6,648
Agent's/valuer's fees	4,061
Rates refund consultants	8,584
Category 1 disbursements	
Storage costs	1,029
Statutory advertising	77
Stationery, postage and photocopying	516
Property expenses	2,170
Bank charges	175
	<u>(129,157)</u>
Distributions	
Floating chargeholder	(375,923)
	<u>(375,923)</u>
Balance of floating charge assets	<u>910,965</u>
Total balance	<u>959,299</u>
Represented by	
Interest bearing accounts	1,084,202
VAT payable	(124,903)
	<u>959,299</u>

Trading Receipts and Payments Account for the period 26 June 2012 to 25 December 2012

Appendix B

Sales	
Sales	423,790
Service charge on sales	33,586
	<u>457,376</u>
Cost of sales	
Purchases	140,660
	<u>(140,660)</u>
Trading expenditure	
Rent	36,549
Service charge	33,538
Rates	9,680
Heat and light	2,118
Sub-contractors	20,144
Managing agent's fees	16,890
Bank charges	5,987
Overdraft interest	263
Repairs and maintenance	6,651
PAYE and National Insurance	21,519
Wages and salaries	84,860
	<u>(238,199)</u>
Trading surplus	<u><u>78,517</u></u>

Time Analysis for the period 26 June 2012 to 25 December 2012

Appendix C

	Employee grade (hours)				Total hours	£	
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support		Total cost	Average rate per hour
Administration and planning							
Planning	4.0	0.5		1.0	5.5	2,545.00	463
Strategy and control	16.0	12.9	9.4	3.1	41.4	17,723.50	428
Statutory duties		1.7	6.2	15.9	23.8	4,973.00	209
Case administration		3.6	1.8	32.8	38.2	6,945.00	182
Accounting and treasury	0.4	0.4	3.4	43.3	47.5	7,398.00	156
Internal documentation	0.1		2.4	6.5	9.0	1,752.00	195
Investigations							
Director conduct reports	0.5	0.8	1.5	2.1	4.9	1,388.00	283
Realisation of assets - fixed charge							
Asset realisation strategy		-	6.5		6.5	1,820.00	280
Sale of assets	1.0	28.2	18.5	0.2	47.9	17,292.00	361
Recovery of assets		2.0			2.0	820.00	410
Asset accounting and administration		1.5	1.0	0.1	2.6	904.50	348
Realisation of assets - debtors							
Debt collection				1.4	1.4	210.00	150
Realisation of assets - floating charge							
Asset realisation strategy		-	1.0	1.3	2.3	475.00	207
Asset identification and valuation		0.5		0.9	1.4	340.00	243
Sale of assets		7.4		5.0	12.4	3,784.00	305
Recovery of assets		6.9	1.4	2.2	10.5	3,551.00	338
Dealing with third party assets			3.9	13.4	17.3	3,199.50	185
Trading							
Trading strategy		1.4	41.4	1.0	43.8	12,316.00	281
Trading activities		10.9	44.8	25.1	80.8	20,774.00	257
Accounting and administration	1.9	0.8	1.0	21.5	25.2	3,926.50	156
Creditors							
Creditor claims				0.9	0.9	135.00	150
Creditor strategy		3.0			3.0	1,230.00	410
Reporting to creditors	0.5	13.6	40.0		54.1	17,461.00	323
Secured creditors		4.5	-		4.5	1,845.00	410
Preferential creditors			-	0.2	0.2	30.00	150
Unsecured creditors	0.1	0.6	1.6	37.3	39.6	6,370.00	161
Employees				5.4	5.4	810.00	150
Totals	24.8	101.2	185.8	220.4	532.1	140,018.00	263

Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9

Appendix D

1 Policy

Detailed below is Zolfo Cooper's policy in relation to.

- staff allocation and the use of sub-contractors;
- professional advisors, and
- disbursements.

1.1 Staff allocation and the use of sub-contractors

The Joint Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Joint Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The following services are being provided on this assignment by external sub-contractors.

Service type	Service provider	Basis of fee arrangement	Cost to date £
Employee consultants	INSOL Group Limited	Rate per employee	4,255
Rates refund collection	Allsop LLP	Percentage of collections	8,584
Managing agents	Asset Manager Solutions Limited	Set fee	16,890

1.2 Professional advisors

On this assignment the Joint Administrators have used the professional advisors listed below. The Joint Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Kennedys Law LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium
Eddisons Commercial Limited (valuation and disposal advice)	Set fee
GVA Grimley Limited (adjustment of rateable value advice)	Percentage of collections
Colliers International (valuation and disposal advice)	Percentage of realisations
Philip Davies & Sons (valuation and disposal advice)	Percentage of realisations

The Joint Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Joint Administrators and their staff will also be chargeable.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. The category 2 disbursement that has been incurred is photocopying which is charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying.

2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2011 is detailed below. Time is charged by case staff in units of six minutes.

Description	£
Partner/director	575
Partner 1*	520
Partner 2*	450
Director	
Senior associate	410
Senior associate 1*	370
Senior associate 2*	
Associate/analyst	305
Associate	280
Analyst*	
Junior analyst and support staff	
Junior analyst*	150
Senior treasury associate	220
Treasury associate	150
Treasury analyst	98
Support	80
*Key	
<i>Partner 1 - partners with three or more years' experience at partner level</i>	
<i>Partner 2 - partners with fewer than three years' experience at partner level</i>	
<i>Senior associate 1 - staff with two or more years' experience at senior associate level</i>	
<i>Senior Associate 2 - staff with fewer than two years' experience at senior associate level</i>	
<i>Analyst - staff with more than one year's experience at analyst level</i>	
<i>Junior analyst - first year analysts</i>	