

2.17B

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company 05735718 Limited (formerly Jack Rabbits Kitchen Limited)	Company number 05735718
In the High Court of Justice Chancery Division Birmingham District Registry (full name of court)	Court case number 8257 of 2015

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

We
Dean Nelson
Smith Cooper Limited
St Helens House
King Street
Derby
DE1 3EE

Nick Lee
Smith Cooper Limited
158 Edmund Street
Birmingham
B3 2HB

*Delete as applicable

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

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

17 July 2015

Signed



Joint Administrator

Dated

17/7/2015

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 researchers of the public record

Dean Nelson
Smith Cooper Limited
St Helens House
King Street
Derby
DE1 3EE

DX Number

01332 332021

DX Exchange

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

TUESDAY



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COMPANIES HOUSE

**05735718 Limited (formerly Jack Rabbits Kitchen Limited) – In Administration High Court of Justice, Chancery Division, Birmingham District Registry
Case No. 8257 of 2015**

JOINT ADMINISTRATORS' STATEMENT TO CREDITORS PURSUANT TO RULE 2.33 OF THE INSOLVENCY RULES AND STATEMENT OF PROPOSALS UNDER PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED)

17 July 2015

**Dean Anthony Nelson & Nicholas Charles Osborn Lee,
SC Advisory Services Limited t/a Smith Cooper
St Helen's House, King Street, Derby, DE1 3EE**

Dean Anthony Nelson and Nicholas Charles Osborn Lee were appointed Joint Administrators of 05735718 Limited (formerly Jack Rabbits Kitchen Limited) on 13 July 2015. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

Disclaimer Notice

- This Statement of Proposals ("Proposal" or "Proposals") has been prepared by Dean Nelson and Nicholas Lee, the Joint Administrators of 05735718 Limited (formerly Jack Rabbits Kitchen Limited), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 (as amended) to lay before creditors a statement of their proposals for achieving the purposes of the Administration, 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 Proposal 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 the Company.
- Any estimated outcome for creditors included in this Proposal are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.
- Any person that chooses to rely on this Proposal for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 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 Proposal.
- The Joint Administrators act as agent for 05735718 Limited (formerly Jack Rabbits Kitchen Limited) and contract without personal liability. The appointment of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Smith Cooper does not assume any responsibility and will not accept any liability to any person in respect of this Proposal or the conduct of the Administration.
- All licensed Insolvency Practitioners of Smith Cooper are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

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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 and the Insolvency (Amendment) Rules 2010
"Smith Cooper"	SC Advisory Services Limited t/a Smith Cooper
"Joint Administrators"	Dean Anthony Nelson and Nicholas Charles Osborn Lee of Smith Cooper
"the Company" "Jack Rabbits"	05735718 Limited (formerly Jack Rabbits Kitchen Limited) - in Administration
"the Bank" "Lloyds"	Lloyds Bank plc
"the Court"	High Court of Justice, Chancery Division, Birmingham District Registry
"EBIT"	Earnings before interest and tax
"(L)"	Liabilities
"SPA"	Sale & Purchase Agreement
"Purchaser"	Jack R Kitchen Limited
"RPO"	The Redundancy Payments Office
"ROT"	Retention of Title
"EOS"	Estimated Outcome Statement
"PP"	The Prescribed Part of the Company's net property subject to Section 176A of the Insolvency Act 1986 (as amended)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)

1. BACKGROUND

1.1. Introduction

This report is addressed to the creditors of 05735718 Limited (formerly Jack Rabbits Kitchen Limited) and is prepared pursuant to Paragraph 49 of Schedule B1 of the Act, which requires the Joint Administrators to provide creditors with details of their Proposals to achieve the purposes of the Administration

To assist the creditors and enable them to decide on whether or not to vote for the adoption of the Proposals, the following information is included in the report

- background of the Company, and
- the circumstances giving rise to the appointment of the Joint Administrators

The Joint Administrators have been endeavouring to achieve the sole purpose of Administration as defined in Paragraph 111 of Schedule B1 to the Insolvency Act 1986 (as amended by the Enterprise Act 2002) by performing their functions with the purpose of achieving one or more of the objectives set out in Paragraph 3(1) of Schedule B1 of the Insolvency Act 1986, namely

- a) Rescuing the Company as a going concern, or failing that
- b) Achieving a better result for the Company's creditors as a whole than would likely if the Company were wound up (without first being in Administration), or failing that
- c) If neither of the first two objectives are reasonably achievable, realising property in order to make a distribution to one or more secured or preferential creditors, provided that this does not unnecessarily harm the interests of the creditors of the Company as a whole

Neither of the objectives in Paragraph 3(1)(a) or (c) of Schedule B1 of the Insolvency Act 1986 are likely to be achieved and there are insufficient funds available for a distribution to the unsecured creditors. However, it is necessary to convene a meeting of creditors in order to vote on the Administrators' proposals. Consequently, the Joint Administrators will be convening a creditors' meeting to consider the proposals at 10.00am on 19 August 2015, at St Helen's House, King Street, Derby, DE1 3EE. A notice detailing this meeting is enclosed at Appendix 8.

Based on information presently available, the Joint Administrators' main Proposal is that the Company exit Administration by way of dissolution.

For the purposes of this report, we will refer to the Company by the abbreviations set out on the previous page.

1.2. Background

Please note that the Company history has been prepared by Amelia Horne, a Director of the Company and the Joint Administrators accept no personal liability in respect of its contents

Jack Rabbits was founded by Amelia Horne in early 2009, with the intention of providing a high street take away kitchen, offering home cooked ready meals. The immediate popularity of this new idea prompted the expansion of a lunchtime takeaway including sandwiches, pastries and confectionary. Soon after, an outside catering menu was designed to accommodate buffets, corporate lunches and canapés.

The successes of the business saw Jack Rabbits being awarded 'Best Newcomer' at the Derby Food and Drink awards in the autumn of their opening year and receiving recognition across the city for pioneering a new approach to eating.

Further successes were acknowledged in 2010 with awards from the Chamber of Commerce for Breakthrough Business of the Year, Best Customer Service at the Derby Food and Drink Awards, and Amelia was given personal recognition with a Woman of Worth Award, noting her contribution to industry. In the same year, Amelia compiled a curriculum for schools addressing food, diet, health nutrition and wellbeing and as part of a campaign to educate the younger generation about the importance of these topics and set about working with schools across the county involving herself within the classroom, to deliver this message, at both infants, junior and secondary level.

Following demand from customers for an eat in option and an increased range of fresh, local produce, a much larger, albeit derelict, premises in the Cathedral Quarter was secured during May 2011. The additional premises was expected to employ a further 16 members of staff and forecasted a tenfold increase in turnover, creating opportunities to bring more local suppliers on board and raise the Company's customer base throughout Derby.

Before signing the lease for the new premises Amelia Horne began negotiations with Julia Kilkenny and her husband Alan Kilkenny, for Julie to join her in the business and work alongside her, providing assistance in the day to day management of the Company. An offer of shares in lieu of a financial investment forming a director's loan to the Company was made, in turn the injection of capital would be utilised to undertake leasehold improvements. Alan Kilkenny provided assistance, along with a team supporting the renovation of the premises, overseeing and managing the project alongside Amelia to bring the improvements to completion.

Building works were completed in August 2011, and the new premises opened immediately. Additional staff members had been interviewed and employed, with the new premises boasting a cafe with a significant coffee bar, delicatessen and retail offering.

As footfall increased beyond initial expectations, staffing levels subsequently increased to meet the service and knowledge requirements, consequently to facilitate this, wages were increased to attract high quality staff. A provision of credit was provided by utility suppliers and trade and expense creditors, to manage the increased cost, albeit the absence of additional working capital continued to impact throughout the initial trading period. It was anticipated that the income generated from the new shop would be sufficient to meet the costs incurred, however following the opening, sales failed to meet budgeted forecasts.

Throughout 2012 the Company continued to thrive, with the brand becoming more identifiable, including appearances on television programmes including Location, Location, Location and Come Dine with Me. At its peak, the Company's turnover was c £500k for the year ended 31 January 2013, albeit due to increasing costs, a net profit of only c £3k was generated.

Despite initial positive trading and expansion, a dispute in part between the division of duties and their continuing roles going forward, between Mrs Kilkenny and Ms Horne, ensued. Consequently, during March 2013, Mrs Kilkenny tendered her resignation, however continued in her capacity as director and shareholder, but was relieved of her day to day duties as an employee, leaving Amelia Horne managing the day to day trade of the Company.

A fall in turnover during 2013, was identified early in the following year, resulting in produce being sourced from alternative suppliers and existing supplier orders were reduced to lower costs. A new office was obtained, with a reduced rate of rent, in conjunction with a restructure being undertaken reducing office staff working hours, in order to reduce wage costs.

During August 2014, a grant was obtained from Derby City Council, providing funding for a 6 month part time post, as part of a working project scheme, aiding staff levels and offering a member of staff the opportunity of further employment at the end of the project. Furthermore, in March 2015, an additional grant was secured for vacancies, via the working project, resulting in a member of staff being recruited for the small adjacent premises.

There was a high rate of staff turnover within the smaller adjacent premises, resulting in reduced knowledge and experience, as a consequence, external catering was absorbed into the larger premises and Ms Horne made the decision to close the smaller adjacent premises.

Following the shareholders disagreement and break down in relations, a meeting was arranged in January 2015 at the Company's Accountants, Bates Weston LLP, to discuss a strategy to amicably resolve the position. Mrs Kilkenny requested repayment of her director's loan account in full, which the Company was unable to discharge due to insufficient working capital or from Amelia's personal funds. Therefore Amelia sought the advice of an Insolvency Practitioner on 1 May 2015, and Smith Cooper were engaged to firstly undertake an independent business review to determine the financial position and options available to the board, then agreed on joint instruction, to commence an accelerated sales process.

In the meantime, Amelia Horne continued to trade on a cash proforma basis, in order to ensure the position of creditors was not worsened, and to ensure continuity of trade for any prospective purchaser as a going concern, thereby protecting goodwill.

In summary, the failure of the business can be linked to

- No provision for capital investment to support the business when the second shop opened, bringing with it substantial and immediate overheads,
- A shareholders dispute becoming negative distraction, resulting in Mrs Kilkenny requesting repayment of her director's loan account,
- Difficulties with overstaffing issues and maintaining control of costs and overheads.

1.3. Overview of Financial Information

Extracts from the unaudited accounts for the 12 months ended 31 January 2012, 31 January 2013, and 31 January 2014, respectively, are shown below

Please note that this information has not been verified by the Joint Administrators or by Smith Cooper

Summary Profit and Loss Account

	Unaudited statutory accounts for year to 31-Jan-14	Unaudited statutory accounts for year to 31-Jan-13	Unaudited statutory accounts for year to 31-Jan-12
	£	£	£
Turnover	454,440	499,928	277,753
Cost of sales	(196,245)	(227,773)	(157,459)
Gross profit	258,195	272,155	120,294
Gross margin %	56.8%	54.4%	43.3%
Administrative expenses	(263,588)	(264,143)	(158,204)
Interest payable & similar charges	(266)	(157)	(237)
Tax on profit on ordinary activities	1,100	(4,800)	5,679
Dividends	(-)	(-)	(-)
Profit / Loss for the period	(4,559)	3,055	(32,468)

Source: Unaudited Accounts prepared by Bates Weston LLP

Summary Balance Sheet

	Unaudited statutory accounts for year to 31-Jan-14	Unaudited statutory accounts for year to 31-Jan-13	Unaudited statutory accounts for year to 31-Jan-12
	£	£	£
Tangible assets	33,688	43,851	51,726
Intangible assets	-	-	-
Fixed assets	33,688	43,851	51,726
Current Assets			
Stock	11,582	11,690	11,190
Debtors	11,527	8,767	13,555
	23,109	20,457	24,745
Liabilities			
Creditors falling due within one year	(131,108)	(134,060)	(149,278)
Creditors falling due after more than one year	(-)	(-)	(-)
Net Liabilities	(74,311)	(69,752)	(72,807)

Source Unaudited Accounts prepared by Bates Weston LLP

The Company is entitled to exemption from audit under Section 477 of the Companies Act 2006

The financial statements have been prepared in accordance with the special provisions relating to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.4. Management and Employees

As at 13 July 2015, the Company employed approximately twenty employees, as follows

Chefs	2
DelI Staff	4
Barista Staff	6
Waiters / Waitresses	6
Managers / Directors	2
	<u>20</u>

Statutory information on the Company, including details of the directors, bankers and shareholders is provided at Appendix 1

2. THE CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF THE JOINT ADMINISTRATORS

2.1. Events prior to the Administration

Dean Nelson was originally contacted by the Company's incumbent accountants, Bates Weston LLP, on 14 April 2015 and was introduced to one of Company's directors, Ms Amelia Horne, who was seeking advice regarding the financial position of the Company, options available, and her fiduciary duties as a result

Following initial advice, an engagement letter was issued to both Ms Horne and Mrs Julia Kilkenny, the other director / shareholder of the Company, on 14 April 2015, setting out the following scope of services

To assist in the preparation / provision of the following financial information in respect of the Company

- The current financial position through the preparation of an estimated statement of financial position, based upon the most recent financial information available,
- Evaluate the immediate working capital requirements through the preparation of a 13 week cash flow forecast,
- Any other matters during the course of our work which we consider appropriate

This engagement letter was subsequently signed and returned to Smith Cooper, by Ms Horne, on 20 April 2015

After finalising our work it became clear that the Company was insolvent on both a cash flow and balance sheet basis, which was apparent by duress being applied by various suppliers, the Crown and the Company's landlords for accrued arrears

It was subsequently determined that Administration, via a pre-packaged sale and appointment by the directors, would be the most appropriate course of action to maximise asset realisations for the benefit of creditors in the estate. My firm was subsequently instructed to commence the Administration process under an engagement letter dated 6 May 2015, which was signed by Ms Horne on 7 May 2015 and counter signed by Mrs Kilkenny on 8 May 2015, respectively

Consequently, on 8 May 2015, Andy Rudkin of Else Commercial Solicitors was instructed by me, on behalf of the Company, to assist with filing a Notice of Intention to Appoint an Administrator ("NOITA") with myself and Nicholas Charles Osborn Lee, also of Smith Cooper, nominated as the proposed Joint Administrators. This provided the Company with a 10 business day moratorium period, in which an accelerated sales process would be undertaken

As such, a consensual and duly convened board meeting was held on 11 May 2015 between Ms Horne, Andy Rudkin and myself, with Mrs Kilkenny and her husband, Mr Alan Kilkenny, present by virtue of a conference call. During the conference call, both directors / shareholders, consented to the necessary resolutions being passed in order to file the NOITA and the meeting was recorded as being quorate

This NOITA was duly filed in the The High Court of Justice, Birmingham District Registry, Companies Court, Birmingham on 11 May 2015, with Dean Nelson and Nicholas Lee nominated as the proposed Joint Administrators

This Notice was filed as the Company needed to gain immediate protection afforded by a moratorium, in view of the potential threat of creditors petitioning for a Winding-up Order, or the landlord potentially distraining against the Company's assets in respect of rent arrears

Whilst this moratorium was in force, the proposed Joint Administrator's strategy was to try and extract an offer to purchase the Company's business and assets as a going concern with a view to affecting a sale on a pre-packaged basis shortly after appointment. This was due to the fact that the Company had insufficient working capital to enable the Joint Administrator to trade the Company for a significant length of time whilst a purchaser was sought

In the meantime, Trevor Palethorpe of G A European Valuations of Birmingham, was instructed as chattel agent, to provide assistance in valuing the Company's assets, and provide advice regarding the value of the potential sale of the business and its assets

Sales particulars were circulated, on a no names basis, to a database of over 600 interested parties, including cafes and bistros within a 15 mile radius of the trading premises

Despite the number of potentially interested parties contacted, there was only 7 expressions of interest received by the proposed Joint Administrators and as such, it was necessary to file a second NOITA and extend the moratorium period, in order to allow potentially interested parties further time to carry out due diligence on the Company and formulate their prospective offers. The second NOITA was duly filed in the The High Court of Justice, Birmingham District Registry, Companies Court, Birmingham on 26 May 2015 and was filed by Ms Horne on the instructions / resolutions contained in the previous board meeting minutes dated 11 May 2015

Upon expiration of the revised timescale for receipt of best and final offers, 2 formal offers were received, which were detailed as follows

Offer 1 – Ms Amelia Horne (received 1 June 2015)

Stock	£1 5k
(albeit stock take to value upon appointment)	
Fixtures Fittings & Equipment	£7 5k
Goodwill & IPR	£26k
Total	£35k

Offer 2 – Mr Alan Kilkenny (received 1 June 2015)

Stock	£6k
(albeit stock take to value upon appointment)	
Tangible Assets	£14k
Goodwill	£18k
Total	£38k

After liaising with my agents, they provided advice concluding both offers would be acceptable, as they provided a better return to creditors than on a forced sale and subsequent Liquidation basis

Due to the similar quantum of the offers received, disparity in opinions of the stock valuation, and the impending timescale of the moratorium period, I decided that a contract race would be the fairest strategy to both parties, with the first party to exchange contracts and complete, being the successful purchaser

However, following this strategy being undertaken, Ms Horne rescinded her offer due to difficulties in obtaining funding, leaving Mr Kilkenny as the sole remaining bidder

Unfortunately, following submission of Mr Kilkenny's offer and after providing of the initial draft sale and purchase agreement ('SPA') and other associated documents, initial terms were being procrastinated over by the prospective purchaser. As a result, on 8 June 2015, I issued a substantive email to both directors confirming that a third NOITA would not be filed on 9 June 2015, upon the expiration of the current NOITA, in order to avoid any abuse of process argument and to try and effect a prompt sale, save as to costs

Subsequently, an email was received from Mark Vinecombe of Underwood Vinecombe LLP acting on behalf of Mrs Kilkenny, on the morning of 9 June 2015, refuting my proposed appointment as Joint Administrator, due to not having held a quorate board meeting, as Mrs Julia Kilkenny purported that the telephone conference call did not serve as a board meeting for the purposes of filing the initial NOITA. Furthermore, Mr Vinecombe stated Else Commercial Solicitors had acted on behalf of Mrs Kilkenny, prior to their engagement by the proposed Joint Administrator, and were therefore conflicted as they had prior confidential information in their possession

Due to this assertion, Else were immediately disengaged by myself and, I instructed Rachel McCahill of Nelsons Solicitors to provide legal advice and to act on the proposed Joint Administrators' behalf going forward, with a view to concluding a sale of the Company's business and assets as a going concern

To further exacerbate matters, during the afternoon of 9 June 2015, I received a telephone call from Wayne Thomas, Partner at Bates Weston LLP, confirming that Mrs Kilkenny had served a Winding Up Petition upon the Company's registered office, in respect of her outstanding director's loan account liabilities owed to her by the Company amounting to £45.4k. This was not contemplated by the proposed Joint Administrators, but was filed at a time when the second NOITA was in place

Based on the above actions by Mrs Kilkenny and imminent threat of Winding-Up, it became apparent that the sale of the business and assets as a going concern was in jeopardy. Furthermore, Mr Kilkenny subsequently reduced his offer for the business and assets to £17.5k

Despite this Petition being in place, the Company continued to trade, on a pro-forma basis, in order to ensure that creditors' positions were not being worsened in the interim period, whilst the business for sale flyer was circulated to additional parties. This action elicited 2 further expressions of interest and a subsequent offer which is detailed as follows

Offer 3 – Mr Stephen Rowley (25 June 2015)

Fixtures & Fittings	£7 5k
Stock	£2k
Goodwill & IPR	£30 5k
Total	£40k

The proposed Administrator was then notified of a further interested party on 1 July 2015, who put forward an offer on 2 July 2015, as follows

Offer 4 – Mr Nick Taylor (2 July 2015)

Business, Goodwill & Assets	£45k
Total	£45k

This offer included a 10% non-refundable deposit and a request for exclusivity

As the two new offers were close in their value, advice was again received by my agents to invite a best and final offer. This invitation was sent out to both parties at 8 30am on 6 July 2015, with a deadline set, being close of business on 6 July 2015

The respective parties put forward final revised offers, as follows

Offer 5 – Mr Steve Rowley

Fixtures & Fittings	£7 5k
Stock	£2k
Goodwill & IPR	£33 5k
Total	£43k

Offer 6 – Mr Nick Taylor

Business, Goodwill & Assets	£45 5k
Total	£45.5k

Again, as the offers received were of similar quantum, the agent advised that a contract race would be the fairest strategy to both parties, with the first party to exchange contracts and complete, being the successful purchaser

As such, the proposed Joint Administrator instructed Nelsons to liaise directly with the prospective purchaser's solicitors, in order expedite the process

The contract race was duly completed on Wednesday 9 July 2015, with Nick Taylor of Jack R Kitchen Limited, being the successful party having concluded all of the solicitor's contract race requirements

On 8 July 2015, a Court Order was made dismissing the Winding Up Petition in the High Court of Justice, Chancery Division, Birmingham District Registry, insolvency number 6280 of 2015, at the cost of Mrs Kilkenny. This subsequently allowed the appointment of the Joint Administrators to be made

The directors of the Company signed a board resolution authorising the placing of the Company into Administration and the appointment of Dean Anthony Nelson and Nicholas Charles Osborn Lee as the Joint Administrators of the Company

Our appointment as Joint Administrators became effective on 13 July 2015, following an Administration Order being granted by the Court and the sale to Nick Taylor concluded later that day

2.2. Details of the Appointment of the Joint Administrators

Dean Anthony Nelson and Nicholas Charles Osborn Lee, of Smith Cooper, were appointed Joint Administrators of the Company on 13 July 2015, following the filing of a Notice of Appointment of Joint Administrators by the Directors, pursuant to paragraph 22 of the Insolvency Act 1986

The Court having conduct of the proceedings is High Court of Justice, Chancery Division, Birmingham District Registry (case number 8257 of 2015) The Company's registered office is situated at The Mills, Canal Street, Derby, DE1 2RJ and the registered number is 05735718

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

2.3. Purpose of the Administration

The statutory purpose of an Administration under The Enterprise Act 2002 is split into three objectives

- 1 To rescue a Company as a going concern (in other words a restructuring which keeps the actual entity intact) The Joint Administrators would comment that objective 1 was not achievable due to the extent of liabilities crystallising upon the Company being placed into Administration Accordingly this objective was not achievable and the Joint Administrators proceeded to objective two
- 2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Joint Administrators must perform their functions with the objective of achieving a better result for creditors than would be obtained through an immediate Liquidation of the Company This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in Liquidation). The Joint Administrators have chosen this objective, as Administration has enabled a sale of the business and assets to be achieved, which has also protected and derived a payment for the goodwill of the business, however the Administrators do not believe that the unsecured creditors will receive a dividend distribution, due to the professional costs incurred in dealing with the sales process and shareholder dispute in the pre appointment period
- 3 If neither of the first two parts of the purpose are reasonably practicable, the Joint Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable The Joint Administrators would comment that this objective will not be achieved as there is no secured creditor in this instance

2.4. Electronic communication with creditors

In an effort to reduce the costs of the Administration, all communications with creditors, including updates and progress reports, are posted onto a website, which has been set up specifically for this purpose. The web address is <https://insolvencynotices.co.uk/>

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website for 3 months after being uploaded to the site.

Please therefore ensure that you review the website regularly for updates and further notices and reports.

Creditors are requested to print, sign and return the Proxy Form (Appendix 9) to the address on the front of this report, to signify their approval or otherwise to the resolutions and Joint Administrators' Proposals. The resolutions, in addition to the acceptance of the Proposals attached to the Proxy Form, are as follows:

- that, if a Creditors' Committee is not appointed, the pre-Administration costs and expenses incurred by the Joint Administrators amounting to £31,000 plus VAT, but including disbursements, as detailed at Appendix 4, which specifically relate to the formalities of appointment, dealing with the pre-packaged sale of the business and assets as a going concern and requisite strategy considerations, be approved as an expense of the Administration pursuant to Rule 2.67A of the Insolvency Rules 1986,
- that, if a Creditors' Committee is not appointed at a meeting of creditors, the creditors be asked to agree that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Smith Cooper at the time when the work is performed, plus VAT, and asked to agree the Joint Administrators' expenses,
- that, if a Creditors' Committee is not appointed, the creditors of the Company shall be asked to agree that the Joint Administrators' category 2 disbursements be calculated in accordance with Smith Cooper's disbursement policy. The Joint Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administration, at the prevailing standard mileage rate used by Smith Cooper at the time when the mileage is incurred, plus VAT where applicable, and
- that, in the absence of Creditors' Committee being appointed, the general body of creditors of the Company agree that the Joint Administrators be discharged from liability, per Paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Joint Administrators' filing their final report to creditors and vacating office.

3. MANAGEMENT OF THE COMPANY'S AFFAIRS SINCE APPOINTMENT

3.1. Introduction

Immediately upon appointment of the Joint Administrators on 13 July 2015, a sale of the Company's business and its assets was affected. I have commented further on the circumstances leading up to the sale at Paragraph 2.1, previously.

In considering the acceptance of the appointment as Joint Administrators and the proposed strategy to identify potential buyers of the business, the Joint Administrators needed to be satisfied that a sale of the business and its assets as a going concern was in the best interests of creditors as a whole.

It was concluded that it would not be possible to trade the business profitably within the constraints of an Administration process, especially in light of available working capital.

Consideration of the above meant that trading the Company in Administration whilst a Purchaser for the business was sought was not an option.

Instead, the best course of action and method of maximising value for all creditors (including preferential and trade creditors), was a pre-packaged sale of the business in order to preserve continuity of trading, any goodwill and ongoing relationships with customers and suppliers. It was envisaged that the transaction would take place via the sale of the business and assets as a going concern immediately after the appointment of the Joint Administrators. It was not intended to carry out a period of further marketing post appointment as there would be a number of significant potential pitfalls to delivering continued trading and supply to the customer base.

3.2. Sale of the Business

On 11 May 2015, in light of the considerations detailed at Paragraph 3.1 above, sales particulars were circulated, to parties who it was perceived would be interested in acquiring the business and / or its assets, and to a database of over 600 interested parties and acquirers, requesting expressions of interest.

I have commented in further detail on the circumstance surrounding the sale of the business and its assets in Paragraph 2.1, previously.

Subsequently, on 13 July 2015, an agreement was finalised for the sale of the Company's business and a substantial proportion of its assets to Jack R Kitchens Limited.

The detailed terms of the SPA are confidential. The Joint Administrators can confirm however, that the sum of £45,500 in consideration for the goodwill, equipment, fixtures and fittings, intellectual property, customer contracts, work in progress and the stock of the Company was received in full on completion and is apportioned, as follows:

Assets	
Goodwill	£9,000
Equipment, Fixtures & Fittings	£7,500
Intellectual Property	£9,000
Customers contracts	£9,000
Work in Progress	£9,000
Stock	<u>£2,000</u>
	<u>£45,500</u>

Furthermore, the Purchaser requested a name change of the limited company and as such, the shareholders and Joint Administrators consented to their request and the Company's name became 05735718 Limited (formerly Jack Rabbits Kitchen Limited) on 15 July 2015

3.3. Assets Excluded from the Sale

Under the terms of the SPA the cash at bank, prepayments and any book debts were excluded from the sale

At the date of the Joint Administrators appointment, it is believed that the Company's bank account with Lloyds held funds of c £7.2k. The Joint Administrators have requested a transfer of the funds held by Lloyds to the post appointment account

The Purchaser indicated a desire to enter into a new lease with the Landlord of one of the leasehold properties and on appointment this was entered into with the Joint Administrators entering into a deed of assignment. The second and smaller leasehold premises was not required by the Purchaser and the Joint Administrator has stated that they have no further interest in the leasehold premises, nor are they responsible or liable for any rent thereon. Ms Horne has personally guaranteed this lease, and is currently liaising with the Landlord directly.

3.4. Post Appointment Strategy

Shortly after the appointment of the Joint Administrators on 13 July 2015, the sale of the business and its assets as a going concern was completed and the employees were informed that their employment had been transferred to Jack R Kitchen Limited under the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE") 2006.

The Joint Administrators' staff are in the process of collating creditor claims and have handled creditor queries as they have arisen, which include telephone calls and correspondence.

The Joint Administrators' legal advisors have advised in respect of all legal issues arising on the sale of the business and its assets.

The Joint Administrators' staff will continue to liaise with Jack R Kitchens Limited to progress any unresolved issues or future matters that may arise.

4. DIRECTORS' STATEMENTS OF AFFAIRS

4.1. Introduction

The Directors have not, to date, submitted a signed Statement of Affairs, however a draft Statement of Affairs of the Company is attached at Appendix 3, for creditors' information. These details have been extracted from the Company's records, therefore, no warranty can be given to the accuracy of the details given.

A copy of the signed Statement of Affairs, if / when one is received, will be included in subsequent reports. Once a signed Statement of Affairs has been received, this will also be filed at Companies House in accordance with statute.

In accordance with the standard format of the Statement of Affairs form, no provision has been made in the Statement of Affairs for the costs of the Administration (including agents, legal and other professional fees).

The Joint Administrators have not carried out any work of the nature of an audit on the information.

There are a number of different classes of creditors within the Company. These include:

- **Preferential creditors** These relate to specific employee wage arrears and holiday pay and are paid in priority to unsecured creditors out of net realisations.
- **Unsecured creditors** They rank behind the preferential creditors and receive any surplus available from net realisations.

The Joint Administrators have not included the addresses of all the creditors in view of the fact that the information runs to too many pages and it would not be cost effective to send it out. However, copies of this information will be sent to creditors on request, either by post or by e-mail.

4.2. Notes to the Directors' Statement of Affairs

As stated above the financial information has been extracted from the Company's records, therefore, no warranty can be given to the accuracy of the details given. Please note the following:

- The net book values have been calculated in accordance with the Company's accounting records,
- The estimated to realise values are based on the break-up basis values attributed by our agent
- No provision has been made in the Statement of Affairs for the costs of the Administration (including agents, legal and other professional fees)

4.3. Secured creditors

There are no legal charges containing fixed or floating charge or debentures registered against the Company.

4.4. Preferential Claims

Preferential claims relating to employee deductions are expected to be submitted to the RPO who will have a preferential claim against the Company

In addition, the employees are owed arrears of wages in respect of the 12 days prior to the Joint Administrators' appointment

The preferential claims reflected in the Statements of Affairs are estimated and are not expected to exceed c £6.5k. There are no other preferential claims outstanding or that are expected to be received to our knowledge.

Based on current information, there will be insufficient funds at the Joint Administrators' disposal to enable a dividend distribution to be declared to preferential creditors in this matter.

4.5. The Prescribed Part

By virtue of Section 176A(2)(a) of the Act, the Joint Administrators must state the amount of funds (net property) available to unsecured creditors in respect of the PP. This provision only applies where the Company has granted a floating charge to a creditor since 15 September 2003. Net property is the amount of the Company's property which would, but for this section, be available for the holders of floating charges created by the Company.

The PP applies where there are floating charge realisations, net of costs to be set aside for unsecured creditors. This equates to

- 50% of net property up to £10,000,
- Plus, 20% of net property in excess of £10,000
- Subject to a maximum of £600,000

However, in this instance, the PP does not apply as there was no fixed or floating charge / debentures registered against the Company.

4.6. Unsecured Claims

The unsecured creditors' position as at 13 July 2015, the date of the Joint Administrators' appointment, and per the Statement of Affairs is estimated to total c £130k.

Accordingly, we do not expect any funds to be available to declare a dividend distribution to unsecured creditors of the Company.

4.7. Creditors Meeting

The Joint Administrators have convened a creditors meeting for 10.00am on 19 August 2015 to be held at St Helen's House, King Street, Derby, DE1 3EE and notice of that meeting, Form 2.20B is attached at Appendix 8.

5. PRE-ADMINISTRATION COSTS

5.1. Introduction

A Statement of Pre-Administration costs is provided at Appendix 4

Pre-Administration costs are defined as the remuneration charged and expenses incurred by the Joint Administrators (or other person qualified to act as such) before the Company entered into Administration, but with a view to its doing so

5.2. Approval of costs

Determination of whether and to what extent the unpaid Pre-Administration costs are approved for payment shall be by resolution of the meeting of creditors to be held, or any creditors committee formed at that meeting, detailed at section 4.7 above

The Pre-Administration costs are detailed at Appendix 4

6. JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

6.1. Introduction

In accordance with Rule 2.106(5) the following resolution regarding the basis of the Administrators remuneration will be put to the general body of creditors at the meeting detailed in Section 4.7 above or to the creditors' committee, should one be formed

Resolution 1 That, if a Creditors' Committee is not appointed at a meeting of creditors, the creditors be asked to agree that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Smith Cooper at the time when the work is performed, plus VAT, and asked to agree the Joint Administrators' expenses

Resolution 2 That, if a Creditors' Committee is not appointed, the creditors of the Company shall be asked to agree that the Joint Administrators' category 2 disbursements be calculated in accordance with Smith Cooper's disbursement policy. The Joint Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administration, at the prevailing standard mileage rate used by Smith Cooper at the time when the mileage is incurred, plus VAT where applicable

The Administrators' pre appointment time costs incurred to 12 July 2015 total £19,378

The Joint Administrators' post appointment time costs incurred are analysed at Appendix 5. The work has been categorised into the following task headings and sub categories

- **Administration and Planning** includes such tasks as case planning and set-up, appointment notification, statutory reporting, compliance, cashiering, accounting and administrative functions
- **Realisation of Assets** includes such tasks as identifying and securing assets, dealing with the sale of business, property issues, activities in relation to other fixed assets, stock, debtors, investments and any related legal issues
- **Investigation** includes such tasks as reporting on the Directors' conduct, investigating antecedent transactions and any other investigations that may be deemed appropriate
- **Creditors** include such tasks as creditor set up, communication, reviewing and agreeing preferential and unsecured claims, corresponding with secured creditors, reviewing and obtaining advice in relation to security granted to the Bank. Also, dealing with employee issues and submitting documentation to HM Revenue & Customs
- **Cashiering** includes all aspects of cashiering

The range of charge out rates for the separate categories of staff is based on our April 2015 charge out rates as summarised below

Grade	Charge out rate (£ per hour)
Partner	339
Director	243
Manager	182
Assistant Manager	182
Senior Insolvency Administrator	154
Administrator	122
Junior Administrator	83
Cashier	83
Other	58
Time costs are calculated using 6 minute units	

The above bands are specific to the Insolvency department partners and staff. In certain circumstances the use of specialists from other Smith Cooper departments such as Tax/VAT may be required on the case. These departments may charge rates that fall outside the Insolvency department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Insolvency department bands.

All partners and technical staff (including cashiers) assigned to the case recorded 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.

With effect from 17 April 2015, charge out rates were increased by an average of 5% and the charge out rate bandings have been amended, where applicable, to reflect this change.

"A Creditors' Guide to Administrators' Remuneration" is available for download at

http://www.13.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on the front of this report and this will be provided to you at no cost.

6.2. Joint Administrators' Expenses

In accordance with Statement of Insolvency Practice 9 (SIP9) the basis of disbursement allocation in respect of disbursements incurred by the Office Holder in connection with the administration of the estate must be fully disclosed to creditors. Disbursements are categorised as either Category 1, being expenses directly referable to a third party, eg statutory advertising, external meeting room hire, specific bond insurance and courier costs, external archive, storage and subsequent destruction and Company Search fees, or Category 2, being expenses incurred by the firm and recharged to the estate, which may include a profit element, eg postage, stationery and storage.

Category 1 disbursements are recoverable in full from the estate without the prior approval of creditors. Category 2 disbursements are recoverable in full from the estate, subject to the basis of the disbursement allocation being approved by creditors in advance.

Category 2 disbursements are proposed to be recovered as follows -

Postage	Charged at actual cost (first class)
Photocopying	Recharged at 17p per sheet
Storage	Charged at cost
Room Hire	£50 per meeting held Smith Cooper offices
Archiving case files & closure	Recharged at £42 70 per box
Archiving records & closure	Recharged at £9 55 per box
Mileage	45p per mile

A summary of the Administrators' expenses (excluding VAT if applicable) which relate to direct expenses such as travel are set out below. Please note that the Administrators' expenses for mileage are 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 Smith Cooper at the time when the mileage is incurred (presently up to 45p per mile). Should mileage expenses have been incurred, specific approval must be sought from creditors.

Nature of expenses	Total (£)
None	-
Total	-

6.3. Creditors' right to request information

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Joint Administrators to provide additional information regarding remuneration or expenses to that already supplied within this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2 47(1)(f)(a) and 2 48A of the Rules.

6.4. Creditors' right to challenge Remuneration and/or Expenses

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2 109(4) of the Rules), challenging the amount or the basis of remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within 8 weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2 109 of the Rules.

7. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

7.1. Directors' conduct

As part of their statutory duties, the Joint Administrators will consider the conduct of the Directors and any person they consider a shadow or de facto Director in relation to their management of the affairs of the Company and the causes of failure and will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills

As part of their investigations the Joint Administrators will consider, among other matters, the following

- statutory compliance issues,
- misfeasance or breach of duty, and
- antecedent transactions (including transactions at an under value and preferences)

Creditors who wish to draw any matters to the attention of the Joint Administrators should write to the Joint Administrators at the address given on the front of this report and provide supporting evidence. Should you be aware of any potential misconduct which should be brought to my attention, please complete and return the enclosed Creditor Questionnaire at Appendix 13

7.2. SIP13 (E&W) – Transactions with connected parties

In accordance with the guidance given in SIP13 (E&W), we confirm that there have been no transactions with connected parties during the period of this report or, to the best of our knowledge and limited enquires to date, in the two years prior to our appointment

7.3. Exit Routes from Administration

In accordance with the provisions of the Act incorporated by the Enterprise Act 2002, all Administrations automatically come to an end after one year, unless an extension is granted by the Court or with consent of the creditors

There are several exit routes which are available to the Joint Administrators such as,

- an application to Court (in the event of a Court appointment),
- filing a notice in Court and with the Registrar of Companies confirming that the purpose of Administration has been sufficiently achieved, or
- in the event that the Company has no property the Joint Administrators may notify the Registrar of Companies to that effect at which time the appointment of the Joint Administrators ceases and three months following that date the Company is deemed to be dissolved

In addition, the Joint Administrators could propose to place the Company into Creditors' Voluntary Liquidation, a Compulsory Liquidation or a Company Voluntary Arrangement

The exit route chosen in relation to the Company will largely depend on the circumstances of the Administration

If there is a distribution to unsecured creditors (other than via the PP), the Joint Administrators are discharged from liability in respect of any action of theirs as Joint Administrators pursuant to Paragraph 98(1) of Schedule B1 of the Act upon registration of the notice given pursuant to Paragraph 84 of Schedule B1 of the Act. Where there will be no distribution to unsecured creditors, the Joint Administrators will seek their discharge from the general body of unsecured creditors. It is envisaged that the most likely outcome will be a move to dissolution following the Administration.

7.4. 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.

7.5. Third Party Assets

Should you believe that you own items that may have been present at the Company's former trading premises at the date of appointment, please contact the Joint Administrators as soon as possible.

8. STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED)

05735718 Limited (formerly Jack Rabbits Kitchen Limited) – In Administration (“the Company”)

High Court of Justice, Chancery Division, Birmingham District Registry

Case No. 8257 of 2015

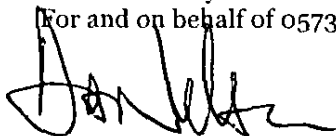
The Joint Administrators' proposals are as follows

- 1 the Joint Administrators continue to manage the affairs and any remaining assets of the Company and the settlement of all Administration expenses,
- 2 the Joint 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 Joint Administrators be authorised to agree the claims the preferential and unsecured creditors against the Company unless the Joint Administrators conclude, in their reasonable opinion, that the Company will have no assets available for distribution,
- 4 the Joint Administrators be authorised to distribute funds to the 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 meetings of creditors, a Creditors Committee be appointed in respect of the Company comprising of not more than five and not less than three creditors of the Company,
- 6 that, the Creditors' Committee, if one is appointed, be asked to agree that the basis of the Joint Administrators' remuneration to be fixed by reference to the time properly given by the Joint Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Smith Cooper at the time when the work is performed, plus VAT, and asked to agree the Joint Administrators' expenses,
- 7 that, if a Creditors' Committee is not appointed at a meeting of creditors, the creditors be asked to agree that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Smith Cooper at the time when the work is performed, plus VAT, and asked to agree the Joint Administrators' expenses,
- 8 that, if a Creditors' Committee is not appointed, the creditors of the Company shall be asked to agree that the Joint Administrators' category 2 disbursements be calculated in accordance with Smith Cooper's disbursement policy. The Joint Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administration, at the prevailing standard mileage rate used by Smith Cooper at the time when the mileage is incurred, plus VAT where applicable,
- 9 that, following the realisation of assets and resolution of all matters in the Administration, and as quickly and efficiently as is reasonably practicable, the Joint 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,

- 10 that, if the Company was to be placed into CVL, the Joint Administrators propose to be appointed Joint Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 4 174 of the Rules and that the basis of the Joint Liquidators' remuneration be fixed by reference to the time given in attending to matters arising in the Liquidation. As per Paragraph 83(7) of Schedule B1 of the Act and Rule 2 117A(2)(b) of the Rules, the creditors may nominate a different person to be Joint Liquidator(s) provided the nomination is made before the Proposals are approved by creditors. For the purposes of Section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally;
- 11 that, if a Creditors' Committee is not appointed, the pre-Administration costs and expenses incurred by the Joint Administrators amounting to £31,000 plus VAT, but including disbursements, as detailed at Appendix 4, which specifically relate to the formalities of appointment, dealing with the pre-packaged sale of the business and assets as a going concern and requisite strategy considerations, be approved as an expense of the Administration pursuant to Rule 2 67A of the Insolvency Rules 1986, and
- 12 that, in the absence of Creditors' Committee being appointed, the general body of creditors of the Company agree that the Joint Administrators be discharged from liability, per Paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Joint Administrators' filing their final report to creditors and vacating office

Yours faithfully

For and on behalf of 05735718 Limited (formerley Jack Rabbits Kitchen Limited) – In Administration



Dean Nelson
Joint Administrator

Dean Nelson and Nicholas Lee were appointed Joint Administrators of 05735718 Limited (formerley Jack Rabbits Kitchen Limited) on 13 July 2015. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

All licensed Insolvency Practitioners of Smith Cooper are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

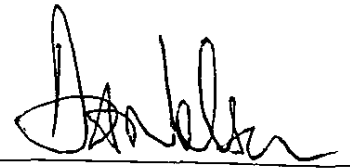
05735718 LIMITED (FORMERLY JACK RABBITS KITCHEN LIMITED) - IN ADMINISTRATION

STATUTORY INFORMATION

Company Name	05735718 Limited (formerly Jack Rabbits Kitchen Limited) – In Administration
Previous Names	Jack Rabbits Kitchen Limited, Tattu & Sassy Limited
Proceedings	In Administration
Court	High Court of Justice Chancery Division Birmingham District Registry
Court Reference	8257 of 2015
Date of Appointment	13 July 2015
Joint Administrators	Dean Anthony Nelson Smith Cooper St Helen's House King Street Derby DE1 3EE Nicholas Charles Osborn Lee Smith Cooper 158 Edmund Street Birmingham B3 2HB
Registered office Address	The Mills Canal Street Derby DE1 2RJ
Company Number	05735718
Incorporation Date	9 March 2006
Bankers	Lloyds Bank plc
Accountants	Bates Weston LLP
Appointment by	The Directors pursuant to paragraph 22 of the Insolvency Act 1986
Directors at date of Appointment	Amelia Caroline Horne – 9 March 2006 to present Julie Katherine Kilkenny – 3 May 2011 to present
Previous Directors	N/A
Issued Share Capital	150 Ordinary Shares of £1
Shareholdings	Amelia Caroline Horne – 100 Ordinary Shares Julie Katherine Kilkenny – 50 Ordinary Shares

Page 1 of 2

Note



Dean Nelson
Joint Administrator

05735718 Limited (Formerly Jack Rabbits Kitchen Limited)
Statement Of Affairs as at 13 July 2015

A - Summary of Assets

Assets	Book Value £	Estimated to Realise £
Assets subject to fixed charge		
Assets subject to floating charge		
Uncharged assets		
Improvements to Property	5,834 00	NIL
Fixtures, Fittings & Equipment	13,089 00	4,200 00
Stock	700 00	300 00
Book Debts	343 00	86 00
Cash Float	786 00	786 00
Cash at Bank	7,185 00	7,185 00
Estimated total assets available for preferential creditors		12,557 00

Signature _____ Date _____

05735718 Limited (Formerly Jack Rabbits Kitchen Limited)
Statement Of Affairs as at 13 July 2015

A1 - Summary of Liabilities

		Estimated to Realise £
Estimated total assets available for preferential creditors (Carried from Page A)		12,557 00
Liabilities		
Preferential Creditors -		
Employee Arrears of Pay & Holiday Pay	6,498 00	6,498 00
Estimated deficiency/surplus as regards preferential creditors		6,059 00
Debts secured by floating charge pre 15 September 2003		
Other Pre 15 September 2003 Floating Charge Creditors		NIL
		6,059 00
Estimated prescribed part of net property where applicable (to carry forward)		NIL
Estimated total assets available for floating charge holders		6,059 00
Debts secured by floating charges post 15 September 2003		
		NIL
Estimated deficiency/surplus of assets after floating charges		6,059 00
Estimated prescribed part of net property where applicable (brought down)		NIL
Total assets available to unsecured creditors		6,059 00
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	28,050 00	
Employee Redundancy Pay & PILON	11,327 00	
Employee Wage Arrears	1,510 00	
H M Revenue & Customs - PAYE/NIC	6,898 00	
H M Revenue & Customs - VAT	11,483 00	
Director's Loan Account - Ms Horne	31,326 00	
Director's Loan Account - Mrs Kilkenny	45,477 00	
		136,071 00
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)		(130,012 00)
Estimated deficiency/surplus as regards creditors		(130,012 00)
Issued and called up capital		
Ordinary Shareholders	150 00	150 00
Estimated total deficiency/surplus as regards members		(130,162 00)

Signature _____ Date _____

Smith Cooper Limited
05735718 Limited (Formerly Jack Rabbits Kitchen Limited)
A5 - Unsecured Creditors Statement of Affairs Figures

Key	Name	£
CA00	Amy Whaetley	96 96
CA01	Allestree Commercial Services	324 60
CA02	Advance Servicing	106 00
CB00	British Gas	878 00
CB01	Barry Fitch	1,893 64
CB02	Birchover Hotel Apartments	360 00
CB03	Bid Levy	445 18
CB04	Bates Weston	500 00
CC00	Carron Lodge Limited	254 41
CC01	Cotswold Fayre	1,162 39
CC02	Clowes Developments (UK) Limited	450 00
CC03	Caffe Society	1,091 83
CD00	Dukeshill Ham Company Limited	311 43
CD01	Derby City Council	215 68
CD02	Dlan Limited	219 20
CD03	Derby Brewing Company	78 08
CD04	Dukeshill	311 43
CD05	Duffield Dairy	1,794 64
CD06	@Directors Loan Account - Miss A C Horne	31,326 00
CD07	@Directors Loan Account - Mrs J K Kilkenny	45,477 00
CE01	Employee Redundancy Pay & PILON	12,837 00
CG00	Grocers Brokers	1,181 08
CH00	H M Revenue & Customs VAT	0 00
CH01	H M Revenue & Customs PAYE	0 00
CH02	H M Revenue & Customs VAT	11,482 76
CH03	H M Revenue & Customs PAYE	6,897 80
CH04	H M Revenue & Customs 532/	0 00
CH05	Honest Toil	49 50
CJ00	Jacksons The Bakers	95 67
CL00	Little Wine Club	812 76
CL01	Liza Bakes Limited	1,036 50
CL02	Levy Investments Limited	3,600 00
CM00	M S M Hygiene Limited	250 95
CM01	Marketing Derby	600 00
CN00	N C Green Property	432 00
CN01	Nottingham Pest Control	211 20
CO00	Ornel Collections	155 36
CP00	Phoenix Business Services	2,104 33
CP01	P K Plumbing	385 00
CP02	Paisley Grove Deleopments	1,293 50
CP03	Protect for Life	216.66
CR00	Rowcliffe	1,435 38
CS00	Simply Cocoa	194 50
CS01	Severn Trent Water Limited	355 59

Signature _____

Smith Cooper Limited
05735718 Limited (Formerly Jack Rabbits Kitchen Limited)
A5 - Unsecured Creditors Statement of Affairs Figures

Key	Name	£
CS02	Scottish PowerEnergy Retail Limited	985 69
CT00	The Loaf	1,025 03
CU00	Union Street Food Limited	0 00
CZ00	Zest Produce	1,136 51
48 Entries Totalling		136,071.24

@ - Denotes associate creditor

Signature _____

STATEMENT OF PRE-ADMINISTRATION COSTS

Pursuant to Rule 2.33(2)(ka) of the Insolvency (Amendment) Rules 2010

1 GENERAL

Pre-Administration costs are defined as the fees charged and expenses incurred by the Joint Administrators (or other person qualified to act as such) before the Company entered into Administration but with a view to its doing so

This Statement gives a detailed analysis of the Pre-Administration costs for Jack Rabbits, incurred by the Joint Administrators

2 APPROVAL

Determination of whether and to what extent the unpaid Pre-Administration costs are approved for payment shall be by resolution of the meeting of creditors to be held, or any Creditors Committee formed at that meeting, detailed at section 4.7 above

3 ANALYSIS OF TIME INCURRED

The time incurred by the Joint Administrators and their staff for the pre-appointment period from 1 May 2015 to 12 July 2015, are summarised in the table below. A detailed analysis of the time spent by work function is attached.

CLASSIFICATION OF WORK FUNCTION	HOURS SPENT					TOTAL COSTS £	AVERAGE HOURLY RATE £
	Partners/ Directors	Manager	Other/Senior Professionals	Assistants & Support Staff	Total Hours		
Determining the Financial Position / Strategy	-	-	3 00	-	3 00	417 20	139 07
Estimated Statement of Financial Position & Cash flow	-	-	4 40	-	4 40	604 00	137 27
The Sales Process	29 70	3 30	18 90	1 90	53 80	13,358 80	548 30
Appointment Formalities	6 30	0 70	19 70	2 80	29 50	4,998 10	169 43
Total Hours	36 00	4 00	46 00	4 70	90 70		
Total Costs £	12,204 00	666 40	6,177 60	390 10		19,378 10	213 65

Total Fees Claimed	12,204 00	666 40	6,177 60	390 10		19,378 10
Total Fees Drawn as at 17 July 2015	-	-	-	-		-
Total Fees Unpaid as at 17 July 2015	12,204 00	666 40	6,177 60	390 10		19,378.10

Determining the Financial Position / Strategy includes liaising with the Directors and requesting information to populate the financial information and discussing the most appropriate strategy

Estimated Statement of Financial Position & Cash flow includes calculating the financial figures to understand the current financial position and potential outcomes for the Company, along with preparing a 13 week cash flow forecast

The Sales Process includes creating sales memorandums, circulating information to and liaising with interested parties and reviewing offers received. Liaising with solicitors and agents regarding contractual documents and Sale Purchase Agreement

Appointment Formalities includes all statutory filing and risk requirements associated with the appointment

- Fees totalling c £19.4k remain unpaid as at the date of Administration, however the Joint Administrators are prepared, due to the paucity of assets in the estate, to limit their fees at £18k plus VAT, in this instance, which will be drawn from realisations in the estate, on the approval of the Proposals by creditors
- This payment requires approval in accordance with Rule 2.67A(3)(b) of the Rules, from the unsecured creditors, at a meeting convened for that purpose and this amount has been scheduled in the estimated outcome statement at Appendix 7

4 ANALYSIS OF EXPENSES INCURRED

The expenses incurred by the Joint Administrators are as follows

To advise on appropriate legal matters and to prepare required legal documentation to assist with placing the Company into Administration, the Joint Administrators instructed Else Commercial Solicitors ("Else"), however due to a potential conflict of interest Else were uninstructed and Nelsons Solicitors ("Nelsons") were engaged. Both are firms of lawyers with the appropriate expertise and experience in dealing with Administration processes.

Pre-Administration time costs of £9,210 (exclusive of VAT but including disbursements) have been incurred by Else and £10,295 (exclusive of VAT but including disbursements) by Nelsons, for their assistance provided in the following, where applicable.

- Preparing and filing two notices of intention to appoint Joint Administrators and the supporting board resolution,
- Arranging service of two notices of intention to appoint Joint Administrators on relevant parties,
- Liaising with the Purchaser(s) and their solicitors,
- Drafting, negotiating and completing SPA,
- Drafting, negotiating, and completing deed of assignment,
- Preparing and filing Notice of Appointment and supporting documents (Statement of Joint Administrators, Statement of Prior Professional Relationship)

Both Else's and Nelsons' fees are based upon their recorded time costs incurred, however, due to the paucity of assets in the estate, the Joint Administrators have agreed a reduction in the amounts to be rendered in the pre-appointment period. As such, Else and Nelsons have agreed to limit their fees and disbursements at £5,000 plus VAT and £7,000 plus VAT, respectively.

The Joint Administrators' are content that the time costs incurred accurately reflect the complexity of the assignment and asset values derived

In addition, Pre-Administration agents costs of £1,000 plus VAT, have been incurred by my agent, Trevor Palethorpe, a member of the National Association of Valuers and Auctioneers and an associate member of R3 Association of Business Recovery Professionals, of GA European Valuations Auctioneers and Valuers of Birmingham ("GAEV"), with the appropriate expertise and experience in dealing with these types of valuations, was instructed by the Joint Administrators to undertake inventories and valuations of fixtures, fittings & equipment, and stock My agent also reviewed each offer and recommended acceptance or otherwise of the same

Else's range of charge out rates for the separate categories of staff is summarised below

Grade	Charge out rate (£ per hour plus VAT)
Partner	220-350
Associate Solicitors & Head of Department	190-300
Assistant Solicitors	160-250
Legal Executives / Senior Executives	180-250
Trainee Solicitors	115-150
Litigation Executive / Paralegal	115-150
Time costs are calculated using 6 minute units	

Nelsons' range of charge out rates for the separate categories of staff is summarised below

Grade	Charge out rate (£ per hour)
Partner	250
Associate	225
Trainee Solicitor	125
Time costs are calculated using 6 minute units	

Please note that the costs incurred in respect of GAEV have been agreed on a fixed fee basis for the work undertaken

Pre-Administration expenses of £31,000 plus VAT but including disbursements remain unpaid at the date of appointment and their payment

- requires approval in accordance with Rule 2 67A(3)(b) of the Rules, from the unsecured creditors, at a meeting convened for that purpose and these amounts have been scheduled in the estimated outcome statement at Appendix 7

PROOF OF DEBT - FORM 4.25**Rule 4.73****PROOF OF DEBT - GENERAL FORM****Form 4.25**

**In the matter of 05735718 Limited (formerly Jack Rabbits
Kitchen Limited)**

In Administration

and in the matter of The Insolvency Act 1986

Date of Administration Order 13 July 2015

1	Name of Creditor	
2	Address of Creditor	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into liquidation (see note)	£
4	Details of any document by reference to which the debt can be substantiated [Note the liquidator may call for any document or evidence to substantiate the claim at his discretion]	
5	If the total amount shown above includes Value Added Tax, please show - (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
6	If total amount above includes outstanding uncapitalised interest please state amount	£
7	If you have filled in both box 3 and box 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b)	
8	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category Amount(s) claimed as preferential £
9	Particulars of how and when debt incurred	
10	Particulars of any security held, the value of the security, and the date it was given	£
11	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	

JACK RABBITS KITCHEN LIMITED	STATEMENT OF AFFAIRS AS AT 13-Jul-15	RECEIVED / (PAID) TO DATE	ESTIMATED FUTURE MOVEMENT	ESTIMATED OUTCOME
ESTIMATED OUTCOME STATEMENT AT 17 JULY 2015				
	£	£	£	£
Assets not specifically pledged				
Improvements to Property	-	-	-	-
Equipment	-	-	-	-
Fixtures & Fittings	3 500	7 500	-	7 500
Computer Equipment	-	-	-	-
Book Debts	86	-	86	86
Other Debtors & Prepayments	-	-	-	-
Work in Progress	-	9 000	-	9 000
Stock	700	2 000	-	2 000
Petty Cash	786	-	786	786
Cash at Bank	7 185	-	7 185	7 185
Goodwill	-	9 000	-	9 000
Customer Contracts	-	9 000	-	9 000
Intellectual Property	-	9 000	-	9 000
	<u>12 256</u>	<u>45 500</u>	<u>8 057</u>	<u>53 557</u>
Costs and expenses				
Administrators Pre-appointment Fees	-	-	(14,000)	(14,000)
Administrators Post-appointment Fees say	-	-	(15 000)	(15 000)
Administrators Disbursements, say	-	-	(4,200)	(4 200)
Corporation Tax on Goodwill say	-	-	(1 800)	(1 800)
Legal Fees & Disbursements Pre-appointment - Else Commercial	-	-	(5,000)	(5 000)
Legal Fees & Disbursements Pre-appointment - Nelsons	-	-	(7 000)	(7 000)
Legal Fees & Disbursements Post-appointment say	-	-	(1 000)	(1 000)
Chattel Agents Fees	-	-	(1 000)	(1 000)
Accountants assistance in preparation of SoA & P45s	-	-	(750)	(750)
Contingency say	-	-	(1 800)	(1 800)
Total cost of realisations			<u>(53 557)</u>	<u>(53 557)</u>
Estimated assets available to preferential creditors	<u>12 256</u>	<u>45 500</u>	-	(0)
Employee Arrears of Pay & Holiday Pay	<u>(6 498)</u>			-
Surplus/(deficiency) as regards preferential creditors	<u>3 303</u>	<u>45 500</u>	-	(0)
Prescribed Part c/d - Where charge dated after 15 September 2003	-	-	-	-
Estimated assets available to floating charge creditors	<u>3,303</u>	<u>45 500</u>	-	(0)
Surplus/(deficiency) as regards floating charge creditors	<u>3 303</u>	<u>45 500</u>	-	(0)
Prescribed Part b/d		-	-	-
Estimated assets available to unsecured creditors	<u>3,303</u>	<u>45 500</u>	-	-
Unsecured creditors				
Trade Creditors	(27 051)	-	-	-
HMRC - PAYE/NIC	(6,898)	-	-	-
HMRC - VAT	(11,481)	-	-	-
Directors Loan Account - Miss A C Horne	(31,326)	-	-	-
Directors Loan Account - Mrs J K Kilkenny	(45 477)	-	-	-
Unsecured Wage Arrears	(1 510)	-	-	-
Pay in Lieu of Notice	(7,448)	-	-	-
Redundancy Pay	(3 879)	-	-	-
Total unsecured creditors	<u>(135 071)</u>	-	-	-
Estimated surplus/(deficiency) as regards unsecured creditors	<u>(131 768)</u>	<u>45 500</u>	-	-
Estimated deficiency as regards floating charge creditors	-	-	-	(0)
Total surplus / (deficiency) as regards total creditors	<u>(131 768)</u>	<u>45 500</u>	-	(0)
Ordinary A shares of £1 each	(150)	-	-	-
Total surplus/(deficiency) as regards shareholders	<u>(131 918)</u>	<u>45 500</u>	-	(0)
Return to unsecured creditors before professional costs (p in £)				-

NB Please note that all figures are net of VAT

Notice of a meeting of creditors

Name of Company 05735718 Limited (formerly Jack Rabbits Kitchen Limited)	Company number 05735718
In the High Court of Justice Chancery Division, Birmingham District Registry	Court case number 8257 of 2015

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

Notice is hereby given by Dean Nelson and Nicholas Lee of St Helen's House, King Street, Derby, DE1 3EE

(b) Insert full name and address of registered office of the company

that a meeting of the creditors of 05735718 Limited formerly Jack Rabbits Kitchen Limited

is to be held at St Helen's House, King Street, Derby, DE1 3EE

on 19 August 2015 at 10 00am

(c) Insert details of place of meeting

The meeting is

an initial creditors' meeting under paragraph 51 of Schedule B1 to the Insolvency Act 1986 ("the Schedule"),

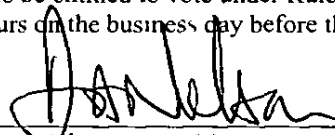
(d) Insert date and time of meeting

*Delete as applicable

I invite you to attend the above meeting

A proxy form is enclosed which should be completed and returned to me by the date of the meeting if you cannot attend and wish to be represented

In order to be entitled to vote under Rule 2.38 at the meeting you must give to me, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of your claim

Signed 
Joint Administrator(s)

Dated 17/7/2015
A copy of the proposals is attached

* Delete as applicable

Rule 8.1

Insolvency Act 1986

Form 8.2

Proxy (Administration)

05735718 LIMITED (FORMERLY JACK RABBITS KITCHEN LIMITED)

Name of Creditor _____

Address _____

Name of Proxy Holder

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well.

1 _____

2 _____

3 _____

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion.

I appoint the above person to be my/the creditor's proxy holder at the meeting of creditors to be held on 19 August 2015, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

1 For the acceptance/rejection* of the Joint Administrators' Proposals as follows

- the Joint Administrators continue to manage the affairs and any remaining assets of the Company and the settlement of all Administration expenses,
FOR/AGAINST
- the Joint 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,
FOR/AGAINST
- the Joint Administrators be authorised to agree the claims the preferential and unsecured creditors against the Company unless the Joint Administrators conclude, in their reasonable opinion, that the Company will have no assets available for distribution,
FOR/AGAINST
- the Joint Administrators be authorised to distribute funds to the 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,
FOR/AGAINST
- that, in the event the creditors of the Company so determine, at meetings of creditors, a Creditors Committee be appointed in respect of the Company comprising of not more than five and not less than three creditors of the Company,
FOR/AGAINST

- that, the Creditors' Committee, if one is appointed, be asked to agree that the basis of the Joint Administrators' remuneration to be fixed by reference to the time properly given by the Joint Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Smith Cooper at the time when the work is performed, plus VAT, and asked to agree the Joint Administrators' expenses,
FOR/AGAINST
- that, if a Creditors' Committee is not appointed at a meeting of creditors, the creditors be asked to agree that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Smith Cooper at the time when the work is performed, plus VAT, and asked to agree the Joint Administrators' expenses,
FOR/AGAINST
- that, if a Creditors' Committee is not appointed, the creditors of the Company shall be asked to agree that the Joint Administrators' category 2 disbursements be calculated in accordance with Smith Cooper's disbursement policy. The Joint Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administration, at the prevailing standard mileage rate used by Smith Cooper at the time when the mileage is incurred, plus VAT where applicable,
FOR/AGAINST
- that, following the realisation of assets and resolution of all matters in the Administration, and as quickly and efficiently as is reasonably practicable, the Joint 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,
FOR/AGAINST
- that, if the Company was to be placed into CVL, the Joint Administrators propose to be appointed Joint Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 4.174 of the Rules and that the basis of the Joint Liquidators' remuneration be fixed by reference to the time given in attending to matters arising in the Liquidation. As per Paragraph 83(7) of Schedule B1 of the Act and Rule 2.117A(2)(b) of the Rules, the creditors may nominate a different person to be Joint Liquidator(s) provided the nomination is made before the Proposals are approved by creditors. For the purposes of Section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally,
FOR/AGAINST
- that, if a Creditors' Committee is not appointed, the pre-Administration costs and expenses incurred by the Joint Administrators amounting to £31,000 plus VAT, but including disbursements, as detailed at Appendix 4, which specifically relate to the formalities of appointment, dealing with the pre-packaged sale of the business and assets as a going concern and requisite strategy considerations, be approved as an expense of the Administration pursuant to Rule 2.67A of the Insolvency Rules 1986, and
FOR/AGAINST

- that, in the absence of Creditors' Committee being appointed, the general body of creditors of the Company agree that the Joint Administrators be discharged from liability, per Paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Joint Administrators' filing their final report to creditors and vacating office
FOR/AGAINST

3 For the appointment of _____

of _____

representing _____

as a member of the creditors' committee

This form must be signed

Signature _____ **Date** _____

Name in CAPITAL LETTERS - _____

Only to be completed if the creditor has not signed in person

Position with creditor or relationship to creditor or other authority for signature

Remember there may be resolutions on the other side of this form

ABSTRACT FROM THE INSOLVENCY RULES 1986

CREDITORS' ENTITLEMENT TO VOTE

Rule 2.38 Entitlement to Vote

2 38 (1) **(Conditions for voting)** Subject as follows, at a meeting of creditors in administration proceedings a person is entitled to vote only if -

(a) He has given to the Administrator, not later than 12 00 hours on the business day before the day fixed for the meeting, details in writing of the debt which -

(i) he claims to be due to him from the company or

(ii) in relation to a Member State Liquidator, is claimed to be due to creditors in proceedings in relation to which he holds office

(b) the claim has been duly admitted under the following provisions of this Rule, and

(c) there has been lodged with the Administrator any proxy which he intends to be used on his behalf,

And details of the debt must include any calculation for the purposes of Rule 2 40 to 2 42

2 38(2) **(Voting despite failure to comply with r.2.38(1)(a)).** The chairman of the meeting may allow a creditor to vote, notwithstanding that he has failed to comply with paragraph (1)(a), if satisfied that the failure was due to circumstances beyond the creditor's control

2 38(3) **(Call for documents to substantiate claim)** The Chairman of the meeting may call for any document or other evidence to be produced to him, where he thinks it necessary for the purpose of substantiating the whole or any part of the claim

2 38(4) **(Calculation of votes).** Votes are calculated according to the amount of a creditor's claim as at the date on which the company entered Administration, less any payments that have been made to him after that date in respect of his claim and any adjustment by way of set-off in accordance with Rule 2 85 as if that Rule were applied on the date that the votes are counted

2 38(5) **(Unliquidated debts).** A creditor shall not vote in respect of a debt for an unliquidated amount, or any debt whose value is not ascertained, except where the chairman agrees to put upon the debt an estimated minimum value for the purpose of entitlement to vote and admits the claim for that purpose

2 38(6) **(Votes cast only once).** No vote shall be cast by virtue of a claim more than once on any resolution put to the meeting

2 38(7) **(Creditor's vote priority over Member State Liquidator)** Where -

(a) a creditor is entitled to vote under this Rule,

(b) has lodged his claim in one or more sets of other proceedings, and

(c) votes (either in person or by proxy) on a resolution put to the meeting, and

2.12B

The Insolvency Act 1986

Notice of administrator's appointment

Name of Company 05735718 Limited (formerly Jack Rabbits Kitchen Limited)	Company number 05735718
In the High Court of Justice, Chancery Division, Birmingham District Registry (full name of court)	Court case number 8257 of 2015

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

We
Dean Nelson
Smith Cooper Limited
St Helen's House
King Street
Derby
DE1 3EE

Nick Lee
Smith Cooper Limited
158 Edmund Street
Birmingham
B3 2HB

give notice that we were appointed as administrator(s) of the above company on

(b) Insert date

13 July 2015

Signed

Dated

Joint Administrators (IP No 9443)

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.

Dean Nelson
Smith Cooper Limited
St Helens House
King Street
Derby
DE1 3EE

DX Number

01332 332021
DX Exchange

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

COMPANIES HOUSE

05735718 LIMITED (FORMERLY JACK RABBITS KITCHEN LIMITED) - IN ADMINISTRATION**SIP 16 JUSTIFICATION**

Following the appointment of the Joint Administrators on 13 July 2015 and the best practice guidance of Statement of Insolvency Practice 16 (England & Wales), I have provided below details regarding the sale of the business and its assets and the events leading up to the sale

Events leading up to the pre-packaged sale

Shortly following the appointment of Joint Administrators on 13 July 2015, the business and assets of the Company were sold to Jack R Kitchen Limited as a going concern.

BackgroundCompany Overview

Jack Rabbits was founded by Amelia Horne in early 2009, with the intention of providing a high street take away kitchen, offering home cooked ready meals. The immediate popularity of this new idea prompted the expansion of a lunchtime takeaway including sandwiches, pastries and confectionary. Soon after, an outside catering menu was designed to accommodate buffets, corporate lunches and canapés.

The successes of the business saw Jack Rabbits being awarded 'Best Newcomer' at the Derby Food and Drink awards in the autumn of their opening year and receiving recognition across the city for pioneering a new approach to eating.

Further successes were acknowledged in 2010 with awards from the Chamber of Commerce for Breakthrough Business of the Year, Best Customer Service at the Derby Food and Drink Awards, and Amelia was given personal recognition with a Woman of Worth Award, noting her contribution to industry. In the same year, Amelia compiled a curriculum for schools addressing food, diet, health nutrition and wellbeing and as part of a campaign to educate the younger generation about the importance of these topics and set about working with schools across the county involving herself within the classroom, to deliver this message, at both infants, junior and secondary level.

Following demand from customers for an eat in option and an increased range of fresh, local produce, a much larger, albeit derelict, premises in the Cathedral Quarter was secured during May 2011. The additional premises was expected to employ a further 16 members of staff and forecasted a tenfold increase in turnover, creating opportunities to bring more local suppliers on board and raise the Company's customer base throughout Derby.

Before signing the lease for the new premises Amelia Horne began negotiations with Julia Kilkenny and her husband Alan Kilkenny, for Julie to join her in the business and work alongside her, providing assistance in the day to day management of the Company. An offer of shares in lieu of a financial investment forming a director's loan to the Company was made, in turn the injection of capital would be utilised to undertake leasehold improvements. Alan Kilkenny provided assistance, along with a team supporting the renovation of the premises, overseeing and managing the project alongside Amelia to bring the improvements to completion.

Building works were completed in August 2011, and the new premises opened immediately. Additional staff members had been interviewed and employed, with the new premises boasting a cafe with a significant coffee bar, delicatessen and retail offering.

As footfall increased beyond initial expectations, staffing levels subsequently increased to meet the service and knowledge requirements, consequently to facilitate this, wages were increased to attract high quality staff. A provision of credit was provided by utility suppliers and trade and expense creditors, to manage the increased cost, albeit the absence of additional working capital continued to impact throughout the initial trading period. It was anticipated that the income generated from the new shop would be sufficient to meet the costs incurred, however following the opening, sales failed to meet budgeted forecasts.

Throughout 2012 the Company continued to thrive, with the brand becoming more identifiable, including appearances on television programmes including *Location, Location, Location* and *Come Dine with Me*. At its peak, the Company's turnover was c £500k for the year ended 31 January 2013, albeit due to increasing costs, a net profit of only c £3k was generated.

Despite initial positive trading and expansion, a dispute in part between the division of duties and their continuing roles going forward, between Mrs Kilkenny and Ms Horne, ensued. Consequently, during March 2013, Mrs Kilkenny tendered her resignation, however continued in her capacity as director and shareholder, but was relieved of her day to day duties as an employee, leaving Amelia Horne managing the day to day trade of the Company.

A fall in turnover during 2013, was identified early in the following year, resulting in produce being sourced from alternative suppliers and existing supplier orders were reduced to lower costs. A new office was obtained, with a reduced rate of rent, in conjunction with a restructure being undertaken reducing office staff working hours, in order to reduce wage costs.

During August 2014, a grant was obtained from Derby City Council, providing funding for a 6 month part time post, as part of a working project scheme, aiding staff levels and offering a member of staff the opportunity of further employment at the end of the project. Furthermore, in March 2015, an additional grant was secured for vacancies, via the working project, resulting in a member of staff being recruited for the small adjacent premises.

There was a high rate of staff turnover within the smaller adjacent premises, resulting in reduced knowledge and experience, as a consequence, external catering was absorbed into the larger premises and Ms Horne made the decision to close the smaller adjacent premises.

Following the shareholders disagreement and break down in relations, a meeting was arranged in January 2015 at the Company's Accountants, Bates Weston LLP, to discuss a strategy to amicably resolve the position. Mrs Kilkenny requested repayment of her director's loan account in full, which the Company was unable to discharge due to insufficient working capital or from Amelia's personal funds. Therefore Amelia sought the advice of an Insolvency Practitioner on 1 May 2015, and Smith Cooper were engaged to firstly undertake an independent business review to determine the financial position and options available to the board, then agreed on joint instruction, to commence an accelerated sales process.

In the meantime, Amelia Horne continued to trade on a cash proforma basis, in order to ensure the position of creditors was not worsened, and to ensure continuity of trade for any prospective purchaser as a going concern, thereby protecting goodwill.

In summary, the failure of the business can be linked to

- No provision for capital investment to support the business when the second shop opened, bringing with it substantial and immediate overheads,
- A shareholders dispute becoming negative distraction, resulting in Mrs Kilkenny requesting repayment of her director's loan account,
- Difficulties with overstaffing issues and maintaining control of costs and overheads.

Details of any previous business sales

I am not aware of any previous business sales in the last 24 months

Events leading to insolvency

Dean Nelson was originally contacted by the Company's incumbent accountants, Bates Weston LLP, on 14 April 2015 and was introduced to one of Company's directors, Ms Amelia Horne, who was seeking advice regarding the financial position of the Company, options available and her fiduciary duties as a result

Following initial advice, an engagement letter was issued to both Ms Horne and Mrs Julia Kilkenny, the other director / shareholder of the Company, on 14 April 2015, setting out the following scope of services

To assist in the preparation / provision of the following financial information in respect of the Company

- The current financial position through the preparation of an estimated statement of financial position, based upon the most recent financial information available,
- Evaluate the immediate working capital requirements through the preparation of a 13 week cash flow forecast,
- Any other matters during the course of our work which we consider appropriate

An interim moratorium was put in place, with the Joint Administrators strategy to try and extract an offer to purchase the Company's business and assets as a going concern, with a view to affecting a sale on a pre-packaged basis shortly after appointment

During this process, the Company received independent legal advice from Else Commercial Solicitors and Nelsons Solicitors, in respect of the Company's position and its options

Our appointment as Joint Administrators became effective on 13 July 2015, following an Administration Order being granted by the Court

Pre-appointment considerations

Prior to the above, Smith Cooper did not have any prior relationship with the Company or its Directors

Prior to appointment, the proposed Joint Administrators had discussions with the Company's Directors as to the current trading position. It was clear from these discussions that the Company would not have been able to trade in Administration for any material length of time and that funds were unlikely to be available for that purpose

In the absence of funding to trade the business, and given the inherent risks in any trading period, the proposed Joint Administrators liaised with the Company's Director, Ms Horne, to monitor trade, ensuring the position to creditors was not worsened, whilst concurrently undertaking a sales process, in an accelerated manner, in an effort to preserve the business and its goodwill.

The Director, Ms Horne, regularly assessed the position with regards to the prospects of securing a sale of the business and assets and sought to limit the credit incurred by the Company during this hiatus period

The alternative to the sale would have been as follows

Continuing to trade outside insolvency

- The Company had exhausted its available cash resources and its cash constraints were impacting its ability to continue trading
- The Company's Shareholders confirmed they were not able to provide any additional funding necessary to support the Company's trade, and therefore this option was not viable

Refinancing

- The Directors concluded that it would not be possible to refinance the Company's existing debts within the necessary timeframe, due to the true extent of its debts against the equity and value of the free unencumbered assets

Trading insolvency vs immediate closure

As the above options were not achievable, the only alternative to the sale of business and assets via a pre-packaged sale would have been for the Company to have entered into Administration with a view to the business being traded whilst an alternative buyer was sought, or with a view to winding down the Company's trade resulting in the closure of the business

- Although it may be possible to sell / transfer part or all of the business through a trading Administration, the operational disruption during the Administration, including the likely loss of key customers and staff, would be likely to erode the value of the business and increase the prospects of its closure. Given the nature of the Company's suppliers, it was deemed extremely likely that certain key suppliers would have ceased to trade with the Company as soon as it entered into Administration, to such an extent that trading was clearly not viable;
- Smith Cooper had already undertaken a market testing exercise, and given the adverse impact of Administration, it was concluded that it was unlikely that any party would make a better offer to an Joint Administrator after a period of Administration trading, than was received during the market testing period
- Due to the ability to secure the sale without the risks that are inherent in any period of trading during an Administration, the Company's shareholders supported the sale rather than seeking to fund a period of the Joint Administrators' trading, in pursuit of alternative offers
- A closure situation would have led to increased creditor claims from employees of c £12k, and would have led to a substantial reduction in asset values and would have resulted in no offer for goodwill

Major creditors

The Bank provided overdraft facilities to the Company, which were in the process of being reduced and withdrawn from the Company. At the date of the Administration, the Bank was in credit by c £7.2k and as such, their claim has been duly mitigated. The proposed Joint Administrators and the Director have been in contact with the Bank during the pre-appointment trading period.

HM Revenue & Customs ("HMRC"), was a major creditor of the Company, with arrears of c.£11.5k in respect of VAT, and c £6.9k in respect of PAYE/NIC. In view of these arrears, the proposed Joint Administrators had no direct contact with HMRC or any other trade and expense creditors in the period prior to the Administration, as contact would have resulted in accounts being placed on stop, and duress being applied to clear arrears, prior to continuity of supply.

Both Directors held director's loan accounts which were outstanding at the date of Administration. According to Company records, Mrs Kilkenny is owed c £45.5k and Ms Horne is owed c £31.3k in respect of cash injections to fund working capital and initial set up costs. Mrs Kilkenny requested repayment in full of her overdrawn director's loan account on 9 June 2015, as a consequence of the ongoing shareholder dispute.

Prior to the Notice of Intention to appoint Joint Administrators being filed on 11 May 2015, it was considered there was significant commercial risk to informing creditors of the funding requirement and the sale, as this could have resulted in action being taken by creditors, causing operational disruption, which would have threatened the achievability of the sale and the proposed purpose of Administration.

Registered Charges

There were no registered charges against the Company.

Purchasers Identity

The purchaser is Jack R Kitchen Limited of 10 St John Street, Ashbourne, Derbyshire, DE6 1GH registered in England & Wales under Company Registration Number 09674254.

Guarantee's Provided

Amelia Horne has personally guaranteed the lease agreements entered into by the Company together with any indebtedness due to the bank. As the second smaller leasehold premises does not form part of the sale, Ms Horne is currently liaising with the Landlord regarding the lease and her personal guarantee obligations. As far as I am aware, there are no further guarantees provided by Ms Horne or Mrs Kilkenny in respect of any creditors or financiers, however the two largest creditors represent their directors' loan accounts.

Marketing of the business and assets

As noted above, Smith Cooper was engaged on 6 May 2015 to undertake a marketing exercise in order to explore a potential sale of the business and assets of the Company as a going concern.

In excess of 600 parties were approached from 8 May 2015, on a no-names basis. Sales particulars were circulated, to parties who it was perceived would be interested in acquiring the business and / or its assets, and to a database of interested parties and acquirers, requesting immediate expressions of interest.

As a result of the above, seven expressions of interest followed, with six offers from four different parties, subject to contract.

The detailed terms of the SPA are confidential. The Joint Administrators can confirm however, that the sum of £45,500 in consideration for the goodwill, fixtures, fittings & equipment, customer contracts, intellectual property, work in progress and stock of the Company was received in full on completion.

Exclusivity period

Exclusivity was requested by the successful purchaser, however due to the close quantum of the two offers ultimately received, a contract race was decided to be the fairest strategy for both parties, therefore no exclusivity was granted.

Valuation of the business and assets

My agent, Trevor Palethorpe, a member of the National Association of Valuers and Auctioneers and an associate member of R3 Association of Business Recovery Professionals, of GA European Valuations Auctioneers and Valuers of Birmingham, was engaged to provide a valuation of the goodwill, fixtures, fittings & equipment and stock. This confirmed that the sale consideration represented the best outcome for creditors in the circumstances.

Mr Palethorpe provided valuations on a forced sale basis of the equipment and fixtures & fittings of £4.2k and stock of £300. Furthermore, he also reviewed all offers and provided advice and assistance regarding the strategy to undertake a contract race, together with subsequently recommending acceptance of the best and final offers received.

The Transaction

The sale completed on 13 July 2015 and is effective from that point.

Purchaser and Related Parties

Whilst the Purchaser is not deemed to be a connected party pursuant to Section 435 of the Act, it should be noted that Ms Horne, a Director, was transferred under TUPE regulations to the Purchaser on completion, albeit it appears Ms Horne is shortly to be made redundant by the Purchaser.

Sale consideration

The consideration achieved of £45,500 has been applied as follows:

Assets	
Goodwill	£9,000
Equipment, Fixtures & Fittings	£7,500
Intellectual Property	£9,000
Customers contracts	£9,000
Work in Progress	£9,000
Stock	<u>£2,000</u>
	<u>£45,500</u>

The offer was in excess of the valuation based upon the Company being placed into Liquidation and assets being sold on a forced sale basis, being c £4.5k, therefore it was considered that the offer should be accepted as it provided a better return to creditors.

The consideration was paid in full on completion and there are no conditions attached to the sale that are likely to affect the outcome to creditors (such as options or buy-back agreements).

Under the terms of the sale all 20 employees transferred to the purchaser on completion under TUPE.

Excluded assets

Under the terms of the SPA the cash at bank, prepayments, book debts and the small leasehold premises were excluded from the sale

At the date of the Joint Administrators appointment, it is believed that the Company's bank account with Lloyds held funds of c £7 2k The Joint Administrators have requested a transfer of these funds into their post appointment account

The Purchaser has indicated a desire to occupy the leasehold property known as Ground Floor, St Mary's Chamber, Derby, DE1 3DE and the lease has been surrendered and duly assigned following detailed correspondence between the Joint Administrators, Purchaser and Landlord The second leasehold premises known as Ground Floor, 50 Queen Street, Derby, DE1 3DE was not required by the Purchaser, and as such, the Joint Administrators have contacted the landlord stating that it is not required for the Administration process and as such, are not liable for the rent, utilities or dilapidations as an expense of the Administration

Outcome for Creditors

The Company has continued to trade on a cash proforma basis and upon being placed into Administration, held a credit balance in its bank account of c £7 2k, mitigating any outstanding liability to Lloyds

Based on current information it appears unlikely that there will be sufficient funds at the Joint Administrators' disposal to enable a dividend distribution to be declared preferential creditors However, confirmation will be provided in my subsequent reports to creditors

The Joint Administrators do not expect any funds to be available to declare a dividend distribution to the unsecured creditors of the Company

Purpose of the Administration

The statutory purpose of an Administration under The Enterprise Act 2002 is split into three objectives

- 1 To rescue a Company as a going concern (in other words a restructuring which keeps the actual entity intact) The Joint Administrators would comment that objective 1 was not achievable due to the extent of liabilities crystallising upon the Company being placed into Administration Accordingly this objective was not achievable and the Joint Administrators proceeded to objective two
- 2 If the first purpose is not reasonably practicable (or the second purpose would clearly be better for the creditors as a whole), then the Joint Administrators must perform their functions with the objective of achieving a better result for creditors than would be obtained through an immediate Liquidation of the Company This would normally envisage a sale of the business and assets as a going concern (or a more orderly sales process than in Liquidation) The Joint Administrators have chosen this objective as Administration has enabled a sale of the business and assets to be achieved which has also protected and derived a payment for the goodwill of the business, however the Administrators do not believe that the unsecured creditors will receive a dividend distribution, due to the professional costs incurred in dealing with the sales process and shareholder dispute in the pre appointment period.

- 3 If neither of the first two parts of the purpose are reasonably practicable, the Joint Administrators must perform their functions with the objective of realising property in order to make a distribution to secured and/or preferential creditors as applicable. The Joint Administrators would comment that this objective will not be achieved as there is no secured creditor in this instance.

General matters to be brought to the attention of creditors

The effect of Administration appointments is to provide protection to the Company and prevent any creditor taking action against it. During the period of the Administration the Company cannot be wound up, no Administrative Receiver can be appointed, nor can any creditor enforce security, repossess goods, commence or continue legal action without leave of the Joint Administrators or the Court. The Joint Administrators will manage the affairs, business and property of the Company. The Joint Administrators are neither personally adopting any contracts that may have been entered into by the Company, nor are they personally liable in any way in respect of them.

The Joint Administrators are not empowered to agree or pay creditors' claims and, in order to avoid incurring unnecessary costs, it is not intended to respond to routine queries. However, it will assist the Directors to prepare an accurate statement of the Company's affairs if you will forward a statement of your account made up to 13 July 2015. If you intend to claim a lien, retention of title or any other form of security, you should advise me of your claim immediately in writing and forward any relevant supporting documents.

We are proposing to communicate with creditors during the Administration via a website, the address of which is www.insolvencynotices.co.uk. We will issue a written letter each time the website is updated (all information will remain at least three months on the website).

As part of our duties as Joint Administrators, we shall be investigating what assets the Company held and what recoveries may be made for the benefit of creditors, as well as the manner in which the Company's business was conducted. These enquiries include the investigation into any potential claims, if any, that may be brought against third parties. Accordingly, should you have any information which may be relevant, please contact us as soon as possible.

VAT Bad Debt relief is now available in respect of all debts on supplies made on or after 1 April 1989, for which VAT was charged and accounted for to HM Revenue and Customs, which has been outstanding for a period of six months and is written off in the accounts. No further documentation is required.

As required by Statement of Insolvency Practice 9 (England & Wales) – "Payments to Office Holders and Their Associates - a Creditors Guide to Administrators' Remuneration" is available to download at

http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf

Should you require a paper copy, please send your request in writing to the Joint Administrators. A copy will be provided at no cost.

Please note the Joint Administrators act as agents of the Company and contract without personal liability.

CREDITOR QUESTIONNAIRE

**INVESTIGATION INTO THE AFFAIRS OF
05735718 LIMITED (FORMERLY JACK RABBITS KITCHEN LIMITED) – IN
ADMINISTRATION**

- 1 Creditors' Name and Address
- 2 Estimated claim
- 3 If the estimated claim exceeds the credit limit, on what basis or terms was the additional credit allowed?
- 4 Please provide details of any comfort, security or assurance given to you to allow continuation of credit
- 5 When were you first aware that there were difficulties in getting payment and what was the evidence of this (e.g. extended credit, lump sum payments, dishonoured cheques)?
- 6 Please provide details, including dates, of any writs, summons, decrees or other legal action you took to recover your debt

7 Please provide details of any cheques which were dishonoured, including dates and amounts

8 Are there any particular matters you feel should be considered? If so, please provide brief details

Date

Signature

Name

(block capitals please)

Position