



WEDNESDAY



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23/10/2019

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COMPANIES HOUSE

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1 Company details

Company number 0 4 3 9 6 9 6 1

Company name in full Stonebeach Limited

- in Administration

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) David

Surname Costley-Wood

3 Administrator's address

Building name/number 1 St Peters Square

Street St Peters Square

Post town Manchester

County/Region

Postcode M 2 3 A E

Country

4 Administrator's name ①

Full forename(s) William

Surname Wright

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number One Snowhill

Street Snowhill

Post town Birmingham

County/Region

Postcode B 4 6 G H

Country

② Other administrator
Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6 Period of progress report

| | | | | | | | | |
|-----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| From date | ^d 2 | ^d 2 | ^m 0 | ^m 7 | ^y 2 | ^y 0 | ^y 1 | ^y 9 |
| To date | ^d 1 | ^d 1 | ^m 1 | ^m 0 | ^y 2 | ^y 0 | ^y 1 | ^y 9 |

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d1

^d8

^m1

^m0

^y2

^y0

^y1

^y9

AM10

Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name Ted Kinsella

Company name KPMG LLP

Address 1 St Peters Square

Post town Manchester

County/Region

Postcode M 2 3 A E

Country United Kingdom

DX

Telephone 0161 246 4797

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

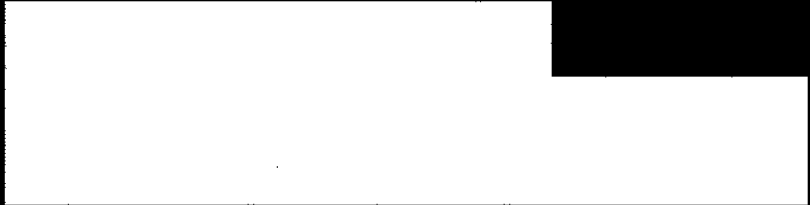
This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



Joint
Administrators'
final progress
report for the
period 22 July
2019 to 11
October 2019

Stonebeach Limited - in
Administration

22 October 2019



Notice to creditors

This progress report provides a final update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since our previous progress report.

We have also explained the exit route from the administration and the outcome for each class of creditors.

You will find other important information in the document such as the costs we have incurred.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

Finally, we have provided answers to frequently asked questions and a glossary of *insolvency terms* on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+PJ12393552.html>. We hope this is helpful to you.

Please also note that an important legal notice about this report is attached (Appendix 7).

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1 Executive summary

- This final progress report covers the period from 22 July 2019 to 11 October 2019.
- During the Period, creditors approved a modification to the Joint Administrators' original Statement of Proposals ('Proposals'). The modification was such that Paul Allen and Geoffrey Rowley of FRP Advisory LLP be appointed as Joint Liquidators of the Company. The creditors approved this modification, by way of a decision by correspondence, on 30 September 2019.
- As detailed in our previous reports, one of the duties of the Joint Liquidators will be to consider whether there may be sufficient grounds to establish potential legal claims against a number of parties.
- As previously reported, on 14 February 2019, a sale of the Patisserie Valerie business unit was completed to Pippen Production Limited (the 'PV Purchaser') for £8 million of which £5 million was received on completion and £3 million was deferred and is contingent on EBITDA performance. The Company's share of the consideration totals £3,955,051 (Section 2 – Progress to date).
- On the same date, the Baker & Spice business unit was sold to Baker and Spice (London) Limited (formerly Dept. Cold Brew Ltd) (the 'B&S Purchaser') for £2.5 million. The Company's share of this consideration totals £619,423 (Section 2 – Progress to date).
- We are not aware of any security granted to any creditors of the Company (Section 3 – Dividend prospects).
- Based on current estimates, we anticipate that unsecured creditors should receive a dividend. The Joint Liquidators will determine the quantum of this dividend in due course after completing the realisation of assets, the payment of associated costs and assessment of creditor claims (Section 3 – Dividend prospects).
- We have filed a copy of this final progress report with the Registrar of Companies, together with the requisite notices to place the Company into Creditors' Voluntary Liquidation. We will cease to act as Joint Administrators on the date these documents are registered by the Registrar of Companies.
- Please note: you should read this progress report in conjunction with our previous progress report(s) and proposals issued to the Company's creditors. <http://www.insolvency-kpmg.co.uk/case+KPMG+PJ12393552.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



David Costley-Wood
Joint Administrator

2 Progress to date

This section provides a final update on the strategy for the administration and on the progress made. It follows the information provided in our previous progress report.

2.1 Strategy and progress to date

Appointment of liquidator

As previously reported, the creditors' committee of Patisserie Holdings Plc have voted to modify our proposals to enable Paul Allen and Geoffrey Rowley of FRP Advisory LLP to be the Joint Liquidators of that entity.

We therefore proposed a modification to our Proposals, such that Paul Allen and Geoffrey Rowley of FRP Advisory LLP also be appointed as Joint Liquidators of the Company.

Following this, we received a nomination from one of the Company's creditors to appoint Christopher Purkiss of Kingston Smith & Partners LLP as Liquidator.

Accordingly, we asked creditors to vote on their preferred choice of liquidator, between Paul Allen and Geoffrey Rowley of FRP Advisory LLP, and Christopher Purkiss of Kingston Smith & Partners LLP.

The creditors voted to modify the Proposals to appoint Paul Allen and Geoffrey Rowley of FRP Advisory LLP as Joint Liquidators, by way of a decision by correspondence, on 30 September 2019.

As detailed in our previous reports, one of the duties of the Joint Liquidators will be to consider whether there may be sufficient grounds to establish potential legal claims against a number of parties.

Sale of business

As previously disclosed, on 14 February 2019, a sale of the Patisserie Valerie business unit was completed to Pippen Production Limited (the 'PV Purchaser') for £8 million of which £5 million was received on completion and £3 million was deferred and is contingent on EBITDA performance. The Company's share of the consideration totals £3,955,051.

£3,577,494 was received on completion with the balance of £377,557 deferred and contingent on EBTIDA performance.

On the same date, the Baker & Spice business unit was sold to Baker and Spice (London) Limited (formerly Dept. Cold Brew Ltd) (the 'B&S Purchaser') for £2.5 million. The Company's share of this consideration totals £619,423. All of this consideration has been received.

Trading



As previously reported, we traded the Company for a 23 day period whilst the Company was marketed for sale.

We anticipate generating a loss from trading once all costs have been paid. We anticipate the outstanding trading costs will be settled by the Joint Liquidators.

2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

Sales

During the Period, £4,874 was received in relation to sales made during our period of trading.

Bank charges and interest

As part of the Group's banking arrangements, certain funds were held in reserve by merchant acquirers. In the Period, the Company received £28,353 in respect of the reserves previously held.

Cash in transit

We received £16,166 in the Period in relation to sales that were made prior to our appointment.

Third party funds

In the Period, £336,535 was received in respect of funds which relate to both of the purchasers' trading. The majority of these funds have been returned to the purchasers and this realisation has a neutral impact on returns to creditors.

Sundry refunds

We have received £20,665, in the Period, in respect of miscellaneous receipts.

Licence fee

As previously reported, both of the purchasers have been granted a licence to occupy the Company's leasehold premises. As part of the licences, the purchasers pay rent and service charges to the Joint Administrators, which are then remitted to the respective landlords.

In the Period, we received £876,865 in relation to rent (£782,252) and service charges and insurance (£94,613) due to landlords.

The receipt of the licence fee and corresponding payments to landlords will have a neutral impact on returns to creditors.

Rates refunds

Business rates refunds of £55,992 have been received in the Period from councils in respect of overpayments made by the Company prior to our appointment.

2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made during the period are provided below.

Purchases

In the Period, we paid £13,562 in respect of direct costs relating to our period of trading.

Rent and service charges

In the Period, we paid £9,387 to landlords in respect of rent and service charges for our period of trading.

Rates

We paid £42,213 in the Period to councils in respect of business rates that were incurred during our period of trading.

Utilities

In the Period, we paid £15,230 to utility providers in respect of utilities provided during our period of trading.

Licence fee and rent management

In the Period, we paid £20,400 to PHD Property Advisors Limited in respect of their work for managing rental payments to landlords.

Agents'/Valuers' fees

We paid £1,200 to Sanderson Weatherall in the Period in respect of property management work that has been carried out.

Legal fees

In the Period, we paid £21,792 in relation to legal fees as set out below:

- £3,788 – Gateley – for their work in relation to various property matters and general ad hoc legal advice during the administration;
- £17,254 – CMS Cameron McKenna Nabarro Olswang LLP ('CMS') – for assisting the administrators in handling enquiries from various government agencies in relation to their investigations into the apparent accounting misstatements that occurred prior to the Company entering administration.
- £750 – Gillespie Macandrew LLP – for assisting the administrators in relation to renunciations of Scottish leasehold properties.

Third party funds returned

As set out above, we have received funds which relate to both of the purchasers' trading. In the Period, we have returned £406,850 in respect of these funds to the respective purchasers.

This has a neutral impact on returns to creditors.

Licence fee

In the Period, we paid £1,253,991 to the landlords of the Company's leasehold premises. Of this amount, £1,047,288 relates to rent and £206,702 relates to service charges and insurance. These payments have been made in respect of the licence to occupy these premises which has been granted to the respective purchasers.

These payments have a neutral impact on returns to creditors.

Rates Management

In the Period, we have paid £22,844 to PHD Property Advisory Limited in respect of the work they have undertaken in recovering historical overpayments of business rates.

Surplus funds to CVL

The sum of £2,874,964 will be transferred to the Joint Liquidators.

We are currently in a VAT receivable position of £526,359. This will be reclaimed outside of the Period and be paid to the Joint Liquidators by either the Company or HMRC.

2.4 Schedule of expenses

We have detailed the costs incurred during the Period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3).

Summaries of the most significant expenses which have been incurred in the Period but have not yet been paid are provided below. These will be paid during the Liquidation.

Legal fees

We have incurred total legal fees of £41,134, this includes:

- £31,363 – in relation to the work Gateley have undertaken in relation to ad hoc legal advice on various matters, providing advice in relation to the recovery of the Sainsbury's debtor balance and assisting in respect of the Company's leasehold premises.
- £9,771 – in relation to the work CMS are doing in assisting the Joint Administrators in dealing with formal requests received from various government agencies.

Licence fee

We have incurred rent (£358,900) and service charges and insurance (£32,335) during the Period in respect of the licence to occupy with has been granted to the Purchasers.

3 Outcome for creditors

3.1 Secured creditors

We are not aware of any secured claims against the company.

3.2 Preferential creditors

We are not aware of any preferential claims against the Company.

3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend during the Liquidation. The amount will be determined once the realisation of assets and payment of associated costs has been completed during the Liquidation.

4 Joint Administrators' remuneration and disbursements

4.1 Joint Administrators' remuneration and disbursements

During the Period, the Company's unsecured creditors provided approval that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the revised fees estimate provided in our previous progress report and KPMG's usual charge-out rates for work of this nature;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4. Note, this was approved by the Company's unsecured creditors in the previous period.

Time costs

From 22 July 2019 to 11 October 2019, we have incurred time costs of £190,812. These represent 447 hours at an average rate of £427 per hour.

From the date of our appointment to 11 October 2019, we have incurred time costs of £2,500,415. These represent 5,423 hours at an average rate of £461 per hour.

Please see detailed analysis of the time spent and a narrative description of the work performed (Appendix 4) and in our previous progress report.

Remuneration

During the Period, we have not drawn floating charge remuneration.

Disbursements

During the Period, we have incurred disbursements of £1,733.

Drawing remuneration and disbursements

It should be noted that in the period between the end of this report and the Company entering CVL, we will be drawing £287,714 in fees and £10,127 in disbursements, as approved by creditors.

Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 22 July 2019 to 11 October 2019. We have also attached our charging and disbursements policy.



4.2 Pre-administration costs

In our Proposals, we disclosed the following pre-administration costs which were unpaid at the date of our appointment:

| Pre-Administration costs (03/01/2019 to 21/01/2019) | | | | | | | |
|---|--------------------|--------------|---------------|-------------|---------------|------------------|-------------------------|
| | Hours | | | | Total | Time Cost (£) | Average Hourly Rate (£) |
| | Partner / Director | Manager | Administrator | Support | | | |
| Pre-Administration Sale of business - preparation | 2.50 | 1.50 | 14.00 | | 18.00 | 7,672.50 | 426.25 |
| Advising directors | 6.00 | 26.00 | 20.50 | | 52.50 | 29,335.00 | 558.76 |
| Appointment documents | | | 18.60 | | 18.60 | 6,720.00 | 361.29 |
| Pre-administration checks | 17.00 | 19.60 | 9.00 | | 45.60 | 31,007.50 | 679.99 |
| Total | 25.50 | 47.10 | 62.10 | 0.00 | 134.70 | 74,735.00 | 554.83 |

On 18 April 2019, we obtained approval from the Company's unsecured creditors to pay all of these pre-administration costs as an expense of the administration.

As previously reported, these costs were paid in the prior period.

5 Conclusion of the administration

We have filed a copy of this final progress report with the Registrar of Companies, together with the requisite notices to place the Company into Creditors' Voluntary Liquidation.

We will cease to act as Joint Administrators when these documents are registered by the Registrar of Companies and on the same date will be discharged of liability in respect of any action of ours as Joint Administrators. Discharge will be effective immediately upon our appointment as Joint Administrators ceasing to have effect.

The outstanding matters to be dealt with in the Liquidation will include, but not be limited to:

- Assessing whether there may be sufficient grounds to establish potential legal claims against a number of parties, and, if appropriate, pursuing these claims;
- Realising the remaining assets of the Company, including:
 - Agreeing and collecting the book debt balance due from Sainsbury's;
 - Collecting monies which are currently being held in reserves by Global Pay and American Express;
 - Collecting the remaining rates refunds that are due;
 - Collecting the deferred consideration due to the Company, provided that the PV Purchaser meets the EBITDA performance targets;
- Settling outstanding costs;
- Dealing with ongoing statutory matters.

Appendix 1 Statutory information

Company information

| | |
|-----------------------------|---|
| Company name | Stonebeach Limited |
| Date of incorporation | 18 March 2002 |
| Company registration number | 04396961 |
| Present registered office | 1 St Peter's Square, Manchester, M2 3AE |

Administration information

| | |
|------------------------------------|---|
| Administration appointment | The administration appointment granted in High Court of Justice, Business and Property Court in Manchester, 2075 of 2019 |
| Appointor | Directors |
| Date of appointment | 22 January 2019 |
| Joint Administrators' details | David Costley-Wood and Will Wright |
| Functions | The functions of the Joint Administrators have been exercised by them individually or together in accordance with Paragraph 100(2). |
| Current administration expiry date | 21 January 2020 |

Appendix 2 Joint Administrators' receipts and payments account

Stonebeach Limited - in Administration

Trading accounts

| Statement of Affairs (£) | From 22/07/2019 To 11/10/2019 (£) | From 22/01/2019 To 11/10/2019 (£) |
|----------------------------------|--------------------------------------|--------------------------------------|
| POST-APPOINTMENT SALES | | |
| Sales | 4,873.66 | 2,892,341.31 |
| Post-appointment debtors | NIL | 144,441.73 |
| Commission | NIL | (10,158.78) |
| Service charges | NIL | (6,128.54) |
| | <u>4,873.66</u> | <u>3,020,495.72</u> |
| PURCHASES | | |
| Purchases | (13,561.55) | (923,721.91) |
| | <u>(13,561.55)</u> | <u>(923,721.91)</u> |
| OTHER DIRECT COSTS | | |
| Direct labour | NIL | (103,166.98) |
| Sub-contractors | NIL | (42,250.00) |
| Wages - PAYE/NIC | NIL | (442,604.36) |
| | <u>NIL</u> | <u>(588,021.34)</u> |
| TRADING EXPENSES | | |
| Wages | NIL | (1,264,677.50) |
| Security | NIL | (4,368.00) |
| Rent and service charges | (9,386.57) | (70,476.86) |
| Rates | (42,212.53) | (42,212.53) |
| Utilities | (15,230.02) | (19,827.92) |
| Travel | NIL | (55.00) |
| IT/Telephone/Software/Hardware | NIL | (36,427.87) |
| Insurance | NIL | (2,250.00) |
| Bank charges & interest | 28,353.36 | (66,424.05) |
| HP/Leasing payments | NIL | (14,848.15) |
| Hire of equipment | NIL | (4,213.28) |
| Repairs and maintenance | NIL | (42,073.66) |
| Sundry expenses | NIL | (171.21) |
| Commission on sales | NIL | (20,801.95) |
| Advertising | NIL | (176.19) |
| | <u>(38,475.76)</u> | <u>(1,589,004.17)</u> |
| Trading surplus/(deficit) | (47,163.65) | (80,251.70) |

Stonebeach Limited - in Administration

Abstract of receipts & payments

| Statement of affairs (£) | From 22/07/2019 To 11/10/2019 (£) | From 22/01/2019 To 11/10/2019 (£) | |
|----------------------------|--|--------------------------------------|--------------|
| FIXED CHARGE ASSETS | | | |
| 1,975,000.00 | Leasehold property | NIL | 1,447,442.51 |
| 300,000.00 | Goodwill | NIL | 300,000.00 |
| 2.00 | Customer Contracts | NIL | 2.00 |
| 2.00 | Intellectual Property | NIL | 2.00 |
| | | NIL | 1,747,446.51 |
| ASSET REALISATIONS | | | |
| | Cash in Transit | 16,165.95 | 1,034,178.49 |
| 1,195,687.00 | Equipment | NIL | 1,198,686.67 |
| 68,000.00 | Kitchen and office furniture and fitting | NIL | 68,000.00 |
| 100,000.00 | Motor vehicles | NIL | 100,000.00 |
| 799,381.00 | Stock | NIL | 799,380.50 |
| | Third Party Funds | 336,534.73 | 621,416.42 |
| 100,000.00 | Book debts | NIL | 483,964.19 |
| | Insurance refund | NIL | 15,227.82 |
| 35,001.00 | Cash at bank | NIL | 42,682.65 |
| | | 352,700.68 | 4,363,536.74 |
| OTHER REALISATIONS | | | |
| | Bank interest, gross | NIL | 12,172.23 |
| | Third Party Funding | NIL | 750,000.00 |
| | Sundry refunds | 20,665.00 | 90,391.69 |
| | Trading surplus/(deficit) | (47,163.65) | (80,251.70) |
| 1.00 | Computer Systems & IP | NIL | 1.00 |
| 2.00 | Included Records & Customer contracts | NIL | 2.00 |
| 150,000.00 | Fittings | NIL | 150,000.00 |
| | Licence fee – rent | 782,252.07 | 2,652,848.38 |
| | Licence fee–service charge and insurance | 94,613.23 | 315,897.88 |
| | Sub-letting income | 1,440.55 | 27,726.99 |
| | | 851,807.20 | 3,918,788.47 |
| OTHER REALISATIONS | | | |
| | Rates Refunds | 55,992.46 | 266,210.54 |
| | | 55,992.46 | 266,210.54 |

Stonebeach Limited - in Administration**Abstract of receipts & payments**

| Statement of affairs (£) | From 22/07/2019 To 11/10/2019 (£) | From 22/01/2019 To 11/10/2019 (£) |
|---|--------------------------------------|--------------------------------------|
| COST OF REALISATIONS | | |
| Surplus funds to CVL | (2,874,963.57) | (2,874,963.57) |
| Rent, service charge and insurance | NIL | (42,032.47) |
| Pre-Admin Joint Administrators Fees | NIL | (74,735.00) |
| Licence fee and rent management | (20,400.00) | (51,600.00) |
| Stamp Duty Land Tax | NIL | (18,561.00) |
| Other property expenses | NIL | (1,464.00) |
| Administrators' fees | NIL | (1,951,108.15) |
| Administrators' expenses | NIL | (23,883.41) |
| Irrecoverable VAT | NIL | (274.99) |
| Consultancy fees | NIL | (33,370.74) |
| Agents'/Valuers' fees | (1,200.00) | (138,640.36) |
| Sundry Refunds | NIL | (20,645.00) |
| Legal fees | (21,791.50) | (221,305.68) |
| Legal disbursements | NIL | (4,905.82) |
| Third Party Funds returned | (406,849.98) | (597,361.28) |
| Repayment of Funding | NIL | (750,000.00) |
| Storage costs | (987.70) | (2,227.40) |
| Statutory advertising | NIL | (146.00) |
| Licence fee – rent payments | (1,047,288.40) | (2,224,867.01) |
| Rates Management | (22,844.23) | (22,844.23) |
| Licence fee–service and insurance paymt | (206,702.46) | (273,344.28) |
| Wages & salaries | NIL | (22,500.00) |
| PAYE & NIC | NIL | (415,786.93) |
| Bank charges | (240.00) | (1,681.50) |
| Sub-letting property expenses | NIL | (1,374.80) |
| | (4,603,267.84) | (9,769,623.62) |
| 4,723,076.00 | (3,342,767.50) | 526,358.64 |

Stonebeach Limited - in Administration

Abstract of receipts & payments

| Statement of affairs (£) | From 22/07/2019 To 11/10/2019 (£) | From 22/01/2019 To 11/10/2019 (£) |
|--------------------------|--------------------------------------|--------------------------------------|
|--------------------------|--------------------------------------|--------------------------------------|

REPRESENTED BY

| | | |
|---------------------------|--|-------------------|
| Floating ch. VAT rec'able | | 1,046,807.26 |
| Floating charge current | | NIL |
| Floating ch. VAT payable | | (1,100,449.46) |
| Floating ch. VAT control | | 580,000.84 |
| | | <hr/> |
| | | 526,358.64 |
| | | <hr/> |

Appendix 3 Schedule of expenses

Schedule of expenses (22/07/2019 to 11/10/2019)

| Expenses (£) | Incurred and paid in the period (£) | Incurred in the period not yet paid (£) | Total (£) |
|---|---|---|---------------------|
| Cost of realisations | | | |
| Licence fee and rent management | 20,400.00 | 0.00 | 20,400.00 |
| Legal fees | 21,791.50 | 41,133.78 | 62,925.28 |
| Third Party Funds returned | 336,534.73 | 0.00 | 336,534.73 |
| Licence fee – rent payments | 756,086.65 | 356,900.16 | 1,112,986.81 |
| Licence fee–service and insurance payment | 158,632.57 | 32,334.57 | 190,967.14 |
| Bank charges | 240.00 | 0.00 | 240.00 |
| TOTAL | 1,293,685.45 | 430,368.51 | 1,724,053.96 |

Please note that there is a difference between the payments made during the period of £4,603,268 (per the receipts and payments account) and the expenses incurred and paid in the period of £1,293,686 (per the schedule of expenses). This is because some of the payments made in the period relate to expenses incurred in a prior period.

Requests for further information and right to challenge our remuneration and expenses

Creditors' requests for further information

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report.

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court.

Creditors' right to challenge our remuneration and expenses

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report.

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court.

The full text of the relevant rules can be provided on request by writing to Edward Kinsella on 1 St Peter's Square, Manchester, M2 3AE.

Appendix 4 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators' Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>

If you are unable to access this guide and would like a copy, please contact Edward Kinsella on 0161 2464797.

Hourly rates

Set out below are the relevant charge-out rates per hour worked for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration; using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

| Charge-out rates (£) for: Restructuring | | |
|--|-----------------------|-----------------------|
| Grade | From 01 Jan 2019 £/hr | From 01 Oct 2019 £/hr |
| Partner | 875 | 875 |
| Director | 775 | 775 |
| Senior Manager | 675 | 675 |
| Manager | 540 | 540 |
| Senior Administrator | 395 | 395 |
| Administrator | 300 | 300 |
| Support | 150 | 150 |

Policy for the recovery of disbursements

We have recovered both Category 1 and Category 2 disbursements from the estate.

For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have incurred the following disbursements (excluding VAT) during the period 22 July 2019 to 11 October 2019.

| SIP 9 - Disbursements | | | | | |
|-----------------------|-----------------|------------|------------|------------|-----------------|
| Disbursements | Category 1 | | Category 2 | | Totals (£) |
| | Paid (£) | Unpaid (£) | Paid (£) | Unpaid (£) | |
| Postage | 1,732.98 | NIL | NIL | NIL | 1,732.98 |
| Total | 1,732.98 | NIL | NIL | NIL | 1,732.98 |

Please bear in mind that this table includes expenses incurred by KPMG and is therefore unlikely to reconcile with the disbursements shown in the Schedule of Expenses.

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

Category 2 disbursements have been approved in the same manner as our remuneration.

Narrative of work carried out for the period 22 July 2019 to 11 October 2019

The key areas of work have been:

-
- | | |
|---------------|---|
| Statutory and | ■ issuing regular press releases and posting information on a dedicated web page; |
| | ■ preparing statutory receipts and payments accounts; |
-

| | |
|---|---|
| compliance | <ul style="list-style-type: none"> ■ arranging bonding and complying with statutory requirements; ■ dealing with all closure related formalities; ■ ensuring compliance with all statutory obligations within the relevant timescales. |
| Strategy documents, Checklist and reviews | <ul style="list-style-type: none"> ■ monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same; ■ briefing of our staff on the administration strategy and matters in relation to various work-streams; ■ regular case management and reviewing of progress, including regular team update meetings and calls; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instructions; ■ complying with internal filing and information recording practices, including documenting strategy decisions. |
| Cashiering | <ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices; ■ creating remittances and sending payments to settle post-appointment invoices; ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments. |
| Tax | <ul style="list-style-type: none"> ■ reviewing the Company's pre-appointment corporation tax and VAT position; ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ working initially on tax returns relating to the periods affected by the administration; ■ analysing VAT related transactions; ■ reviewing the Company's duty position to ensure compliance with duty requirements; ■ dealing with post appointment tax compliance. |
| General | <ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9; ■ drawing remuneration in accordance with the basis which has been approved by unsecured creditors; ■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage. |
| Property matters | <ul style="list-style-type: none"> ■ communicating with landlords regarding rent, property occupation and other issues. |
| Creditors and claims | <ul style="list-style-type: none"> ■ updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ drafting our progress report. |

Time costs

SIP 9 –Time costs analysis (22/07/2019 to 11/10/2019)

| | Hours | Time Cost (£) | Average Hourly Rate (£) |
|--|---------------|---------------|-------------------------|
| Administration & planning | | | |
| Cashiering | | | |
| General (Cashiering) | 39.90 | 12,527.00 | 313.96 |
| Reconciliations (& IPS accounting reviews) | 1.00 | 300.00 | 300.00 |
| General | | | |
| Books and records | 0.50 | 197.50 | 395.00 |
| Fees and WIP | 3.00 | 1,067.50 | 355.83 |
| Statutory and compliance | | | |
| Budgets & Estimated outcome statements | 2.00 | 1,350.00 | 675.00 |
| Checklist & reviews | 21.90 | 7,560.00 | 345.21 |
| Closure and related formalities | 6.25 | 3,052.50 | 488.40 |
| Statutory receipts and payments accounts | 10.10 | 7,217.50 | 714.60 |
| Strategy documents | 7.15 | 2,625.00 | 367.13 |
| Tax | | | |
| Post appointment corporation tax | 5.10 | 3,442.50 | 675.00 |
| Post appointment VAT | 16.12 | 6,676.15 | 414.15 |
| Creditors | | | |
| Creditors and claims | | | |
| General correspondence | 62.70 | 24,824.00 | 395.92 |
| Secured creditors | 0.50 | 437.50 | 875.00 |
| Statutory reports | 73.53 | 36,690.35 | 498.98 |
| Investigation | | | |
| Investigations | | | |
| Correspondence re investigations | 3.00 | 2,337.50 | 779.17 |
| Review of pre-appt transactions | 2.00 | 600.00 | 300.00 |
| Realisation of assets | | | |
| Asset Realisation | | | |
| Cash and investments | 2.40 | 870.00 | 362.50 |
| Debtors | 4.15 | 2,520.00 | 607.23 |
| Leasehold property | 112.28 | 49,450.85 | 440.42 |
| Rent | 47.19 | 17,286.30 | 366.31 |
| Trading | | | |
| Employee Matters / PAYE | 0.30 | 90.00 | 300.00 |
| Post trading related matters | 18.60 | 7,590.00 | 408.06 |

SIP 9 –Time costs analysis (22/07/2019 to 11/10/2019)

| | Hours | Time Cost (£) | Average Hourly Rate (£) |
|-----------------------------|---------------|-------------------|-------------------------|
| Purchases and trading costs | 7.00 | 2,100.00 | 300.00 |
| Total in period | 446.67 | 190,812.15 | 427.19 |

| | | |
|--|----------|--------------|
| Brought forward time (appointment date to SIP 9 period start date) | 4,976.60 | 2,309,602.85 |
| SIP 9 period time (SIP 9 period start date to SIP 9 period end date) | 446.67 | 190,812.15 |
| Carry forward time (appointment date to SIP 9 period end date) | 5,423.27 | 2,500,415.00 |

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.

Appendix 5 Summary of Joint Administrators' proposals

Due to the material misstatements discovered in the Company's financial statements, and the undetermined liabilities to HMRC and other group companies, rescuing the Company as a going concern in accordance with Paragraph 3(1)(a) is not achievable.

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to seek an extension to the administration period if we consider it necessary.

Distributions

- to make distributions to the unsecured creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, David Costley-Wood and Will Wright, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;
- petition the Court for a winding-up order placing the Company into compulsory liquidation and to consider, if deemed appropriate, appointing us, David Costley-Wood and Will Wright, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the

registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose that:

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff in accordance with the fees estimate provided in Appendix 3 and the charge-out rates included in Appendix 5;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 5;
- unpaid pre-administration costs be an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Modification of Proposals

The Proposals were modified following a decision of creditors by correspondence on 30 September 2019, the modification is as follows:

One possible strategy in order to bring the administration to an end is to place the Company into creditors' voluntary Liquidation. In the circumstances, we propose that Paul Allen and Geoffrey Rowley of FRP Advisory LLP to be appointed as Joint Liquidators of the Company, without further recourse to creditors.

Appendix 6 Glossary

| | |
|---------------------------------------|---|
| B&S Purchaser | Baker and Spice (London) Limited (formerly Dept. Cold Brew Ltd) |
| CMS | CMS Cameron McKenna Nabarro Olswang LLP |
| Company | Stonebeach Limited - in Administration |
| Group | The Company together with; Flour Power City Limited, PTS Realisations Limited (formerly Philpotts Limited), PV Acquisition Realisations Limited (formerly Patisserie Acquisition Limited), Patisserie Holdings Plc, Spice Bakery Limited, PV Holdings Realisations Limited (formerly PV Holdings Limited) – all in administration. |
| HMRC | Her Majesty's Revenue and Customs |
| Joint Administrators/we/our/us | David Costley-Wood and Will Wright |
| KPMG | KPMG LLP |
| Liquidation / CVL | Creditors' Voluntary Liquidation |
| Joint Liquidators | Paul Allen and Geoffrey Rowley of FRP Advisory LLP |
| Period | 22 July 2019 to 11 October 2019 |
| Proposals | The Joint Administrators' Statement of Proposals dated 18 March 2019 and modified on 30 September 2019 |
| PV Purchaser | Pippen Production Limited |



Any references in this progress report to sections, paragraphs and rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules (England and Wales) 2016 respectively.

Appendix 7 Notice: About this report

This report has been prepared by David Costley-Wood and Will Wright the Joint Administrators of Stonebeach Limited – in Administration (the 'Company') solely to comply with their statutory duty to report to creditors under the Insolvency Rules (England and Wales) 2016 on the progress 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 report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

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

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules (England and Wales) 2016 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

David James Costley-Wood and William James Wright are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

We are bound by the Insolvency Code of Ethics.

The Officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html.

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

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