

# AM10

## Notice of administrator's progress report



Companies House

MONDAY



A15 \*A8C7367L\* #223  
19/08/2019  
COMPANIES HOUSE

### 1 Company details

Company number 0 4 3 9 6 9 6 1

Company name in full Stonebeach Limited

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

### 2 Administrator's name

Full forename(s) David James

Surname Costley-Wood

### 3 Administrator's address

Building name/number KPMG LLP

Street 1 St Peter's Square

Post town Manchester

County/Region

Postcode M 2 3 A E

Country

### 4 Administrator's name <sup>1</sup>

Full forename(s) Willam James

Surname Wright

<sup>1</sup> Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address <sup>2</sup>

Building name/number KPMG LLP

Street 15 Canada Square

Canary Wharf

Post town London

County/Region

Postcode E 1 4 5 G L

Country

<sup>2</sup> Other administrator  
Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report


### 6 Period of progress report

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### 7 Progress report

I attach a copy of the progress report

### 8 Sign and date

Administrator's signature	Signature <b>X</b>  <b>X</b>																	
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Joint  
Administrators'  
progress  
report for the  
period 22  
January 2019  
to 21 July  
2019

Stonebeach Limited - in  
Administration

19 August 2019



# Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that funds will be available to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 7).

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 progress report is attached (Appendix 8).**

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# 1 Executive summary

- This progress report covers the period from the date of our appointment on 22 January 2019 to 21 July 2019 (the 'Period').
- The Directors resolved on 22 January 2019 to appoint us as Joint Administrators. The notice of appointment was lodged at High Court of Justice, Business and Property Court in Manchester on 22 January 2019 and we were duly appointed.
- We delivered our statement of proposals ('Proposals') to all known creditors on 18 March 2019. A physical creditors' meeting was requisitioned by the Company's creditors and a decision was taken by the creditors on 18 April 2019 to approve our Proposals without modification.
- As detailed in our Proposals, 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).
- A sale of the Baker & Spice business unit was also completed on 14 February 2019 for £2.5 million. The Company's share of this consideration totals £619,423 (Section 2 - Progress to date).
- Apart from the sale of business and trading sales, other realisations from assets are expected to realise over £1.7m. This includes cash in transit of £1.0 million, pre appointment debtors, monies held by merchant facility providers and rates refunds (Section 2 - Progress to date).
- We are not aware of any security granted to any creditors of the Company (Section 3 - Dividend prospects).
- We are not aware of any preferential creditors as the Company did not have any employees; employee contracts were held in the name of Patisserie Holdings Plc (Section 3 - Dividend prospects).
- Based on current estimates, we anticipate that unsecured creditors should receive a dividend. We anticipate that a prospective liquidator will determine the amount of this in due course after completing the realisation of assets, the payment of associated costs and an assessment of creditor claims (Section 3 - Dividend prospects).
- As detailed in the Proposals, we noted that it would be necessary for the Company to consider whether there may be sufficient grounds to establish potential legal claims against a number of parties.
- In light of the above, and as part of our Proposals, we invited creditors to form a creditors' committee to, amongst other matters, decide whether it wished to seek the appointment of an additional administrator to review, and if appropriate pursue, potential legal claims against relevant parties. There were an insufficient value of creditors voting to enable a creditors' committee to be formed in the Company.
- However, a creditors' committee was formed by the creditors of Patisserie Holdings Plc (in administration) (the 'Parent') who voted to modify the proposals to appoint Paul Allen and Geoffrey Rowley of FRP Advisory as Joint Liquidators of the Parent, once the Parent moves from Administration to Liquidation.
- The Joint Administrators are asking creditors of the Company to vote on a similar modification of the Proposals approved at the creditors' meeting on 18 April 2019, to allow

Paul Allen and Geoffrey Rowley of FRP Advisory to be appointed Liquidators of the Company when the Company moves to Liquidation.

- We intend to conduct a meeting of creditors by correspondence to consider our revised proposals for the administration and seek approval of the Joint Administrators' remuneration in accordance with the revised fee estimate in Appendix 4, unless sufficient requests are received from creditors to hold a physical meeting. The final date for submission of creditor voting is 4 September 2019. The voting forms also allow nominations for a creditors' committee to be formed.
- Please note: you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and can be found at <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 updates you on our strategy for the administration and on our progress to date. It follows the information provided in our proposals.

### 2.1 Strategy and progress to date

#### Strategy

##### Physical Creditors' Meeting Held

A physical creditors' meeting was requisitioned by the Company's creditors in accordance with the Rules. The meeting took place on 18 April 2019 at KPMG's offices in Birmingham. All of the resolutions put to creditors by correspondence were approved at the meeting, as reported to creditors following the conclusion of the meeting. A creditors' committee was not constituted.

##### Appointment of Liquidator

As stated above, the Joint Administrators are asking creditors of the Company to vote on a similar modification of the Proposals approved at the creditors' meeting on 18 April 2019, to allow Paul Allen and Geoffrey Rowley of FRP Advisory to be appointed Liquidators of the Company when the Company moves to Liquidation. As stated in the Proposals, KPMG cannot be a part of any action against Grant Thornton. As Liquidators of the Parent, there is a risk that in future FRP request assistance from KPMG as Administrators to the Company in any such potential action. To prevent this happening and/or holding up any action, it is proposed to appoint FRP as Liquidators to the Company, to replace KPMG.

##### Sale of Business

Please refer to the Proposals for full details of the sales of the business units within the Patisserie Valerie Group, which all completed on 14 February 2019.

##### Trading

Please refer to the Proposals for full details of the administration trading period, which ceased on 13 February 2019, prior to the sale of the Patisserie Valerie and Baker & Spice business units.

We have received £3,015,139, net of commissions, in respect of sales during the trading period. There is a small amount of reserves which are being held by merchant acquirers which will be released to the administrators in due course.

The Joint Administrators continue to settle liabilities incurred in the trading period, including final supplier payments, rent, rates and utility payments. The final profit or loss figure will not be determined until these costs are settled, however we expect that the trading period will result in a small loss.

##### Liaising with Regulatory Authorities

As explained in the Proposals, we have been liaising with a number of regulatory bodies since the commencement of the administration appointment, and continue to do so.



Enquiries are still ongoing from a number of agencies in respect of the Group's conduct prior to the administration.

## **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. Where the asset class has previously been reported on in the proposals, only a summary of the information previously provided is included below.

### Trading – Sales and Post-appointment Debtors

Sales received in the period from trading total £3,015,139, after deducting commissions and service charges.

### Sale of business – Patisserie Valerie business unit

As disclosed in the Proposals, the Company's share of the £8 million consideration is £3.96 million, of which £3.58 million was received on completion with the balance deferred.

Please refer to the Proposals for the split of consideration.

### Sale of business – Baker & Spice business unit sale

As reported in the Proposals, the Baker and Spice business was sold for £2.5 million to Baker and Spice (London) Ltd (formerly Dept. Cold Brew Ltd) trading as The Department of Coffee and Social Affairs ("the B&S Purchaser"). The Company's share of the £2.5 million consideration is £619,423, all of which has been received.

Please refer to the Proposals for the split of consideration.

### Cash in Transit

Amounts totalling £1,018,013 have been received following our appointment in respect of sales that were made prior to our appointment.

Further realisations are anticipated from Global Pay and American Express in respect of reserves they are holding and these will be realised in due course. We anticipate these to be in the region of £50,000.

### Book Debts

We have realised £483,964 in respect of book debts. The split of these funds is detailed below:

- Sale of business: The sum of £100,000 was apportioned to book debts in respect of the Patisserie Valerie business unit.
- Fenwick: The sum of £138,650 has been received in respect of amounts due from Fenwicks in respect of a concession site the Company had. No further sums are due.

- Selfridges: The sum of £27,376 has been received from Selfridges in respect of book debts. Additional amounts have been received from Selfridges in respect of sales made during the trading period.
- Other: Debtor balances from various sources have been realised in the sum of £217,938.

As reported in the Proposals, the estimated sum due from Sainsbury's is £400,000. We continue to be in negotiations with Sainsbury's to agree the final sum due.

Please see section 6 of this report for anticipated future book debt collections.

#### Rates Refunds

Business rates refunds of £210,218 have been received from councils in the report period, in respect of overpayments made by the Company pre-Administration. Please see section 6 of this report for comment on anticipated future rates refunds.

#### Sundry Refunds

The sum of £73,221 has been received in the reporting period in respect of sundry refunds. We are unaware of any additional sundry refunds due.

#### Cash at Bank

Cash at bank of £42,683 has been received during the trading period, in respect of cash held in the Company's pre-Administration bank accounts at the date of appointment. No further sums are expected.

#### Subletting Income

The sum of £26,286 has been received in the reporting period in respect of sub-letting income from residential accommodation located within trading premises.

We anticipate that the majority of these funds will be the property of the PV Purchaser as they continue to occupy the majority of the Company's sites, however we are waiting for legal confirmation on this position.

#### Licence Fee

Both purchasers have been granted licences 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 on a monthly or quarterly basis, as set out in each lease.

To date, we have received £2,090,728 in respect of amounts due to landlords from the two purchasers. The receipt of the licence fee and corresponding payment to landlords will have a neutral impact on the amount available for distribution to creditors.

#### Third Party Funds

During the period we held a total of £284,412 in respect of funds that have been sent to us but relate to the purchasers' sales. In the period, we have returned £190,511 to the

purchasers. However, following the end of this period, the balance of funds has been returned.

This will have no impact on the total realisations in the Administration.

#### Investigations

We have complied with the relevant statutory requirements by submitting the online director conduct assessment to the Department for Business, Energy and Industrial Strategy. The contents of our submission are confidential.

## 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.

#### Trading Expenses

Payments to date in respect of trading total £3,063,087 the majority of which relate to Wages and PAYE/NIC in respect of retained employees who worked for the Patisserie Valerie and Baker & Spice business units (£1,852,698) and payments to suppliers in respect of direct purchases (£910,139).

Other significant costs paid in the period include bank charges (£94,777), rent and service charges (£75,489), repairs and maintenance (£42,074) and IT costs (£36,428). The bank charges include merchant acquirer charges for use of the card facilities. This figure is expected to reduce as a proportion of these amounts relate to monies held back by card providers in case of chargebacks, and will be released over time as the chargeback window closes.

Trading costs continue to be settled. We are awaiting correct invoices from suppliers to settle the majority of outstanding trading costs, including business rates, utilities and rent.

#### Legal Fees and disbursements

Legal Fees and disbursements totalling £204,420 have been paid to in respect of various matters, the most significant being as follows:

- Gateley Plc (£140,948) assisted with the administration appointment documentation, advised the Joint Administrators during the sale process, provided adhoc legal advice on a range of matters during the administration trading period and continue to advise the Joint Administrators as and when required.
- CMS (£57,019) has assisted the Joint Administrators in respect of handling enquiries from various government agencies in relation to the apparent accounting misstatements.

#### Agents' and Valuers' Fees

Fees totalling £158,085 have been paid to the followings agents and asset valuers:

- European Valuations (£90,129) for the provision of agents to close 71 stores on day one of the administration, as well as adhoc assistance with the store estate where required.

- Sanderson Weatherall (£20,645) for the valuation of the Company's assets and disposal advice for assets not included in the sales.
- Savills (£26,667) for the valuation of leases and disposal advice.

All of the above fees exclude VAT.

The above professionals were chosen on the basis of their skills in the relevant areas. The basis and estimated quantum of their fees was discussed with them upon engagement, and all fees are reviewed against engagement letters before being paid.

## **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.

Licence fee - Rent, service charge and insurance

An amount of £1,009,371 has been accrued in respect of rent and £93,395 in service charge payments to be made to landlords during the licence to occupy that has been granted to the Purchaser. As these amounts will be received from the Purchaser and paid to the Company's landlords, this will not reduce the amount of funds available to unsecured creditors.

Third party funds returned

We are holding £96,377 in respect of funds that have been sent to us but relate to the purchasers.

Utilities

We estimate the utilities cost of the trading period total £269,077. £5,660 of this has been paid to date, leaving £263,417 that has been incurred but not paid.

Rates

We estimate the business rates cost of the trading period total £148,817, none of this has been paid to date.

Administrators' fees

We have provided a revised cost estimate of £2,487,879 against which we expect to draw total fees of £2,237,822, as per appendix 4, all of which has been incurred in the period.

## **3 Dividend prospects**

### **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 as the Company did not have any employees; employee contracts were held in the name of Patisserie Holdings Plc (in administration).

## 3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend. We anticipate that a prospective liquidator will determine the amount of this in due course after completing the realisation of assets, the payments of associated costs and an assessment of creditor claims.

We therefore anticipate that any distributions to unsecured creditors will take place in the subsequent Liquidation, if the appointment of Paul Allen and Geoffrey Rowley of FRP Advisory as Liquidators is approved by the creditors.

# 4 Other matters

## 4.1 Decision procedure

Notice of seeking decisions by correspondence is attached to the covering letter. This decision by correspondence procedure is being used to seek approval for:

- a revision of our fees estimate
- a modification to the Joint Administrators approved Proposals, to appoint Paul Allen and Geoffrey Rowley of FRP Advisory as Joint Liquidators of the Company, once the Company moves from Administration to Liquidation.

Please note that if a Creditors' Committee is formed, the votes cast by creditors in relation to the proposed decisions above will be disregarded.

### Creditors' right to request a physical meeting

We will summon a physical meeting (1) if asked to do so by (a) creditors whose debts amount to at least 10% of the total debts of the Company, or (b) 10% in number of creditors or (c) 10 creditors and (2) if the procedures set out below are followed.

Requests for a physical meeting must be made within five business days of the date on which notice of the decision procedure was delivered. They must include:

- a statement of the requesting creditors' claim;
- a list of the creditors concurring with the request, showing the amounts of their respective debts in the administration;
- written confirmation of their concurrence from each concurring creditor; and
- a statement of the purpose of the proposed meeting.

In addition, the expenses of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expenses with us.

If you wish to request a physical meeting, please complete and return the physical meeting requisition form attached to the cover letter.

## **4.2 Other case specific matters**

Investigations by regulatory bodies

In light of the apparent accounting misstatement, there are a number of regulatory bodies that are investigating the Company's affairs. We continue to liaise and cooperate with these organisations.

# **5 Joint Administrators' remuneration, disbursements and pre-administration costs**

## **5.1 Joint Administrators' remuneration and disbursements**

During the period, the Company's unsecured creditors have 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 fees estimate provided in the *Proposals* 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 5.

It has become apparent during the period that we will exceed our previous fees estimate. Therefore, we are now seeking approval from the Company's unsecured creditors to draw additional remuneration of £40,832 as per the revised fees estimate included in Appendix 4.

See Section 4 for details regarding the decision procedure.

Time costs

From the date of our appointment to 21 July 2019, we have incurred time costs of £2,330,222. These represent 5,017 hours at an average rate of £464 per hour.

Remuneration

During the Period, we have drawn remuneration of £1,951,108, excluding pre-appointment fees of £74,725.

Disbursements

During the period, we have incurred disbursements of £34,738. Of these, £23,883 have been paid.

## Additional information

We have attached a revised fees estimate at Appendix 4. Our time costs are expected to increase, reasons why are detailed in the narrative in Appendix 4.

We have attached a revised expenses estimate at Appendix 5. Our estimated expenses will increase, reasons why are detailed in the narrative in Appendix 5.

We have attached (Appendix 6) 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 our appointment to 21 July 2019. We have also attached our charging and disbursements policy.

## 5.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, in our proposals:

<b>Pre-administration costs</b>				
	Disclosed unpaid costs (£)	Approved (£)	Paid in the period (£)	Outstanding (£)
KPMG fees	74,735.00	74,735.00	74,735.00	0.00
Gateley Plc fees	11,180.00	11,180.00	11,180.00	0.00
<b>Total</b>	<b>85,915.00</b>	<b>85,915.00</b>	<b>85,915.00</b>	<b>0.00</b>

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.

These fees were drawn in full in the period.

# 6 Future strategy

## 6.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

bringing matters in the administration to a conclusion, in order to be able to move the Company to Liquidation in the near future.

providing a handover to the liquidator to allow ongoing matters to be progressed, as follows:

settlement of trading expenses and other anticipated expenses as set out in Appendix 3;

recovery of anticipated future realisations as detailed below;

- o assessment of any potential claims against third parties. The Joint Administrators have not commenced any investigations in this regard, but can

pass on Company records relating to the period prior to the administration appointment, as far as these are held.

#### Anticipated Future Realisations

The Joint Administrators are aware of the following material assets still to be realised:

Pre-Administration debtor balance outstanding from Sainsbury's, understood to be in the region of £400,000. We are currently finalising our negotiations with Sainsbury's in relation to this book debt.

Monies held back by merchant facilities providers, Global Pay and American Express, in relation to potential chargeback claims, which are expected to be released over time.

Any sums due from a potential claim against third parties in respect of the accounting misstatements uncovered in October 2018.

## **6.2 Discharge from liability**

Approval was granted by creditors at the physical meeting of creditors held on 18 April 2019 that we be discharged from liability in respect of any actions as Joint Administrators, upon filing of the final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

## **6.3 Future reporting**

If the appointment of Paul Allen and Geoffrey Rowley of FRP Advisory as Joint Liquidators of the Company is approved, we will provide a final progress report once the administration has been completed and the Company is ready to be moved to Liquidation.



## Appendix 1 Statutory information

### Company information

Company name	Stonebeach Limited
Date of incorporation	18 March 2002
Company registration number	04396961
Present registered office	KPMG LLP, 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 are being 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

<b>Stonebeach Limited - in Administration</b>		
<b>Trading accounts</b>		
Statement of Affairs (£)	From 22/01/2019 To 21/07/2019 (£)	From 22/01/2019 To 21/07/2019 (£)
<b>POST-APPOINTMENT SALES</b>		
Sales	2,886,984.57	2,886,984.57
Post-appointment debtors	144,441.73	144,441.73
Commission	(10,158.78)	(10,158.78)
Pre-Appointment Debtors	(6,128.54)	(6,128.54)
	<u>3,015,138.98</u>	<u>3,015,138.98</u>
<b>PURCHASES</b>		
Purchases	(910,138.61)	(910,138.61)
	<u>(910,138.61)</u>	<u>(910,138.61)</u>
<b>OTHER DIRECT COSTS</b>		
Direct labour	(103,166.98)	(103,166.98)
Sub contractors	(42,250.00)	(42,250.00)
Wages - PAYE/NIC	(442,604.36)	(442,604.36)
	<u>(588,021.34)</u>	<u>(588,021.34)</u>
<b>TRADING EXPENSES</b>		
Wages	(1,264,677.50)	(1,264,677.50)
Security	(4,368.00)	(4,368.00)
Rent and service charges	(75,489.05)	(75,489.05)
Utilities	(4,597.90)	(4,597.90)
Travel	(55.00)	(55.00)
IT/Telephone/Software/Hardware	(36,427.87)	(36,427.87)
Insurance	(2,250.00)	(2,250.00)
Bank charges & interest	(94,777.41)	(94,777.41)
HP/Leasing payments	(14,848.15)	(14,848.15)
Hire of equipment	(4,213.28)	(4,213.28)
Repairs and maintenance	(42,073.66)	(42,073.66)
Sundry expenses	(171.21)	(171.21)
Commission on sales	(20,801.95)	(20,801.95)
Advertising	(176.19)	(176.19)
	<u>(1,564,927.17)</u>	<u>(1,564,927.17)</u>
<b>Trading surplus/(deficit)</b>	<b>(47,948.14)</b>	<b>(47,948.14)</b>

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

Statement of affairs (£)		From 22/01/2019 To 21/07/2019 (£)	From 22/01/2019 To 21/07/2019 (£)
<b>FIXED CHARGE ASSETS</b>			
1,975,000.00	Leasehold property	1,447,442.51	1,447,442.51
300,000.00	Goodwill	300,000.00	300,000.00
2.00	Customer Contracts	2.00	2.00
2.00	Intellectual Property	2.00	2.00
		1,747,446.51	1,747,446.51
<b>ASSET REALISATIONS</b>			
	Cash in Transit	1,018,012.54	1,018,012.54
1,195,687.00	Equipment	1,198,686.67	1,198,686.67
68,000.00	<i>Kitchen and office furniture and fitting</i>	68,000.00	68,000.00
100,000.00	Motor vehicles	100,000.00	100,000.00
799,381.00	Stock	799,380.50	799,380.50
	Third Party Funds	284,412.64	284,412.64
100,000.00	Book debts	483,964.19	483,964.19
	Insurance refund	15,227.82	15,227.82
35,001.00	Cash at bank	42,682.65	42,682.65
		4,010,367.01	4,010,367.01
<b>OTHER REALISATIONS</b>			
	Bank interest, gross	12,172.23	12,172.23
	Third Party Funding	750,000.00	750,000.00
	Sundry refunds	73,221.05	73,221.05
	Trading surplus/(deficit)	(47,948.14)	(47,948.14)
1.00	Computer Systems & IP	1.00	1.00
2.00	Included Records & Customer contracts	2.00	2.00
150,000.00	Fittings	150,000.00	150,000.00
	Licence fee – rent	1,868,185.14	1,868,185.14
	Licence fee–service charge and insurance	222,543.11	222,543.11
	Sub-letting income	26,286.44	26,286.44
		3,054,462.83	3,054,462.83
<b>OTHER REALISATIONS</b>			
	Rates Refunds	210,218.08	210,218.08
		210,218.08	210,218.08
<b>COST OF REALISATIONS</b>			
	Rent, service charge and insurance	(21,030.79)	(21,030.79)

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

Statement of affairs (£)	From 22/01/2019 To 21/07/2019 (£)	From 22/01/2019 To 21/07/2019 (£)
Pre-Admin Joint Administrators Fees	(74,735.00)	(74,735.00)
Licence fee and rent management	(31,200.00)	(31,200.00)
Stamp Duty Land Tax	(18,561.00)	(18,561.00)
Other property expenses	(1,464.00)	(1,464.00)
Administrators' fees	(1,951,108.15)	(1,951,108.15)
Administrators' expenses	(23,883.41)	(23,883.41)
Irrecoverable VAT	(274.99)	(274.99)
Consultancy fees	(33,370.74)	(33,370.74)
Agents'/Valuers' fees	(158,085.36)	(158,085.36)
Legal fees	(199,514.18)	(199,514.18)
Legal disbursements	(4,905.82)	(4,905.82)
Third Party Funds returned	(190,511.30)	(190,511.30)
Repayment of Funding	(750,000.00)	(750,000.00)
Storage costs	(1,239.70)	(1,239.70)
Statutory advertising	(146.00)	(146.00)
Licence fee - rent payments	(1,164,226.21)	(1,164,226.21)
Licence fee - service and insurance paymt	(86,597.14)	(86,597.14)
Wages & salaries	(22,500.00)	(22,500.00)
PAYE & NIC	(415,786.93)	(415,786.93)
Bank charges	(1,441.50)	(1,441.50)
Sub-letting property expenses	(1,374.80)	(1,374.80)
	<b>(5,151,957.02)</b>	<b>(5,151,957.02)</b>
<b>4,723,072.00</b>	<b>3,870,537.41</b>	<b>3,870,537.41</b>

## REPRESENTED BY

Floating ch. VAT rec'able	798,897.07
Floating charge current	3,412,578.93
Floating ch. VAT payable	(920,939.43)
Floating ch. VAT control	580,000.84
	<b>3,870,537.41</b>

## Appendix 3 Schedule of expenses

### Schedule of expenses (22/01/2019 to 21/07/2019)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
<b>Purchases</b>			
Purchases	910,138.61	14,000.00	924,138.61
Other direct costs			
Direct labour	103,166.98	2,163.96	105,330.94
Sub-contractors	42,250.00	0.00	42,250.00
Wages - PAYE/NIC	442,604.36	0.00	442,604.36
<b>Trading expenses</b>			
Wages	1,264,677.50	0.00	1,264,677.50
Security	4,368.00	0.00	4,368.00
Rent and service charges	75,489.05	68,163.04	143,652.09
Utilities	5,659.55	263,417.37	269,076.92
Travel	55.00	0.00	55.00
IT/Telephone/Software/Hardware	36,427.87	0.00	36,427.87
Insurance	2,250.00	0.00	2,250.00
Bank charges & interest	94,777.41	0.00	94,777.41
HP/Leasing payments	14,848.15	0.00	14,848.15
Hire of equipment	4,213.28	0.00	4,213.28
Repairs and maintenance	42,073.66	283.95	42,357.61
Sundry expenses	171.21	0.00	171.21
Commission on sales	20,801.95	0.00	20,801.95
Advertising	176.19	0.00	176.19
Rates	0.00	148,816.62	148,816.62
<b>Cost of realisations</b>			
Rent, service charge and insurance	21,030.79	0.00	21,030.79
Pre-Admin Joint Administrators Fees	74,735.00	0.00	74,735.00
Licence fee and rent management	31,200.00	15,750.00	46,950.00
Stamp Duty Land Tax	18,561.00	0.00	18,561.00
Other property expenses	1,464.00	0.00	1,464.00
Administrators' fees	1,951,108.15	286,714.03	2,237,822.18
Administrators' expenses	23,883.41	10,854.79	34,738.20
Irrecoverable VAT	274.99	0.00	274.99
Consultancy fees	33,370.74	0.00	33,370.74
Agents'/Valuers' fees	158,085.36	0.00	158,085.36
Legal fees	199,514.18	0.00	199,514.18
Legal disbursements	4,905.82	0.00	4,905.82
Third Party Funds returned	190,511.30	96,377.17	286,888.47
Repayment of Funding	750,000.00	0.00	750,000.00
Storage costs	1,239.70	0.00	1,239.70
Statutory advertising	146.00	0.00	146.00
Licence fee – rent payments	1,164,226.21	1,009,371.06	2,173,597.27
Licence fee–service and insurance paymt	86,597.14	93,394.53	179,991.67
Wages & salaries	22,500.00	0.00	22,500.00
PAYE & NIC	415,786.93	0.00	415,786.93
Bank charges	1,441.50	0.00	1,441.50
Sub-letting property expenses	1,374.80	0.00	1,374.80
Utilities and rates management	0.00	70,439.93	70,439.93
Insurance of assets	0.00	45,103.31	45,103.31
<b>Total</b>	<b>8,216,105.79</b>	<b>2,124,849.75</b>	<b>10,340,955.54</b>

## **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 Mariya Patel at KPMG LLP, 1 St Peter's Square, Manchester, M2 3AE.

## Appendix 4 Joint Administrators' revised fees estimate

Stonebeach Limited - in Administration							
			Initial estimate			Revised estimate	
	Note	Hours	Time cost (£)	Average rate (£)	Hours	Time cost (£)	Average rate (£)
<b>Administration &amp; Planning</b>							
Statutory and compliance	1	468.39	223,416.75	476.99	408.93	198,398.25	485.16
Cashiering	2	113.70	43,375.00	381.49	187.90	74,651.25	397.29
Tax	3	185.70	102,206.00	550.38	213.03	111,508.35	523.44
General	4	98.45	31,930.00	324.33	161.45	59,142.50	366.32
<b>Trading</b>	5	955.69	438,232.50	458.55	1,352.01	610,469.00	451.53
<b>Realisation of Assets</b>	6	2,026.77	988,987.10	487.96	2,292.23	1,120,454.65	488.81
<b>Creditors</b>							
Employees		50.95	24,478.75	480.45	5.05	2,426.00	480.40
Creditors and claims	7	555.43	236,416.85	425.65	586.53	242,573.10	413.57
<b>Investigations</b>							
Directors	8	113.30	56,703.50	500.47	72.05	31,920.25	443.03
Investigations	8	105.30	51,243.50	486.64	81.17	36,335.75	447.65
<b>Total</b>		<b>4,673.68</b>	<b>2,196,989.95</b>	<b>470.08</b>	<b>5,360.35</b>	<b>2,487,879.10</b>	<b>464.13</b>

In light of us asking creditors to vote on a modification to our Proposals to allow Paul Allen and Geoffrey Rowley of FRP Advisory to be appointed Liquidators of the Company when the Company moves to Liquidation, we are not seeking to draw the full fee estimate detailed above, as we envisage that a liquidator will be agreeing creditor claims and making distributions to the unsecured creditors.

We are seeking approval to draw fees totalling £2,237,882.18. This is an additional fee of £40,832.22, in excess of the fees that have previously been estimated and approved. This will mean we will write off of our time costs of £250,056.92.

### Note 1 – Statutory and compliance

Statutory and compliance work includes notifying the Registrar of Companies and other relevant parties of our appointment, arranging bonding, filing the Statement of Affairs and Statements of Concurrence and ensuring compliance with all other statutory obligations. The Joint Administrators are required to conduct periodic internal reviews of the case, and update their strategy documents as the administration progresses. Once all outstanding matters have been dealt with, time costs will be charged in dealing with closure formalities, including providing creditors with a final report.

Our estimated time costs have decreased in this area as we expect the liquidators to conduct work in this regard such as ensuring compliance with all statutory obligations and any further progress reports to creditors.

#### Note 2 – Cashiering

Cashiering costs include processing of receipts and payments, including paying supplier invoices incurred during the administration trading period. Payments require approval by a number of authority levels before they can be released. Cash and card sales in the trading period have to be coded and reconciled to till data before they can be reflected in the receipts and payments account. Regular bank reconciliations will be performed by the cashiering team throughout the administration. Cheques received, for example in respect of business rates refunds and book debts, are logged and coded before being paid into the bank account.

Our estimated time costs have increased in cashiering as we have spent additional time in reconciling trading period receipts before they can be reflected in the receipts and payments account.

#### Note 3 – Tax

Our work includes a review of the Company's pre-appointment tax affairs, submitting pre and post appointment VAT and Corporation Tax returns where possible, and the maintenance and submission of post-appointment tax records. KPMG have been liaising with HMRC since appointment to agree the blended VAT rate which should be used on sales in the administration trading period, and will continue to do so to ensure HMRC are satisfied with future VAT returns when submitted. HMRC's claim will need to be established and agreed before a dividend can be declared to unsecured creditors.

Our estimated time costs have increased in this area as on our appointment, the Company's pre-administration tax point was unclear. We have also incurred additional time costs in preparing the quarterly VAT returns, which included the trading period.

#### Note 4 – General

General time costs include matters which do not easily fit into the other categories, such as *maintaining certain pre-appointment records, alongside monitoring and reviewing* administration case files. It may also include liaising with the SFO, FRC, HMRC and the AIM Regulator to assist with their enquiries.

Our estimated time costs in this area have increased as we have spent additional time liaising with the SFO, FRC and HMRC to assist with their enquiries.

#### Note 5 – Trading

As detailed in our report, on appointment it was decided to trade the business to seek a sale of the business and assets. Time costs in this category relate to time charged by the KPMG team for both the on-site presence during the 23 day trading period and the post-trading matters, primarily involve reconciling the trading position and ensuring all direct and indirect supplier invoices are received and settled.

Our estimated time costs have increased in trading as we have been reconciling the overall trading position and ensuring all direct and indirect supplier payments have been made.

#### Note 6 – Realisation of assets

This primarily consists of costs relating to the sale of business process. It will also include time spent relating to realising the Company's assets, which includes collection of book debts, collection of cash balances from banks and merchant acquirers, the insurance of assets and liaising with landlords with regards to the Company's leased properties.



Our estimated time costs have increased in securing significant additional asset realisations. We have also incurred additional time in liaising with landlords with regards to the Company's leased properties, the collection of book debts and the sale of business.

**Note 7 – Creditors and claims**

Our work includes notification of our appointment and issuing statutory reports to creditors and responding to with general creditor queries and correspondence received during the administration.

Our estimated time costs have increased in this area due to more time spent than anticipated agreeing complex claims such as HMRC and key suppliers. The Liquidators will be agreeing the balance of unsecured claims and making a distribution to the Company's creditors.

**Note 8 – Directors and Investigations**

We have been corresponding with directors in relation to the submission of their statement of affairs and directors questionnaires, D form drafting and general correspondence with the directors of the Company.

Our estimated time costs in this area have decreased as the liquidators will continue to correspond with directors and pursue the investigations and pursue any potential claims.

## Appendix 5 Joint Administrators' revised expenses estimate

Summary of Expenses from appointment					
Expenses (£)	Notes	Total for Administration			Total (£)
		Initial Estimates (£)	Paid to date (£)	Future costs (£)	
<b>Trading expenses</b>					
Commission	1	10,925.56	20,801.95	0.00	20,801.95
Purchases	2	753,596.62	910,138.61	24,000.00	934,138.61
Direct labour		105,330.94	103,166.98	2,163.96	105,330.94
Sub-contractors	2	34,750.00	42,250.00	0.00	42,250.00
Wages - PAYE/NIC		450,316.48	442,604.36	0.00	442,604.36
Wages		1,264,677.50	1,264,677.50	0.00	1,264,677.50
Security	3	0.00	4,368.00	0.00	4,368.00
Rent and service charge		143,652.00	75,489.05	68,163.04	143,652.09
Utilities	2	88,880.00	5,659.55	263,417.37	269,076.92
Travel		0.00	55.00	0.00	55.00
IT/Telephone/Software/Hardware	2	29,572.97	36,427.87	0.00	36,427.87
Insurance / Health and Safety		2,250.00	2,250.00	0.00	2,250.00
Bank charges & interest		105,031.24	94,777.41	0.00	94,777.41
HP/Leasing payments	2	1,360.00	14,848.15	0.00	14,848.15
Hire of equipment	2	2,570.00	4,213.28	0.00	4,213.28
Repairs and maintenance	2	19,514.20	42,073.66	283.95	42,357.61
Sundry expenses		846.10	171.12	0.00	171.12
Advertising		176.19	176.19	0.00	176.19
Rates		181,800.00	0.00	148,816.62	148,816.62
<b>Cost of realisations</b>					
Pre-Admin Joint Administrators fees	4	0.00	74,735.00	0.00	74,735.00
Administrators' fees	5	2,196,989.95	1,951,108.15	286,714.03	2,237,822.18
Administrators' disbursements		23,883.41	23,883.41	10,854.79	34,738.20
Post appointment agents'/valuers' fees and disbursements	6	69,811.67	158,085.36	0.00	158,085.36
Pre appointment legal fees		11,180.00	11,180.00	0.00	11,180.00
Post appointment legal fees and disbursements		237,608.42	193,240.00	23,979.57	217,219.57
Statutory advertising		100.00	146.00	0.00	146.00
Insurance of assets		44,005.46	0.00	45,103.31	45,103.31
Rent, service charge and insurance		5,507,765.13	1,271,854.24	3,477,385.22	4,749,239.46
Licence fee management		100,100.00	31,200.00	62,700.00	93,900.00
Consultancy fees		33,370.74	33,370.74	0.00	33,370.74
Wages & salaries		22,500.00	22,500.00	0.00	22,500.00
PAYE & NIC		415,702.47	415,786.93	0.00	415,786.93
ERA Outsourcing costs	7	18,300.00	0.00	0.00	0.00
Bank charges		1,500.00	1,441.50	0.00	1,441.50
Repayment of funding		750,000.00	750,000.00	0.00	750,000.00
Stamp Duty Land Tax	8	0.00	18,561.00	0.00	18,561.00
Other property expenses	9	0.00	1,464.00	0.00	1,464.00
Irrecoverable VAT	10	0.00	274.99	0.00	274.99
Third Party Funds returned	11	0.00	190,511.30	96,377.17	286,888.47
Storage costs	12	0.00	1,239.70	0.00	1,239.70
Sub-letting property expenses	13	0.00	1,374.80	0.00	1,374.80
Utilities and Rates management	14	0.00	0.00	70,439.93	70,439.93
<b>Total</b>		<b>12,628,067.05</b>	<b>8,216,105.80</b>	<b>4,580,398.95</b>	<b>12,796,504.75</b>

**Note 1 – Commission**

Commission costs charged on sales have increased as this includes Deliveroo and Selfridges charges which were not originally envisaged.

**Note 2 – Trading costs**

These expenses were to facilitate trading of the business. These costs have been higher than estimated due to unforeseen supplier payments, internal procurement software costs, vehicle hire costs and repairs on hired delivery vans during the trading period.

**Note 3 – Security**

This cost was not originally estimated as there was an unforeseen error with the head office fire alarm, this required security to resolve.

**Note 4 - Pre-administration Administrators' fees**

These are costs that were incurred by the Joint Administrators' prior to their appointment as Joint Administrators.

**Note 5 - Administrators' fees**

This relates to the Joint Administrators' time costs associated with the Company. We are currently seeking approval for £40,832 of additional fees, as per Section 4.1.

**Note 6 - Post appointment agents'/valuers' fees and disbursements**

This relates to agents costs in respect of reviewing the leases, inspection of fixtures and fittings and estimating market value for assets for sale of business. This was originally underestimated, therefore we have had to increase our cost estimate for this.

**Note 7 - ERA outsourcing costs**

These costs related to the calculation and submission of the pension arrears claim by INSOL, to be submitted to the Insolvency Service. As the employees were contracted under another Group company (Patisserie Holdings Plc) they have been paid out of the other Group company.

**Note 8 - Stamp Duty Land Tax**

This expense was incurred as part of the sale of the Baker & Spice business unit.

**Note 9 - Other property expenses**

This relates to pest control at a number of Patisserie Valerie stores. This was not included in the initial estimate.

**Note 10 - Irrecoverable VAT**

This relates to rent paid in the period where we have not received a VAT invoice from the landlord, therefore we are currently unable to reclaim the VAT. This was not included in the initial estimate. We envisage that these funds will be recovered in due course.

**Note 11 - Third Party Funds returned**

This is monies we have received from numerous sources (including third parties and merchant acquirers) which relates to sales made post sale of business. As a result, we have transferred this to the Purchaser. This was not included in the initial estimate.

**Note 12 - Storage costs**

This relates to costs associated with the storage of historic books and records belonging to the Company. This was not included in the initial estimate.

Note 13 - Sub-letting property expenses

This relates to costs we have incurred in sub-letting numerous properties in which we have let out to sub-tenants. This was not included in the initial estimate.

Note 14 - Utilities and Rates management

This cost relates to expenses we have incurred in outsourcing the utilities and rates management, we believe this is more cost-effective than the time costs that would be incurred if this work was carried out KPMG staff. This was not included on the initial estimate.

## Appendix 6 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 Mariya Patel on 0113 231 3566.

### Hourly rates

Set out below are the relevant hourly charge-out rates 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.

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

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.

## Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover 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 from the date of our appointment to 21 July 2019.

SIP9 Disbursements						
(£)	Category 1		Category 2		Total	
	Paid	Unpaid	Paid	Unpaid		
Accommodation	9,280.50	161.17	-	-	9,441.67	
Advertising	40.00	-	-	-	40.00	
Courier & delivery costs	-	20.63	-	-	20.63	
External printing	-	3,878.65	-	-	3,878.65	
Internal departments	-	4,510.00	-	-	4,510.00	
Meals	2,778.05	13.20	-	-	2,791.25	
Mileage	-	-	1,215.90	55.76	1,271.66	
Postage	835.44	1,389.38	-	-	2,224.82	
Professional and legal fees	-	395.00	-	-	395.00	
Rates	-	11.00	-	-	11.00	
Stationery	41.33	-	-	-	41.33	
Sundry	1,221.48	-	-	-	1,221.48	
Telecommunications	150.17	-	-	-	150.17	
Travel	8,320.55	420.00	-	-	8,740.55	
<b>Total</b>	<b>22,667.52</b>	<b>10,799.03</b>	<b>1,215.90</b>	<b>55.76</b>	<b>34,738.20</b>	

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 are to be approved in the same manner as our remuneration.

## Narrative of work carried out for the period 22 January 2019 to 21 July 2019

The key areas of work have been:

Statutory and compliance	<ul style="list-style-type: none"> <li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences;</li> <li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment;</li> <li>■ issuing regular press releases and posting information on a dedicated web page;</li> <li>■ preparing statutory receipts and payments accounts;</li> <li>■ arranging bonding and complying with statutory requirements;</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales.</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy, including the decision to trade and meetings with internal and external parties to agree the same;</li> <li>■ briefing of our staff on the administration strategy and matters in relation to various work-streams;</li> <li>■ regular case management and reviewing of progress, including regular team update meetings and calls;</li> <li>■ meeting with management to review and update strategy and monitor progress;</li> <li>■ reviewing and authorising junior staff correspondence and other work;</li> <li>■ dealing with queries arising during the appointment;</li> <li>■ reviewing matters affecting the outcome of the administration;</li> <li>■ <i>allocating and managing staff/case resourcing and budgeting exercises and reviews;</i></li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters;</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions.</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts;</li> <li>■ preparing and processing vouchers for the payment of post-appointment invoices;</li> <li>■ creating remittances and sending payments to settle post-appointment invoices;</li> <li>■ preparing payroll payments for retained staff, dealing with salary related queries and confirming payments with the employee's banks;</li> <li>■ reviewing and processing employee expense requests;</li> <li>■ reconciling post-appointment bank accounts to internal systems;</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ gathering initial information from the Company's records in relation to the taxation position of the Company;</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs;</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position;</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations;</li> <li>■ working initially on tax returns relating to the periods affected by the administration;</li> <li>■ analysing VAT related transactions;</li> <li>■ reviewing the Company's duty position to ensure compliance with duty requirements;</li> <li>■ dealing with post appointment tax compliance.</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9;</li> <li>■ drawing remuneration in accordance with the basis which has been approved by creditors</li> <li>■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage.</li> </ul>
Trading	<ul style="list-style-type: none"> <li>■ preparing cash flow statements to monitor the cash position;</li> <li>■ attending to supplier and customer queries and correspondence;</li> <li>■ raising, approving and monitoring purchase orders and setting up control systems for trading;</li> <li>■ negotiating and making direct contact with various suppliers as necessary to provide additional information and undertakings, including agreeing terms and conditions, in order to ensure continued support;</li> <li>■ securing petty cash on site and monitoring spend;</li> <li>■ dealing with issues in relation to stock and other assets required for trading;</li> <li>■ communicating and negotiating with customers regarding ongoing supplies, including agreeing terms and conditions;</li> <li>■ monitoring stock and stock reconciliations;</li> <li>■ dealing with hauliers to ensure ongoing services;</li> <li>■ ensuring ongoing provision of emergency and other essential services to site.</li> </ul>

Asset realisations	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets;</li> <li>■ liaising with finance companies in respect of assets subject to finance agreements;</li> <li>■ liaising with agents regarding the sale of assets;</li> <li>■ dealing with issues associated with the sale of stock;</li> <li>■ reviewing outstanding debtors and management of debt collection strategy;</li> <li>■ liaising with Company credit control staff and communicating with debtors;</li> <li>■ seeking legal advice in relation to book debt collections;</li> <li>■ liaising with the Company regarding debtor recoveries;</li> <li>■ reviewing the inter-company debtor position between the Company and other group companies.</li> </ul>
Property matters	<ul style="list-style-type: none"> <li>■ reviewing the Company's leasehold properties, including review of leases;</li> <li>■ communicating with landlords regarding rent, property occupation and other issues;</li> <li>■ performing land registry searches.</li> </ul>
Sale of business	<ul style="list-style-type: none"> <li>■ planning the strategy for the sale of the business and assets, including instruction and liaison with professional advisers;</li> <li>■ seeking legal advice regarding sale of business, including regarding non-disclosure agreements;</li> <li>■ collating relevant information and drafting information memorandum in relation to the sale of the Company's business and assets and advertising the business for sale;</li> <li>■ dealing with queries from interested parties and managing the information flow to potential purchasers, including setting up a data room;</li> <li>■ managing site visits with interested parties, fielding due diligence queries and maintaining a record of interested parties;</li> <li>■ carrying out sale negotiations with interested parties.</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with;</li> <li>■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets;</li> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place;</li> <li>■ assessing the level of insurance premiums.</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ collating information and reviewing the Company's pension schemes;</li> <li>■ calculating employee pension contributions and review of pre-appointment unpaid contributions;</li> <li>■ ensuring compliance with our duties to issue statutory notices;</li> <li>■ ensuring death-in-service cover for employees remains in place;</li> <li>■ communicating with employees representatives concerning the effect of the administration on pensions and dealing with employee queries.</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ drafting and circulating our proposals;</li> <li>■ convening and preparing for the meeting of creditors;</li> <li>■ creating and updating the list of unsecured creditors;</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims;</li> <li>■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records;</li> <li>■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits;</li> <li>■ drafting our progress report.</li> </ul>
Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration;</li> <li>■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies;</li> <li>■ arranging for the redirection of the Company's mail;</li> <li>■ reviewing the questionnaires submitted by the Directors of the Company;</li> <li>■ reviewing pre-appointment transactions;</li> <li>■ submitting the online director conduct assessment to the relevant authority.</li> </ul>



## Time costs

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		<b>18.00</b>	7,672.50	426.25
Advising directors	6.00	26.00	20.50		<b>52.50</b>	29,335.00	558.76
Appointment documents			18.60		<b>18.60</b>	6,720.00	361.29
Pre-administration checks	17.00	19.60	9.00		<b>45.60</b>	31,007.50	679.99
<b>Total</b>	<b>25.50</b>	<b>47.10</b>	<b>62.10</b>	<b>0.00</b>	<b>134.70</b>	<b>74,735.00</b>	<b>554.83</b>

SIP 9 –Time costs analysis (22/01/2019 to 21/07/2019)			
	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Trading</b>			
Asset Realisation			
Health & safety	<b>13.50</b>	7,335.00	543.33
Cashiering			
General (Cashiering)	<b>35.80</b>	10,977.50	306.63
Reconciliations (& IPS accounting reviews)	<b>2.50</b>	1,365.00	546.00
Employees			
Correspondence	<b>5.15</b>	2,201.25	427.43
Pensions reviews	<b>12.15</b>	3,645.00	300.00
Tax			
Initial reviews - CT and VAT	<b>23.50</b>	10,450.50	444.70
Post appointment corporation tax	<b>19.60</b>	12,712.50	648.60
Post appointment VAT	<b>18.50</b>	10,273.50	555.32
Trading			
Cash & profit projections & strategy	<b>25.20</b>	10,744.50	426.37
Employee Matters / PAYE	<b>25.10</b>	9,858.00	392.75
Negotiations with landlords	<b>20.05</b>	7,975.00	397.76
Negotiations with suppliers / landlords	<b>184.70</b>	69,887.50	378.38
Post trading related matters	<b>2.70</b>	810.00	300.00
Purchases and trading costs	<b>174.10</b>	65,417.50	375.75
Sales	<b>96.10</b>	51,867.00	539.72
Trading Management	<b>100.81</b>	60,994.75	605.05

**SIP 9 –Time costs analysis (22/01/2019 to 21/07/2019)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Cashiering			
Fund management	<b>1.40</b>	420.00	300.00
General (Cashiering)	<b>95.75</b>	33,356.75	348.37
Reconciliations (& IPS accounting reviews)	<b>55.75</b>	24,849.50	445.73
General			
Books and records	<b>50.25</b>	11,007.50	219.05
Fees and WIP	<b>22.20</b>	8,445.00	380.41
Statutory and compliance			
Advising directors	<b>16.00</b>	8,170.00	510.63
Appointment and related formalities	<b>125.30</b>	48,530.50	387.31
Appointment documents	<b>13.10</b>	10,292.50	785.69
Bonding & Cover Schedule	<b>1.00</b>	300.00	300.00
Budgets & Estimated outcome statements	<b>4.50</b>	3,037.50	675.00
Checklist & reviews	<b>22.10</b>	7,895.00	357.24
Closure and related formalities	<b>1.90</b>	1,035.00	544.74
Pre-administration checks	<b>32.00</b>	9,600.00	300.00
Statutory advertising	<b>0.30</b>	202.50	675.00
Statutory receipts and payments accounts	<b>25.95</b>	20,375.75	785.19
Strategy documents	<b>52.28</b>	36,922.00	706.24
Tax			
Initial reviews - CT and VAT	<b>10.90</b>	5,559.00	510.00
Post appointment corporation tax	<b>41.60</b>	29,667.00	713.15
Post appointment VAT	<b>145.53</b>	69,317.35	476.31
<b>Creditors</b>			
Creditors and claims			
Creditors Meeting	<b>44.45</b>	19,225.50	432.52
General correspondence	<b>343.35</b>	123,246.75	358.95
Pre-appointment VAT / PAYE / CT	<b>4.50</b>	2,329.50	517.67
ROT Claims	<b>33.50</b>	11,937.50	356.34
Statutory reports	<b>99.23</b>	55,763.85	561.97
Employees			
Correspondence	<b>1.20</b>	648.00	540.00
DTI redundancy payments service	<b>1.00</b>	875.00	875.00
Pensions reviews	<b>2.85</b>	903.00	316.84

**SIP 9 –Time costs analysis (22/01/2019 to 21/07/2019)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Investigation</b>			
Directors			
Correspondence with directors	5.15	3,826.25	742.96
D form drafting and submission	56.40	23,881.50	423.43
Directors' questionnaire / checklist	5.00	1,975.00	395.00
Statement of affairs	5.50	2,237.50	406.82
Investigations			
Correspondence re investigations	81.17	36,335.75	447.65
<b>Realisation of assets</b>			
Asset Realisation			
Cash and investments	38.44	25,752.00	669.93
Debtors	56.31	23,356.95	414.79
Health & safety	0.45	135.00	300.00
Insurance	9.35	3,727.75	398.69
Intellectual Property	0.20	60.00	300.00
Leasehold property	411.45	169,164.00	411.14
Office equipment, fixtures & fittings	12.40	3,570.00	287.90
Plant and machinery	0.75	296.25	395.00
Rent	121.13	45,803.35	378.13
Sale of business	1,638.7	847,301.6	517.06
Stock and WIP	0.30	202.50	675.00
Vehicles	2.75	1,086.25	395.00
<b>Trading code used outside trading period</b>			
Employees			
Pensions reviews	1.50	810.00	540.00
Trading			
Cash & profit projections & strategy	3.30	1,782.00	540.00
Employee Matters / PAYE	13.50	7,683.00	569.11
Negotiations with landlords	3.00	2,325.00	775.00
Post trading related matters	162.70	87,348.00	536.87
Purchases and trading costs	282.60	111,146.25	393.30
Sales	97.95	49,990.25	510.36
<b>Total in period</b>	<b>5,017.35</b>	<b>2,330,221.60</b>	<b>464.43</b>

**SIP 9 –Time costs analysis (22/01/2019 to 21/07/2019)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	5,017.35	2,330,221.60	464.43
Carry forward time (appointment date to SIP 9 period end date)	5,017.35	2,330,221.60	464.43

## Appendix 7 Glossary

<b>Banks/HSBC/Barclays</b>	HSBC UK Bank Plc  Barclays Bank Plc
<b>B&amp;S Purchaser</b>	Baker and Spice (London) Limited (formerly Dept. Cold Brew Ltd)
<b>Company</b>	Stonebeach Limited - in Administration
<b>FRP Advisory/FRP</b>	FRP Advisory LLP
<b>Gateley/Solicitors</b>	Gateley Plc
<b>Group</b>	The Company together with; Patisserie Holdings Plc, Patisserie Acquisition Limited, Patisserie Valerie Holdings Limited, Patisserie Valerie (Ireland) Limited, Philpotts (Holdings) Limited, Philpotts Limited, Spice Bakery Limited, Flour Power City Limited, Leonardo Limited, Patisserie Valerie Limited, Hewmark Limited, Patisserie Valerie Express Limited
<b>Joint Administrators/we/our/us</b>	David Costley-Wood and Will Wright
<b>KPMG</b>	KPMG LLP
<b>Liquidation</b>	Creditors' Voluntary Liquidation
<b>Period</b>	22 January 2019 – 21 July 2019
<b>PV Purchaser</b>	Pippen Production Limited
<b>PwC</b>	PricewaterhouseCoopers

**Sandersons/Agents**

Sanderson Weatherall LLP

**Savills**

Savills Plc

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 8 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.

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# 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 **Leanza O'Gara**

Company name **KPMG LLP**

Address **1 St Peter's Square**

Post town **Manchester**

County/Region

Postcode **M 2 3 A E**

Country

DX

Telephone **Tel +44 (0) 161 246 4000**



### 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.



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The Registrar of Companies, Companies House,  
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DX 33050 Cardiff.



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