

The Insolvency Act 1986

**Statement of
administrator's proposals****2.17B**

Name of Company Country Garden Limited	Company number 04770723
In the High Court of Justice Chancery Division Birmingham District Registry <small>[full name of court]</small>	Court case number 8433 of 2012

(a) Insert full name(s) and address(es) of administrator(s) I Costas Morfakis of Axiom Recovery LLP, Suite 2 – 1st Floor,
Turnpike Gate House, Birmingham Road, Alcester B49 5JG

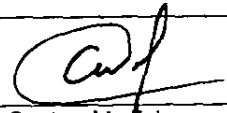
attach a copy of *our proposals in respect of the administration of the above company

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

* Delete as applicable

(b) Insert date (b) 10 October 2012

Signed



Costas Morfakis – Administrator

Dated 10 October 2012

Contact Details:

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

Axiom Recovery LLP	
Suite 2 -1 st Floor, Turnpike Gate House, Birmingham Road, Alcester	
B49 5JG	Tel 01789 766406
DX Number	DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff



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11/10/2012

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COMPANIES HOUSE

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THURSDAY



**COUNTRY GARDEN LIMITED
(IN ADMINISTRATION)
Registered Number 04770723
Court Ref 8433 of 2012
High Court of Justice
Chancery Division
Birmingham District Registry**

Administrator's Report and Statement of Proposals

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TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL SHAREHOLDERS

1 INTRODUCTION

- 1 1 I refer to the my appointment as Administrator of Country Garden Limited ("the Company") on 6 September 2012 and now write to present my proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act")
- 1 2 I do not propose to convene a meeting of creditors in this instance. It is the Administrator's intention to seek approval to the Administrator's proposals and certain resolutions by correspondence, as provided for by Paragraph 58 of Schedule B1 to the Act, notice of this can be found at Appendix H. Form 2 25B is attached at Appendix I for this purpose. This form should be completed and returned to this office by no later than 12 00 hours on 26 October 2012 with a completed statement of claim form (attached at Appendix J) or your vote will be disregarded, as will any forms returned after the closing date
- 1 3 The outcome of the voting will be reported to creditors shortly after 26 October 2012
- 1 4 Creditors whose debts amount to at least 10% of the total debts of the Company may request a meeting. Any requests for an initial creditors' meeting must be made in writing to this office using Form 2 21B (available on request) by 22 October 2012. Security for the costs of holding the meeting must also be provided

2 STATUTORY INFORMATION

- 2 1 The Administration proceedings are under the jurisdiction of the Birmingham District Registry under Court reference 8433 of 2012
- 2 2 The Company's registered office was changed from Unit B6/B7 Fruit & Vegetable Market, Nine Elms, London, SW8 5HH to Axiom Recovery LLP, Suite 2 -1st Floor, Turnpike Gate House, Birmingham Road, Alcester, B49 5JG on 17 September 2012. The registered number is 04770723
- 2 3 The Company operated from premises at Unit B6/B7 Fruit & Vegetable Market, Nine Elms, London, SW8 5HH
- 2 4 The Company's directors are
- | Name | Role | Date Appointed |
|--------------------------|----------|------------------|
| Mr Ross Thurston | Director | 23 May 2003 |
| Mr Anthony Robert Dalton | Director | 12 February 2004 |
- 2 5 The Company's authorised share capital is 2 Ordinary £1 Shares. The issued share capital comprises 2 Ordinary £1 shares, the shares being owned as follows

Name	Class of Share	No. of Shares	% of Total Owned
Mr Ross Thurston	Ordinary £1 Shares	1	50
Mr Anthony Robert Dalton	Ordinary £1 Shares	1	50
		2	100%

- 2.6 According to the information registered at Companies House, the Company has the following registered charges

Chargeholder	Date created	Description	Amount secured £	Assets Charged
Ultimate Invoice Finance Limited	24 March 2011	All assets debenture	All monies due	All assets
Covent Garden Market Authority	28 November 2011	Rent deposit deed	All monies due	£3,736
Covent Garden Market Authority	28 November 2011	Rent deposit deed	All monies due	£6,807

The director has advised that the charge in favour of Ultimate Invoice Finance Limited ("UIF") is satisfied and is in the process of filing Form MG02 with the Registrar of Companies

- 2.7 The EC Regulation on Insolvency Proceedings 2000 applies to this Administration. The proceedings are proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom

3. HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3.1 The Company was incorporated on 20 May 2003 under the company registration number 04770723, with Mr Ross Thurston as its sole director and Kathryn Thurston as Company Secretary

Initially the Company traded using two chilled vans that were purchased following a £20,000 cash injection into the business from the director Mr Ross Thurston. Goods were purchased on a daily basis from the market at New Covent Garden and sold to various catering establishments. The Company originally traded from the director's home address.

As the business grew and developed, the director applied to New Covent Garden Market Authority in order to obtain a unit in order that the Company could trade from fixed premises. In November 2003 the Market Authority granted the application and the Company acquired a unit. This enabled the Company to arrange with suppliers within the market to set up accounts, which was highly beneficial.

Once the unit had been secured the director was able to target a wide range of clients in order to increase the size of the business. These ranged from small independent contract catering companies, golf clubs, public houses, schools, colleges, hotels and restaurants. This then gave the business a wide client base in which to grow.

On the 12 February 2004, Mr Anthony Dalton was appointed as a director of the Company. Mr Dalton had considerable experience in the industry and his added expertise would enhance the Company's growth.

As sales increased during the following trading period, an additional unit was required in order to cope with the increase in trade. In addition, extra staff were employed in order to keep up with demand.

The Company banked with Barclays Bank Plc and used a £25,000 overdraft facility which was personally guaranteed by Mr Ross Thurston.

Country Garden Limited - In Administration

As time went on the company suffered a number of bad debts as a result of the economic climate, which affected a number of companies. As a result the Company tried to spread the work over a number of independent business' so as not to rely heavily on one or two major clients

On the 9 October 2009 Mr R Thurston was appointed Company Secretary in place of Kathryn Thurston

During this time and due to the economic climate the Company noticed that a number of clients were utilising the credit terms and delaying payments which affected the Company's cash flow further

On the 3 November 2009 a winding up petition was presented at the High Court relating to outstanding PAYE/NIC liabilities. The petition was heard on the 16 December 2009 and adjourned to the 27 January 2010. In December 2009 the directors' contacted Shipleys LLP, licensed Insolvency Practitioners, who advised that the company should enter into a Company Voluntary Arrangement ("CVA"). This enabled the Company to enter into an agreement with its creditors and allow the business to continue trading. The period for the CVA was to be over 60 months and the contributions paid monthly. The dividend to be paid back to the creditors was set at 99.72 pence.

As the Company continued to trade for the next two years business was difficult. The Company traded with three major clients and this was the main income stream.

In February 2011 after a meeting with Barclays Bank Plc it was decided that the overdraft facility was not enough to fund the business going forward and that factoring would be the best solution. As a result the overdraft facility was removed and in March 2011 Ultimate Invoice Finance ("UIF") was used to factor the sales invoices. A two year agreement was put in place and the factoring was based on the three major clients.

As time went on the costs of using this service were very high and after 13 months the Company terminated its agreement with UIF. During this time one of the major customers changed the way in which it operated and the Company stopped trading with them.

Shortly after another of the Company's major clients let it be known that they no longer required the services the Company provided, this impacted heavily upon cash flow, reducing it by two thirds. The Company tried to make cuts in order for the business to continue and reduced the staff by two. They also reduced the fleet of vehicles by two and tried to return one of the units to New Covent Garden Market Authority. Several interested clients visited the units with the possibility of taking one of them over, but the interest did not materialise into an offer and the landlord left the onus on the Company to find a new tenant.

With a creditor threatening to distrain over the assets of the Company, the directors contacted Axiom Recovery LLP who advised that the Company should be placed into administration in order to preserve the value of the business and assets.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

4.1 The balance sheets as at 31 May 2011, 31 May 2010 and 31 May 2009 are detailed below

	As at 31 May 2011	As at 31 May 2010	As at 31 May 2009
Fixed assets			
Tangible assets	<u>1,632</u>	<u>1,218</u>	<u>1,463</u>
	1,632	1,218	1,463
Current assets			
Debtors	241,120	208,610	302,819
Cash at bank and in hand	<u>719</u>	<u>0</u>	<u>0</u>
	241,839	208,610	302,819
Creditors Amounts falling due within one year	213,652	194,376	306,023
Total assets less liabilities	<u>29,819</u>	<u>15,452</u>	<u>(1,741)</u>
Capital and reserves			
Called up share capital	2	2	2
Profit and loss account	29,817	15,450	(1,743)

4.2 Statement of Affairs

The directors are required to lodge a statement of affairs as at 6 September 2012 which has to be filed with the Registrar of Companies. The statement of affairs has not been received. An estimate of the financial position as at the date of my appointment is also enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

Please note that no provision has been made for costs and expenses of realisation, costs of the Administration and any corporation tax which may be payable.

4.3 Secured Creditors

As mentioned previously, UIF hold registered fixed and floating charges over the assets of the Company, however as there is no liability they will not rely on either in the administration.

Covent Garden Market Authority ("CGMA") hold rent deposit deeds in respect of the two units the Company leased. It is anticipated that one will be informally surrendered and Thurston's UK Limited ("the Purchaser") will take on a new lease of the other unit.

4.4 Preferential Claims

There are no preferential creditors of the Company.

4 5 Prescribed Part

The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, a *prescribed part of the company's net property* must be made available to the unsecured creditors and not be distributed to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims

The method of calculating the prescribed part is given below

Where the net property does not exceed £10,000
50% of that property

Where the net property exceeds £10,000
50% of the first £10,000, plus 20% of the property which exceeds £10,000, up to a maximum prescribed part of £600,000

As there are no unsatisfied post Enterprise Act 2003 charges, the prescribed part will not be applicable in this case

4 6 Unsecured Claims

All unsecured non-preferential claims will be subject to agreement by a subsequently appointed Liquidator in due course, should liquidation be the appropriate exit route from the administration process. At the date of the Administrator's appointment it is estimated that unsecured creditors' claims total approximately £114,412

4 7 Receipts and Payments

A receipts and payments account for the period of the Administration to date is enclosed at Appendix C

5 EVENTS FOLLOWING THE ADMINISTRATORS' APPOINTMENT

5 1 Sale of Business

Prior to my appointment I investigated the possibility of concluding a sale the business and assets as it was considered that a sale of all or part of the business as a going concern would allow the following

- Enhanced asset values,
- The potential of customer continuity and resultant improved debtor collections and preservation of the value of the goodwill,
- Minimise preferential creditor claims

The business and assets of the Company were valued by MGR Appraisals ("MGR"), independent valuers of Birmingham

An offer of £26,000 plus the price for the work in progress ("WIP") was received from Thurston's UK Limited and on the advice of MGR the offer was accepted. The sale completed on 7 September 2012 however the effective date of transfer was 6 September 2012

Country Garden Limited - In Administration

The consideration for the sale was allocated as follows

Asset	Consideration (£)
Equipment	2,000
Vehicles	13,000
Intellectual Property	1
Goodwill	10,999
Total	<u>26,000</u>

The consideration for the sale of the business and assets is £26,000 plus the price for the WIP. The sum of £5,000 was paid on completion. The balance of £21,000 is to be paid by way of six monthly instalments. The instalments are payable on the 7th of each month, commencing on 7 October 2012. The first three instalments due are in the sum of £3,000 and the following three instalments are in the sum of £4,000.

The price of the WIP will be determined by 1% of all sales made to Brookwood Partnership. The Purchaser will account to me each month and I will raise an invoice to the Purchaser. Creditors will be updated on the quantum of the WIP payments in my periodical statutory reports.

The Purchaser is connected to the Company by virtue of a common director and shareholder, Mr Ross Thurston.

The Purchaser was advised to take his own independent legal advice with regard to the sale.

Attached at Appendix D is my disclosure statement in accordance with Statement of Insolvency Practice 16 ("SIP 16").

5.2 Book debts

In addition to the sale of the business and assets, the Company had a debtor ledger in the sum of £21,679 which will be collected by this office.

The directors have advised that this should all be collectable in the administration.

5.3 Professional Advisors Used

On this assignment I have used the professional advisors listed below.

Name of Professional Advisor	Service Provided	Basis of Fees
Lewis Onions Solicitors	Legal advice	Time costs
MGR Appraisals	Valuers	Time costs and disbursements

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 6.1 I must perform my functions with the purpose of achieving one of the following objectives
- (a) rescuing the Company as a going concern, or (if this cannot be achieved),
 - (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or (if (a) and (b) cannot be achieved),
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- 6.2 I am seeking to achieve the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up without first being in administration. It is believed that once all of the assets of the Company have been realised then there will be sufficient funds to pay a distribution to the unsecured creditors. However this is dependant on the level of debtor realisations.
- 6.3 The Administration has been, and will continue to be, financed by monies received from asset realisations.

7 ADMINISTRATOR'S PROPOSALS AND EXIT ROUTE

- 7.1 My Proposals for achieving the objective of Administration are attached at Appendix A.
- 7.2 I considered the various options available to the Company. Based on information currently available, I consider that realisations will be sufficient to enable a dividend to be paid to unsecured creditors, dependent on debtor realisations. In this situation, on completion of the Administration, I will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation ("CVL").
- 7.3 The Proposals provide for the appointment of myself as Liquidator. Creditors may nominate different person to be Liquidator provided that the nomination is made after receipt of the Proposals and before they are approved.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of an Administrator ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend my term of office. In the circumstances of this case, this may be done for a specified period not exceeding six months with the consent of
- unsecured creditors whose debts amount to more than 50% of the Company's unsecured debts, disregarding debts of any creditor who does not respond to an invitation to give or withhold consent.
- 8.3 Creditors will be contacted in due course should an extension be required.

9 PRE-ADMINISTRATION COSTS

9.1 Pre-administration costs are defined as

- Fees charged, and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the Company entered Administration (but with a view to its doing so) "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration

9.2 Axiom Recovery LLP incurred fees based on time spent dealing with formalities of appointment and negotiating the sale of the Company's assets. A summary of the costs incurred prior to my appointment is enclosed at Appendix E

9.3 Pre-appointment fees charged and expenses incurred by the Administrator in the period prior to my appointment are summarised below

Charged by	Services provided	Total amount charged £	Amount paid £	Amount unpaid £
Axiom Recovery LLP	Pre-appointment formalities	£6,360 plus VAT	Nil	£6,360 plus VAT
MGR Appraisals Limited	Valuation of goodwill and assets	£500 plus VAT	Nil	£500 plus VAT
Lewis Onions Solicitors	Preparation of the sale agreement	£2,542 plus VAT	Nil	£2,542 plus VAT

9.4 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrator's Proposals. In this case, I am required to seek the approval of the unsecured creditors to this resolution

10 ADMINISTRATOR'S REMUNERATION AND DISBURSEMENTS

10.1 Included within the resolutions to be considered on 26 October 2012 is a resolution which asks the general body of creditors to determine the basis upon which the remuneration of the Administrator is fixed

10.2 The remuneration of an Administrator may be fixed either as a percentage of the value of the property with which they have to deal, as a set amount or by reference to the time spent. In this case I am requesting creditors to agree to the latter

10.3 Enclosed at Appendix F is a summary of my time costs to date. The summary shows that time costs of £18,925 have been incurred which represents 72.4 hours at a rate of £261.40 per hour. Further details of my firm's charge-out rates are attached at Appendix G. Further guidance may be found in "A Creditors' Guide to Administrator's Fees" which is available upon request

10.4 Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise items such as case advertising and travel costs. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and storage of company records

11 ANTICIPATED OUTCOME AND RELEASE OF ADMINISTRATOR FROM LIABILITY

- 11 1 It is considered likely that there will be a return to the Company's unsecured creditors in this instance although the extent of any return is dependant upon the recovery of the deferred consideration, the recovery of the book debts and discharge of the costs associated with the Administration
- 11 2 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to Creditors' Voluntary Liquidation
- 11 3 On the registration of the relevant notice with the Registrar of Companies, the Administration and my appointment will automatically cease
- 11 4 It is for the creditors to fix the date upon which I am discharged from liability in respect of any of my actions during the Administration and Form 2 25B at Appendix I contains a resolution that I be discharged from liability immediately upon my appointment ceasing to have effect

12 VOTING PROCEDURE AND CONCLUSION

- 12 1 It is important that you give careful attention to this report and its Appendices
- 12 2 As I am seeking approval to my proposals and certain resolutions by correspondence, in order for your vote to count you should complete and return Form 2 25B (attached at Appendix I) by the deadline of 26 October 2012 or your vote will be disregarded, as will any forms returned after the closing date. All forms should be accompanied by a statement of claim. A claim form has been attached at Appendix J for your use.
- 12 3 Creditors will be notified of the outcome of voting in due course

Should you have any queries or require any further clarification please contact Becky Reeves or Patrick Donnan at our office, **in writing**. Electronic communications should also include a full postal address.

For and on behalf of
Country Garden Limited



Costas Morfakis
Administrator

The affairs, business and property of the Company are being managed by the Administrator, who acts as an agent of the Company without personal liability.

ADMINISTRATOR'S STATEMENT OF PROPOSALS

It is proposed that

- 1 The Administrator continues to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration
- 2 If appropriate, the Administrator files a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors Voluntary Liquidation. It is further proposed that Costas Morfakis be appointed Liquidator of the Company. NB Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved
- 3 In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Administrator files a Notice with the Registrar of Companies that the Company should be dissolved
- 4 The Administrator investigates and, if appropriate, pursue any claims that he or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company
- 5 The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that Costas Morfakis be appointed Liquidator of the Company
- 6 The Administrator shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration

The Administrator envisages that there will be a distribution to the unsecured creditors and that the Company will be placed into Creditors Voluntary Liquidation in accordance with number 2 above

ESTIMATED STATEMENT OF AFFAIRS AS AT 6 SEPTEMBER 2012

Insolvency Act 1986

Country Garden Limited
Estimated Statement Of Affairs as at 6 September 2012

	Book Value £	Estimated to Realise £	£
ASSETS			
Rent Deposit Deed - B6		6,807 00	
Less Covent Garden Market Authority		(970 90)	
Surplus c/d		<u>5,836 10</u>	
Rent Deposit Deed - B7		3,736 00	
Less Covent Garden Market Authority		(5,352 45)	
Deficiency c/d		<u>(1,616 45)</u>	
Equipment			2,000 00
Vehicles			13,000 00
Intellectual Property			1 00
Goodwill			10,999 00
Work in Progress	Uncertain		Uncertain
Cash at bank			641 95
Book debts			21,679 51
Surplus b/d			<u>5,836 10</u>
			54,157 56
LIABILITIES			
PREFERENTIAL CREDITORS -			
			<u>NIL</u>
			54,157 56
DEBTS SECURED BY FLOATING CHARGE PRE 15 SEPTEMBER 2003			
OTHER PRE 15 SEPTEMBER 2003 FLOATING CHARGE CREDITORS			
			<u>NIL</u>
			54,157 56
Estimated prescribed part of net property where applicable (to carry forward)			<u>NIL</u>
			54,157 56
DEBTS SECURED BY FLOATING CHARGE POST 15 SEPTEMBER 2003			
			<u>NIL</u>
			54,157 56
Estimated prescribed part of net property where applicable (brought down)			<u>NIL</u>
			54,157 56
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)			
Deficiency b/d		1,616 45	
Trade & Expense Creditors		67,861 32	
HM Revenue & Customs - PAYE / NIC		284,344 48	
HM Revenue & Customs - CT		8,764 13	
HM Revenue & Customs - VAT		Uncertain	
Mr Ross Thurston		31,500 00	

Insolvency Act 1986

Country Garden Limited
Estimated Statement Of Affairs as at 6 September 2012

	Book Value £	Estimated to Realise £	£
Mr Anthony Dalton		8,000 00	
			402,086 38
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall in respect of F C's post 14 September 2003)			(347,928 82)
			(347,928 82)
Issued and called up capital Ordinary Shares		2 00	2 00
TOTAL SURPLUS/(DEFICIENCY)			(347,930 82)

Axiom Recovery LLP
Country Garden Limited
B - Company Creditors

Key	Name	Address	£
CA01	A E Booth Limited	Unit D57-58, New Covent Garden, London, SW8 5LL	4,779 64
CA02	Accounting & Book-Keeping Services	31 Wlga Road, Welwyn, Hertfordshire, AL6 9PT	2,239 00
CC01	Covent Garden Market Authority	Covent House, New Covent Garden Market, London, SW8 5NX	6,323 35
CC02	Covent Garden Supply (Import & Direct Sales)	LtD65-66 Fruit & Vegetable Market, New Covent Garden Market, London, SW8 5HL	7,310 76
CC03	C & C Fruit Pavilion	Unit C61 - C64, New Covent Garden Market, Nine Elms, London, SW8 5JJ	2,500 00
CD00	Mr Anthony Dalton	4 Beech Grove, Epsom Downs, Surrey, KT18 5UD	8,000 00
CE00	Euxenia Ltd	Unit 2, Fern Workshops, Wrexham Road, Portllygdyrn, Mold, Flintshire, CH7 1EN	795 00
CG00	Greenhill Mushrooms Ltd	Warehouse C21-23 Fruit & Vegetable Market, New Covent Garden, Vauxhall, London, SW8 5LL	9,628 58
CG01	Graham Hollamby Ltd	Unit 19 Delling Aerodrome Ind Est, Delling, Maidstone, Kent, ME14 3HU	4,596 68
CH00	HM Revenue & Customs - VAT	5th Floor, Regian House, James Street, Liverpool, L75 1AD	0 00
CH01	HM Revenue & Customs - CT	CT Operations, Merthyr Tydfil Group, Government Buildings, Castle Street, Merthyr Tydfil, CF47 8AA	8,764 13
CI02	HM Revenue & Customs - PAYE/NIC	Insolvency Department, Durrington Bridge Hse, Barrington Road, WORTHING, West Sussex BN12 4SE	284,344 48
CJ00	Just Prepared Ltd	Unit 11 - 12, Sleaford Industrial Estate, Sleaford Street, London, SW8 5AB	5,194 42
CM00	Mushroom Man	Unit D61, New Covent Garden Market, London, SW8 5LL	18,363 50
CO00	OB10	Melbourne House, 46 Aldwych, London, WC2B 4LL	120 00
CS00	S Thorogood	Unit D44 - D46, New Covent Garden Market, Nine Elms, London, SW8 5HH	920 40
CT00	Thomson Produce	Suite F, 236 - 240 fruit & Vegetable Market, New Covent Garden Market, Nine Elms, London, SW8 5EE	6,566 25
CT01	Mr Ross Thurston	Brook House, St Hughs Road, Buckden, Cambs, PE19 5UB	31,500 00
CW00	Wandsworth Borough Council	Business Rates Service, Liberata UK Ltd, 4th Floor, 125 Wood Street, London EC2V 7AN	4,847 09
19 Entries Totalling			406,793 28

Signature _____

NOTES TO THE ESTIMATED STATEMENT OF AFFAIRS / ESTIMATED FINANCIAL POSITION

1 Rent Deposit Deed – B6/B7

These amounts represents deposits held by the Landlord of the two units the Company leased, less the amount due to the landlord in respect of each unit

2 Equipment, Vehicles, Intellectual Property, Goodwill & Work in Progress

These assets form part of the asset sale agreement Full disclosure of this can be found at Appendix D

3. Cash at bank

This amount represents the credit balance of the Company's former trading account Shortly after my appointment I wrote to the bank to request this amount which has now been received in full

4 Book debts

Although the book debts did not form part of the sale agreement, details of this asset can be found at Appendix D

5. Trade & Expense Creditors

These amounts have been provided by the director and should not be regarded as agreed A detailed breakdown of this amount has been provided at Appendix B

6. HM Revenue & Customs PAYE / NIC, CT & VAT

The director has not provided an estimated liability in respect of the above The amount shown in respect of PAYE / NIC and CT has been extracted from an interim claim received from HM Revenue & Customs, and should not be regarded as agreed

7. Mr Ross Thurston & Mr Anthony Dalton

These amounts represent personal funds invested into the Company by each director

APPENDIX C

SUMMARY OF ADMINISTRATOR'S RECEIPTS AND PAYMENTS FROM
6 SEPTEMBER 2012 TO 10 OCTOBER 2012

	Statement of Affairs (£)	Received to date (£)
RECEIPTS		
Equipment	2,000 00	385 00
Vehicles	13,000 00	2,499 50
Intellectual Property	1 00	1 00
Goodwill	10,999 00	2,114 50
Cash at bank	641 95	641 95
		<u>5,641 95</u>
PAYMENTS		NIL
		<u>NIL</u>
BALANCE IN HAND		<u>5 641 95</u>

**INFORMATION IN RELATION TO THE PRE-PACKAGED SALE
OF THE BUSINESS AND ASSETS IN ACCORDANCE WITH
THE PROVISIONS OF STATEMENT OF INSOLVENCY PRACTICE 16**

COUNTRY GARDEN LIMITED
IN ADMINISTRATION ("the Company")

Below is information in relation to the pre-packaged sale of the Company's business and assets which the Administrator is required to disclose in accordance with the requirements of Statement of Insolvency Practice 16

In this case, it was concluded that a pre-packaged sale was necessary in order to maximise asset realisations and to ensure the continuity of the business, protecting the main assets, the goodwill, work in progress and debtor realisations, which should result in a better outcome for the Company's creditors

Background

The Company was incorporated on 20 May 2003 under the company registration number 04770723, with Mr Ross Thurston as its sole director and Kathryn Thurston as Company Secretary

Initially the Company traded using two chilled vans that were purchased following a £20,000 cash injection into the business from the director Mr Ross Thurston. Goods were purchased on a daily basis from the market at New Covent Garden and sold to various catering establishments. The Company originally traded from the director's home address

As the business grew and developed, the director applied to New Covent Garden Market Authority in order to obtain a unit in order that the Company could trade from fixed premises. In November 2003 the Market Authority granted the application and the Company acquired a unit. This enabled the Company to arrange with suppliers within the market to set up accounts, which was highly beneficial

Once the unit had been secured the director was able to target a wide range of clients in order to increase the size of the business. These ranged from small independent contract catering companies, golf clubs, public houses, schools, colleges, hotels and restaurants. This then gave the business a wide client base in which to grow

On the 12 February 2004, Mr Anthony Dalton was appointed as a director of the Company. Mr Dalton had considerable experience in the industry and his added expertise would enhance the Company's growth

As sales increased during the following trading period, an additional unit was required in order to cope with the increase in trade. In addition, extra staff were employed in order to keep up with demand

The Company banked with Barclays Bank Plc and used a £25,000 overdraft facility which was personally guaranteed by Mr Ross Thurston

As time went on the company suffered a number of bad debts as a result of the economic climate, which affected a number of companies. As a result the Company tried to spread the work over a number of independent business' so as not to rely heavily on one or two major clients

On the 9 October 2009 Mr R Thurston was appointed Company Secretary in place of Kathryn Thurston

During this time and due to the economic climate the Company noticed that a number of clients were utilising the credit terms and delaying payments which affected the Company's cash flow further

On the 3 November 2009 a winding up petition was presented at the High Court relating to outstanding PAYE/NIC liabilities. The petition was heard on the 16 December 2009 and adjourned to the 27 January 2010. In December 2009 the directors' contacted Shipleys LLP, licensed Insolvency Practitioners, who advised that the company should enter into a Company Voluntary Arrangement ("CVA"). This enabled the Company to enter into an agreement with its creditors and allow the business to continue trading. The period for the CVA was to be over 60 months and the contributions paid monthly. The dividend to be paid back to the creditors was set at 99.72 pence.

As the Company continued to trade for the next two years business was difficult. The Company traded with three major clients and this was the main income stream.

In February 2011 after a meeting with Barclays Bank Plc it was decided that the overdraft facility was not enough to fund the business going forward and that factoring would be the best solution. As a result the overdraft facility was removed and in March 2011 Ultimate Invoice Finance ("UIF") was used to factor the sales invoices. A two year agreement was put in place and the factoring was based on the three major clients.

As time went on the costs of using this service were very high and after 13 months the Company terminated its agreement with UIF. During this time one of the major customers changed the way in which it operated and the Company stopped trading with them.

Shortly after another of the Company's major clients let it be known that they no longer required the services the Company provided, this impacted heavily upon cash flow, reducing it by two thirds. The Company tried to make cuts in order for the business to continue and reduced the staff by two. They also reduced the fleet of vehicles by two and tried to return one of the units to New Covent Garden Market Authority. Several interested clients visited the units with the possibility of taking one of them over, but the interest did not materialise into an offer and the landlord left the onus on the Company to find a new tenant.

With a creditor threatening to distrain over the assets of the Company, the directors contacted Axiom Recovery LLP who advised that the Company should be placed into administration in order to preserve the value of the business and assets.

Source of Administrator's initial introduction

The Administrator was introduced to the Company by an employee of Axiom Recovery LLP.

The directors of the Company met with Theo Alexander of Axiom Recovery LLP on 5 September 2012. From the information given by the director previously, it was concluded that the Company was insolvent on a cash flow basis, pursuant to s123 of the Insolvency Act 1986, as it was unable to pay its debts as and when they fall due. The directors were advised that immediate steps should be taken to place the Company into administration.

Extent of Administrator's involvement prior to appointment

The Administrator has had no prior involvement with the Company or its directors prior to their initial introduction on 5 September 2012

After this date, MGR Appraisals ("MGR"), independent valuers were instructed to undertake a valuation of the business and its assets

The Administrator does not believe that there is any significant personal or professional relationship between the Company or its directors and the Administrator or Axiom Recovery LLP and confirm that the appropriate conflict review has been carried out

Marketing activities conducted by the Company and / or the proposed Administrator

It is understood that the directors did not market the business for sale

The Administrator considered it to be inappropriate to openly market the business for the following reasons

- No funding available to trade the Company in administration to allow for marketing
- Value of assets depreciating, particularly the goodwill

Valuations obtained

The Administrator is satisfied that a sale of the Company's assets on a pre-packaged basis will result in the best outcome for creditors in the circumstances. The following table demonstrates the comparative outcome

	<u>Willing Purchaser (£)</u>	<u>Forced Sale (£)</u>	<u>Anticipated realisations (£)</u>
Goodwill & IPR	7,000	NIL	11,000
The Equipment	400	200	2,000
The Vehicles	16,700	14,100	13,000
TOTAL	24,100	14,300	26,000

In addition, the Company has an outstanding debtor ledger of £21,679.51. The directors have advised that this should all be recoverable in the administration. The debts will be collected by the Administrator accordingly.

The business and assets of the Company were valued by independent agents MGR. An offer of £26,000 for the business and assets of the Company was received and on the advice of MGR the offer was accepted.

MGR did not value the work in progress ("WIP") of the Company. However the Administrator has agreed with the Purchaser that the price of the WIP shall be determined as 1% of all invoices raised to Brookwood Partnership. The Purchaser will account to the Administrator each month and the Administrator will subsequently invoice the Purchaser.

Alternative courses of action considered by the proposed Administrator

- **Administrative Receivership**

The charges created were post Enterprise Act 2003 and accordingly the charge holders could not have appointed an Administrative Receiver

- **Creditors Voluntary Liquidation or Compulsory Liquidation**

The directors could have initiated the liquidation of the Company on a voluntary basis or waited for a winding up petition to be issued against the Company which would have resulted in compulsory liquidation. These options would have resulted in termination of employment contracts and would have been detrimental to the preservation of any goodwill. Liquidation would also impact on the collectability of the Company's debtor ledger.

- **Company Voluntary Arrangement**

The Company was formerly in a CVA which failed

- **Administration**

Administration prevented creditor enforcement action enabling a better realisation of assets including debtors, work in progress and goodwill. The Company's liabilities have also been mitigated as a going concern sale has preserved the employee contracts of employment.

Why it was not appropriate to trade the business and offer it for sale as a going concern during the administration

It was considered that trading following the appointment of the Administrator would not have been profitable, particularly after the Administrator's fees and other costs had been considered. It was likely that trading would have reduced the net realisations available to creditors.

In addition it was likely that funding to enable trading to continue would only have been given on the provision of personal guarantees by the Administrator. In the circumstances, this was considered to be an unacceptable risk.

Requests made to potential funders to fund working capital requirements

In light of the above, no requests for funding were made to finance trading the Company in administration.

Efforts made to consult with major creditors

No creditors were consulted regarding the pre-packaged sale.

Identity of the Proposed Purchaser and the date of transaction

The purchaser of the business is Thurston's UK Limited ("the Purchaser"). The sale completed on 7 September 2012 with the effective date of transfer the date of the Administrator's appointment.

Details of the assets involved and the nature of the transaction

The Purchaser has acquired all of the owned assets of the Company apart from the book debts
The consideration of £26,000 is apportioned as follows

Asset	Consideration (£)
The Equipment	2,000
The Vehicles	13,000
Intellectual Property	1
Goodwill	10,999
Total	26,000

Consideration to be paid, terms of payment and any condition of the contract that could materially affect the consideration

The consideration for the sale of the business is £26,000 The sum of £5,000 was paid on completion on 7 September 2012 The balance of £21,000 is to be paid on the 7th of each month as follows

Month 1 £3,000

Month 2 £3,000

Month 3 £3,000

Month 4 £4,000

Month 5 £4,000

Month 6 £4,000

The consideration for the WIP will be paid as 1% of all invoices raised made to the Brookwood Partnership each month The Purchaser will account to the Administrator no more than 30 days after the date of the agreement and every subsequent 30 days

The sale agreement has been personally guaranteed by Mr Ross Thurston

Name of directors (or former directors) who are involved in the management or ownership of the purchaser, or of any other entity into which any of the assets are transferred

Ross Thurston is a director of the Company and is also the sole director and shareholder of the Purchaser

Detail whether the directors had given guarantees for amounts due from the Company to a prior financier

The director has not given any personal guarantees to the creditors of the Company

Options, buy-back arrangements or similar conditions attached to the contract of sale

There are no options or buy-back arrangements in place concerning the sale of the Company's assets to the Purchaser. Additionally, there are no related transactions to the sale outlined above.

SUMMARY OF ADMINISTRATOR'S PRE APPOINTMENT TIME COSTS

Time Entry - SIP9 Time & Cost Summary

C0998 - Country Garden Limited
Project Code PRE

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	2.00	13.60	0.00	0.00	15.60	4,940.00	316.67
Case Specific Matters	0.30	0.00	0.00	0.00	0.30	120.00	400.00
Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	1.00	2.50	0.00	0.00	3.50	1,300.00	371.43
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	3.30	16.10	0.00	0.00	19.40	6,360.00	327.84
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

SUMMARY OF ADMINISTRATOR'S TIME COSTS FROM 6 SEPTEMBER 2012

Time Entry - SIP9 Time & Cost Summary

C0998 - Country Garden Limited
Project Code POST
From 06/09/2012 To 10/10/2012

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	6.00	9.10	0.00	33.20	48.30	11,035.00	228.47
Case Specific Matters	0.90	1.00	0.00	0.50	2.40	840.00	350.00
Creditors	0.90	1.50	0.00	2.80	5.20	1,376.00	264.62
Investigations	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	6.40	6.30	0.00	3.80	16.50	5,674.00	343.88
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	14.20	17.90	0.00	40.30	72.40	18,925.00	261.40
Total Fees Claimed						0.00	
Total Disbursements Claimed						0.00	

APPENDIX G

AXIOM RECOVERY LLP CHARGE OUT RATES

AXIOM RECOVERY LLP HOURLY CHARGE OUT RATES

AS AT 6TH DECEMBER 2011

(A)	PARTNER	£400 - £500 PER HOUR
(B)	MANAGER	£250 - £400 PER HOUR
(C)	SENIOR PROFESSIONALS	£200 - £250 PER HOUR
(D)	ASSISTANT AND SUPPORT STAFF	£ 80 - £200 PER HOUR

FORM 2.20B – NOTICE OF MEETING OF CREDITORS BY CORRESPONDENCE

Notice of a meeting of creditors

Name of Company Country Garden Limited	Company number 04770723
In the High Court of Justice Chancery Division Birmingham District Registry (full name of court)	Court case number 8433 of 2012

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

Notice is hereby given by (a) Costas Morfakis of Axiom Recovery LLP, Suite 2 – 1st Floor,
Turnpike Gate House, Birmingham Road, Alcester, B49 5JG

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

that, under paragraph 58 of Schedule B1 of the Insolvency Act 1986 and Rule 2 48 of the Insolvency Rules 1986, the
business of an Initial Creditors' Meeting of (b) Country Garden Limited c/o Suite 2 –
1st Floor, Turnpike Gate House, Birmingham Road, Alcester, B49 5JG

will be conducted by correspondence

The resolutions to be considered include resolutions specifying the bases upon which the Administrator's remuneration and disbursements are to be calculated, requesting that unpaid pre-administration costs may be paid as an expense of the Administration, and specifying the date upon which the Administrators are discharged from liability in respect of any action of theirs as Administrators

The closing date for receipt of Forms 2 25B by the Administrator is 26 October 2012. The form must be accompanied by a statement of claim, if one has not already been lodged, and sent to the Administrator's office

Any creditor who has not received Form 2 25B can obtain one from the Administrator's office

Signed



Costas Morfakis - Administrator

Dated

10 October 2012

* Delete as applicable

A copy of the *proposals / ~~revised proposals~~ is attached

FORM 2.25B – NOTICE OF CONDUCT OF BUSINESS BY CORRESPONDENCE

Notice of conduct of business by correspondence

Name of Company Country Garden Limited	Company number 04770723
In the High Court of Justice Chancery Division Birmingham District Registry [full name of court]	Court case number 8433 of 2012

- (a) Insert full name(s) and address(es) of administrator(s) Notice is hereby given by (a) Costas Morfakis of Axiom Recovery LLP, Suite 2 – 1st Floor, Turnpike Gate House, Birmingham Road, Alcester, B49 5JG
- (b) Insert full name and address of registered office of the company to the creditors of (b) Country Garden Limited, c/o Suite 2 – 1st Floor, Turnpike Gate House, Birmingham Road, Alcester, B49 5JG
- (c) Insert number of resolutions enclosed that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) Four resolutions for your consideration Please indicate below whether you are in favour or against each resolution
- (d) Insert address to which form is to be delivered This form must be received at (d) Axiom Recovery LLP, Suite 2 – 1st Floor, Turnpike Gate House, Birmingham Road, Alcester, B49 5JG
- (e) Insert closing date by 12 00 hours on (e) 3 26 October 2012 in order to be counted It must be accompanied by details in writing of your claim Failure to do so will lead to your vote(s) being disregarded

Resolution 1

The Administrator's Proposals are approved

I am *in Favour / Against

Resolution 2

Under Rule 2 106 of the Insolvency (Amendment) Rules 2010 and in the absence of a Creditors' Committee, the remuneration of the Administrator be fixed by reference to time properly spent by him and his staff in attending to matters arising from the Administration, and the Administrator be authorised to draw remuneration as and when funds are available on account of his time costs

I am *in Favour / Against

Resolution 3

That unpaid pre-administration costs may be paid as an expense of the Administration

I am *in Favour / Against

Resolution 4

That the Administrator be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment ceasing to have effect

I am *in Favour / Against

If you require any further details or clarification prior to returning your votes, please contact me / us at the address above

Signed

Costas Morfakis
Administrator



TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of creditor

Dated

10 October 2012

Signature of creditor

Capacity

(if signing on behalf of creditor, state capacity eg director /

secretary

STATEMENT OF CLAIM FORM

Date of administration order. 6 September 2012

Name of creditor.

Address of creditor.

Gross amount of claim*
(ie including VAT)

Amount of VAT

Details of any document by
reference to which the debt can
be substantiated*
(eg invoices)

Particulars of how and when
debt incurred*

Particulars of any security held,
the value of the security and the
date it was given*

Signature of creditor or person
authorised to act on his behalf:

Name in BLOCK CAPITALS*

Position with or relation to
creditor*