

The Insolvency Act 1986

## Statement of administrator's proposals

|  |  |
|--|--|
| Name of Company<br><b>Rustic Hotels Limited</b>                                | Company number<br><b>08287612</b>          |
| In the<br><b>HIGH COURT OF JUSTICE CHANCERY DIVISION<br/>(COMPANIES COURT)</b> | Court case number<br><b>CR-2016-002610</b> |

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

We **ANDREW JAMES JOHNSON and SIMON IAN KIRKHOPE** of **FTI CONSULTING LLP, 200 ALDERSGATE STREET, LONDON EC1A 4HD**

\* Delete as applicable


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

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

(b) Insert date

1 July 2016

Signed

  
Joint Administrator

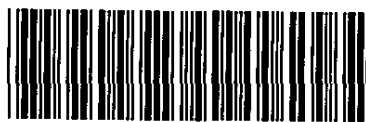
Dated 1 July 2016

### 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.

|  |                   |
|--|-------------------|
| FTI Consulting LLP                     |                   |
| 200 Aldersgate Street, London EC1A 4HD |                   |
|  | Tel 020 3727 1274 |
| DX Number                              | DX Exchange       |

SATURDAY



A04 02/07/2016 #85  
COMPANIES HOUSE

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

# **JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS**

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RUSTIC HOTELS LIMITED (IN ADMINISTRATION) (COMPANY NUMBER: 08287612) ("RUSTIC")  
MERRIGOLD LIMITED (IN ADMINISTRATION) (COMPANY NUMBER 05564486) ("MERRIGOLD")

**1 JULY 2016**

CRITICAL THINKING  
AT THE CRITICAL TIME™

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## Glossary

| Act                 | Insolvency Act 1986 (as amended)  | Original Offer            | Original Offer for County Hotel  |
|---------------------|---|---------------------------|--|
| <b>Borrowings</b>   | Borrowings made by Group companies of £30.4m  | <b>Other Subsidiaries</b> | Zeebest Limited, Maribel Limited and Silver Ring Services Limited                    |
| <b>Christies</b>    | Christie & Co (property agents)   | <b>Purchaser</b>          | Purchaser of the County Hotel  |
| <b>Companies</b>    | Rustic Hotels Limited (company number 08287612) and Merrigold Limited (company number 05564486) | <b>RPS</b>                | Redundancy Payments Service  |
| <b>Contract</b>     | Sales contract with the Purchaser for the County Hotel  | <b>Rules</b>              | Insolvency Rules 1986  |
| <b>County Hotel</b> | The County Hotel, Woodford Green  | <b>Rustic</b>             | Rustic Hotels Limited  |
| <b>CVL</b>          | Creditors' Voluntary Liquidation  | <b>Secured Debt</b>       | Debt of c£30m owed to Secured Lender   |
| <b>Director</b>     | Sole Director of all Group companies  | <b>Subsidiaries</b>       | Merrigold Limited, Zeebest Limited, Maribel Limited and Silver Ring Services Limited |
| <b>FTI</b>          | FTI Consulting LLP  | <b>Secured Lender</b>     | The Governor and Company of The Bank of Ireland                                      |
| <b>Group</b>        | Rustic Hotels Limited (company number 08287612) and its subsidiaries                            | <b>SIP2</b>               | Statement of Insolvency Practice 2   |
| <b>Merrigold</b>    | Merrigold Limited   | <b>SIP7</b>               | Statement of Insolvency Practice 7   |
| <b>New Director</b> | The new director of the Other Subsidiaries  | <b>SIP9</b>               | Statement of Insolvency Practice 9   |
| <b>New Offer</b>    | Offer for the business and assets of the Other Subsidiaries                                     |                           |  |

## 1. Introduction

- 1.1 Simon Kirkhope and Andrew Johnson were appointed as Joint Administrators of the Companies on 13 May 2016. A simplified group structure chart for the Companies is attached as Appendix A. We are required to send creditors a report setting out what has happened since our appointment and how we intend to progress, and achieve the purpose of, the administrations of the Companies.
- 1.2 Full details of the statutory formalities relating to our appointment are set out in Appendix B.
- 1.3 This report together with appendices contains a summary of background information in relation to our appointment, information in relation to the activities undertaken in the period since our appointment on 13 May 2016, and the Administrators' time costs in accordance with SIP9 (Appendices C and D).
- 1.4 A summary of receipts and payments in accordance with SIP7 for Merrigold is included at Appendix F. Please note no receipts and payments account has been produced for Rustic as there have been no cash receipts or payments in respect of this company.
- 1.5 The estimated return to creditors is set out in Sections 2 and 6 of this report.

### Purpose of the administration

- 1.6 The purpose of an administration must be to achieve one of the following statutory objectives:
  - a Rescuing the company as a going concern,
  - 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
  - c Realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.7 The purpose of the administrations is statutory objective 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). Full details of our rationale for choosing statutory purpose b) is set out in the Section 4 of this report which also covers our actions to date and proposed actions to be undertaken in pursuit of this objective.
- 1.8 We are bound by the Insolvency Code of Ethics. We did not identify any ethical threats in considering our appointment.

### Administrators' remuneration

- 1.9 We propose that we will be remunerated on the basis of time costs incurred by us and our staff properly spent in carrying out the administrations. Details of the rules in relation to administrators' remuneration together with details of our time costs to date and our fee estimate are set out in Appendices C and D.
- 1.10 Our fees and disbursements are subject to creditor approval. A creditors' guide to administrators' fees setting out creditors' rights to further information and how fees are approved can be found here:  
<http://www.icaew.com/~media/corporate/files/technical/insolvency/creditors%20guides/creditors%20guide%20to%20administrators%20fees%20england%20and%20wales%20apr%2010.ashx>
- 1.11 If creditors wish to be supplied with a hard copy of this guidance they should contact us at the details set out at point 1.15 below.
- 1.12 Additional information in relation to our staffing policies can be found in Appendix E.

### Meetings of creditors and further information

- 1.13 We do not intend to convene a meeting of creditors, as in accordance with Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986 (as amended) ("the Act"), we consider that the only returns to unsecured creditors (if any) will be from the Prescribed Part, albeit that trade creditors continue to be paid as part of ordinary course trading (see section 6 for more details of estimated creditor returns). As such, a meeting is not required, unless requested by creditors totaling 10% of the total claims against the Company, pursuant to Paragraph 52(2)(a) of Schedule B1 of the Act.
- 1.14 Further information on insolvency processes in general including a step-by-step guide can be found at the following website:

<http://www.creditorinsolvencyguide.co.uk/>

- 1 15 Trade suppliers to Merrigold / The County Hotel should continue to contact their day-to-day contact at Redefine BDL for queries in relation to ordinary course trading.
- 1 16 If you have any specific queries in relation to this report or the administrations in general, please contact the administrators at [Merrigold@fticonsulting.com](mailto:Merrigold@fticonsulting.com) or on 020 3727 1076. Creditors can also use these contact details to request a hard copy of this report if required.

## 2. Summary estimated creditor returns

### Estimated dividend for creditors

#### Estimated dividend for creditors / shareholders - Rustic

|                             | Secured creditors <sup>1</sup> | Preferential creditors <sup>2</sup> | Unsecured creditors <sup>3</sup> | Share Capital |
|-----------------------------|--------------------------------|-------------------------------------|----------------------------------|---------------|
| Estimated debt/equity (£)   | £30,406,224                    | £0                                  | £0                               | £1,000        |
| Estimated return (£ or p/£) | Nil                            | Nil                                 | Nil                              | Nil           |

[1] Based on book value of Secured Lender claim arising from cross-guaranteed Group debt. There are unlikely to be any sales proceeds from sale of Rustic's assets (shares in subsidiary property companies)

[2] There are no known employees so no preferential claims are anticipated. There are unlikely to be net floating charge realisations to pay a preferential or unsecured creditor dividend.

[3] There are no known unsecured creditors so no preferential claims are anticipated. There are unlikely to be net floating charge realisations to pay a preferential or unsecured creditor dividend.

#### Estimated dividend for creditors / shareholders - Merrigold

|                             | Secured creditors <sup>1</sup>        | Preferential creditors <sup>2</sup> | Unsecured creditors <sup>3</sup> | Share Capital |
|-----------------------------|---------------------------------------|-------------------------------------|----------------------------------|---------------|
| Estimated debt/equity (£)   | £30,406,224                           | £0                                  | £82,136                          | £1,000        |
| Estimated return (£ or p/£) | Subject to commercial confidentiality | Nil                                 | Uncertain                        | Nil           |

[1] Based on book value of Secured Lender claim arising from cross-guaranteed Group debt. The sale of Company assets is subject to final commercial agreement which remains confidential as to disclose our estimate of the value of the Merrigold assets may prejudice the ultimate realisable value.

[2] There are no known employees so no preferential claims are anticipated.

[3] Unsecured claims based on information provided by Merrigold's director. Trade creditors continue to be paid in the ordinary course of business. Returns to creditors remain uncertain whilst the sale of the business is subject to ongoing commercial discussion.

- 2 1 The estimates above represent the possible return to creditors based on information currently known and may be subject to change.
- 2 2 The estimated returns to creditors above assume a pro-rata return to creditors of the same class in accordance with UK insolvency law. Unsecured creditors rank behind both secured and preferential creditors, whilst shareholders rank behind all classes of creditor.
- 2 3 Further details of the estimated returns to each class of creditor are set out in section 6 of this report.

### 3. Background

- 3.1 Rustic Hotels Limited ("Rustic"), is a holding company which owns four subsidiary companies, Merrigold Limited (in administration), Maribel Limited, Silver Ring Service Limited and Zeebest Limited (collectively "the Subsidiaries", together with Rustic "the Group"), each of which owns a hotel, either as a long leasehold or a freehold. A simplified group structure chart is shown at Appendix A.
- 3.2 Each of the hotels is operated on behalf of its owner by Redefine BDL, a specialist hotel management company, though each of the Subsidiaries are party to a number of commercial agreements in relation to the operation of the hotels and employment of staff.
- 3.3 Merrigold Limited operates the Best Western County Hotel, Woodford ("the County Hotel") and entered administration on 13 May 2016.
- 3.4 Each of the other Subsidiaries ("the Other Subsidiaries") have remained outside of an administration process and continue to trade on a solvent, business as usual basis.
- 3.5 Each member of the Group guaranteed the borrowings of each of the other Group companies, with the borrowing facilities provided by the Governor and Company of the Bank of Ireland ("the Secured Lender"). At the date of our appointment the Secured Lender was owed £30.4m ("the Borrowings").
- 3.6 Both Rustic and Merrigold have granted fixed and floating charge security to the Secured Lender. Further details in relation to the Secured Lender's security is provided in Appendix B. On 25 June 2015, Merrigold had been notified that it was in breach of certain representations and undertakings pursuant to the Borrowings, and these breaches had not been remedied by May 2016.
- 3.7 The director of Merrigold and Rustic (as well as the Other Subsidiaries) ("the Director"), had been working in conjunction with the Secured Lender to facilitate a consensual, orderly realisation of the assets of the Subsidiaries, either as business and asset sales, or via share sales of the Subsidiaries by Rustic. The aim of the process was to reduce the Borrowings to allow the Secured Lender to exit its lending relationship with the Group.
- 3.8 The marketing process for the Group's assets commenced in October 2015 and was undertaken by Christies & Co ("Christies"), an independent property sales agent, engaged on behalf of the Group and the Secured Lender.
- 3.9 Following the marketing process, indicative offers had been received for the Other Subsidiaries.
- 3.10 A sale in principle had also been agreed with a third party ("the Original Offer") for the County Hotel. However, on 5 May 2016, the Director of Merrigold proceeded to sign a sales contract (at a similar value level) with a different third party ("the Purchaser") than the party who had made the Original Offer.
- 3.11 This represented a further breach of the covenants in relation to the Borrowings, as the Secured Lender had the right under its fixed charge security over the County Hotel to consent to any sale of the County Hotel and/or any request for associated release of security. The purported sale also undermined the Group-wide consensual sales process being negotiated between the Director and the Secured Lender.
- 3.12 The sales contract ("the Contract") also included a number of clauses that made the sale impossible to bring to completion in its original contractual form. In the event that the Contract could not be completed in a timely fashion or amended to make it capable of completion, it was considered possible that the Original Offer may be at risk, leaving the Secured Lender unable to effectively exercise their rights under their security to the proceeds of sale of the County Hotel.
- 3.13 On 11 May 2016 the Secured Lender wrote to Rustic as agent of the Subsidiaries, copying all of the Subsidiaries (including Merrigold) notifying Rustic that facilities were cancelled, and that all loans were immediately due and payable.
- 3.14 On 12 May 2016 the Lender wrote to Rustic stating that Rustic had guaranteed to the Secured Lender all obligations of the Subsidiaries in connection with the Borrowings and demanded immediate repayment of the Borrowings, together with accrued interest and all other amounts outstanding.
- 3.15 Following a failure of Rustic or Merrigold to repay the Borrowings, on 13 May 2016 the Secured Lender applied to court to appoint Simon Kirkhope and Andrew Johnson as joint administrators of Rustic and Merrigold.

### 4. Conduct of the administrations

#### Administration purpose

- 4.1 Pursuant to Paragraph 3 of Schedule B1 of the Act, the purpose of an administration must be one of

- a ) rescuing the company as a going concern, or
  - 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
  - c ) realising property in order to make a distribution to one or more secured or preferential creditors
- 4 2 The overall liabilities of Rustic exceeded the expected saleable value of the assets of the Group, therefore it was not expected that Rustic could be sold as a going concern
- 4 3 In respect of Merrigold the value of its borrowings, together with the cross-guaranteed borrowings of the Other Subsidiaries exceeded the value of its assets. Additionally, Merrigold appeared to owe inter-company debts to entities outside of the UK subject to uncertainty in terms of quantum and the terms on which these debts could be called. Therefore it was not considered possible to sell Merrigold as a going concern
- 4 4 We have therefore concluded that statutory purpose a) was not achievable for the Companies
- 4 5 The purpose of the administrations is to achieve a better outcome for the Companies' creditors as a whole than would be possible if the Companies were wound up (without first being in administration)
- 4 6 We consider that the administrations give a better outcome than could be achieved in liquidations as the appointment process could be conducted quickly, at the behest of the Secured Lender. The timely appointment of an administrator allowed the sales process instigated by the Director to be continued by the administrators, whilst allowing the Companies to continue to trade without threat of winding-up
- 4 7 Additionally, the Secured Lender was supportive of the continuing trading of the Companies to allow the orderly sales process of Merrigold's assets, and the assets of / shares in, the Other Subsidiaries. The administration of Rustic was considered likely to deliver a better outcome to creditors should sales of the shares of the Other Subsidiaries be possible
- 4 8 A voluntary liquidation was unlikely to be achievable for Rustic as the consent of Shareholders, who are associates of the Director, would have been required to place Rustic into liquidation. Given that the Shareholders would be likely to receive no value from liquidation and given the disagreement between the Director and the Secured Lender over the sales process, it was considered unlikely that the Shareholders would support the liquidation of Rustic
- 4 9 In respect of Merrigold, since Rustic is its sole shareholder it was considered unlikely that the Director would consent on behalf of Rustic (as shareholder) to Merrigold being wound up
- 4 10 Additionally, liquidations, as terminal insolvency processes would have been likely to undermine the M&A process as continued trading would not have been feasible and would likely have been undermined by the reputational damage caused by entering a liquidation process. A compulsory liquidation was not considered appropriate for the same reason and additionally seeking a Court order for the winding up of the Companies would also have taken a number of weeks, during which time the value of the Group may have been significantly diminished

### Board Change

- 4 11 Given the breakdown in the relationship between the Secured Lender and the Director in respect of the sales process in respect of the County Hotel, it was considered unlikely that the Director and Secured Lender would be able to act consensually to facilitate the sale of the assets of the Other Subsidiaries
- 4 12 Accordingly, immediately following our appointment as administrator of Rustic, we notified the Director, in our capacity as sole shareholder of each of the Other Subsidiaries that he was to be removed from office and could no longer act on behalf of any of the Other Subsidiaries
- 4 13 Following the removal of the Director, we consented to the appointment of an independent third party director (the "New Director"), as director of the Other Subsidiaries. The New Director is experienced in concluding real estate transactions and has been engaged, with the consent of the Secured Lender to facilitate the sale of the business and assets of the Other Subsidiaries

### Business and asset sale process – The County Hotel

- 4 14 The main asset of Merrigold is the County Hotel, together with associated goodwill, bookings/WIP, intellectual property, fixtures and fittings and stock. These assets were purported to be sold by the Contract to the Purchaser
- 4 15 We have engaged with the Purchaser to seek amendments to the Contract to ensure that it is able to be completed

- 4 16 Negotiations with the Purchaser have been substantively concluded (these discussions remain commercially sensitive) and we expect a revised sales contract to be signed in due course. In the event that a revised contract cannot be consensually concluded, we would need to take such further action to ensure the completion or unwind of the Contract as is necessary.
- 4 17 The County Hotel has continued to trade as normal and the business and assets of Merrigold, including all staff and bookings are expected to be transferred to the Purchaser on the completion of the Contract.

#### **Business and asset sale process – Assets of the Other Subsidiaries**

- 4 18 The sole assets of Rustic are its shares in the Subsidiaries. We have, in conjunction with David Langer engaged with Christies to re-start the sales process for the Other Subsidiaries.
- 4 19 Following our appointment, a party who had previously made an indicative offer for the shares in the Other Subsidiaries notified us that they wished to make an offer for the business and assets of the Other Subsidiaries only ("the New Offer").
- 4 20 The New Offer was considered by Christies to be the best available offer for the assets of the Other Subsidiaries. We also have received direct enquiries and a small number of offers for the assets of the Other Subsidiaries but these offers are for less than the New Offer.
- 4 21 Based on advice from the appointed property agents, Christies, it is considered that the New Offer maximises the value achievable for the creditors of Rustic (which constitutes solely the Secured Lender) as the Secured Lender will be entitled to receive the proceeds of sale from the business and asset sales undertaken by the Other Subsidiaries.
- 4 22 Consequently, with the support of the Secured Lender, the New Director has begun discussions to complete the sale of the Other Subsidiaries in accordance with the terms of the New Offer. The New Offer remains commercially sensitive (as disclosure may prejudice ultimate realisable value) and therefore the details cannot be disclosed at this time.

#### **Trading strategy and outcome**

- 4 23 In order to enable the sales processes discussed above to proceed, it was necessary to continue to trade both Merrigold and the Other Subsidiaries on a going concern basis, as a means of preserving value.
- 4 24 The Secured Lender has continued to provide support to the Group and allowed continuing access to the Group's banking facilities.
- 4 25 Merrigold continues to trade as normal and meet ordinary course trade creditors as they arise and to honour all existing bookings. The business continues to be managed by Redefine BDL. It is anticipated that the business of Merrigold (and associated ordinary-course trade creditors) will be sold to the Purchaser, but this remains subject to completion of amendments to the Contract as set out above.
- 4 26 The Other Subsidiaries are not in insolvency processes and continue to trade as normal under the management of Redefine BDL, with the full support of the Secured Lender. The Other Subsidiaries continue to pay their creditors in accordance with their normal trading terms.

#### **Employee matters**

- 4 27 We have notified all employees of Merrigold of our appointment. All staff have been retained and the business continues to trade as normal. All staff are currently anticipated to transfer with the business of Merrigold to the Purchaser. Rustic has no employees.

#### **Statutory Investigations**

- 4 28 We have undertaken initial investigation work in accordance with SIP2 including a review of the accounts of the Company in order to understand the realisable assets of the Company and comparing these to the values in the directors' statement of affairs. We do not consider that there are any further assets available to the Company other than those set out earlier in this report.
- 4 29 The data gathered from our initial investigations will assist with our statutory duties pursuant to the Company Directors Disqualification Act 1986. We are obliged to review the conduct of all directors who served in respect of the Companies in the 3 year period prior to the date of the administrations.
- 4 30 Should any creditors have any further relevant information in relation to directors' conduct, they should provide details in writing to the Administrators. This request forms part of our normal investigations into directors' conduct and does not imply any criticism of the directors in this particular case. The content of our reports in relation to this are confidential and must be



submitted to the Department for Business, Innovation and Skills within three months of our appointment as Joint Administrators

## 5. Directors' statement of affairs

- 5.1 Attached at Appendix G are copies of the directors' statement of affairs for the Companies as at the date of our appointment, together with a list of creditors at the time of appointment, whose details have been provided by Redefine BDL. Please note that the format of the Statement of Affairs does not include any provision for the costs of the administrations. An estimate of the return to creditors based on the information provided, and from our work to date, is included in the next section of this report.
- 5.2 Our commentary on the Statement of Affairs is included at Appendix G.

## 6. Estimated outcomes

### Secured creditors

- 6.1 At the date of appointment the Secured Lender was owed approximately £30.4m by the Group. The Secured Lender holds debenture security over each of the Companies. As a result of these debentures the Secured Lenders have security over all of the Companies' assets which includes fixed and floating charges in favour of the Secured Lenders.
- 6.2 The return to the Secured Lenders is currently uncertain and is dependent on completion of the Contract and the New Offer and will also be dependent on any costs associated with the sales process.
- 6.3 As the terms of the anticipated sales are subject to commercial confidentiality, we are unable to disclose the estimated sales proceeds at this time, as to disclose our estimate of the value of the Merrigold assets may prejudice the ultimate realisable value.

### Preferential creditors

#### *Merrigold*

- 6.4 Under the Act the main classes of preferential creditor are employees in respect of certain claims in relation to arrears of wages, holiday and pensions contributions. Merrigold employs a number of staff to operate the County Hotel; it is therefore possible that there could be a number of preferential claims against the Company.
- 6.5 However, the administrators continue to pay retained staff their wages in accordance with their usual terms and it is currently anticipated that all staff will transfer to the Purchaser. Consequently we do not currently expect there to be any claims for arrears of wages, pensions contributions or holiday pay.

#### *Rustic*

- 6.6 There are no known employees of Rustic and consequently no preferential claims are anticipated.

### Unsecured creditors

#### *Merrigold*

- 6.7 As detailed above, ordinary course trade creditors continue to be paid in accordance with their usual terms as the business continues to operate as normal. We currently anticipate that ordinary course trade creditors will transfer with the business and assets of Merrigold to the Purchaser.
- 6.8 To the extent that creditors are not transferred to the Purchaser, unsecured creditors rank behind both secured and preferential creditors.
- 6.9 Under Section 176A of the Act where after 15 September 2003 the Company has granted a creditor a floating charge, a proportion of the net property of the company achieved from floating charge asset realisations must be made available for the unsecured creditors ("the Prescribed Part").
- 6.10 There are unlikely to be sufficient funds to repay the Secured Creditors in full, therefore returns to unsecured creditors would potentially only come from the Prescribed Part, up to a maximum of £600,000 for each company.
- 6.11 We currently have insufficient information to estimate the likely size of the Prescribed Part and the return to unsecured creditors, given that calculation is subject to the total level of floating charge realisations, the costs of realisations and the

cost of paying preferential creditors, all of which remain uncertain. Additionally, the quantum of claims remains uncertain given that we currently anticipate that ordinary course trade creditors will transfer with the business and assets of Merrigold to the Purchaser, meaning we cannot determine the likely outcome on a pence in the pound basis.

*Rustic*

6.12 There are no known unsecured creditors of Rustic.

6.13 It is anticipated that there are unlikely to be any floating realisations in Rustic. Consequently, there is not expected to be any Prescribed Part payable from Rustic.

6.14 Creditors wishing to nevertheless submit a claim should use the creditors statement of claim form provided at Appendix H, with any claims made being supported by copy invoices or other relevant documentation sufficient to allow your claim to be adjudicated.

## 7. Administrators' proposals

7.1 The main purposes of the administrations are statutory objective b, achieving a better outcome for each of the Companies' creditors as a whole than would be possible if the Companies were wound up without first being in administration.

7.2 Pursuant to Paragraph 52(1)(b) of Schedule B1 of the Act, we consider that the only returns to unsecured creditors (if any) will be from the Prescribed Part. Consequently, we do not intend to convene meetings of creditors of the Companies pursuant to Paragraph 51 of Schedule B1 to the Act.

7.3 Pursuant to Rule 2.33(5) of the Rules these proposals will be deemed to have been approved by the creditors if no creditors' meeting is requisitioned by creditors totaling 10% of the total claims against the Company, pursuant to paragraph 52(2) of Schedule B1 to the Act, within the period set out in Rule 2.37(1) (within 8 business days of these proposals being sent out).

7.4 The contents of this entire document represent the Administrators' proposals. In order to provide clarity to creditors on the further specific areas for which the Administrators are seeking approval we have set out our specific proposals below, which apply to each of the Companies.

### Proposed Strategy, Actions and Activities

7.5 We will continue to manage the affairs of the Companies in order to achieve the purpose of the administration.

7.6 To do all such other things and generally exercise all of our powers as contained in Schedules B1 and 1 of the Act, as the Administrators consider desirable or expedient to achieve the statutory purpose of the administrations.

7.7 To investigate and as appropriate pursue any claims the Companies may have.

7.8 We shall be authorised to agree the claims of the secured, preferential and unsecured creditors against the Companies unless we conclude, in our reasonable opinion, that any of the Companies will have no assets available for distribution.

7.9 We shall be authorised to distribute funds to the secured, preferential creditors and unsecured creditors as and when claims are agreed and funds and circumstances permit.

### Creditors Committee

7.10 That, in the event the creditors of either of the Companies so determine, a creditors committee be appointed in respect of that company comprising of not more than five and not less than three creditors of that company.

### Proposed Exit Routes

7.11 The most likely exit route for each of the Companies is moving to dissolution after the completion of its administration.

7.12 Once all assets have been realised, and if there are no funds available to enable a distribution to the unsecured creditors (other than the Prescribed Part) and a liquidation process is not required, the Administrators shall file a notice pursuant to Paragraph 84 of Schedule B1 to the Act together with their final progress report at Court and with the Registrar of Companies for the dissolution of that company.

7.13 In the event that the Administrators believe liquidation to be the most appropriate route for a company, for example if there are onerous assets that need to be disclaimed, or there are matters that require further investigation, we will exit the administration of that company by a compulsory liquidation. The Administrators give notice that on such a petition the Joint Administrators will seek their appointment as liquidators pursuant to Section 140 of the Act, with any liquidator being able to

## Joint Administrators' Report and Statement of Proposals

undertake acts required or authorised under any enactment individually. The creditors are entitled to nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before the proposals are approved.

### Discharge of Administrators

7.14 We will be discharged from liability in accordance with Paragraph 98(1) of Schedule B1 of the Act immediately upon our appointment as Administrators ceasing to have effect.

### Administrators' Remuneration

7.15 That the creditors committee, if one is appointed, be asked to agree that the basis of the Administrators' remuneration be fixed by reference to the time properly given by the Administrators and their staff in attending to matters arising in the administration, calculated at the prevailing standard hourly charge out rates used by FTI at the time when the work is performed, plus VAT, and be asked to agree any category 2 expenses.

4.31 That if a creditors' committee is not appointed, the Secured Lender (and preferential creditors if applicable) of the relevant company shall be asked to fix the basis of the Administrators' remuneration in accordance with Rule 2.106(5A)(a) of the Rules, to be fixed by reference to the time properly given by the Administrators and their staff in attending to matters arising in the administration, calculated at the prevailing standard hourly charge out rates used by FTI at the time when the work is performed, plus VAT.

## 8. Next report and further questions

8.1 We are required to provide a progress report to all creditors within one month of the end of the first six months of the administrations, or when the administrations come to an end, whichever is sooner.

If you have any queries regarding ongoing trading you should contact your normal contact at Redefine BDL in the first instance. Should you have any queries in the relation to the administrations please contact Tom Jones on 020 3727 1274 or by email at [tom.jones@fticonsulting.com](mailto:tom.jones@fticonsulting.com).

For and on behalf of the Companies

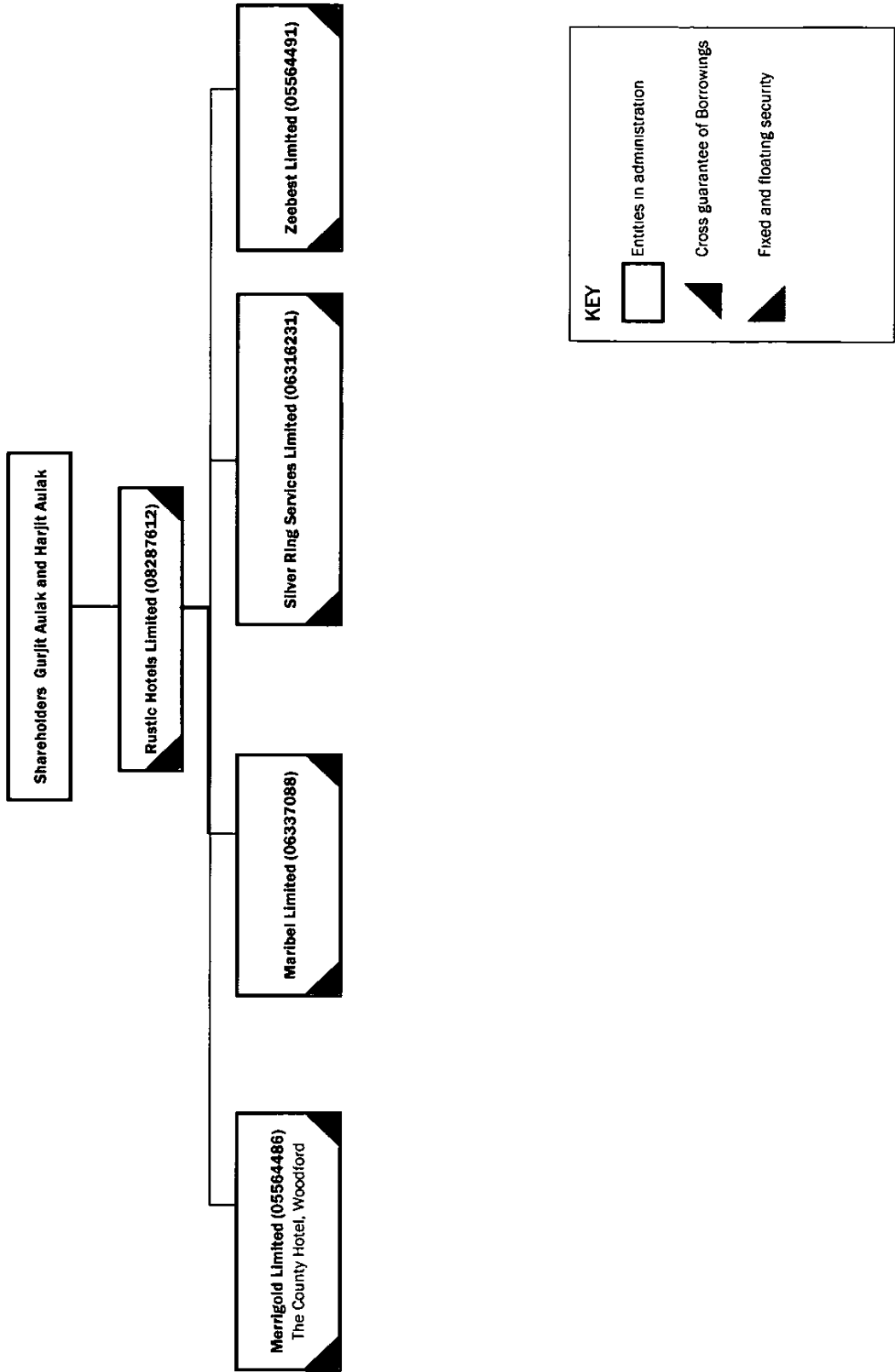


**Simon Kirkhope**  
Joint Administrator

The affairs, business and property of the Companies are being managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and without personal liability.

Simon Kirkhope and Andrew Johnson are licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales, under Section 390(2)(a) of the Insolvency Act 1986.

Appendix A – Group structure chart



## Appendix B – Statutory information

### Company and Appointment Information

#### Rustic Hotels Limited

|                          |  |
|--------------------------|--|
| Trading names            | Rustic Hotels Limited  |
| Registered number        | 08287612   |
| Registered office        | Current C/O FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD<br>At appointment 272 Victoria Dock Road London E16 3BY |
| Director(s)              | Surbjit Singh Aulak  |
| Company secretary        | No secretary listed  |
| Directors' shareholdings | Nil  |
| Court reference          | CR-2016-002610   |
| Court                    | High Court of Justice, Chancery Division Companies Court   |
| Appointment date         | 13 May 2016  |
| Appointer                | The holder of a Qualifying Floating Charge pursuant to Paragraph 14 of Schedule B1 of the Act                                  |
| Appointers address       | The Governor and Company of The Bank Of Ireland, Bow Bells House, 1 Bread St London EC4M 9BE                                   |

#### Merrigold Limited

|                          |  |
|--------------------------|--|
| Trading names            | Merrigold Limited  |
| Registered number        | 05564486   |
| Registered office        | Current C/O FTI Consulting LLP, 200 Aldersgate Street, London EC1A 4HD<br>At appointment 272 Victoria Dock Road London E16 3BY |
| Director(s)              | Surbjit Singh Aulak  |
| Company secretary        | No secretary listed  |
| Directors' shareholdings | Nil  |
| Court reference          | CR-2016-002611   |
| Court                    | High Court of Justice, Chancery Division, Companies Court  |
| Appointment date         | 13 May 2016  |
| Appointer                | The holder of a Qualifying Floating Charge pursuant to Paragraph 14 of Schedule B1 of the Act                                  |
| Appointers address       | The Governor and Company of The Bank Of Ireland, Bow Bells House 1 Bread St London EC4M 9BE                                    |

## Administrators' Information (for both Companies)

|                         | Administrator 1                        | Administrator 2                        |
|-------------------------|--|--|
| <b>Name</b>             | Simon Kirkhope                         | Andrew Johnson                         |
| <b>Address</b>          | 200 Aldersgate Street, London EC1A 4HD | 200 Aldersgate Street, London EC1A 4HD |
| <b>Authorising body</b> | ICAEW                                  | ICAEW                                  |

The appointment of the Administrators was made by the holders of Qualifying Floating Charges over the Companies pursuant to Paragraph 14 of Schedule B1 to the Act

The Companies are subject to fixed and floating charges in favour of the Secured Lenders and the validity of the appointment and of the security has been confirmed by Gowling WLG (UK) LLP. Rustic granted an all monies debenture (fixed and floating charge security) to the Secured Lender dated 18 July 2013 and Merrigold granted an all monies debenture dated 12 February 2008 and an all monies legal charge dated 12 February 2008 securing the property at the County Hotel Moat House, Woodford Green, both to the Secured Lender

Pursuant to Paragraph 100 of Schedule B1 of the Act, any function of the Administrators may be exercised by any or all of the Administrators named above

The centre of main interest of the Companies is England. Therefore, the EC Regulations on Insolvency Proceedings 2000 apply to the administrations. The proceedings are main proceedings as defined by Article 3 of those regulations

## Appendix C – Administrators' time costs and expenses

### Pre-administration fees

Information in relation to FTI Consulting LLP's ("FTI") involvement with the Company prior to the date of administration is detailed below, pursuant to Rule 2.33(2B) of the Rules

On 5 May 2016 following the purported sale of the Company's assets in breach of facility agreements with the Secured Lender, the Secured Lender requested that planning be undertaken for the appointment of administrators over the Company to secure the Secured Lender's interests in the Group

No formal letter of engagement was signed in respect of this work. This work could not have been conducted following the administration, as it related solely to the appointment of the administrators and planning for the immediate post-administration stabilisation of the Group

Our work in this period included

- Planning relating to statutory appointment formalities
- Liaison with Redefine BDL in respect of the operations of Merrigold
- Discussions with the proposed new director and planning the mechanics of appointment
- Discussions with property agents
- Set up of case files and systems

Time costs of £21,576.50 and £7,263.50 plus VAT were incurred respectively in relation to Rustic and Merrigold prior to our appointment as administrators

It is proposed that subject to the approval of creditors pursuant to Rules 2.33(2B) and 2.106(5A) these time costs and out-of-pocket expenses will be paid as an expense of the administration

These time costs and expenses have been included in the SIP9 analysis included in Appendix D

### Administrators' fee basis and fee approval

Pursuant to Rule 2.106 of the Rules the remuneration of the administrators can be fixed on the basis of one of the following

- a as a percentage of the value of property with which he has to deal,
- b by reference to time properly given by the Administrator and his staff attending to matters arising in the administration, or
- c a set amount

The basis of the Administrators' fees will be determined by a creditors committee (if one is established by the creditors of the Company) or by a meeting of creditors of the Company (if one is convened). If no committee is established and no meeting is convened, it is proposed that the remuneration of the Administrators will be fixed in accordance with option b above and that proposed fees will be approved in accordance with Rule 2.106(5A) of the Rules. These rules are outlined below

Where the Administrators have made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act, the basis of the Administrators' remuneration may be fixed by approval of

- Each secured creditor, or
- If the Administrators intend to make a distribution to preferential creditors, with the approval of each secured creditor and 50% of the preferential creditors who respond to an invitation to consider approval

There is no requirement for unsecured creditors to pass a resolution in respect of Administrators' remuneration

A copy of the 'Creditors' Guide to Administrators' Fees' is available at

[http://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_Fees\\_Nov2011.pdf](http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov2011.pdf)

Creditors can alternatively request a copy from us and we will provide a paper copy by post

## Post-appointment time costs and expenses

An analysis of our time in accordance with the provisions of SIP9, which provides details of the activity costs incurred by staff grade to the above date is enclosed overleaf

The main areas of our work have been set out in the body of the report but can be summarised as follows

- Supporting the New Director on business sale process
- Leading County Hotel asset sale process
- Stabilisation of Group trading businesses
- Setting up of appropriate trading controls
- Management of trading strategy
- Managing insurance and health and safety processes of business
- Responding to employee and creditor queries
- Notifications to relevant tax authorities
- Review of relevant accounting and statutory records in accordance with SIP2
- Reporting to the Secured Lender
- Complying with statutory formalities include relevant filings and statutory communications
- Maintaining the administration records

A summary of time costs and expenses incurred in respect of each of the Companies during the period covered by this report is shown below

| Summary of time and expenses (£) |                     |                |                |         |
|----------------------------------|---------------------|----------------|----------------|---------|
| Company                          | Time Costs Incurred | Cat 1 Expenses | Cat 2 Expenses | Total   |
| Merrigold                        | 138,530             | 39             | 0              | 138,569 |
| Rustic                           | 122,318             | 0              | 0              | 122,318 |
|                                  | 260,848             | 39             | 0              | 260,887 |

No approval to draw time costs or expenses has been sought or received during the period

Category 1 expenses are not subject to creditor approval. Category 2 disbursements do require approval from creditors and relate to services provided to us by associated companies and costs which are apportioned overheads such as mileage and data storage. Further details in relation to this can be found at Appendix E (if applicable) together with additional information in relation to our policy on staffing, the use of subcontractors, and details of our current charge out rates by staff grade.

## Administrators' fee estimate

A breakdown of our fee estimate is provided below

Pursuant to Rule 2.106(2A) of the rules as we propose to fix our remuneration with reference to time properly incurred in attending to matters arising in the administration, we have prepared a fee estimate

Administrators' fee estimate represents the likely time costs that will be incurred in undertaking their duties in respect to the Company during the administration and, should the administrator become liquidator, their duties in the liquidation. It is important to note that the quantum of remuneration drawn will be limited by the realisations from the Company assets and as such fees will only be drawn if there are funds in the administration or subsequent liquidation, to do so.

As detailed above, any fee drawings will be made with the consent of the creditors committee or secured and preferential creditors as applicable.



| Fee estimate for all Companies      |                             |                |                |                |            |                |
|-------------------------------------|-----------------------------|----------------|----------------|----------------|------------|----------------|
|                                     | Incurred to<br>23 June 2016 |                | To be incurred |                | Total      |                |
|                                     | Hr                          | £              | Hr             | £              | Hr         | £              |
| Administration and Planning         | 160                         | 86,768         | 45             | 24,343         | 205        | 111,110        |
| Investigations                      | 19                          | 11,001         | 4              | 2,268          | 23         | 13,269         |
| Realisation of assets               | 120                         | 68,558         | 75             | 43,028         | 195        | 111,586        |
| Trading                             | 117                         | 56,439         | 20             | 9,623          | 137        | 66,061         |
| Creditors                           | 17                          | 8,969          | 20             | 10,871         | 37         | 19,839         |
| Tax                                 | 25                          | 14,515         | 35             | 20,568         | 60         | 35,083         |
| Reporting                           | 16                          | 9,960          | 40             | 24,900         | 56         | 34,860         |
| Other                               | -                           | -              | -              | -              | -          | -              |
| <b>Administrators' fee estimate</b> | <b>474</b>                  | <b>256,208</b> | <b>239</b>     | <b>135,600</b> | <b>713</b> | <b>391,808</b> |

An estimate of trading costs for the period to the sale of the County Hotel is included below. However, this may increase if the sale process takes longer than currently anticipated. All costs are expected to be paid out of trading proceeds. Fees payable to agents out of fixed charge realisations have not been included in this estimate, as payments will be determined by the Secured Lender, and will be made out of funds available to the Secured Lender.

| Trading cost estimate for Merrigold |                                     |                                     |                  |
|-------------------------------------|-------------------------------------|-------------------------------------|------------------|
|                                     | Incurred to<br>23 June<br>2016<br>£ | To be<br>incurred <sup>1</sup><br>£ | Total<br>£       |
| Payroll                             | (37,874)                            | (128,860)                           | (166,734)        |
| Trading expenses                    | (41,381)                            | (62,642)                            | (104,023)        |
| Other costs                         | (21,210)                            | (40,059)                            | (61,269)         |
| VAT on costs                        | (52,549)                            | (144,538)                           | (197,087)        |
|                                     | <b>(153,014)</b>                    | <b>(231,561)</b>                    | <b>(332,026)</b> |

[1] Assuming completion of a sale of the business and assets by 14 August 2016

No estimate of costs has been prepared for Rustic as expenses are not expected to be incurred directly in this estate.

## Appendix D – Time cost analysis

**Rustic Hotels Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 13 May 2016 to 24 June 2016**

| Task   |    | Senior Managing Director | Managing Director | Sr Director / Director | Senior Consultant / Consultant | Associate     | Total Time       | Total Cost      | Average Cost |
|--|----|--------------------------|-------------------|------------------------|--------------------------------|---------------|------------------|-----------------|--------------|
| <b>Administration and Planning</b>           |    |                          |                   |                        |                                |               |                  |                 |              |
| Strategy and planning                        | A1 | 14.5                     |                   | 17.0                   | 4.6                            | 1.6           | 37.7             | 23,691.0        | 628.4        |
| Initial actions                              | A2 |                          |                   | 5.0                    | 5.5                            |               | 10.5             | 5,100.0         | 489.7        |
| Appointment and related formalities          | A3 | 14.5                     |                   |                        |                                |               | 14.5             | 11,527.5        | 799.0        |
| Checklist and reviews                        | A5 |                          |                   |                        | 10.3                           |               | 10.3             | 4,036.0         | 391.8        |
| Cashiering and reconciliations               | A6 |                          |                   |                        | 0.4                            |               | 0.4              | 160.0           | 400.0        |
| Bonding and IPS maintenance                  | A7 |                          |                   |                        | 1.1                            |               | 1.1              | 440.0           | 400.0        |
| Case administration                          | A8 |                          |                   |                        | 10.8                           |               | 10.8             | 3,046.0         | 282.0        |
| <b>Subtotal</b>                              |    | <b>29.0</b>              |                   | <b>22.0</b>            | <b>32.7</b>                    | <b>1.6</b>    | <b>85.3</b>      | <b>48,000.5</b> |              |
| <b>Investigations</b>                        |    |                          |                   |                        |                                |               |                  |                 |              |
| Correspondence with directors                | B1 |                          |                   |                        | 0.8                            |               | 0.8              | 320.0           | 400.0        |
| Statement of affairs                         | B3 |                          |                   | 0.7                    |                                |               | 0.7              | 416.5           | 595.0        |
| Books and records                            | B5 |                          |                   | 1.7                    |                                |               | 1.7              | 986.0           | 580.0        |
| Other investigations                         | B7 |                          |                   | 8.3                    |                                |               | 8.3              | 4,814.0         | 580.0        |
| <b>Subtotal</b>                              |    | <b>0.0</b>               | <b>0.0</b>        | <b>10.7</b>            | <b>0.8</b>                     | <b>0.0</b>    | <b>11.5</b>      | <b>6,536.5</b>  |              |
| <b>Realisation of assets</b>                 |    |                          |                   |                        |                                |               |                  |                 |              |
| Sale of business                             | C2 | 9.2                      |                   | 33.9                   | 14.6                           |               | 57.7             | 30,772.0        | 533.3        |
| Property, plant and vehicles                 | C6 |                          |                   | 0.9                    |                                |               | 0.9              | 535.5           | 595.0        |
| Other assets                                 | C7 |                          |                   | 1.2                    | 0.2                            |               | 1.4              | 766.0           | 547.1        |
| Health & Safety/Insurance                    | C8 |                          |                   |                        | 2.1                            |               | 2.1              | 784.0           | 373.3        |
| Legal issues/tuition                         | C9 |                          |                   |                        | 0.6                            |               | 0.6              | 240.0           | 400.0        |
| <b>Subtotal</b>                              |    | <b>9.2</b>               | <b>0.0</b>        | <b>36.0</b>            | <b>17.5</b>                    | <b>0.0</b>    | <b>62.7</b>      | <b>33,097.5</b> |              |
| <b>Trading</b>                               |    |                          |                   |                        |                                |               |                  |                 |              |
| Initial control of operations                | D1 |                          |                   | 2.2                    | 1.7                            |               | 3.9              | 1,989.0         | 510.0        |
| Ongoing trading / monitoring                 | D2 | 3.9                      |                   | 7.9                    | 9.9                            |               | 21.7             | 10,396.0        | 479.1        |
| Preparing trading statements                 | D7 |                          |                   |                        | 11.9                           |               | 11.9             | 4,760.0         | 400.0        |
| <b>Subtotal</b>                              |    | <b>3.9</b>               |                   | <b>10.1</b>            | <b>23.5</b>                    |               | <b>37.5</b>      | <b>17,145.0</b> |              |
| <b>Creditors (correspondence and claims)</b> |    |                          |                   |                        |                                |               |                  |                 |              |
| Unsecured creditors                          | E1 |                          |                   |                        | 0.3                            |               | 0.3              | 78.0            | 260.0        |
| Secured creditors                            | E2 |                          |                   | 10.8                   |                                |               | 10.8             | 6,264.0         | 580.0        |
| <b>Subtotal</b>                              |    | <b>0.0</b>               | <b>0.0</b>        | <b>10.8</b>            | <b>0.3</b>                     | <b>0.0</b>    | <b>11.1</b>      | <b>6,342.0</b>  |              |
| <b>Tax</b>                                   |    |                          |                   |                        |                                |               |                  |                 |              |
| Initial reviews CT and VAT                   | F1 |                          | 1.0               |                        |                                |               | 1.0              | 650.0           | 650.0        |
| Pre-appointment CT                           | F2 |                          |                   |                        |                                | 1.0           | 1.0              | 195.0           | 195.0        |
| Tax advice on transactions                   | F6 |                          | 3.0               |                        |                                |               | 3.0              | 1,950.0         | 650.0        |
| <b>Subtotal</b>                              |    | <b>0.0</b>               | <b>4.0</b>        | <b>0.0</b>             | <b>0.0</b>                     | <b>1.0</b>    | <b>5.0</b>       | <b>2,795.0</b>  |              |
| <b>Reporting</b>                             |    |                          |                   |                        |                                |               |                  |                 |              |
| Proposals                                    | G2 |                          |                   | 3.0                    | 0.9                            |               | 3.9              | 2,113.5         | 541.9        |
| Secured creditor reports                     | G4 | 1.1                      |                   | 1.3                    |                                |               | 2.4              | 1,648.0         | 686.7        |
| <b>Subtotal</b>                              |    | <b>1.1</b>               | <b>0.0</b>        | <b>4.3</b>             | <b>0.9</b>                     | <b>0.0</b>    | <b>6.3</b>       | <b>3,761.5</b>  |              |
| <b>Other</b>                                 |    |                          |                   |                        |                                |               |                  |                 |              |
|  | H1 |                          |                   | 8.0                    |                                |               | 8.0              | 4,640.0         | 580.0        |
| <b>Subtotal</b>                              |    | <b>0.0</b>               | <b>0.0</b>        | <b>8.0</b>             | <b>0.0</b>                     | <b>0.0</b>    | <b>8.0</b>       | <b>4,640.0</b>  |              |
| <b>Total Time by Grade</b>                   |    | <b>43.2</b>              | <b>4.0</b>        | <b>83.0</b>            | <b>75.7</b>                    | <b>2.6</b>    | <b>219.4</b>     |                 |              |
| <b>Total Cost by Grade</b>                   |    | <b>\$4,844.0</b>         | <b>2,600.0</b>    | <b>\$9,351.0</b>       | <b>25,492.0</b>                | <b>\$31.0</b> | <b>122,318.0</b> |                 |              |
| <b>Average by Grade</b>                      |    | <b>795.0</b>             | <b>650.0</b>      | <b>832.1</b>           | <b>330.8</b>                   | <b>204.2</b>  | <b>557.5</b>     |                 |              |
|  |    | <b>Time Costs</b>        | <b>Category 1</b> | <b>Category 2</b>      | <b>Total</b>                   |               |                  |                 |              |
| <b>Total Costs to Date</b>                   |    | <b>122,318.0</b>         | <b>0.0</b>        | <b>0.0</b>             | <b>122,318.0</b>               |               |                  |                 |              |
| <b>Amount Billed</b>                         |    | <b>0.0</b>               | <b>0.0</b>        | <b>0.0</b>             | <b>0.0</b>                     |               |                  |                 |              |
| <b>WIP</b>                                   |    | <b>122,318.0</b>         | <b>0.0</b>        | <b>0.0</b>             | <b>122,318.0</b>               |               |                  |                 |              |

## Appendix D – Time cost analysis

## Merrigold Limited - Analysis of Administrators' Time Costs In Accordance with SIP9 for the period 13 May 2016 to 24 June 2016

| Task   | Senior Managing Director | Managing Director | Sr Director / Director | Senior Consultant / Consultant | Associate    | Total Time       | Total Cost      | Average Cost |
|--|--------------------------|-------------------|------------------------|--------------------------------|--------------|------------------|-----------------|--------------|
| <b>Administration and Planning</b>           |                          |                   |                        |                                |              |                  |                 |              |
| Strategy and planning                        | A1                       |                   | 13.1                   | 5.0                            |              | 18.1             | 9,734.5         | 537.8        |
| Initial actions                              | A2                       | 6.5               | 5.8                    | 8.3                            |              | 20.6             | 11,851.6        | 575.3        |
| Appointment and related formalities          | A3                       | 5.7               |                        |                                | 1.5          | 7.2              | 4,846.5         | 673.1        |
| Checklist and reviews                        | A5                       |                   |                        | 13.8                           |              | 13.8             | 5,553.0         | 402.4        |
| Cashflow and reconciliations                 | A6                       |                   |                        | 0.6                            |              | 0.6              | 240.0           | 400.0        |
| Bonding and IPS maintenance                  | A7                       |                   |                        | 1.1                            |              | 1.1              | 440.0           | 400.0        |
| Case administration                          | A8                       |                   |                        | 13.7                           |              | 13.7             | 6,101.5         | 445.4        |
| <b>Subtotal</b>                              |                          | <b>12.2</b>       | <b>18.9</b>            | <b>42.6</b>                    | <b>1.5</b>   | <b>75.1</b>      | <b>38,787.0</b> |              |
| <b>Investigations</b>                        |                          |                   |                        |                                |              |                  |                 |              |
| Correspondence with directors                | B1                       | 0.7               |                        | 1.6                            |              | 2.3              | 1,196.5         | 520.2        |
| Statement of affairs                         | B3                       |                   | 0.7                    |                                |              | 0.7              | 416.5           | 595.0        |
| Books and records                            | B5                       |                   | 0.6                    |                                |              | 0.6              | 357.0           | 595.0        |
| Other investigations                         | B7                       |                   | 4.3                    |                                |              | 4.3              | 2,494.0         | 580.0        |
| <b>Subtotal</b>                              |                          | <b>0.7</b>        | <b>0.0</b>             | <b>5.8</b>                     | <b>1.6</b>   | <b>7.9</b>       | <b>4,464.0</b>  |              |
| <b>Realisation of assets</b>                 |                          |                   |                        |                                |              |                  |                 |              |
| Sale of business                             | C2                       | 19.0              | 25.4                   | 3.2                            |              | 47.6             | 31,280.0        | 656.7        |
| Property plant and vehicles                  | C6                       |                   | 2.5                    |                                |              | 2.5              | 1,487.5         | 595.0        |
| Other assets                                 | C7                       |                   |                        | 0.6                            |              | 0.6              | 240.0           | 400.0        |
| Health & Safety/Insurance                    | C8                       |                   |                        | 4.5                            |              | 4.5              | 1,833.0         | 407.3        |
| Legal issues/kitgobon                        | C9                       |                   |                        | 1.1                            |              | 1.1              | 440.0           | 400.0        |
| Fixed charge property                        | C10                      |                   |                        | 0.5                            |              | 0.5              | 200.0           | 400.0        |
| <b>Subtotal</b>                              |                          | <b>19.0</b>       | <b>0.0</b>             | <b>27.9</b>                    | <b>9.9</b>   | <b>56.8</b>      | <b>35,460.5</b> |              |
| <b>Trading</b>                               |                          |                   |                        |                                |              |                  |                 |              |
| Initial control of operations                | D1                       | 3.4               | 3.8                    | 9.5                            |              | 16.7             | 8,764.0         | 524.8        |
| Ongoing trading / monitoring                 | D2                       | 2.9               | 21.0                   | 28.2                           |              | 52.1             | 28,129.5        | 501.5        |
| Preparing trading statements                 | D7                       |                   |                        | 11.0                           |              | 11.0             | 4,400.0         | 400.0        |
| <b>Subtotal</b>                              |                          | <b>6.3</b>        | <b>24.8</b>            | <b>48.7</b>                    |              | <b>79.8</b>      | <b>39,293.5</b> |              |
| <b>Creditors (correspondence and claims)</b> |                          |                   |                        |                                |              |                  |                 |              |
| Unsecured creditors                          | E1                       |                   |                        | 1.4                            |              | 1.4              | 576.5           | 411.8        |
| Secured creditors                            | E2                       |                   | 2.5                    |                                |              | 2.5              | 1,450.0         | 580.0        |
| Employees                                    | E4                       |                   |                        | 1.5                            |              | 1.5              | 600.0           | 400.0        |
| <b>Subtotal</b>                              |                          | <b>0.0</b>        | <b>0.0</b>             | <b>2.8</b>                     | <b>2.9</b>   | <b>5.4</b>       | <b>2,626.5</b>  |              |
| <b>Tax</b>                                   |                          |                   |                        |                                |              |                  |                 |              |
| Initial reviews CT and VAT                   | F1                       |                   | 2.5                    |                                |              | 2.5              | 1,625.0         | 650.0        |
| Pre-appointment CT                           | F2                       |                   | 0.5                    |                                | 2.0          | 2.5              | 715.0           | 286.0        |
| Pre-appointment VAT                          | F3                       |                   |                        | 0.2                            |              | 0.2              | 80.0            | 400.0        |
| Tax advice on transactions                   | F6                       |                   | 12.0                   | 2.5                            |              | 14.5             | 9,300.0         | 641.4        |
| <b>Subtotal</b>                              |                          | <b>0.0</b>        | <b>15.0</b>            | <b>2.8</b>                     | <b>0.2</b>   | <b>2.0</b>       | <b>11,720.0</b> |              |
| <b>Reporting</b>                             |                          |                   |                        |                                |              |                  |                 |              |
| Proposals                                    | G2                       |                   | 2.4                    | 1.9                            |              | 4.3              | 2,165.5         | 503.6        |
| Secured creditor reports                     | G4                       | 4.1               | 1.3                    |                                |              | 5.4              | 4,033.0         | 746.9        |
| <b>Subtotal</b>                              |                          | <b>4.1</b>        | <b>0.0</b>             | <b>3.7</b>                     | <b>1.9</b>   | <b>9.7</b>       | <b>6,198.5</b>  |              |
| <b>Total Time by Grade</b>                   | <b>42.3</b>              | <b>15.0</b>       | <b>85.9</b>            | <b>107.7</b>                   | <b>3.5</b>   | <b>254.4</b>     |                 |              |
| <b>Total Cost by Grade</b>                   | <b>33,628.5</b>          | <b>9,750.0</b>    | <b>50,167.5</b>        | <b>44,279.0</b>                | <b>705.0</b> | <b>138,530.0</b> |                 |              |
| <b>Average by Grade</b>                      | <b>795.0</b>             | <b>650.0</b>      | <b>584.0</b>           | <b>411.1</b>                   | <b>201.4</b> | <b>544.8</b>     |                 |              |
| <b>Time Costs</b>                            |                          |                   |                        |                                |              |                  |                 |              |
| <b>Total Costs to Date</b>                   | <b>138,530.0</b>         | <b>38.3</b>       | <b>0.0</b>             | <b>138,568.3</b>               |              |                  |                 |              |
| <b>Amount Billed</b>                         | <b>0.0</b>               | <b>0.0</b>        | <b>0.0</b>             | <b>0.0</b>                     |              |                  |                 |              |
| <b>WIP</b>                                   | <b>138,530.0</b>         | <b>38.3</b>       | <b>0.0</b>             | <b>138,568.3</b>               |              |                  |                 |              |

## Appendix E – Additional Information in relation to Administrators' fees pursuant to SIP9

Detailed below is FTI's policy in relation to

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

### Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Senior Managing Director, Managing Director, Director, Senior Consultant and Consultant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Senior Consultants/Consultants may be allocated to meet the demands of the case

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g., report compilation and distribution, do we seek to charge and recover our time in this regard.

### Professional advisors

On this assignment we have used or intend to use the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

| Name of professional advisor                    | Basis of fee arrangement                    | Fees paid to date (£) |
|---|---|-----------------------|
| Gowling WLG (UK) LLP (legal advice)             | Hourly rate and disbursements               | Nil                   |
| Cedarhurst Advisors Limited (director services) | Fixed fee, monthly retainer and success fee | Nil                   |
| Christie & Co (property sales/marketing)        | Fixed fee and incentive on realisations     | Nil                   |
| Redefine BDL Limited (hotel managing agent)     | Base fee and performance related incentives | 4,731                 |

Rustic is party to the agreement with Cedarhurst Advisors Limited, but payments are expected to be made by the Other Subsidiaries. Gowling WLG (UK) LLP and Christie & Co are engaged by the Secured Lender. However, their fees may be payable out of fixed charge realisations into the estate of Merrigold (otherwise due to the Secured Lender) so they are disclosable above. Redefine BDL is engaged by Merrigold and fees are paid out of trading realisations.

Our choices above were based on our view of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them, taken in conjunction with the Secured Lender's view on the advisors.

We have utilised the services of other teams within FTI Consulting LLP to assist with the administration process. The fees of our tax and strategic communications teams have been included in our SIP9 analysis provided to creditors of the Company and allocated to the work streams and entities to which their work related, for approval by those parties approving our fees.

We consider that the rates chargeable for these services are in line with general market practice and that the service is comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and cost-effective approach to the administration work streams has been possible.

### Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

## Joint Administrators' Report and Statement of Proposals

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated Company for the provision of services to the office holder.

On this assignment we have not yet incurred any category 2 disbursements.

### Charge-out rates

A schedule of FTI's charge-out rates for this assignment is as follows. Please note our minimum time unit is 6 minutes.

| Grade                    | £ (Per hour) |
|--------------------------|--------------|
| Senior Managing Director | 725          |
| Managing Director        | 630          |
| Senior Director          | 580          |
| Director                 | 550          |
| Senior Consultant        | 455          |
| Consultant               | 400          |
| Analyst (experienced)    | 250          |
| Analyst (junior)         | 185          |
| Executive Assistant      | 130          |

## Appendix F – Receipts and payments

### Merrigold Limited Administrators trading statement (£)<sup>1</sup>

|                                | From 13 May 2016<br>To 24 June 2016 | Total            |
|--------------------------------|-------------------------------------|------------------|
| <b>Receipts</b>                |                                     |                  |
| Trading receipts               | 278,984                             | 278,984          |
| <b>Total trading receipts</b>  | <b>278,984</b>                      | <b>278,984</b>   |
| <b>Payments</b>                |                                     |                  |
| Payroll                        | (37,874)                            | (37,874)         |
| Trading costs                  | (41,381)                            | (41,381)         |
| Other operating costs          | (21,210)                            | (21,210)         |
| VAT payable <sup>6</sup>       | (52,549)                            | (52,549)         |
| <b>Total trading payments</b>  | <b>(153,014)</b>                    | <b>(153,014)</b> |
| <b>Trading profit / (loss)</b> | <b>125,970</b>                      | <b>125,970</b>   |

[1] Receipts and payments are presented on a cash receipts basis and do not include accrued costs and liabilities or accrued income

[2] No stock take was carried out on appointment, as stock was largely subject to ROT and creditors were to be paid in the ordinary course of trading. The Director estimated the realisable value at nil

[3] The value of closing stock is currently unknown. All closing stock will likely be sold as part of the sale of the County Hotel or otherwise returned to suppliers where applicable ROT clauses exist

[4] Accrued costs and receipts are not reflected above. An update on future trading will be provided in our next report. A reconciliation of accrued costs and liabilities will likely be undertaken at completion of the proposed sale of the County Hotel

[5] Administrators' time costs associated with monitoring ongoing trading are £56,439

[6] Receipts and payments are stated gross of VAT. VAT payable represents cash cost of VAT paid by the Company

## Appendix F – Receipts and payments

**Merrigold Limited Administrators account of receipts and payments (£)**

| Statement<br>of Affairs               | From 13 May 2016 |                |
|---------------------------------------|------------------|----------------|
|                                       | To 24 June 2016  | Total          |
| <b>Fixed charge receipts</b>          |                  |                |
| 8,001,000 Property                    | 0                | 0              |
| <b>Total fixed charge receipts</b>    | <b>0</b>         | <b>0</b>       |
| <b>Total fixed charge surplus</b>     | <b>0</b>         | <b>0</b>       |
| <b>Represented by</b>                 |                  |                |
| Fixed charge account                  | 0                | 0              |
| Fixed charge VAT receivable           | 0                | 0              |
| Fixed charge VAT payable              | 0                | 0              |
| <b>Total fixed charge surplus</b>     | <b>0</b>         | <b>0</b>       |
| <b>Floating charge receipts</b>       |                  |                |
| 0 Stocks                              | 0                | 0              |
| 0 Debtors                             | 0                | 0              |
| 0 Cash                                | 0                | 0              |
| Trading profit / (loss)               | 125,970          | 125,970        |
| <b>Total floating charge receipts</b> | <b>125,970</b>   | <b>125,970</b> |
| <b>Total floating charge surplus</b>  | <b>125,970</b>   | <b>125,970</b> |
| <b>Represented by</b>                 |                  |                |
| Floating charge account               | 0                | 0              |
| <b>Total floating charge surplus</b>  | <b>0</b>         | <b>0</b>       |

## Appendix G – Directors' statement of affairs

The Director's Statements of Affairs for the Companies are shown overleaf

The Statement of Affairs reflects the directors understanding of the affairs of the Companies at the point at which the Companies entered administration

We have reviewed the Statement of Affairs and have the comments below

### **Administrator comments - Rustic**

- 1 1 The statement of affairs is based on the last published statutory accounts for Rustic. As Rustic is solely a holding company it is considered unlikely that there have been any material changes in the book value of its assets to the date of insolvency.

### **Administrator comments - Merrigold**

- 1 2 The statement of affairs is based on the last published statutory accounts for Merrigold, except for unsecured creditor balances which reflect estimated creditor balances at 6 June 2016, based on information provided to the Director prior to the administration by Redefine BDL.
- 1 3 As noted in the body of the report, trade creditor claims continue to be settled in the ordinary course of trading. Consequently, it is unlikely that this estimate will agree with current creditor balances.
- 1 4 A surplus of £7.9m is estimated to be available to preferential creditors, driven by estimated proceeds from the sale of the County Hotel. The majority of estimated returns from the sale of the County Hotel would likely form fixed charge proceeds and therefore would not be available to preferential creditors.
- 1 5 However, it is also considered likely that staff will transfer on the sale of the County Hotel, so there are considered to be unlikely to be any preferential creditors.
- 1 6 As stated in the body of our report the return to unsecured creditors remains uncertain.



**Statement of affairs**

Name of Company  
**Rustic Hotels Limited**

Company number  
**08287612**

In the  
**HIGH COURT OF JUSTICE CHANCERY  
DIVISION (COMPANIES COURT)**

Court case number  
**CR-2016-002610**

(a) Insert name and address of  
registered office of the company

Statement as to the affairs of Rustic Hotels Limited, 272 Victoria Dock Road, Custom House,  
London E16 3BY on the 13<sup>th</sup> of May 2016 the date that the company entered administration.

(b) Insert date

**Statement of Truth**

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the  
affairs of the above named company as at 13 May 2016 the date that the company entered  
administration

Full name SUBJIT SINGH JILLAL

Signed S. J. J. J.

Dated 15/5/16

## A – Summary of Assets

### Assets

Assets subject to fixed charge:

Investment

Assets subject to floating charge:

Debtors

Uncharged assets:

Estimated total assets available for preferential creditors

| Book Value<br>£ | Estimated to Realise<br>£ |
|-----------------|---------------------------|
| 4000            | NIL                       |
| 1000            | NIL                       |
| 5000            | NIL                       |

Signature S. Anubh Date 15/6/16

## A1 – Summary of Liabilities

|   | Estimated to realise<br>£    |
|---|------------------------------|
| Estimated total assets available for preferential creditors (carried from page A) £                                     | NIL                          |
| Liabilities   |                              |
| Preferential creditors:-  | NIL                          |
| Estimated deficiency/surplus as regards preferential creditors  | £                            |
| Estimated prescribed part of net property where applicable (to carry forward)   | £                            |
| Estimated total assets available for floating charge holders  | £                            |
| Debts secured by floating charges   | £<br>30,302,107 (30,302,107) |
| Estimated deficiency/surplus of assets after floating charges   | £                            |
| Estimated prescribed part of net property where applicable (brought down)   | £                            |
| Total assets available to unsecured creditors   | £                            |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders)                                  | £                            |
| Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders) | £                            |
| Shortfall to floating charge holders (brought down)   | (30,302,107)                 |
| Estimated deficiency/surplus as regards creditors   |                              |
| Issued and called up capital  | £ 1,000                      |
| Estimated total deficiency/surplus as regards members   | - £ 30,303,107               |

Signature [Signature] Date 15/6/11

Complied to the best of the directors  
knowledge

**Note:** You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

Signature S. Arush Date 15/6/16

| Name of Shareholder | Address (with postcode)         | No of shares held | Nominal Value | Details of Shares held |
|---------------------|---------------------------------|-------------------|---------------|------------------------|
| RUEBIT AUCAR        | 272, VICTORIA DOCK ROAD E16 3BY | 500               | £500          |                        |
| HAREJET AUCAR       | 272, VICTORIA DOCK ROAD E16 3BY | 500               | £500          |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     | TOTALS                          | 1000              | £1000         |                        |

*J. A. Auerbach*

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**Statement of affairs**

Name of Company  
**Merrigold Limited**

Company number  
**05564486**

In the  
**HIGH COURT OF JUSTICE CHANCERY  
DIVISION (COMPANIES COURT)**

Court case number  
**CR-2016-002611**

(a) Insert name and address of  
registered office of the company

Statement as to the affairs of Merrigold Limited, 272 Victoria Dock Road, Custom House,  
London E16 3BY on the 13<sup>th</sup> of May 2016 the date that the company entered administration

(b) Insert date

**Statement of Truth**

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the  
affairs of the above named company as at 13 May 2016 the date that the company entered  
administration.

Full name SALBIT SINGH ANJAN

Signed S. Anjan

Dated 15/6/16

The director was not involved in  
day to day running of the business  
and has limited knowledge of the

liabilities and creditors.

The statement has been completed  
with the assistance of FTI consulting  
and is to the best of the director's  
knowledge.

## A – Summary of Assets

### Assets

Assets subject to fixed charge.

Hotel

Assets subject to floating charge:

Stocks  
Debtors  
Cash

Uncharged assets.

Estimated total assets available for preferential creditors

| Book Value<br>£ | Estimated to Realise<br>£ |
|-----------------|---------------------------|
| 6,767,700       | 8,001,000                 |
| 12026           | N.L                       |
| 1291416         |                           |
| 168,105         |                           |
| 1,471,547       |                           |
| NIL             |                           |
| 8219247         | 8,001,000                 |

Signature [Signature] Date 15/5/16

## A1 – Summary of Liabilities

|   | Estimated to realise<br>£ |
|---|---------------------------|
| Estimated total assets available for preferential creditors (carried from page A) £                                     | 8,001,000                 |
| Liabilities   |                           |
| Preferential creditors:- <i>employees</i>   | £ 40,000                  |
| Estimated deficiency/surplus as regards preferential creditors  | £ 7,961,000               |
| Estimated prescribed part of net property where applicable (to carry forward)   | £ NIL                     |
| Estimated total assets available for floating charge holders  | £ 7,961,000               |
| Debts secured by floating charges   | £ 30,302,108              |
| Estimated deficiency/surplus of assets after floating charges   | £ (22,341,108)            |
| Estimated prescribed part of net property where applicable (brought down)   | £ NIL                     |
| Total assets available to unsecured creditors   | £ NIL                     |
| Unsecured non-preferential claims (excluding any shortfall to floating charge holders)                                  | £ 98,400                  |
| Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders) | £ 22,341,108              |
| Shortfall to floating charge holders (brought down)   | 22,439,508                |
| Estimated deficiency/surplus as regards creditors   | £ 1000                    |
| Issued and called up capital  |                           |
| Estimated total deficiency/surplus as regards members   | £ 22,440,508              |

Signature *[Signature]* Date 12/6/16



# COMPANY SHAREHOLDERS

| Name of Shareholder | Address (with postcode)         | No of shares held | Nominal Value | Details of Shares held |
|---------------------|---------------------------------|-------------------|---------------|------------------------|
| MUSIC HOTELS LTD    | 272, VICTORIA DOCK ROAD E16 3DY | 1000              | £ 600         |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
|                     |                                 |                   |               |                        |
| TOTALS              |                                 | 1000              | 1000          |                        |

Signature: S. P. Smith Date: 27/1/66

see 151- ~~664011~~, provided by  
Rafaeline SDC on ref 616 N6 entrance

[illegible]

Date 27/5/15

Merrigold Ltd  
 Creditor position estimated as at 06/06/2016

Trade Creditors

| Account<br>Date | Name<br>Reference               | Amount   | Currency | 1 to 30  | 31 to 60 | 61 to 90 | Days<br>90+ |
|-----------------|---------------------------------|----------|----------|----------|----------|----------|-------------|
| CC00001         | Belmont 1/200 2000 Ltd          | 0,713.00 | 0,000.00 | 0,000.00 | 0.00     | 0.00     | 0.00        |
| CC00002         | ACCORD BUSINESS LIMITED         | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00003         | Advanced Cleaning Supplies Ltd  | 1,700.00 | 1,000.00 | 1,000.00 | 0.00     | 0.00     | 0.00        |
| CALL010         | Allyson Redwood                 | 230.01   | 201.00   | 200.00   | (100.00) | 0.00     | 271.01      |
| CC00004         | AMBER BOWLEY GOLF LTD           | 100.00   | 00.00    | 03.00    | 0.00     | 0.00     | 0.00        |
| CC00005         | Bulley Building Care Ltd        | 177.00   | 177.00   | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00006         | BPS Limited                     | 001.00   | 0.00     | 000.00   | 0.00     | 0.00     | 001.00      |
| CC00007         | BUTTER FILMS&COMMUNICATIONS PLC | 010.00   | 010.00   | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00008         | Burgess Ltd                     | 00.00    | 0.00     | 0.00     | 00.00    | 0.00     | 0.00        |
| CC00009         | Business Communications Ltd     | 130.00   | 130.00   | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00010         | Central Printing Company        | 00.00    | 00.00    | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00011         | CITYTECH TECHNICAL SERVICES     | 1,130.00 | 1,170.00 | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00012         | CITY OF LEWIS                   | 0,000.00 | 0,000.00 | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00013         | COMBINATION VENTURE LTD         | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00014         | CONWAY MOTELS LTD               | 1,700.00 | 000.00   | 0.00     | 700.00   | 0.00     | 000.00      |
| CC00015         | Covent Ltd                      | 77.11    | 77.11    | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00016         | Covent Building                 | 1,000.00 | 000.00   | 0.00     | 0.00     | 0.00     | 10.00       |
| CC00017         | Covent Building Services LTD    | 000.00   | 070.00   | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00018         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 000.00      |
| CC00019         | Covent Ltd                      | 0,007.01 | 1,000.00 | 1,000.00 | 0.00     | 0.00     | 0.00        |
| CC00020         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00021         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00022         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00023         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00024         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00025         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00026         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00027         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00028         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00029         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00030         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00031         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00032         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00033         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00034         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00035         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00036         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00037         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00038         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00039         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00040         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00041         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00042         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00043         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00044         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00045         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00046         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00047         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00048         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00049         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00050         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00051         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00052         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00053         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00054         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00055         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00056         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00057         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00058         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00059         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00060         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00061         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00062         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00063         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00064         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00065         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00066         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00067         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00068         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00069         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00070         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00071         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00072         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00073         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00074         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00075         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00076         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00077         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00078         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00079         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00080         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00081         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00082         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00083         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00084         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00085         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00086         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00087         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00088         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00089         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00090         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00091         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00092         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00093         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00094         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00095         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00096         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00097         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00098         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00099         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |
| CC00100         | Covent Ltd                      | 0.00     | 0.00     | 0.00     | 0.00     | 0.00     | 0.00        |

|   |              |           |           |        |          |          |  |
|---|--------------|-----------|-----------|--------|----------|----------|--|
| Less payment run 25/04/2016                                 | 10,000.00    | 00,771.07 | 00,000.00 | 230.00 | 1,170.00 | 1,011.00 |  |
| Add add'l costs to 06/06/2016                               | (10,000.00)  |           |           |        |          |          |  |
|   |              |           |           |        |          |          |  |
| Accounts (see VAT)  |              |           |           |        |          |          |  |
| G&M Salary  | 4,400.00     |           |           |        |          |          |  |
| Housekeeping  | 11,000.00    |           |           |        |          |          |  |
| Competition   | 20,000.00    |           |           |        |          |          |  |
| Lease   | 4,400.00     |           |           |        |          |          |  |
| TV Adm/Tax 2015 (after 1/8 underpayment)                    | 20,000.00    |           |           |        |          |          |  |
| Utilities   | 19,167.00    |           |           |        |          |          |  |
| Bank Western Loan   | 1,170.00     |           |           |        |          |          |  |
| Deposits for mortgage 2015 (see note at 25/04/2016)         | 10,000.00    |           |           |        |          |          |  |
| Estimate of VAT due to HMRC for Q1 to 25/04/16              | 10,000.00    |           |           |        |          |          |  |
| Estimate of VAT due to HMRC for period 01/05/16 to 06/06/16 | 14,000.00    |           |           |        |          |          |  |
| Estimate of PAYE/NI due @ 06/06/16                          | 1,000.00     |           |           |        |          |          |  |
| Estimated creditors @ 06/06/2016                            | 223,770.71   |           |           |        |          |          |  |
| Intercompany:   |              |           |           |        |          |          |  |
| Overhead  | 114,000.00   |           |           |        |          |          |  |
| Loan Rep  | 707,000.00   |           |           |        |          |          |  |
| Interest  | 11,000.00    |           |           |        |          |          |  |
| Estimated creditors and intercompany @ 06/06/2016           | 1,531,770.71 |           |           |        |          |          |  |

## Appendix H – Creditors' statement of claim form

Merrigold Limited

Rustic Hotels Limited

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|  |
|  |

Date of administration - 13 May 2016

Name and address of creditor

|  |
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|  |
|  |
|  |
|  |

Amount claimed in the administration

(Including VAT)

£

Signature of creditor

|  |
|--|
|  |
|--|

Name of creditor

|  |
|--|
|  |
|--|

Telephone

|  |
|--|
|  |
|--|

E-mail

|  |
|--|
|  |
|--|

Date

|  |   |  |   |  |
|--|---|--|---|--|
|  | / |  | / |  |
|--|---|--|---|--|

**Please provide appropriate documentation in support of your claim**

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994

**Please return this form when you have completed it to Industrial Acoustics Company Ltd at FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD or email it to [tom.jones@fticonsulting.com](mailto:tom.jones@fticonsulting.com)**

Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Claims lodged in the administration should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Customs and Excise for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.



020 3727 1274  
tom.jones@fticonsulting.com

CRITICAL THINKING  
AT THE CRITICAL TIME™

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