

**RE: MOWBRAY CONFECTIONERY LIMITED (“THE COMPANY”)
PROPOSED CREDITORS’ VOLUNTARY LIQUIDATION (“CVL”)
REGISTERED NUMBER: 04565245
COMPANY ADDRESS:
SIP 6 REPORT & STATEMENT OF AFFAIRS**

1 STATEMENT OF AFFAIRS

The Statement of the Affairs of the Company as at 10 January 2020, being a date not more than 14 days before the date of the resolution for winding up has been posted to creditors under a separate cover.

2 SIP 6 INFORMATION

John Paul Bell and Toyah Marie Poole of Clarke Bell Limited were instructed on 4 December 2019 to assist in the deemed consent decision procedure in order to be appointed Joint Liquidators of the Company by its director, Stephen Montague.

A total fee of £3,500 plus VAT was paid by the Company in respect of the above instructions to Clarke Bell Limited, of this fee, £750 plus VAT is to be paid to Royles (Heaton Moor) Limited, who are the company’s accountants, for their assistance in the preparation of the attached Statement of Affairs.

There has been no prior involvement with the Company or its directors that could reasonably be perceived as presenting a threat to John Paul Bell and Toyah Marie Poole’s objectivity.

I understand there have been no material transactions conducted by the Company in the preceding 12 months other than in the ordinary course of business

3 TRADING PREMISES

Mowbray Confectionery Limited traded from premises at 81 Mowbray Drive, Blackpool, Lancashire, FY3 7UN under an informal rental agreement.

4 BUSINESS FINANCE

Aside from creditors, the company has been financed by the following sources:

(a) Bank Overdraft

The company banked with Santander, (“the Bank”) who granted the company with an overdraft facility of £25,000.

This facility was secured by way of a personal guarantee from the director.

The current balance of the overdraft is shown in the attached Statement of Affairs.

(b) Director’s Loan

Since incorporation, the director has invested funds to assist general cash flow.

The current balance due in respect of director's loan account is detailed in the attached Statement of Affairs.

5 TRADING HISTORY

The business initially commenced to trade as a sole-trader in the mid 1980's. At this time, Stan Taylor was the proprietor of the business.

Mowbray Confectionery Limited was subsequently incorporated on 17 October 2002 and the business and its employees were transferred with immediate effect.

The company traded as a manufacturer of rock and sugar confectioneries.

Mowbray Confectionery Limited employed 14 members of staff.

On 17 June 2008, Stephen Montague took over the business and became responsible for the day to day running of the business.

At this time the business was trading satisfactorily with new business in the promotional area for weddings and corporate marketing being attracted.

The company continued to trade satisfactorily. However, over the years turnover began to decline as one of the company's main customers began to spread their orders amongst a number of competitors in a bid to attract a competitive price.

Each year, the director found that at least one competitor would always reduce their selling price in a bid to attract further sales and take more of the market share. This however resulted in Mowbray Confectionery Limited also having to reduce their sale price, if they wanted to continue securing future orders from its suppliers. As a result, the company's profit margins began to decrease.

In the later years, the company has also been affected with the increase in the costs of production, such as Pension Auto-Enrolment, increase in National Minimum Wage and the increase of supplier costs. These increases, together with the constant decrease of selling price has meant that the company's cash flow began to worsen.

In December 2019, the director knew that the company could not survive another year with the inevitable increase in costs and further reduction in selling price that the business would have to face. With insufficient funds to invest further into the company, the director made the decision to seek professional advice.

Therefore, on 4 December 2019, Clarke Bell Limited were approached for independent financial advice and it was recommended that the company be wound up for the benefit of all creditors.

As a result, on 4 December 2019, Mowbray Confectionery Limited ceased to trade and all employees were made redundant. At this time the company employed 14 members of staff.

A formal meeting of the company's Board was held on 10 January 2020.

The director attributes the cause of failure to the following:

- (i) Insufficient capital investment for ongoing trade;
- (i) Cash flow difficulties;
- (ii) Increase in costs of production impacting on the profitability of contracts; and
- (iii) Competition

6 FINANCIAL INFORMATION

Extracts from the Company's most recent accounting information can be summarised as follows:

Year Ended	Turnover (£)	Gross Profit (£)	Profit/(Loss) After Tax (£)	Reserves (£)	Dividends (£)	Type of Accounts
31/12/2018	339,832	218,047	(8,345)	(29,482)	8,840	Unaudited

The financial statements referred to above, detail the director has drawn the following remuneration during this period;

Director Name	Dividends (£)	Salary (£)	Benefits (£)	Other (£)
Stephen Mowbray	8,840	8,060	-	-

7 STATEMENT OF AFFAIRS

ASSETS

Except where specifically detailed, all information has been provided by the director as follows:

(a) Plant & Machinery

As detailed in the Statement of Affairs, the company has plant and machinery.

The book value of this asset is taken from the company's Accounts as at 31 December 2018.

Due to the unique nature of the company's plant and machinery, together with the age of this asset, the estimated to realise value is uncertain.

(b) Motor Vehicles

The company has a motor vehicle which have been valued by independent agents on a forced sale basis.

The vehicle is subject to an outstanding finance agreement and it is understood that there will be insufficient equity to enable a return to the estate after the vehicles have been repossessed by the finance company.

(c) Stock

As detailed in the Statement of Affairs, the company has stock.

It is understood that the stock is made up mainly of unprocessed product.

This has been valued on a forced sale basis by the director.

(d) Book Debts

As detailed in the Statement of Affairs, the company has outstanding debtors.

This amount includes known contras totaling £12,877.

The estimated to realise value has been written down to reflect the known contras and a further provision of 30% has been applied.

(e) Crown Refund

I understand the company is due a Corporation Tax refund. HM Revenue & Customs however have the right to offset this amount against their other outstanding liabilities. As such, no realisation is expected in this regard.

LIABILITIES

Secured Creditors

There are no known outstanding secured creditors.

Consequently, there is no known floating charge and as such, I am not required to calculate a prescribed part amount due to creditors under section 176a of the Insolvency Act 1986 on the company's net estate.

Preferential Creditors

It is understood that there are monies due to the employees in relation to arrears of wages and holiday pay.

Based on information received from the director, it is understood that an amount of £4,934 is due, subject to current government limits.

Unsecured Creditors

(a) Taxation

The liability due to the HM Revenue and Customs in respect of VAT is shown in the Statement of Affairs.

It is understood that the final return remains outstanding and as such, this amount is likely to increase once all returns have been completed.

The liability due to the HM Revenue and Customs in respect of PAYE and NIC relate to historic arrears accrued since June 2019 and is shown in the Statement of Affairs.

(a) Trade and Expense Creditors

The amount shown in respect of trade and expense creditors is taken from the company's accounting records.

Neither the existence of each creditor nor their respective amounts has been validated. This will not prejudice the rights of any creditor to prove in the estate for a different amount.

(b) Director's Loan Account

As detailed in section 3, the director has introduced monies throughout the course of business.

(c) Bank

As detailed in section 3, there are monies due to the Bank in relation to an overdraft.

8 DEFICIENCY ACCOUNT

Estimated total Deficiency per Statement of Affairs			197,562
<u>Assets Written Down in the Statement of Affairs:</u>	<u>Book Value</u>	<u>Estimated to Realise</u>	
Motor Vehicle	11,300	10,700	
Plant & Machinery	6,820	0	
Book Debts	21,000	5,686	
Crown Refund	<u>1,745</u>	<u>0</u>	
	40,865	16,386	(24,479)
<u>Matters Arising in Insolvency:</u>			
Redundancy and Notice Pay			(80,883)
Deficit Brought Forward at 31 December 2018			<u>(29,482)</u>
Estimated net Deficiency apparently attributable to trading losses for the period 1 January 2019 to 10 January 2020			<u>62,718</u>

9 STATUTORY INFORMATION

Registered Number	04565245.
Registered Name	The company's registered name is Mowbray Confectionery Limited.
Incorporation Date	The company was incorporated on 17 October 2002.
Commencement of Trade	The company commenced trade on 17 October 2002.
Trading Name	The company traded as Mowbray Confectionery Limited.
Nature of Trade	The company's primary business was that of a manufacturer of rock and sugar confectionery.
Principal Trading Address	The company's principal trading address is, 81 Mowbray Drive, Blackpool, Lancashire, FY3 7UN
Registered Office	The company's current registered office is 81 Mowbray Drive, Blackpool, Lancashire, FY3 7UN
Shareholdings	The company's shareholding was 100 ordinary shares of which all were issued and fully paid up as follows: Stephen Montague - 100 Ordinary Shares
Group Structure	The company was not part of a group.
Current Director(s)	Current Directorship details are as follows: Stephen Montague Appointed: 17 June 2018
Other Directorships	Stephen Montague Montague's Candy Ltd
Other Director(s)	According to the Registrar of Companies, there have been no changes in office within the last 3 years.
Company's Accountants	The company's accountants are Royles (Heaton Moor) Ltd.

Company's Bankers

The company's bankers are Santander.

Previous Insolvencies

The company and its director have not been involved in any previous insolvency.