

RE: THE CREAMERIES LTD (“THE COMPANY”)

PROPOSED CREDITORS’ VOLUNTARY LIQUIDATION (“CVL”)

REGISTERED NUMBER: 10491877

COMPANY ADDRESS: 406 WILBRAHAM ROAD, CHORLTON, MANCHESTER M16 9QB

SIP 6 REPORT & STATEMENT OF AFFAIRS

1 STATEMENT OF AFFAIRS

The Statement of the Affairs of the Company as at 14 February 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 28 November 2019 to assist in the deemed consent decision procedure in order to be appointed Joint Liquidators of the Company by its director, Peter Slack.

A total fee of £3,500 plus VAT was paid by the director, Peter Slack in respect of the above instructions to Clarke Bell Limited.

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.

In the preceding 12 months, the Company has conducted the following material transactions outside that of the ordinary course of business:

The company’s assets have been sold to a connected party for £6,000 plus VAT. Full details are available in Section 7 below.

3 TRADING PREMISES

The Creameries Ltd traded from rented premises at 406 Wilbraham Road, Chorlton, Manchester M21 0SD under a long term-lease with an annual rental of £30,000.

4 BUSINESS FINANCE

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

(a) Director(s) Loans

Since incorporation, the director(s) have invested funds to assist general cash flow.

The current balance due in respect of director(s) loans are detailed in the Statement of Affairs.

5 TRADING HISTORY

The Creameries Ltd was incorporated on 22 November 2016 and commenced trade as a bakery, bar and restaurant on 10 April 2018.

The company originally opened for trade 6 days a week, between the hours of 8 a.m. and 11 p.m.

Sophie Yeoman was responsible for the day to day running of the business.

The company originally employed 17 members of staff.

The directors were initially pleased with the company's trade throughout the first few months of business. However, they were aware that the company's business model was very ambitious and appealed to a wide range of customers. As a result, the company incurred substantial staffing costs to adhere to each aspect of the business.

With the directors trying to successfully run each aspect of trade, it wasn't long before the business began to suffer. The company subsequently recorded its first trading loss of £79,157 for its first trading period to 30 November 2018.

It was soon apparent to the directors that the company had no clear direction, and as a result, the directors knew that they had to streamline the business if they were going to be profitable for the next year of trade.

As a result, the directors made efforts to investigate each aspect of the business to determine where changes could be implemented if the company was to be profitable. During this time the company had to 'tread water' whilst the directors undertook such investigation to determine the correct strategy for the business. Throughout this period, the directors had to inject further funds into the company to assist with cash flow.

Unfortunately, throughout 2019, the company was constantly faced with increased overheads and the company began to suffer further cash flow difficulties. As a result, the directors made the decision to seek professional advice.

Therefore, on 28 November 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 22 December 2019, The Creameries Ltd ceased to trade and all employees were transferred to an associated company, namely, Chorlton's Finest Limited. At this time the company employed 11 members of staff.

A formal meeting of the company's Board was held on 14 February 2020.

The director(s) attributes the cause of failure to the following:

- (i) Insufficient capital investment for ongoing trade;
- (i) Cash flow difficulties; and
- (ii) Increase in costs of overheads.

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 |
|------------|--------------|------------------|-----------------------------|--------------|---------------|------------------|
| 30/11/2018 | 287,819 | (13,930) | (79,157) | (79,157) | - | Unaudited |

The financial statements referred to above, detail the director(s) have drawn the following remuneration during this period;

| Director Name | Dividends (£) | Salary (£) | Benefits (£) | Other (£) |
|-----------------|---------------|------------|--------------|-----------|
| Sophie Yeoman | - | 12,250 | - | - |
| Peter Slack | - | - | - | - |
| Susan Wilkinson | - | - | - | - |

7 STATEMENT OF AFFAIRS

ASSETS

Prior to the Liquidation, the company instructed independent agents, namely JPS Chartered Surveyors ('JPS) to value the company's assets.

Upon receipt of the valuation, a connected party, namely Charlton's Finest Ltd, who is connected by way of similar shareholding, made an offer to purchase the company's assets, in part.

Upon advice from JPS the offer made was accepted.

Whilst the Liquidator made a recommendation in relation to the Agents instructed, neither he, nor any member of his staff were involved with the negotiation for sale.

I would advise you that JPS are RICS qualified.

(a) Funds Held on Account

The company held assets consisting of fixtures and fittings, as well as stock.

The connected party purchased these assets prior to the Liquidation for the sum of £6,000 plus VAT.

JPS have received a fee in the sum of £1,000 plus VAT from the funds held on account in respect of the work carried out in this matter.

Clarke Bell Limited have also received a fee in the sum of £3,500 plus VAT from the funds held in respect of their Pre-Appointment fee for the initial advice provided, together with the costs of placing The Creameries Limited into Liquidation.

The balance of these funds are being held with JPS pending the Liquidators appointment.

(b) Cash at Bank

According to the company's director(s), there is a credit amount shown in the bank account.

I would advise you that the balance may be subject to a deduction of fees and charges prior to funds being transferred to the Joint Liquidator.

(c) Goodwill

The company's goodwill consisting of client base and trading name has not been shown in the

company's accounts.

According to my independent agents, the goodwill of the company in its current state is negligible.

An associated company, Charlton's Finest Ltd has expressed an interest in purchasing the goodwill of the company. Whilst an interest has been expressed, no offer has to date been received.

Upon the appointment of the Joint Liquidator(s), independent agents will therefore be appointed to value and subsequently sell the company's trading name and goodwill for the benefit of the Liquidation Estate.

LIABILITIES

Secured Creditors

There are no known 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

There are no known preferential creditors.

Unsecured Creditors

(a) Taxation

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

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

The liability due to the HM Revenue and Customs in respect of corporation tax relates to a late filing penalty and is shown in the Statement of Affairs.

(b) 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.

(c) Director(s) Loan Account

As detailed in section 3, the director(s) have introduced monies throughout the course of business.

8 DEFICIENCY ACCOUNT

| | |
|--|-----------------|
| Estimated total Deficiency per Statement of Affairs | 281,969 |
| <u>Fixed Assets Written Down From Balance Sheet</u> <u>Not Included in the Statement of Affairs</u> | |
| Property, Plant & Equipment | (94,600) |
| Deficit Brought Forward at 30 November 2018 | <u>(79,157)</u> |

Estimated net Deficiency apparently attributable to trading losses for the period 1 December 2018 to 14 February 2020

(15,443)

9 STATUTORY INFORMATION

| | |
|---------------------------|--|
| Registered Number | 10491877. |
| Registered Name | The company's registered name is The Creameries Ltd. |
| Incorporation Date | The company was incorporated on 22 November 2016. |
| Commencement of Trade | The company commenced trade on 1 April 2017 |
| Trading Name | The company traded as The Creameries. |
| Nature of Trade | The company's primary business was that of a bakery, bar and restaurant. |
| Principal Trading Address | The company's principal trading address is 406 Wilbraham Road, Chorlton, Manchester M21 0SD |
| Registered Office | The company's current registered office is 156 Ayres Road Ayres Road, Manchester M16 9QB. |
| Shareholdings | The company's shareholding was 1 ordinary share, which was issued and fully paid up as follows: Sophie Yeoman – 1 Ordinary Share |
| Group Structure | The company was not part of a group. |
| Current Director(s) | Current Directorship details are as follows: Peter Slack Appointed: 6 March 2018 Sophie Yeoman Appointed: 22 November 2016 |
| Other Directorships | Susan Wilkinson Yaia Hair Ltd |
| Other Director(s) | Previous Director(s) who have held office within the last three years are as follows: Chris Cahill - From: 22 November 2016 To: 30 November 2017 Mary-Ellen Mctague - From: 1 October 2018 To: 11 December 2018 Susan Wilkinson – 6 March 2018 to 14 January 2020 |
| Company's Accountants | The company's accountants are ALD Business Services Ltd. |
| Company's Bankers | The company's bankers are Santander. |
| Previous Insolvencies | The company and its director(s) have not been involved in any previous insolvency. |