

The Insolvency Act 1986

Administrative Receiver's Report

Pursuant to Section 48(1) of the
Insolvency Act 1986 and Rule 3 8(3) of
the Insolvency Rules 1986

To the Registrar of Companies

S.48(1)

For Official Use

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Company Number

03287960

Insert full name of
Company

Name of Company

Cowley Designs Limited

Insert full name and
Address

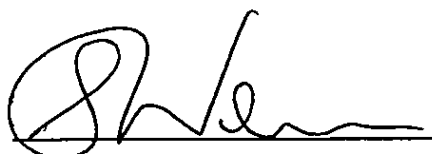
We S Wilson and
Kroll
The Observatory
Chapel Walks
Manchester
M2 1HL

P F Duffy
Kroll
The Observatory
Chapels Walks
Manchester
M2 1HL

Delete as appropriate

Administrative Receivers of the company attach a copy of our report to creditors and a copy of
the statement of affairs of the company

Signed



Date

09/07/2007

Presenter's name,
address and reference
(if any)

S Wilson

Emma O'Leary
Kroll
The Observatory
Chapel Walks
Manchester
M2 1HL

For Official Use

Insolvency Section

Post Room

FRIDAY



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20/07/2007

COMPANIES HOUSE

362

**Joint Administrative Receivers'
Section 48 Report to Creditors**

**Cowley Designs Limited -
In Administrative Receivership**

21 June 2007

KROLL

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1 Events Leading up to the Appointment of the Administrative Receivers

- 1.1 Cowley Designs Limited (the **Company**)'s registered number is 03287960. It was incorporated on 5 December 1996 under the original name of 898TH Shelf Trading Company Limited. The Company subsequently changed its name to Cowley Designs Limited on 3 April 1997. The business trades under the name Forever Flowers, Think Pink and Blu2.
- 1.2 A schedule of statutory information is attached as Appendix A.
- 1.3 The Company's main business is the wholesale of artificial flowers and children's toys and accessories.
- 1.4 The trading address of the Company is Cornford Road, Blackpool, Lancashire, FY4 4QQ.
- 1.5 The Company employed approximately 51 staff.
- 1.6 A summary of the recent trading performance of the Company is detailed below.

£000	Management Accounts 10 Months to February 2007 (£'000)	Abbreviated Accounts for the year ended April 2006 (£'000)	Abbreviated Accounts for the year ended April 2005 (£'000)
Turnover	8,068	N/A	N/A
Gross profit	2,677	2,896	2,342
Overheads	(2,730)	(3,192)	(2,387)
Net profit / (loss)	53	(296)	(45)

- 1.7 Historically, the Company's core activity was the wholesale of artificial flowers to major high street retailers. In order to mitigate difficulties in achieving sales in this sector, the Company expanded into a new area in 2001, introducing a range of products self branded as Think Pink, ostensibly toys and accessories aimed at pre-teenage girls.
- 1.8 During 2004, the Company acquired Minkcraft Limited t/a Forever Flowers to complement and expand its floral offering.
- 1.9 The Company incurred a loss before tax of £296,000 during 2006. A business review was commissioned by the Directors which highlighted several cost saving initiatives and operational improvements. A number of these recommendations were implemented successfully by management.
- 1.10 Following the implementation of these initiatives, the Company anticipated a small profit for the year ending April 2007.

1 11 However, the Directors have advised that customer orders for the year commencing April 2007 were significantly below that of previous years and Forever Flowers orders for Christmas 2006 were poorer than expected. Furthermore, a number of key orders were lost as a result of the reorganisation of some of the Company's major customers. Management had reservations as to the viability of the business and sought independent advice from their accountant.

1 12 Accordingly, the Directors invited the Governor and Company of the Bank of Scotland Plc, to appoint Administrative Receivers. Simon Wilson and Philip Francis Duffy were appointed as Joint Administrative Receivers on 25 April 2007 under the terms of a debenture dated 25 August 1998. Both Insolvency Practitioners are licensed by the Institute of Chartered Accountants in England and Wales.

2 Receivers' Strategy, Sale of the Business and Disposal of Assets

2 1 The Joint Administrative Receivers strategy was designed to facilitate an appropriate and effective realisation of the Company's business and assets in order to maximise recoveries for the Company's creditors.

2 2 Prior to the appointment the Directors formulated an offer for part of the business.

2 3 The Joint Administrative Receivers conducted their own enquiries into the market for the sale for the business through Kroll's extensive internal database, corporate finance and intermediary contacts. Over three hundred potential interested parties were contacted. From this, thirteen parties expressed an interest in the business and information packs were distributed. A deadline was set for final offers along with proof of funding, however no offers were forthcoming.

2 4 An offer of £287,785 was received from the Directors for part of the business. This offer included the Think Pink and Blu2 business along with stock relating to M&S and B&Q orders. The offer was also conditional upon the new company collecting the debtors for a fee of 18 pence per £1 collected. It was considered that the most efficient and effective means of maximising debtor recovery would be by allowing the Directors to collect the debtor book.

2 5 The Directors were advised that their initial offer was not acceptable on the basis that the value attributed to stock fell some way below the going concern valuations provided by Sanderson Weatherall (our **Agents**), and also due to the fact that the debt collection commission was deemed too high. Negotiations were entered into with the Directors which resulted in a revised offer of £372,605 being made. This offer also included an agreed commission structure that offered an incentive for the new company to maximise realisations.

- 2 6 The sale of the business completed on 25 April 2007 immediately following our appointment as Joint Administrative Receivers of the Company
- 2 7 Immediately upon appointment, we attended the Company's premises in order to secure the remaining assets. Our Agents were also in attendance in order to review the assets and the Company's customer base was contacted in order to facilitate a sale of the remaining stock
- 2 8 The realisations achieved in respect of the remaining assets are discussed in detail below

3 Assets Subject to the Fixed Charge

- 3 1 The Company's fixed charge assets comprise goodwill / order book and book debts, comments for which are provided in the respective sections below

Goodwill / Order Books

- 3 2 As part of the sale to the Directors, £56,864 of the purchase consideration was allocated to goodwill. This sum includes the order book for the Think Pink and Blu2 business, M&S, B&Q orders and intellectual property. A further £5,000 has been received for the order book and intellectual property of the Forever Flowers business. This is not reflected in the receipts and payments account, attached at Appendix B, as the funds have only recently been received into our Agents' client account.

Book Debts

- 3 3 The Company's book debts are subject to a fixed charge under a Bank of Scotland invoice discounting agreement with the Bank of Scotland Cashflow Finance. At the date of our appointment, the sales ledger totalled approximately £578,000.
- 3 4 As discussed above, the Directors' offer was conditional upon the new company collecting the debtor book for a fee based upon a commission structure.
- 3 5 We continue to monitor the debt collection exercise and will pay the fee in accordance with the payment terms agreed within the sales contract.
- 3 6 Although the Directors are confident of a full collection of the ledger, for the purposes of the estimated outcome statement we have assumed that 80% of the total ledger will be collected resulting in a net position, after costs, of approximately £437,000.
- 3 7 To date, debtor realisations are approximately £191,000.

4 Assets Subject to the Floating Charge

- 4 1 The major assets subject to the floating charge are stock and fixtures and fittings
Comments on these assets are provided in the respective sections below

Stock

- 4 2 As part of the sale to the Directors a total of £304,000 was allocated to the purchase of stock relating to the Think Pink, Blu2, M&S and B&Q business. This sum was in line with our Agents' valuation.
- 4 3 Following the sale of part of the business and assets to the Directors, a sale of the remaining stock was undertaken that realised approximately £85,000. The stock was purchased by a number of third parties. £60,000 of this amount is shown in the attached receipts and payments account, the balance has only recently been received into our Agents client account.

Fixtures and Fittings

- 4 4 The offer of £10,940 was accepted as part of the sale of the business to the Directors following receipt of advice from our Agents. An additional £3,000 has recently been received from the Directors for various fixtures and fittings, but this figure is not reflected in our Receipts and Payments Account.

Motor Vehicles

- 4 5 There is one motor vehicle subject to a hire purchase agreement. Having reviewed the documentation, our Agents have advised that there is no equity in the vehicle and this has been returned to the finance company.

5 Estimated Outcome for Secured Creditor

- 5 1 At the date of our appointment the Company's indebtedness to Bank of Scotland was £2,321,218 excluding interest and charges and is secured by a fixed and floating charge debenture dated 25 August 1998.
- 5 2 It is anticipated that the Bank will not be repaid in full and will suffer a shortfall of approximately £1,560,000.

6 Estimated Outcome for Preferential Creditors

- 6 1 The Enterprise Act 2002, which was brought into force on 15 September 2003, abolishes Crown preference for all insolvencies commenced on or after 15 September 2003. The

creditors, which may claim preferential status, are now limited to employees, in respect of arrears of wages up to a maximum of £800, accrued holiday pay entitlement and certain pension contributions

6.2 Preferential creditor claims can be summarised as follows

	£000	Status
Employee arrears of wages	55	Estimated
Employee holiday pay	10	Estimated
Total	65	Estimated

6.3 It is anticipated that preferential creditors will be paid in full

7 Estimated Outcome for Unsecured Creditors

7.1 As Administrative Receivers, we are not empowered to deal with the claims of unsecured creditors. Unsecured creditors are, however, invited to forward details of their claims to our office on the attached statement of claim form.

7.2 At the date of our appointment, the Company's unsecured creditors were estimated to be in the region of £347,000.

7.3 The Company granted a floating charge to the Governor and the Company of the Bank of Scotland on 25 August 1998. Accordingly there is no requirement to create a fund out of the Company's net floating charge property for unsecured creditors which only applies to charges created after 15 September 2003.

7.4 A copy of our receipts and payments account is attached at Appendix B together with our estimated outcome statement at Appendix C.

7.5 On present information, there is no prospect of a dividend payment to unsecured creditors.

7.6 Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 of the VAT 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. Insolvency Practitioners have no role in administering VAT bad debt relief. Creditors who are uncertain of how to claim should contact their VAT office or seek professional advice.

8 Directors' Estimated Statement of Affairs

- 8 1 In accordance with Section 47 (1) of the Insolvency Act 1986, the Receivers requested the Directors to provide a Statement of Affairs for the Company as at the date of appointment, which will be filed with Companies House. A sworn statement has been received and is attached as Appendix D.

9 Meeting of Creditors

- 9 1 The purpose of the meeting is to present this report to creditors and not for the purpose of appointing a Liquidator or discussing the Company's affairs prior to the receivership. You may therefore deem it unnecessary to attend.
- 9 2 Creditors should note that there is no requirement for the Directors of the Company to be present at this meeting.
- 9 3 Creditors will be entitled to vote on the appointment of a creditors committee to assist the Administrative Receivers in the discharge of their duties, if deemed appropriate.

For and on behalf of
Cowley Designs Limited

A handwritten signature in black ink, appearing to be 'Simon Wilson', written over a horizontal line.

Simon Wilson
Joint Administrative Receiver

Statutory Information

Appendix A

Company Number:

03287960

Directors at Date of Appointment:

Timothy Guy Hislop

Wayne Stephen Robert Lawson

Michael Buswell

Company Secretary:

Wayne Stephen Robert Lawson

Registered Office:

c/o Kroll Limited

The Observatory

Chapel Walks

Manchester

M2 1HL

Previous Registered Office:

Cornford Road

Blackpool

Lancashire

FY4 4QQ

Shareholding:

1,650,000 Ordinary Shares

Held as follows:

1,650,000 held by Trinity Holdings International Limited

Appendix B

Receipts and Payments Account for the Period from 25 April 2007 to 20 June 2007

Cowley Designs Limited
(In Administrative Receivership)

Joint Administrative Receivers' Abstract Of Receipts And Payments
To 20 June 2007

RECEIPTS	Total (£)
Goodwill	56,865 00
Book Debts	190,869 66
Bank Interest	110 70
Due to Chargeholder	576 01
Fixtures & Fittings	10,940 00
Stock	364,800 00
Bank Interest Gross	658.92
Bank Interest net of tax	414 46
VAT Payable	10,500 00
	<u>635,734 75</u>
 PAYMENTS	
Book Debts	976 82
Due to Chargeholder	121 207 63
Legal Fees	9,003 00
Re-Direction of Mail	23 25
Statutory Advertising	147 96
Floating Charge Creditor	145,000 00
VAT Receivable	25.90
VAT Payable	1,575 53
	<u>277,960 09</u>
Balances in Hand	357 774 66
	<u>635 734 75</u>

Estimated Outcome Statement as at 20 June 2007

Appendix C

	£000
Assets Subject to Fixed Charge	
Goodwill	62
Book Debts	437
	499
Less	
Costs of Receivership	(12)
Available to Bank	487
Amount due to Bank subject to interest and charges	2,321
Surplus / (deficit) to Bank	(1,834)
Assets Subject to Floating Charge	
Stock	389
Fixture & Fittings	14
Motor vehicles	-
	403
Less	
Costs of receivership	(63)
	340
Preferential creditors	(65)
	275
Surplus / (deficit) due to Bank under fixed charge	(1834)
Surplus / (deficit) available for unsecured creditors	(1,559)

Directors' Statement of Affairs as at 25 April 2007

Appendix D

Statement of Affairs

Statement as to affairs of
Cowley Designs Limited

On the 25 April 2007 the date of the Administrative Receiver's Appointment

Affidavit

This affidavit must be sworn or affirmed before a Solicitor or Commissioner of Oaths when you have completed the rest of this form.

I WAYNE STEPHEN ROBERT LAWSON
of BACROFT, CARR LANE, BLACKBURN, BB2 6QG

Swear /affirm that the several pages attached marked A, A1, B are to the best of my knowledge and belief a full, true and complete statement of the affairs of the above named company as at 25 April 2007 the date of the appointment of the administrative receiver and that the said company carried on business as

COWLEY DESIGNS LIMITED

CORNFORD ROAD

BLACKPOOL, FY4 4QQ

Sworn/affirmed at ROSTRONS SOLICITORS 21, PARK ST LYTHAM LANCES FY8 5LU.

Date 25/5/07.

Signatures Paulson

Before me DIANE ROSTRON

A Solicitor or Commissioner of Oaths

The Solicitor or Commissioner is particularly requested, before swearing/affirming the affidavit, to make sure that the full name, address and description of the Deponent are stated, and to initial any crossings-out or other alterations in the printed form. A deficiency in the affidavit in any of the above respects will mean that it is refused by the court, and will necessitate its being re-sworn/re-affirmed.

A – Summary of Assets

RECEIVED	
16 MAY 2007	
SEEN BY PARTNER <u>[Signature]</u>	MANAGER <u>SOT</u>
DISTRIBUTE TO - <u>ED</u>	



15/5/07

A - Summary of Assets**Assets****Assets subject to fixed charge:**

Goodwill
Book debts

Assets subject to floating charge

Plant & Machinery
Motor vehicles
Fixtures, Fittings and Equipment
Stock
Prepayments

Uncharged Assets

Amounts owed by group companies

Estimated total assets available for preferential creditors

Book Value £	Estimated to realise £
709,590	56,285
232,117	210,000
57,953	4,200
15,479	2,500
125,762	18,000
1,423,483	375,000
118,749	0
1,059,874	0
3,743,007	665,985

Signature



Date

15 MAY 2007

A1 - Summary of Liabilities

	£	Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)		665,985
Liabilities		
Preferential creditors	(65,025)	
Estimated deficiency/surplus as regards preferential creditors		600,960
Estimated prescribed part of net property where applicable (to carry forward)	0	
Estimated total assets available for floating charge holders		600,960
Debts secured by floating charges	(1,119,674)	
Estimated deficiency/surplus of assets after floating charges		(518,714)
Estimated prescribed part of net property where applicable (brought down)	0	
Total assets available to unsecured creditors		NIL
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	(500,961)	
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		(500,961)
Shortfall to floating charge holders (brought down)		(518,714)
Estimated deficiency/surplus as regards creditors		(1,019,675)
Issued and called up capital	(1,650,000)	
Estimated total deficiency/surplus as regards members		(2,669,675)

Signature 

Date 15 MAY 2007

**COWLEY DESIGNS LIMITED
B - COMPANY CREDITORS**

SUPPLIER NAME	AMOUNT OF DEBT
ABC COSMOS TRADING CO LIMITED	£2,801 13
AINSWORTH & MARTIN(PRESTON)LTD	£4,617 76
ALLCOOL (NW) LTD	£11,295 56
ALLIANCE & LEICESTER COMM FINANC	£2,408 75
AUTO TIME SYSTEMS NORTHERN	£2,073 88
AUTOLEASE LTD	£3,989 46
AVERY DENNISON UK LTD	£79 39
AZZURRI COMMUNICATIONS LTD	£276 25
BAR CODE DATA SYSTEMS LTD	£1,025 53
BDE GROUP	£3,488 96
BELMAY FRAGRANCES LTD	£352 50
BEST OF BRITISH LTD	£79 90
BILLION ENVIRONMENTAL LTD	£974 17
BISPHAM VAN HIRE	£243 98
BLACKPOOL BOROUGH COUNCIL	£16,428 00
BLACKPOOL PRINTERS	£1,369 85
BOLTON INDUSTRIAL DOORS LTD	£160 39
BOXES & PACKAGING LTD	£4,772 54
BRITANNIA LABELS LTD	£146 48
BT RULATRUC LTD	£282 28
BUREAU VERITAS CONSUMER LTD	£692 21
CHEF D'OEUVRE INTERNATIONAL LT	£4,408 34
CHEP UK	£67 19
CHUBB FIRE LIMITED	£77 80
CLARION EVENTS LIMITED	£1,302 49
COLOUR RIBBONS LTD	£42 65
CONTINENTAL BOTTLE CO	£703 21
CREDIT PROTECTION ASSOCIATION	£3,415 32
CREST RECRUITMENT SERVICES LTD	£730 93
DAWSONS TAXIS	£320 38
DHL EXPRESS UK LTD	£1,116 42
DHL INTERNATIONAL (UK) LTD	£9,797 61
DOOR REPAIR SPECIALISTS LTD	£361 31
DS PAPER PRODUCTS LTD	£218 87
EDEN SPRINGS UK LTD	£90 26
ELRO PRODUCTS LTD	£491 15
EMERALD CLEANING SERVICES	£495 00
ENTERPRISE RENT A CAR	£109 52
ESSEX DISPLAYS LTD	£2,680 18
EULER HERMES LTD	£998 23
EVENING GAZETTE	£130 27
EXEL EUROPE LTD	£6,694 16
FINESSE PRODUCTS LTD	£310 06
FIRSCALL DATA LIMITED	£528 97
GALLEY PAK	£130 76
GXS	£106 88
HENCO INTERNATIONAL LTD	£88,040 51
HMC LTD	£1,286 63
KATY KIRKHAM	£1,246 00
KENHAM INTERNATIONAL LTD	£7,844 24
KEWILL SYSTEMS PLC	£1,163 25
KINGSWOOD OFFICE SUPPLIES	£12 34
KLINE DAVIS	£381 88
KPE (LEICESTER) LTD	£19,065 00
KUEHNE & NAGEL LTD	£14,323 10
LANSING LINDE STERLING LTD	£2,292 37
LASER LIFE	£129 26
LEASE360 EVOLUTION PLC	£253 98
LEMA PUBLISHING CO	£1,057 50

COWLEY DESIGNS LIMITED
B - COMPANY CREDITORS

SUPPLIER NAME	AMOUNT OF DEBT
LEYLAND PACKAGING CO LTD	£3,237 09
M2 DIGITAL LTD	£1,582 97
MANLION INDUSTRIAL CO LTD USD	£1,873 45
MCKIERNAN GROUP LTD	£102 81
MERCURY LABELS LIMITED	£425 00
NIGHTFREIGHT (GB) LTD	£8,358 53
NORTH WEST COMPRESSED AIR CO LTD	£366 59
OFFICE DEPOT UK LTD	£1,096 05
OGILVIE	£1,057 31
OVERDRIVE CREDIT CARD LIMITED	£1,009 89
OWN AND EYRE PALLETS LTD	£2,115 00
PARAGON LABELS (NORFOLK) LTD	£11,549 70
PARCELFORCE WORLDWIDE	£175 56
PETER HARVEY FLORAL ART PR LTD	£873 97
PHS GROUP LTD	£439 30
REGAL CROWN LOGISTICS LTD	£12,788.11
RENTOKIL ENVIRONMENTAL SERVICES	£420 98
ROCOM GROUP LTD	£1,330.06
SAFE & WARM LTD	£281 36
SAGE UK LTD	£304 00
SAPNAGROUP	£10,868 75
SATO UK LTD	£186 59
SCHENKER LOGISTICS LTD	£7,527 32
SML	£562 32
T MOBILE	£603 65
TD TRAVEL GROUP	£2,658 70
TECHNOPRINT LABELS PB LOGISTICS	£205 45
TEU LTD	£138 65
THE GRAYLAW FREIGHT GROUP	£2,698 95
T-PRINT LTD	£800 65
TRADE PROMOTIONS SERVICES LTD	£166 62
TSP PROFESSIONAL SERVICES LTD	£6,292 14
TURNER LANGDALE LTD	£917 36
UK TELCO LTD	£798 97
UNITED UTILITIES	£3,594 09
UPS LOGISTICS GROUP (UK)LTD/DD	£1,148 85
VALE SERVICES & RENTALS LTD	£526 99
VICKERS ELECTRONICS LTD	£881 25
VMI (BLACKBURN) LTD	£101 34
W H BOWKER LTD	£8,530 09
WASTEPACK LTD	£187 30
WHEATLEY CONSULTANCY LTD	£1,762 50
WING HUNG PRINTING CO LTD	£7,384 55

There is no security held by any of the above creditors

Signature



Date

15 MAY 2007