

The Insolvency Act 1986

Administrators' progress report**2.24B**

Name of Company Country Foods Limited

Company number 05592910

In the High Court Of Justice - Manchester District Registry <small>[full name of court]</small>
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Court case number 2169 of 2006
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(a) Insert full name(s) and address(es) of administrator(s)

We (a) Dermot Justin Power and Toby Underwood of BDO Stoy Hayward LLP Commercial Buildings 11-15 Cross Street Manchester M2 1BD

Joint Administrators of the above Company attach a progress report for the period

(b) Insert date

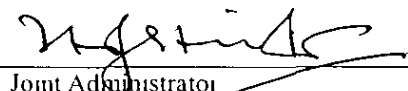
From

to

(b) 6 December 2006

(b) 23 November 2007

Signed


 Joint Administrator

Dated

28/11/07**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.

BDO Stoy Hayward LLP, Commercial Buildings 11-15 Cross Street,

Manchester M2 1BD

Our Ref PK/RP/NC/C 2610/A6

Tel 0161 817 7500

DX Number

DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at
 Companies House, Crown Way Cardiff CF14 3U7

DX 33050 Cardiff

THURSDAY



A50

COMPANIES HOUSE



BDO Stoy Hayward LLP
Chartered Accountants

Commercial Buildings
11-15 Cross Street
Manchester M2 1BD
Telephone +44 (0)161 817 7500
Facsimile +44 (0)161 817 7684
Dx 18578 Manchester 7
Web site www.bdo.co.uk

TO ALL CREDITORS

27 November 2007

Your Ref
Our Ref TP/RP/NC/2610/A6

Please ask for **Neil Clarke**

Direct line no **0161 817 7536**

Dear Sirs

Country Foods Limited - In Administration

I now supply my final report in respect of this Administration

1 Statutory Information

The Joint Administrators are Dermot Justin Power and Toby Scott Underwood of BDO Stoy Hayward LLP, Commercial Buildings 11-15 Cross Street, Manchester, M2 1BD and they were appointed in respect of the above Company on 6 December 2006. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Administrators were appointed by the directors, pursuant to Paragraph 22 of schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division, Manchester District Registry and the court case number is 2169 of 2006.

The Company's registered office is situated at Commercial Buildings 11-15 Cross Street, Manchester, M2 1BD and the registered number is 05592910.

2 Receipts

I enclose for your information a summary of my receipts and payments to date showing a balance in hand of £128,977.55, together with a copy of my abstract receipts and payments account covering the final period.

The receipts shown are largely self-explanatory, although I would comment specifically on

Plant & Machinery, Goodwill, Intellectual Property, Furniture & Equipment, Customer Contracts, Transferred Records and Stock/WIP

As previously advised, the business & assets of the Company were sold on 11 December 2006 to Hamsard 3033 Limited, since renamed CFH (UK) Limited. The consideration in respect of these assets was paid immediately upon completion. I am aware that on 8 February 2007, CFH (UK) Limited was placed into Administration and ceased trading.

Book debts

As previously advised, on appointment the Company was owed £1,800,000 in relation to invoices raised in respect of goods supplied. To date a total of £252,098 has been realised in the Administration and paid over to Euro Sales Finance (ESF) under the terms of the Fixed Charge.

In addition, the Joint Administrators of CFH (UK) Limited have been instructed to collect the book debts of both CFH (UK) Limited and Country Foods Limited by ESF. As a result, I am no longer involved in the collection of book debts, although the Joint Administrators of CFH(UK) Limited are providing me with updates of progress made. I understand that a further £1,018,135 has been recovered to date.

3 Trading/Realisation of Assets

As previously advised, the Joint Administrators raised invoices totalling £17,000 in the period immediately prior to the sale of the business and assets. We are currently pursuing the individual customers concerned and anticipate making a full recovery in respect of the invoices raised.

4 Future of the Company

As previously reported, it was stated that the purposes of the Administration were to achieve 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), and to make a distribution to one or more secured creditors. The majority of the business and assets of the Company have been sold on a going concern basis, therefore these objectives have been achieved.

The Joint Administrators' proposals which were subsequently modified at the meeting of creditors held on 6 February 2007, stated that the Company would automatically be placed into Creditors Voluntary Liquidation and that the Joint Administrators would be appointed as Joint Liquidators.

Therefore, the procedure to exit from the Administration shall be a Creditors Voluntary Liquidation

Form 234B, being the Notice of move from Administration to Creditors Voluntary Liquidation, shall be registered by the Registrar of Companies shortly. Once registered the Company will be then deemed to have been placed into Creditors' Voluntary Liquidation. There is no requirement for a further meeting of creditors to be held.

The balance of funds in hand and any accrued interest will be transferred to the Liquidator for distribution in accordance with the Act.

The subsequently appointed Liquidators shall continue to liaise with the Joint Administrators of CFH (UK) Limited in respect of their progress on the collection of debts.

Furthermore the sales made in the Administration period shall continue to be pursued for their recovery.

5 Prospects for Creditors

Secured Claims

ESF have received payments of £643,215 in respect of fixed and floating charge realisations. Additional recoveries in respect of book debts will be made in respect of the Fixed Charge held by ESF. All other available funds after deduction of costs and the Prescribed Part, detailed below, will be paid to ESF under the Terms of the Floating Charge.

It is unlikely that ESF will be repaid in full, and it is unlikely that any payments will be made to Root Capital or Natwest Bank under the terms of their security.

Preferential Creditors

We have received a preferential claim of £6,081.17 from the Insolvency Service in relation to pension contributions which were not paid over by the Company for the period 1 December to 10 December 2006. In addition we have also received a preferential claim of £232.00 in respect of salary that was not paid to an employee who was made redundant prior to Administration. No other preferential claims in respect of Employees are anticipated as all other employee liabilities were transferred to CFH (UK) Limited on 11 December 2006 as a result of the sale of the Company's business and assets.

Unsecured Creditors

It is possible that a small dividend will be paid to unsecured creditors from the Prescribed Part referred to below

Prescribed Part

Under Section 176A of the Insolvency Act 1986 where after 15 September 2003 a company has granted to a creditor a floating charge, a proportion of the net property of the company must be made available purely for the unsecured creditors. Based upon current information we anticipate that approximately £60 000 will be made available to unsecured creditors

6 Administrators' Remuneration

The creditors have already approved the Administrators' remuneration on a time costs basis of £41,432.20 plus VAT. To date no fees in this respect have been drawn. I attach a schedule which summarises the time costs accrued to date and indicates the work undertaken in that respect. I propose to restrict my fees to £50 000 plus VAT.

I therefore attach a postal resolution, on Form 2.25B, which seeks the approval of creditors for the Joint Administrators to draw further fees from funds currently held to the value of £8,567.80. The Joint Administrators propose that maximum fees of £50 000 plus VAT will be drawn in this matter. The closing date for voting on this resolution is 20 December 2007.

7 Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties, there is no necessity for these costs to be authorised. These are known as category 1 disbursements. I therefore report that since my last report an amount of £405.00 has been drawn in respect of category 1 disbursements.

Some Administrators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case.

Such expenses, which are apportioned to cases, require the approval of the creditors before they can be drawn, and these are known as category 2 disbursements. The policy of BDO Stoy Hayward LLP is not to charge any category 2 disbursements.

Should you require any further information please contact Neil Clarke of this office

Yours faithfully
For and on behalf of
Country Foods Limited



D J Power, FCA
Joint Administrator
Authorised by the Institute of Chartered Accountants in England & Wales

Enc

Country Foods Limited
(In Administration)

Income and Expenditure Account
To 23 November 2007

INCOME	Total (£)
Plant & Machinery	290 000 00
Book Debts	252,098 19
Bank Interest	1,457 77
Goodwill	1,000 00
Intellectual Property	1 00
Furniture & Equipment	3,997 00
Customer Contracts	1 00
Transferred Records	1 00
Stock/WIP	240,000 00
VAT Refund	55 068 67
Insurance Refund	30 01
Cash in hand	35 85
Bank Interest Gross	8 039 92
Suspense Account	712 50
	<u>852 442 91</u>

EXPENDITURE

Heat & Light	317 48
Carriage	1 532 00
Insurance	1 081 12
Legal Fees	37 641 23
Agents/Valuers Fees	23 950 05
Debt Collection Fees	2 349 75
Bank Charges - Fixed	48 00
Euro Sales Finance plc	643 215 00
Professional Fees	1 105 00
Stationery & Postage	968 31
Re-Direction of Mail	46 50
Statutory Advertising	239 39
Bank Charges	97 29
	<u>712 591 12</u>
Balance	<u>139 851 79</u>

MADE UP AS FOLLOWS

Vat Receivable	95 76
Trading Account	16 264 95
Realisation Account	34 672 68
Realisation Treasury Account	78 039 92
Fixed Ch Vat Receivable	10 778 48
	<u>139 851 79</u>

RECEIPTS		£
Brought forward from previous Abstract (if Any)		0 00
Plant & Machinery		290,000 00
Book Debts		252,098 19
Bank Interest		1,457 77
Goodwill		1,000 00
Intellectual Property		1 00
Furniture & Equipment		3,997 00
Customer Contracts		1 00
Transferred Records		1 00
Stock/WIP		240,000 00
VAT Refund		55,068 67
Insurance Refund		30 01
Cash in hand		35 85
Bank Interest Gross		8,039 92
Suspense Account		712 50
Vat Payable		3,937 50
Vat Control Account		655 37

* Delete as
appropriate

Carried forward to 857,035 78
* continuation sheet / next abstract

PAYMENTS		£
Brought forward from previous Abstract (if Any)		0 00
Heat & Light		317 48
Carriage		1,532 00
Insurance		1,081 12
Legal Fees		37,641 23
Agents/Valuers Fees		23,950 05
Debt Collection Fees		2,349 75
Bank Charges - Fixed		48 00
Euro Sales Finance plc		643,215 00
Professional Fees		1,105 00
Stationery & Postage		968 31
Re-Direction of Mail		46 50
Statutory Advertising		239 39
Bank Charges		97 29
Vat Receivable		4,277 43
Fixed Ch Vat Receivable		11,189 68

* Delete as
appropriate

Carried forward to 728 058 23
* continuation sheet / next abstract

Note The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed

Summary of Time Charged and Rates Applicable for the Period ending 23/11/2007

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AVRT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
B Steps on Appointment	7.00	2,503.00											23.50	3,519.00	149.74
C Planning and Strategy			22.00	5,254.50									29.00	7,757.50	267.50
D General Administration							3.00	426.00	167.95	21,312.85	26.65	1,436.10	197.60	23,174.95	117.28
F Assets Realisation/Debt					16.00	2,688.00	9.00	1,278.00	53.00	7,005.00			105.00	18,150.00	172.86
I Trading Related Matter			5.00	1,325.00					3.00	387.00			8.00	1,712.00	214.00
G Employee Matters									3.00	387.00			3.00	387.00	129.00
H Creditors Claims									11.50	1,529.50			11.50	1,529.50	133.00
J Reporting			18.00	4,464.00					7.00	931.00			25.00	5,395.00	215.80
K Work									1.85	377.40			1.85	377.40	204.00
	7.00	2,503.00	72.00	18,222.50	23.00	3,864.00	28.50	4,047.00	247.30	31,929.75	26.65	1,436.10	404.45	62,002.35	

Net Total

Structural Expense

Other Disbursements

Grand Total

404.45	62,002.35
	0.00
	1,398.13
	63,400.48



BDO Stoy Hayward

Country Foods Limited - In Administration

In accordance with best practice I provide below details of policies of BDO Stoy Hayward LLP in respect of fees and expenses for work in relation to the above insolvency

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows. This in no way implies that staff at all such grades will work on the case

GRADE	£
Partner 1	393
Partner 2	354
Director	289
Senior Manager	267
Manager	246
Assistant Manager	183-210
Senior Executive	155
Executive	141
Junior Executive	- 113-125
Cashier	141
Trainee	89
Support staff/Secretary	57

The rates charged by BDO Stoy Hayward LLP, Commercial Buildings 11-15 Cross Street Manchester M2 1BD are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO Stoy Hayward LLP records work in respect of insolvency work under the following categories -

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories



BDO Stoy Hayward

recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs

Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories

Category 1

This heading covers expenses where BDO Stoy Hayward LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), searches at Companies House and registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 40p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median – less than 10,000 miles per annum) which is the amount the firm pays to staff.

Where applicable, disbursements will be subject to VAT at the prevailing rate

Category 2

Additionally some firms recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of a each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO Stoy Hayward LLP effective from 1 July 2003, is not to recharge any expense which is not a specific cost to the case, therefore there will be no category 2 disbursements charged. Category 2 disbursements because they are imprecise require approval by the creditors before they can be drawn.

Notice of conduct of business by correspondence

Name of Company

Country Foods Limited

Company number

05592910

In the High Court of Justice, Manchester District
Registry, Chancery Division

{full name of court}

Court case number

2169 of 2006

(a) Insert full name(s) and
address(es) of administrator(s)Notice is hereby given by (a) Dermot J Power and Loby Underwood of BDO Stoy Hayward
LLP Commercial Buildings 11-15 Cross Street Manchester, M2 1BD(b) Insert full name and
address of registered office
of companyhaving been appointed administrator(s) of (b) Country Foods Limited whose registered office
is situated at Commercial Buildings 11-15 Cross Street Manchester M2 1BD(c) Insert number of
resolutions enclosedthat pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986 enclosed is (c) (1)
resolution for your consideration Please indicate below whether you are in favour or against
the resolution(d) Insert address to which form is
to be deliveredThis form must be received at (d) BDO Stoy Hayward LLP Commercial Buildings 11-15
Cross Street, Manchester M2 1BD

(e) Insert closing date

by 12 00 hours on (e) 20 December 2007 in order to be counted It must be accompanied by
details in writing of your claim Failure to do so will lead to your vote(s) being disregardedRepeat as necessary for the
number of resolutions
attached**Resolution (1)**That the Joint Administrators of the Company are authorised to draw further timecosts of
£8 567 80 plus VAT from the remaining funds within the Administration in settlement of their
outstanding time costs

I am *in Favour / Against

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

Signed

Joint/administrator(s)

Dated

28/11/2007

To assist the administrators in collating votes please would you confirm below the full name of your organisation when
returning this form (this is not a statutory requirement) -

(Creditor's full name)