

AM03

Notice of administrator's proposals



Companies House

FRIDAY



A24 *A8CZ5KHV* 30/08/2019 #49
COMPANIES HOUSE

1 Company details

Company number 0 7 7 4 4 2 4 7
Company name in full Birmingham Flowers and Plants Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) James
Surname Fish

3 Administrator's address

Building name/number The Copper Room
Street Deva Centre
Post town Trinity Way
County/Region Manchester
Postcode M 3 7 B G
Country

4 Administrator's name ①

Full forename(s) Alan Brian
Surname Coleman

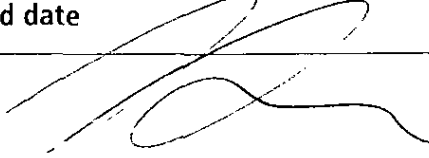
① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ①

Building name/number The Copper Room
Street Deva Centre
Post town Trinity Way
County/Region Manchester
Postcode M 3 7 B G
Country

② Other administrator
Use this section to tell us about
another administrator.

AM03
Notice of Administrator's Proposals

6	Statement of proposals	
<input checked="" type="checkbox"/> I attach a copy of the statement of proposals		
7	Sign and date	
Administrator's Signature	<div>Signature</div> <div>✕  ✕</div>	
Signature date	<div><div>^d2^d2</div><div>^m0^m8</div><div>^y2^y0^y1^y9</div></div>	

AM03 Notice of Administrator's Proposals



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **James Fish**

Company name **Royce Peeling Green Limited**

Address **The Copper Room**

Deva Centre

Post town **Trinity Way**

County/Region **Manchester**

Postcode

M	3		7	B	G		
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Country

DX

Telephone **0161 608 0000**



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Joint Administrators' Report and Statement of Proposals Pursuant to Paragraph 49 of Schedule B1

**Birmingham Flowers and Plants Limited -
In Administration**

22 August 2019

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

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BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

1 Introduction and Background

- 1.1 Birmingham Flowers and Plants Limited ("the Company") was incorporated on 17 August 2011 and commenced trading immediately as a wholesaler of flowers and plants.
- 1.2 Initial trading saw the Company breakeven with small profits then generated in 2014 and 2015.
- 1.3 The Company was importing stock from China and in 2016 purchased goods of c£50k to fulfil an order received from a customer. Unfortunately, the goods were delivered 2 days late and, as a result, the customer rejected the goods and refused to pay.
- 1.4 The Company had to pay for the goods in full and the Company was then left with substantial stock, some of which was sold for a considerable discount to the original customer whilst the Company struggled to sell this additional remaining stock elsewhere.
- 1.5 As a result, significant storage costs were also being incurred by the Company and, overall, the Company suffered a considerable loss on this transaction.
- 1.6 Further disruption was caused to the business by a fire at the market which resulted in the local council's decision to knock down the wholesalers market which forced the Company to relocate.
- 1.7 The Company relocated to larger premises which was necessary in order to store the large amount of stock held, resulting in increased overheads.
- 1.8 The Director has explained that trading in recent years has been extremely difficult, with considerable personal funds being introduced in order to fund losses and third party funding was obtained from Seneca Trade Partners Ltd ("Seneca") to aid working capital, whilst making cut backs in staff and other overheads.
- 1.9 Also, since the referendum (2016) to leave the EU the value of the pound has decreased causing the cost of stock from abroad to increase. The Company has been unable to pass this increase to its customers.
- 1.10 Following this, a supplier issued a winding up petition against the Company on 24 May 2019 and the petition debt could not be paid, therefore, a hearing was set for 8 August 2019.
- 1.11 The Petition was advertised in the London Gazette on 18 July 2019 and the next hearing is due in the near future and our solicitors will attend on behalf of the Company.
- 1.12 As a result, Seneca enforced their security and James Fish and Alan Brian Coleman of Royce Peeling Green Limited, The Copper Room, Deva Centre, Trinity Way, Manchester, M3 7BG were appointed Joint Administrators of the Company by the Seneca Trade Partners Limited on 16 August 2019 under their Qualifying Floating Charge.
- 1.13 James Fish and Alan Brian Coleman are licensed to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales.
- 1.14 Information about the way that we will use, and store personal data on insolvency appointments can be found at <https://www.rpg.co.uk/insolvency/privacy.pdf>. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.15 The EU Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 1.16 This report incorporates the Administrator's statement of proposals made under paragraph 49 of Schedule B1, which will be treated as delivered to creditors on 27 August 2019.

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

2 Administration Strategy and Objective

2.1 The Administrators must perform their functions with the purpose of achieving one of the following objectives:

- *Rescuing the Company as a going concern; or*
- *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*
- *Realising property in order to make a distribution to one or more secured or preferential creditors.*

In this case, the Administrator has pursued the third objective of realising property in order to make a distribution to one or more secured or preferential creditors.

It should be noted that it was not possible to achieve the primary objective of rescuing the Company as a going concern due to the level of creditors and the existence of a winding up petition which could not be satisfied.

Furthermore, although the pre-packaged sale has maximised overall realisations and minimised liabilities, it has not entirely achieved the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.

For the avoidance of doubt, this is because there will not be a distribution to unsecured creditors as realisations are only sufficient to facilitate a distribution to the fixed charge holder.

Accordingly, the Administrator has pursued the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the Company. For the reasons set out in this report, the Administrators have avoided unnecessarily harming the interests of the creditors as a whole. Accordingly, the pre-packaged sale, with realisations achieved for Goodwill, enables the statutory purpose of Administration to be achieved.

The benefits of the pre-packaged sale include the following: -

- Enhanced/Going Concern realisations achieved for the tangible assets
- Assistance with debt collection due to continuity of trading
- 5 full time jobs saved (avoiding redundancy claims)
- Employment entitlements transferred to the purchaser (avoiding preferential claims for any wage arrears and holiday pay)
- New tenant for the landlord (minimising any claim against the Company)

Pre-Packaged Sale

2.2 A pre-packaged sale of the Company's business and assets was concluded on 16 August 2019 to Birmingham Landscape Plants & Flowers Limited. Full information on the sale pursuant to the requirements of Statement of Insolvency Practice 16 can be found at Appendix F and should be read in conjunction with the remainder of this report.

Progress Since Appointment

Immediately upon appointment, the Administrators concluded the sale of the business and assets to Birmingham Landscape Plants & Flowers Limited.

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

Consideration of Proposals by Creditors

- 2.3 Under Para 52(1) of Schedule B1 to the Insolvency Act 1986, where an Administrator thinks that:
- (a) The Company has sufficient property to enable each creditor of the Company to be paid in full,
 - (b) The Company has insufficient property to enable a distribution to be made to the unsecured creditors other than from the Prescribed Part, or
 - (c) The Company cannot be rescued as a going concern, or a better result as a whole than would be likely if the Company were wound up (without first being in Administration) cannot be achieved

Then the Administrator is not required to seek a decision from the Company's creditors as to whether they approve these Proposals.

In this case I think that option c above applies and I am therefore not required to seek a decision from creditors to approve my Proposals unless the requisite number of creditors request such a decision within the prescribed period. Please see the covering letter which accompanies this Report for further information about this.

Administration (including statutory compliance and reporting)

- 2.4 Following my appointment, the strategy for the Administration was carefully assessed to ensure that a coherent planned process for the case could be achieved. This work will, where appropriate, have included liaison with solicitors to deal with any legal considerations surrounding the Company's insolvency (such as assessing the validity of any 3rd party security in relation to the assets) and liaising with valuation agents about the most appropriate means of realising the value in the Company's business and assets.
- 2.5 I have also dealt with a number of statutory formalities which are required of me under related legislation. Typically, this includes issuing and filing all appointment notices with creditors and the Registrar of Companies and also advertising my appointment in the London Gazette.
- 2.6 Where a pre-packaged sale of the Company's assets and business has taken place, I have prepared and issued the report on the transaction as required by Statement of Insolvency Practice 16 and I have also prepared and issued these proposals to creditors outlining how the purpose of the Administration may be achieved.
- 2.7 Other statutory duties performed are outlined in further detail in the fees estimate/fees information which can be found at Appendix E. Please note that much of this work will have been performed to comply with statutory requirements and as such may not necessarily add any value to the insolvent estate.

Trading

- 2.8 The business was sold as a pre-packaged sale on 16 August 2019, therefore, there was no period of trading in Administration.

Realisation of assets

- 2.9 The work undertaken by the Administrator and his staff to date in realising the Company's assets has been necessary in order to maximise the likelihood of a return to creditors being made. Where assets remain to be realised, these will be dealt with as the Administration progresses and further updates will be provided to creditors in my progress reports.

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

- 2.10 Further information on the estimated outcome of the Administration can be found in section 9 below.

Creditors

- 2.11 The Administrators have notified creditors of the appointment and issued their proposals to creditors.
- 2.12 Claims of creditors will be dealt with as the case progresses, together with any potential prescribed part distribution.

Investigations

- 2.13 Some of the work the Administrators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 ('CDDA 1986') and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations ('SIP2') and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Administrators can pursue for the benefit of creditors.
- 2.14 The Administrators are required to submit a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills under the CDDA 1986. This is a confidential report and the contents will not be disclosed to creditors.
- 2.15 The Administrators will make an initial assessment to decide whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment will take into account information provided by creditors and as a response to our request for the Directors to complete an investigation questionnaire. These investigations may reveal issues requiring further report or any further potential recoveries, which could be pursued for the benefit of creditors.

Case Specific Matters

- 2.16 The Company's draft accounts indicate a sales ledger balance of c£195k being due to the Company.
- 2.17 We understand that this balance may include significant balances that may not be recoverable due to debtors entering into insolvency procedures and potential counter claims from debtors.
- 2.18 The administrators will review the sales ledger in order to pursue any sums considered payable to the estate. Creditors will be updated in due course.

Sale of Assets to Connected Parties

- 2.19 In accordance with Statement of Insolvency Practice 13, I would advise you that the following assets were sold to a party connected with the Company:

Date of transaction	Assets involved & nature of transaction	Consideration	Sold to	Relationship
16 August 2019	Business & assets	£30,000	Birmingham Landscape Plants & Flowers Limited	Common Director

Full information on the sale pursuant to the requirements of Statement of Insolvency Practice 16 can be found at Appendix G.

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

3 Joint Administrators' Receipts and Payments

- 3.1 A summary of receipts and payments for the Administration period from the date of my appointment to 22 August 2019 is attached at Appendix B.

4 Financial Position

- 4.1 A Statement of the Company's Affairs has not yet been received due to the short period of time that the Company has been in Administration. Attached at Appendix C is a summary of the Estimated Financial Position of the Company as at 16 August 2019, together with a list of creditors' names and addresses along with details of their debts (including details of any security held by them). Creditors should note that the estimated financial position is before the costs of the Administration procedure are considered.

5 Proposals

- 5.1 It is proposed that the Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration. In the circumstances it is proposed that:
- 5.2 The Administrators will pursue the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the Company. For the reasons set out in this report, the Administrators have avoided unnecessarily harming the interests of the creditors as a whole. Accordingly, the pre-packaged sale, with realisations achieved for Goodwill, enables the statutory purpose of Administration to be achieved.
- 5.3 If having realised the assets of the Company, the Administrators think that a distribution will be made to the unsecured creditors from the fund created out of the Company's net floating charge property (known as the **Prescribed Part**) by virtue of section 176A(2)(a), this will be distributed by the Administrators in the Administration and the Company will thereafter proceed to dissolution.
- 5.4 Court approval is not required to enable the Administrators to make a distribution to the unsecured creditors of the Prescribed Part. If however, a distribution to unsecured creditors not limited to the Prescribed Part is anticipated, the Administrators may consider making an application to Court to seek permission to distribute this in the Administration. If permission is granted, the Company will exit into dissolution once the distribution has been made and the Administration is concluded.
- 5.5 If the Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company.
- 5.6 See Section 6 below on **Exit Routes** for further information on the exit routes available from Administration.
- 5.7 The Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.
- 5.8 If the Administrators consider it necessary to extend the period of the Administration, they will seek the consent of creditors or the approval of the Court to the extension. Creditors may consent to an extension for a period of up to one year and the Court can order that the Administrators' term of office be extended for a specified period determined by it.
- 5.9 The creditors consider establishing a Creditors' Committee and that if any such Committee is formed they be authorised to sanction the basis of the Administrators' remuneration and disbursements and any proposed act on the part of the Administrators without the need to

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

report back to creditors generally, to include any decision regarding the most appropriate exit route from the Administration.

5.10 The basis of the Administrators' remuneration may be fixed as one or more of the following bases and different bases may be fixed in respect of different things done by them:

- As a percentage of the value of the assets they have to deal with, or
- By reference to time properly spent by the Administrators and their staff managing the Administration, or
- As a set amount

5.11 In accordance with Statement of Insolvency Practice 9, issued by the Association of Business Recovery Professionals, the Administrators be authorised to draw Category 2 disbursements as and when funds are available, in accordance with their firm's published tariff. Details of Category 2 disbursements charged by the firm can be found at Appendix E.

5.12 Where no Creditors' Committee is appointed the remuneration and disbursements of the Administrators shall be fixed by a decision of creditors or where the Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured and (if necessary) the preferential creditors in accordance with insolvency legislation. The Administrators will also seek approval for any unpaid pre-administration costs detailed in this report and their discharge from liability in the same manner.

5.13 In this case, the Administrators are seeking to approve the basis of their remuneration as follows:

- By reference to the time properly spent by the Administrators and their staff in attending to matters arising in the Administration

Further details about the proposed fee basis can be found in Section 8 below and Appendix E.

5.14 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

6 Exit Routes

6.1 All Administrations automatically come to an end after the period of one year, unless the Company's creditors agree to extend this period, or the Court orders the Administrator's term of office be extended for a specified period of time.

6.2 At the time of drafting these Proposals I do not believe that an extension to the period of Administration will be necessary, however will confirm the position to creditors in a subsequent progress report in due course.

Based on information currently available, the information on the exit route(s) we believe may be appropriate in this Administration is/are set out below.

Dissolution of the Company

6.3 Based on present information, the Administrator thinks that the Company has insufficient property to permit a distribution to the unsecured creditors and that there may only be a distribution available to the secured and/or preferential creditors of the Company. As a result, once these distributions have been made, a notice will be filed at Court and with the Registrar of Companies with the Administrator's final report, for the dissolution of the Company.

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

- 6.4 The Administrators' appointment will end following the registration of the notice by the Registrar of Companies.

Compulsory Liquidation

- 6.5 If a move to Creditors' Voluntary Liquidation is not possible because a dividend to the unsecured creditors (other than by virtue of the Prescribed Part) is not anticipated, but the Administrators conclude that an exit into liquidation is appropriate so that further investigations into the Company's affairs may be carried out for example, an application to Court may be made to exit into Compulsory Liquidation instead. If this exit route is appropriate, at this stage it is anticipated (but is not mandatory) that the Administrators will become the Joint Liquidators in the subsequent liquidation.

7 Pre-administration Costs

- 7.1 Pre-administration costs are defined as:

- (i) Fees charged, and
- (ii) Expenses incurred

by the Administrators, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so), and "unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 7.2 Below is information on the pre-administration costs incurred in this case, together with details of any amounts which remain unpaid, where applicable.

- 7.3 Pre-administration costs have had to be incurred by various professionals to enable the sale of the business and assets to be concluded.

- 7.4 The pre-administration costs, estimated at £17,194.75 + VAT + disbursements, were agreed in an engagement letter between Royce Peeling Green Limited and the Company dated 18 June 2018.

- 7.5 The pre-administration costs can be summarised as follows: -

Professional	Cost
RPG (Administrators)	£9,764.75 plus VAT
Knights Plc (Solicitors)	£5,300 plus VAT
Wignall Brownlow (agents/valuers)	£2,130 plus VAT
Total	£17,194.75 plus VAT

Disbursements of £195 + VAT were also incurred in connection with the online marketing of the business and assets via www.IP-bid.com.

- 7.6 The payment of unpaid pre-administration costs set out above as an expense of the Administration is subject to the approval of creditors, separately to the approval of the Administrators' proposals.
- 7.7 As the Administrators think that the Company has insufficient property to enable a distribution to be made to the unsecured creditors (other than via the Prescribed Part), approval will be sought from the secured creditors in accordance with insolvency legislation.
- 7.8 A summary of the Administrator actual pre-appointment time costs is attached at Appendix D.
- 7.9 Time costs amount to £9,764.75 representing 38.95 hours at a cost of £250.70 per hour, which is within the estimate set out in our engagement letter with the Company.

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

7.10 Approval of these time costs will be sought from the secured creditor.

8 Joint Administrators' Remuneration

- 8.1 As Joint Administrators, we are required to provide creditors with details of the work we propose to undertake in the Administration and the expenses we consider will be, or is likely to be, incurred in dealing with the Company's affairs, prior to determining the basis upon which my remuneration will be fixed.
- 8.2 In addition to this, where Administrators seek agreement to the basis of their remuneration by reference to time properly spent by them and their staff in attending to matters arising in the Administration, a fees estimate outlining the time and estimated cost of the work to be done must also be provided.
- 8.3 In this case, we are seeking to agree that our remuneration be based on the time properly spent by us and our staff in dealing with the affairs of the Company. My fees estimate and details of the work we propose to undertake in the Administration can be found at Appendix F and further information on the work done since my appointment to the date of this report can be found in section 2.
- 8.4 Please note that where appropriate, the fees estimate may be to a particular stage of the case *only and if we consider the estimate will be exceeded during the Administration, we are obliged to seek further approval for any increase in our remuneration.* The fees estimate provides details of these matters where relevant and appropriate approval to the basis of our remuneration will be sought as outlined in section 5 of this report.
- 8.5 For information, attached at Appendix E is a time matrix outlining the time spent by us and our staff *since the date of my appointment as Administrators. This time is included within the overall fees estimate provided with this report.*
- 8.6 A copy of "A Creditors' Guide to Administrators' Fees" is available on request or can be downloaded from www.rpg.co.uk/downloads/fees/post20151001/Administrators.pdf. If you would prefer this to be sent to you in hard copy please contact Chris Jones of this office on 0161 608 0000 or via e-mail at chris.jones@rpg.co.uk.

9 Estimated Outcome

- 9.1 Based on the Estimated Financial Position of the Company, the sums owed to creditors at the date of appointment are as follows: -

Secured Creditors

The following charges are registered at Companies House: -

Charge in favour of	Date of Creation
HSBC Bank Plc	14 April 2014
Seneca Trade Partners Ltd	27 July 2018

At the date of the Administrators' appointment, the sums due to each secured creditor is estimated as follows:

- HSBC Bank Plc - £42,000
- Seneca Trade Partners - £100,000

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

It is considered that a minimal distribution will be available to HSBC under their fixed charge in this matter.

Preferential creditors

Preferential claims relate to employees for arrears of wages, salary and holiday pay.

As a result of the sale of the business and assets and the employees of the Company transferring to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006, there are no preferential claims in this matter.

9.2 Unsecured Creditors

Claims of unsecured creditors are estimated at £861,734.63 per the latest Sage management accounts.

This includes sums due to HM Revenue & Customs, trade suppliers and sums to the director.

As the Company granted a floating charge, we are required to create a fund out of the Company's net floating charge property for the benefit of unsecured creditors (known as the **Prescribed Part**).

The Administrators will review and agree the claims of unsecured creditors should a prescribed part distribution become available.

Attached at Appendix C is a summary of the Estimated Financial Position of the Company as at 16 August 2019, together with a list of creditors names and addresses along with details of their debts (including details of any security held by them). Creditors should note that the estimated financial position is before the costs of the Administration procedure are considered.

As demonstrated in the Estimated Financial Position of the Company as at 16 August 2019 (Appendix C), we estimate the value of the Company's net floating charge property to be £25,000. Arising from this, the value of the unsecured creditors' fund is estimated to be £9,000.

Creditors should note that the Estimated Financial Position is before the costs of the Administration procedure are considered and, therefore, should be aware that the value of the fund is likely to fluctuate during the course of the Administration. Further updates will be provided in our progress reports in due course.

At present, we do not envisage any funds being available for distribution to the Company's unsecured creditors. Any distribution to unsecured creditors will be wholly dependent upon the outcome of the debt collection exercise

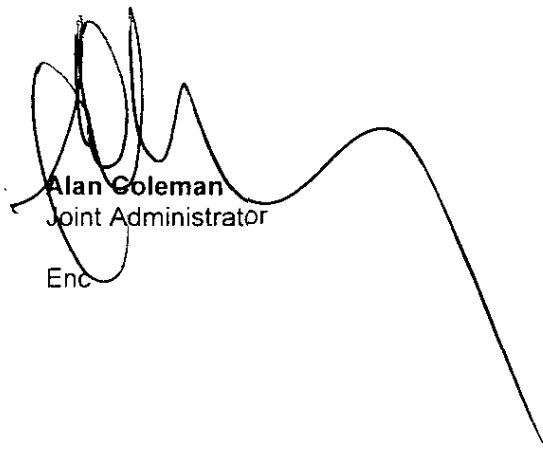
10 **Proposals approval and next report**

As I think the Company has insufficient property to enable it to make a distribution to its unsecured creditors (other than a potential distribution of the prescribed part fund of any net floating charge property), I am not required to seek a decision from the unsecured creditors on the approval of my Proposals. Approval will be sought from the secured creditor.

- 10.2 The Administrators are required to provide a progress report within one month of the end of the first six months of the Administration and we will report to you again at this time.

For and on behalf of
Birmingham Flowers and Plants Limited

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION



Alan Coleman
Joint Administrator

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BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

Appendix A

Statutory Information

11 Company information

Company name	Birmingham Flowers and Plants Limited
Trading name(s)	Birmingham Flowers and Plants Limited
Registered number	07744247
Registered office address	The Copper Room Deva Centre Trinity Way Manchester M3 7BG
Former registered office address	Unit 22 Gravelly Industrial Park Tyburn Road Birmingham B24 8HZ
Trading address(s)	Unit 22 Gravelly Industrial Park Tyburn Road Birmingham B24 8HZ
Court details	High Court of Justice, Business and Property Courts in Manchester
Court reference number	000778 of 2019

12 Details of the Company's Directors, Secretary and Shareholdings

	Date appointed	Date resigned	Shares held
Director(s)			
Jeff Large	17 August 2011	N/A	100
Secretary			
Jeff Large	17 August 2011	N/a	

13 Joint Administrators' Details

Name of Administrators	Alan Brian Coleman	James Fish
Address	The Copper Room Deva Centre Trinity Way Manchester M3 7BG	The Copper Room Deva Centre Trinity Way Manchester M3 7BG
Telephone Number	0161 608 0000	0161 608 0000
Fax Number	0161 608 0001	0161 608 0001
Administrator's IP Number	009402	021390
Authorising Body	Institute of Chartered Accountants in England and Wales	Institute of Chartered Accountants in England and Wales
Date of Appointment	16 August 2019	16 August 2019

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

Appendix B

Receipts and Payments Account for the Period from 16 August 2019 to 22 August 2019

You will note that the receipts and payment account is currently blank, however, it should be noted that the pre-packaged sale proceeds of £20,000 are currently being held by our solicitors, Knights Plc.

The administrator is in the process of acquiring these funds and will update accordingly.

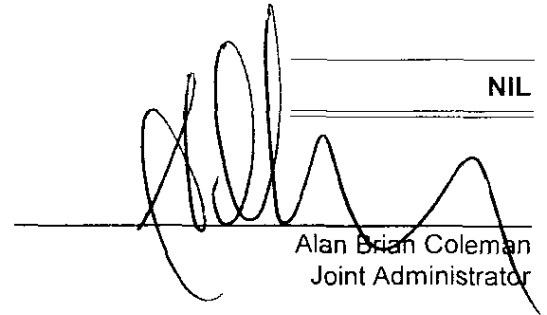
Birmingham Flowers and Plants Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 22/08/2019

S of A £	£	£
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NIL

REPRESENTED BY

NIL



Alan Brian Coleman
Joint Administrator

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

Appendix C - Summary of the Estimated Financial Position of the Company as at 16 August 2019

Estimated Financial Position @ 16/08/2019	Book Value (£)	ETR (£)
<u>Fixed Charge Assets</u>		
Plant & Machinery	118,749	5,000
Less: Owing to HSBC	(42,000)	(42,000)
Less: Owing to Seneca	(117,000)	(117,000)
Surplus/(shortfall) c/d	(40,251)	(154,000)
<u>Floating Charge Assets</u>		
Debtors	195,338	-
Business Information	-	1
Fixtures, Fittings & Equipment	-	7,497
The Contracts	-	1
Goodwill	-	500
Stock	250,000	17,000
Intellectual Property	-	1
Cash at bank and in hand	11,088	-
Available to preferential creditors	456,426	25,000
Less: Preferential creditors	-	-
Net Property	456,426	25,000
Prescribed Part Fund	(95,085)	(9,000)
Balance available to floating chargeholder	361,341	16,000
Less: shortfall to HSBC & Seneca (from above)	(40,251)	(154,000)
Balance available to unsecured creditors	321,090	(138,000)
Add back Prescribed Part	95,085	-
Total available to unsecured creditors	416,175	(138,000)
Liabilities		
Unsecured creditors	(861,735)	(861,735)
Net Assets	(445,560)	(999,735)
Estimated return to unsecured creditors (p/£)	0.48	0.00

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

Appendix D

Time Analysis for the Period from 16 August 2019 to 22 August 2019

Birmingham Flowers and Plants Limited - In Administration

Time spent by grade in the period from 16 August 2019 to 22 August 2019

	IP	Senior Administrator	Administrator	Cashier / Support	Total Hours	Total Cost £	Average Rate £
	£300	£160	£105	£105			
Administration & Planning	2.00	10.00	3.00	-	15.00	2,515.00	167.67
Cashiering	-	-	-	-	-	-	-
Dealing with Creditors	-	-	-	-	-	-	-
Realisation of Assets	-	-	-	-	-	-	-
Total hours/Cost	2.00	10.00	3.00	-	15.00	2,515.00	167.67

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

Appendix E

Pre-Appointment Time Analysis for the Period from 5 August 2019 to 16 August 2019

Birmingham Flowers and Plants Limited - In Administration
Pre Appointment Time Costs

Category	ABC Hrs	300.00 Cost	JRF Hrs	300.00 Cost	CJ Hrs	160.00 Cost	Support Hrs	105.00 Cost	Total Time (£)	Ave Rate
1) Administration (inc Stat)										
NDA's, sales info to interested Parties	0.00	0.00	1.00	300.00	5.50	880.00	0.00	0.00	1,180.00	181.54
General Adminsitration	0.00	0.00	0.00	0.00	5.50	880.00	1.95	204.75	1,084.75	145.60
Total	0.00	0.00	1.00	300.00	11.00	1,760.00	1.95	204.75	2,264.75	162.35
2) Stat investigation/ODDA										
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3) Realisation of Assets										
SIP16	0.00	0.00	15.00	4,500.00	0.00	0.00	0.00	0.00	4,500.00	0.00
Liaising with Agents/ interested Parties re sale	0.00	0.00	10.00	3,000.00	0.00	0.00	0.00	0.00	3,000.00	0.00
Total	0.00	0.00	25.00	7,500.00	0.00	0.00	0.00	0.00	7,500.00	0.00
4) Creditors										
Dealing with Creditor Claims (inc ROT)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Distribution to Creditors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total	0.00	0.00	26.00	7,800.00	11.00	1,760.00	1.95	204.75	9,764.75	250.70

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

Appendix F

Additional Information in Relation to Joint Administrators' Fees

14 Fee Basis

- 14.1 The Administrators are seeking to agree the basis of their remuneration in this case as time properly spent by him and his staff in dealing with the affairs of the Company. Attached to this appendix are details of the work the Administrator proposes to undertake and the expenses the Administrators consider will be, or are likely to be, incurred. Information about the work done to date can be found in the body of the Administrators Report and Statement of Proposals at Section 2.
- 14.2 Where a time cost basis is being sought, the Administrators' fees estimate will be included in this information, which also provides details of the rates the Administrators and their staff propose to charge for each part of that work and the time they anticipate each part of that work will take.
- 14.3 The fees estimate is based on information about the Company's affairs available to the Administrators at the present time. Should any matters arise which impact on this estimate, such as additional investigatory matters or potential realisable assets, further time or cost will be incurred and it may be necessary to revise the Administrators' estimate of fees.
- 14.4 In this case, we do not anticipate that it will be necessary to seek further approval to increase the level of the fees estimate if the time incurred is in excess of the fees estimate enclosed with this report.

15 Expenses

- 15.1 Below is a table which outlines the expenses that we consider at this stage will be, or are likely to be, incurred in dealing with the Company's affairs. We will provide an update to creditors in my future progress reports.

Expense	Provider	Basis of fee arrangement	Cost to date £
Agents Fees & Disbursements (Pre-Appointment)	Wignall Brownlow	Engagement Letter with Company	2,130.00
Legal Fees & Disbursements (Pre-Appointment)	Knights Plc	Engagement Letter with Company	5,300.00
Pre-Appointment Fees	Royce Peeling Green Limited	Engagement Letter with Company	9,764.75
Marketing Expenses (Pre-Appointment)	IP-Bid.com	Fixed Fee	195.00
Specific Bond	Marsh Ltd	Fixed Fee	240.00
Legal Fees & Disbursements (Post-Appointment)	Knights Plc	Estimate – Assistance with petitioning creditor – Includes counsel fees	1,500.00
Statutory Advertising	Courts Advertising Ltd	£84.60 per advert	169.20
Bank Charge	Royal Bank of Scotland	Fixed Fee	75.00

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

16 Staff Allocation and the Use of Sub-Contractors

- 16.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 16.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. Where the basis of the Administrators' remuneration is being proposed on a time cost basis, details of our current charge-out rates can be found below.
- 16.3 We are not proposing to utilise the services of any sub-contractors in this case.

17 Joint Administrators' Disbursements

- 17.1 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. Any Category 1 disbursements we anticipate being incurred in this case are included in the table of expenses above.
- 17.2 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.
- 17.3 We would advise that the following Category 2 disbursements are currently charged by this firm:

Type and purpose	£
Photocopying and postage (Estimated)	200.00
Business mileage (estimated)	250.00

- 17.4 Separate approval will be sought for the authorisation of this firm's Category 2 disbursements from creditors.

18 Charge-out Rates

- 18.1 A schedule of Royce Peeling Green Limited charge-out rates for this assignment effective from 1 January 2019 are detailed below. Please note this firm records its time in minimum units of 6 minutes.

	(Per hour) £
Insolvency Practitioner	300.00
Senior Insolvency Administrator	160.00
Administrator/Cashier	105.00

Birmingham Flowers and Plants Limited - In Administration

Fee Estimate to be approved by Secured Creditors

	Anticipated Number of hours	Average charge out rate (£)	Anticipated Cost (£)	Work To Be Undertaken
Administration (including statutory compliance & reporting)	61.0	160.41	9,785.00	Maintenance of file: Attending to statutory matters; VAT and corporation tax matters; reviewing, discussing and setting strategy; dealing with receipts and payments and other cashing matters. Preparation and issue of first 6 month progress report to creditors.
Statutory Investigations/CDDA	27.5	155.45	4,275.00	Statutory review of company affairs to comply with SIP2; review of company records; review of bank statements; comparison of last accounts to statement of affairs; identify any previous failures.
Realisation of Assets	30.0	155.83	4,675.00	General realisation of assets, collecting the deferred payments from Birmingham Landscape Plants & Flowers Limited re Sale of the business, reviewing the Company's debtor ledger and chasing debtors for payments where necessary.
Creditors:	21.0	180.00	3,780.00	Preparing and issuing Administrators Proposals and SIP16 reports, issuing paperwork to creditors; dealing with creditor correspondence; dealing with incoming creditor telephone calls, liaising with secured creditors re fee approval and also a distribution of funds. Adjudicating creditor claims should prescribed part dividend be available to creditors.

Total Estimated Cost 22,515.00

BIRMINGHAM FLOWERS AND PLANTS LIMITED - IN ADMINISTRATION

Appendix G

Joint Administrators' Statement on Pre-Packaged Sale

SIP16 disclosure

Birmingham Flowers and Plants Limited - In Administration (the Company)

Overview

Where a sale of all or part of a company's business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator effects the sale immediately on, or shortly after appointment, this is known as a pre-packaged sale.

Prior to the appointment of an Administrator, an insolvency practitioner may act in an advisory capacity to the Company. During this time the insolvency practitioner's role is not to advise the directors personally or any parties connected with any eventual purchaser of the Company's business or assets. It is also possible that a different insolvency practitioner may be the eventual Administrator and not the insolvency practitioner who provided the advice to the Company before any formal appointment was made.

The role of an Administrator once the Company has entered Administration is to perform their functions with the objective of either rescuing the Company as a going concern or achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up rather than being placed into Administration first.

If neither of these objectives is reasonably practicable, the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the Company may be pursued, providing the Administrator avoids unnecessarily harming the interests of the creditors as a whole.

In this case, it was not possible to achieve the primary objective of rescuing the Company as a going concern due to the level of creditors and the existence of a winding up petition which could not be satisfied.

Furthermore, although the pre-packaged sale has maximised overall realisations and minimised liabilities, it has not entirely achieved the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up. For the avoidance of doubt, this is because there will not be a distribution to unsecured creditors as realisations are only sufficient to facilitate a distribution to the fixed charge holder.

Accordingly, the Administrator has pursued the third objective of realising property in order to make a distribution to one or more secured or preferential creditors of the Company. For the reasons set out in this report, the Administrators have avoided unnecessarily harming the interests of the creditors as a whole. Accordingly, the pre-packaged sale, with realisations achieved for Goodwill, enables the statutory purpose of Administration to be achieved.

The benefits of the pre-packaged sale include the following: -

- Enhanced/Going Concern realisations achieved for the tangible assets
- Assistance with debt collection due to continuity of trading
- 5 full time jobs saved (avoiding redundancy claims)
- Employment entitlements transferred to the purchaser (avoiding preferential claims for any wage arrears and holiday pay)
- New tenant for the landlord (minimising any claim against the Company)

Set out below is further information containing a summary of the circumstances relevant to the pre-packaged sale of all or part of the Company's business and assets to Birmingham Landscape Plants & Flowers Ltd, in accordance with the provisions of Statement of Insolvency Practice 16 (**SIP16**).

Background

The Company commenced trading in 2011 as a wholesaler of flowers and plants.

Initial trading was breakeven with small profits then generated in 2014 and 2015.

The Company was trading with imports from China and in 2016 purchased goods of c£50k to fulfil an order received from a customer. The goods were delivered 2 days late and as a result the customer rejected the goods and refused to accept and pay. The Company had to pay for the goods in full and was then left with substantial stock. Some of the stock was sold for a considerable discount to the original customer and the Company struggled to sell this additional remaining stock elsewhere, during which time significant storage costs were also being incurred. Overall, the Company suffered a considerable loss on this transaction.

Further disruption was caused to the business by a fire at the market which resulted in the local council's decision to knock down the wholesalers market which forced the Company to relocate.

The Company relocated to larger premises which was necessary in order to store the large amount of stock held, resulting in increased overheads.

The Director has explained that trading in recent years has been extremely difficult, with considerable personal funds being introduced in order to fund losses and third party funding was obtained from Seneca Trade Partners Ltd (Seneca) to aid working capital, whilst making cut backs in staff and other overheads.

A supplier issued a winding up petition against the Company on 24 May 2019.

The petition debt could not be paid and a hearing was set for 8 August 2019.

The Petition was advertised in the London Gazette on 18 July 2019.

Seneca enforced their security and appointed Administrators on 16 August 2019 under their Qualifying Floating Charge.

Initial introduction

In light of the winding up hearing, the Administrators were introduced to the client on 5 August 2019 by Seneca, a secured creditor of the Company who were concerned about their indebtedness of c£100k.

In light of the winding up petition, as the holders of a Qualifying Floating Charge, Seneca filed a Notice of Intention to appoint Administrators (NOI) in Court on 6 August 2019 in order to protect their position. This ensured that the winding up petition would be adjourned at the hearing on 8 August 2019 as a result of the 5 business days moratorium created upon the filing of the NOI.

The NOI was served on HSBC Bank Plc as the holder of a prior ranking floating charge, in respect of a fully utilised overdraft facility provided to the Company in the sum of c£42k.

The Company engaged RPG Business Recovery on 6 August 2019 to market the business and assets for sale during the period of moratorium, with a view to a concluding a pre-packaged sale of the business and assets immediately upon appointment as Administrators.

The Administrators do not believe that there is any significant personal or professional relationship between the Company or its directors and Royce Peeling Green Limited and carried out the appropriate conflict review prior to accepting the appointment.

Pre-appointment considerations

The following courses of alternative action were considered with management prior to the Administrator's appointment and the pre-packaged sale:

CVA

In the time available and, in light of the level of creditors and expected future trading, there was no proposal to be made to creditors to repay debts over time in order to rescue the Company as a going concern.

With limited financial information and the nature of the business (being a cash and carry) it would be difficult to produce any meaningful financial projections to support any proposal to creditors, whilst the Company was unable to pay the professional costs that such a proposal would incur.

The existing winding up petition made this option impracticable and, furthermore, Seneca as a secured creditor were not in support of such a strategy.

Liquidation

It was concluded that Administration would be preferable to a Liquidation as it would preserve jobs and maximise realisations for the Company's assets.

Accordingly, Liquidation was immediately dismissed as an option as this would result in a shut down and forced sale of the Company's assets.

The Director favoured a sale as a going concern, as this would preserve jobs for the 5 members of staff.

In order to avoid liquidation, Seneca enforced their security under the powers of their Qualifying Floating Charge and made the appointment of Administrators.

Trading the business

It was not possible for the Administrators to trade the business and seek a purchaser due to a lack of funding to trade post appointment, together with the additional level of professional costs that Administration would bring.

By selling the business and assets as a going concern immediately upon appointment, this has minimised costs and maximised asset realisations.

Other alternative courses of action

The directors, shareholders and largest secured lenders were asked whether they were willing to inject further cash into the business to facilitate ongoing trading.

Given the funds already invested, no additional funding could be provided.

Comparative outcome

The following table provides a comparative outcome with a sale of the Company's assets in liquidation, or through a restricted marketing period post administration, against the outcome obtained via the pre-packaged sale:

Details of Assets	Sale in Liquidation/under Restricted Marketing conditions £	Pre-packaged sale in Administration £
Retail & Office Equipment	3,000	7,500
Equipment held on finance	300	5,000
Plants stock	500	5,000
Flowers stock	125	2,500
Sundries stock	3,400	9,500
Goodwill (inc. IPR and Website)	0	500
Total	7,325	30,000

The Director and largest secured creditor (Seneca) were in full support of the strategy implemented and the sale ultimately completed.

The following charges are registered at Companies House: -

Charge in favour of	Date of Creation
HSBC Bank Plc	14 April 2014
Seneca Trade Partners Ltd	27 July 2018

Marketing of the business and assets

Marketing a business is an important element in ensuring that the best available consideration is obtained for it in the interests of the Company's creditors as a whole. The Administrator advised the Company prior to his appointment, that any marketing should conform to the marketing essentials set out in SIP16 which includes the following key considerations:

- The business should be marketed as widely as possible, proportionate to its nature and size in the time available using whatever media or other sources that are likely to achieve this outcome;
- Previous marketing of the business prior to the Administrator's involvement may not provide justification to avoid further marketing. The Administrator must be satisfied as to the adequacy and independence of any prior marketing undertaken by the Company;
- Marketing should have been undertaken for an appropriate length of time to satisfy the Administrator that the best outcome for creditors as a whole has been achieved;
- Any marketing attempts must by default, include the use of the internet.

Immediately following our engagement to market the business and assets for sale and to assist the Directors in placing the Company into Administration, we began to collate information in order for us to market the business and assets for sale.

We prepared a project teaser document which was circulated on a business sale website (www.ip-bid.com) on 6 August 2019.

The Company was under extreme creditor pressure with a winding up hearing to take place on 8th August 2019. As a result, a Notice of Intention had been filed in Court by the Qualifying Floating Charge Holder on 6 August 2019 affording a moratorium until midnight on Monday 12 August 2019, which provided a small window for completion of this transaction.

In addition, the majority of the assets for sale consisted of plant and flower stock, the majority of which was considered perishable. This meant that the potential value of the assets was diminishing by the day and re-enforced the need for urgency in the transaction.

Due to the financial position of the Company, offers were required by close of business on 8 August 2019, in order that offers could be reviewed and a Sale and Purchase Agreement (SPA) issued to a purchaser on Friday 9 August 2019 with completion of the transaction and appointment of Administrators taking place on Monday 12 August 2019.

As Seneca were required to provide HSBC with 2 clear business days' notice of the intention to appoint administrators, Knights PLC (acting on behalf of the proposed administrators) confirmed that as the NOI was sent to HSBC by post on 7 August 2019, it would be deemed to have been received by HSBC on 9 August 2019. Accordingly, the appointment of Administrators (and completion of the transaction) could not take place until Tuesday 13 August 2019 at the earliest, as Monday 12 August 2019 was deemed as day 2 of HSBC's notice / period within which they could enforce their own security.

The limited marketing led to expressions of interest from 6 interested parties, 3 of which signed and returned Non-Disclosure Agreements (NDAs). These parties were sent a sales pack containing all available information regarding this opportunity, consisting of an asset inventory, employee information and management accounts. No offers were received from these parties as they decided not to follow up their interest.

After negotiation, an offer of £30,000 was received from Birmingham Landscape Plants & Flowers Ltd on 13 August 2019.

Birmingham Landscape Plants & Flowers Ltd is a newly formed company set up by Jeff Large and the purchaser is, therefore, a connected party.

The offer was reviewed and ultimately recommended for acceptance by our agents, Wignall Brownlow. Details of the valuation of assets and recommendation of the offer received is detailed further below.

Knights Plc (Solicitors engaged by RPG) were instructed to draft a Sale and Purchase Agreement ("SPA").

The offer from Birmingham Landscape Plants & Flowers Ltd was progressed and the draft SPA was issued to them on 13 August 2019.

Birmingham Landscape Plants & Flowers Ltd was reliant upon funding being provided to it by Seneca in order to fund the acquisition and complete this transaction. Accordingly, new facility documentation had to be prepared and agreed between these parties which caused a slight delay in the completion of the transaction and the ultimate appointment of administrators.

The delay caused some concerns given the perishable nature of some of the assets that had been valued and formed part of the sale and purchase agreement, however, the proposed Administrators received assurances from Seneca and Birmingham Landscape Plants & Flowers Ltd that there would be no reduction in the purchase price to reflect any reduction in stock. It should be noted that trading of the business was funded by Seneca in the period following the NOI up until the date of Administration and completion of the sale.

Following approval of the new facility documentation between the purchaser and Seneca, the transaction was agreed and the Company was placed into Administration on 16 August 2019, with the sale of the business and assets completed immediately following the appointment of Administrators.

Valuation of the business and assets

The Company's assets were valued on 6 August 2019 by Wignall Brownlow Chartered Surveyors, RICS Registered Valuers. Wignall Brownlow have confirmed their independence and that they carry adequate professional indemnity insurance of which a copy has been provided to RPG.

As we believed we would be able to sell the business, we sought a market value to compare offers. In the event that offers may have been lower than these values, we also sought individual valuations so that we could assess whether any offer merited acceptance, or if we should sell the assets on a piecemeal basis.

A summary of the assets and Wignall Brownlow's valuation is presented in the table below, together with a comparison of the realisations achieved via the pre-packaged sale.

Details of Assets	Forced Sale Value £	Going Concern Value £	Pre-packaged sale £
Retail & Office Equipment	3,000	7,500	7,500
Equipment held on finance	300	5,000	5,000
Plants stock	500	1,450	5,000
Flowers stock	125	625	2,500
Sundries stock	3,400	9,050	9,500
Goodwill (Inc. IPR and Website)	0	0	500
Total	7,325	23,625	30,000

Our agent provided the following comments on the assets: -

The equipment held on finance relates to cold room refrigeration equipment. Investec Asset Finance were owed £4,263 for the financed equipment. (NOTE: the purchaser has agreed to settle this finance as part of the overall transaction).

Plants stock consisted of bedding plants for which there is little, if any, demand at this time of year, together with conifer and olive trees in a poor condition, the majority of which were considered unsaleable.

At any one time, due to the perishable nature of the flowers stock, about 50% of the flowers held have to be disposed of within a 24-48 hour period.

The vast majority of the sundry stock is aged and seasonal lines, which have been held by the Company for a number of years. The majority of the lines are slow sellers with little demand.

In light of the above, the offer for the business and assets from Birmingham Landscape Plants & Flowers Ltd was recommended for acceptance by Wignall Brownlow.

The sale ensured that a premium on the going concern valuations was received for the assets, whilst avoiding the significant costs of a piecemeal disposal, including the costs of collection and storage of the assets and the associated selling costs. These costs that have been avoided are estimated at £5,000 which would reduce the net realisations of assets on a forced sale basis in liquidation from £7,325 to £2,325.

Details of the assets sold and the nature of the transaction

The SPA was negotiated and agreed and a sale of the business and assets was concluded immediately upon the appointment of Administrators on 16 August 2019.

The sale was to Birmingham Landscape Plants & Flowers Ltd (Company Number: 12146144). The sale is *not part of any wider transaction and there are no options, buy-back arrangements or similar conditions attached to the contract of sale.*

The Director has provided a personal guarantee to Seneca who are also funding Birmingham Landscape Plants & Flowers Ltd going forward.

The sale has been treated as a connected party transaction as the purchaser was connected to the Company (as defined in section 249 of the Insolvency Act 1986). As stated above, the Company's Director and Shareholder, Jeff Large, is also a Director and Shareholder of Birmingham Landscape Plants & Flowers Ltd.

Assets

The assets sold per the Sale and Purchase Agreement comprised of retail & office equipment, refrigeration equipment held on finance, plants, flowers and sundry stock. The Pre-Packaged sale also ensured realisations were achieved for the goodwill of the Company (to include intellectual property rights and website). The sale of the business and assets is considered to be a transfer as a going concern.

Sale consideration

The total consideration for the sale was £30,000, of which £20,000 was paid on completion with £10,000 deferred over 5 months (September 2019 to January 2020). The deferred consideration was supported by a personal guarantee from the Director (Jeff Large).

Our agents recommended that the offer be accepted, given that this was the only offer and exceeded their in-situ/exceeded their forced sale valuation. The sale also avoided the costs associated with a disposal (£5,000), providing certainty of the realisations achieved in the Administration.

The sale as a going concern provides greater prospects of the Administrators recovering any debts due to the Company at the date of Administration, albeit the Director does not consider that much of the ledger will prove recoverable.

In addition to the above, we consider that the sale to Birmingham Landscape Plants & Flowers Ltd offers the additional benefits of minimising overall creditor claims.

There are no preferential claims for wages and holiday pay arrears as these have been taken on by Birmingham Landscape Plants & Flowers Ltd under TUPE regulations.

In addition, as a result of the TUPE transfer of the employees, redundancy costs (calculated at c£15k) and PILON costs (calculated at c£17k) have also been avoided.

The outstanding finance due to Investec (£4,263) will be taken on by the purchaser, whilst the transaction has also ensured an ongoing tenant for the Company's landlord, mitigating any claim for the unexpired portion of lease (thought to be 5 years @ £34k per annum = £170k).

Pre-administration costs

Pre-administration costs have had to be incurred by various professionals to enable this transaction to be completed. Payment of unpaid pre-administration costs as an expense of the Administration is subject to the approval of creditors.

The pre-administration costs can be summarised as follows: -

Professional	Cost
RPG (Administrators)	£9,764.75 plus VAT
Knights Plc (Solicitors)	£5,300 plus VAT
Wignall Brownlow (agents/valuers)	£2,130 plus VAT
Total	£17,194.75 plus VAT

Administrators time costs were incurred in marketing the business and assets, negotiating and completing the eventual sale. Disbursements of £195 were incurred by RPG in connection with the online marketing of the business and assets via www.IP-bid.com.

Solicitors have had to review the security of the secured creditors, prepare the appointment documentation, draft, negotiate and agree the Sale and Purchase Agreement, together with sending a representative to Court to seek the adjournment of the winding up hearing. Disbursements of £300 were incurred by Knights in relation to Court fees for arranging a representative to attend the winding up hearing and filing notice of intention to appoint Administrators and ultimate appointment documentation.

Agents attended site and prepared an inventory and valuation of the assets and provided recommendations on the offer received. Disbursements of £130 were incurred by Wignall Brownlow in relation to out of pocket expenses and mileage claims.

Connected Party transactions

Where there are connections between an insolvent company and the purchasing entity, the purchaser meets the definition of a "connected party" and following recommendations made to the Department for Business, Energy & Industrial Strategy about pre-packaged sales to connected parties, it was felt that some of the concerns expressed about such transactions in the context of insolvency, may be overcome by having an independent party review the proposed sale and offer an opinion on the appropriateness of the grounds for the sale. This may provide reassurance to creditors that an independent person has considered the reasonableness of the proposed transaction.

As the transaction meets the definition of a connected party sale, the transaction is eligible for review by the Pre-Pack Pool (**the Pool**). The pool is an independent body of experienced business people and has been set up in response to a series of recommendations contained in an independent review of pre-packaged sales in administrations. A Pool member will offer an opinion on the purchase of a business and/or its assets by a party connected to a company where a pre-packaged sale is proposed by an Administrator. The Pool, through its members, operates only to review and opine on applications made voluntarily by connected parties. Further information on the work of the Pool can be found in the 'Questions and Answers about the Pre-Pack Pool' document on the Pool's website at www.prepackpool.co.uk.

At the beginning of our marketing, the Board of Directors were made aware that if they expressed an interest in acquiring the business and assets then they had the ability to approach the Pool and the potential for enhanced stakeholder confidence from the connected party approaching the Pool and preparing a viability statement for the purchasing entity.

Given the urgency to complete this transaction, the Pool has not been approached by the connected party and a viability statement has not been provided to the Administrators.