

The Insolvency Act 1986

Administrators' progress report

Name of Company
Agricultural Contract & Marketing
Company Limited

Company number
03007999

In the
Leeds County Court, Chancery Division,
Leeds District Registry
{full name of court}

Court case number
374 of 2015

(a) Insert full name(s) and
address(es) of the
administrator(s)

I/ We (a) Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Rob Sadler of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

administrator(s) of the above company attach a progress report for the period

(b) Insert dates

from

to

(b) 24 February 2016

(b) 23 August 2016

Signed

Joint Administrator

Dated

16/9/16

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.

Begbies Traynor (Central) LLP

Fourth Floor, Toronto Square, Toronto Street, Leeds LS1 2HJ

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DX Number



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COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

TUESDAY

The affairs, business and property of the Company are being managed by the joint administrators, who act as the Company's agents and without personal liability

Agricultural Contract & Marketing Company Limited (In Administration)

Progress report

Period. 24 February 2016 to 23 August 2016

Important Notice

This progress report has been produced to comply with our statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1 INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Agricultural Contract & Marketing Company Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 27 April 2015
"the administrators" "we" "our" and "us"	Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Rob Sadler of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. COMPANY INFORMATION

Trading name(s)	ACMC
Date of Incorporation	10 January 1995
Company registered number	03007999
Company registered office	Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of administrators' appointment	27 April 2015
Court	Leeds County Court
Court Case Number	374 of 2015
Person(s) making appointment / application	The directors of the company
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 24 February 2016 to 23 August 2016 together with a cumulative account from 27 April 2015 to 23 August 2016

What work has been done in the period of this report, why was that work necessary and what has been the financial benefit (if any) to creditors?

Details of the types of work that generally fall into the headings mentioned below are available on our firm's website - <http://www.begbies-traynorgroup.com/work-details> Under the following headings we have explained the specific work that has been undertaken on this case. Not every piece of work has been described, but we have sought to give a proportionate overview which provides sufficient detail to allow creditors to understand what has been done, why it was necessary and what financial benefit (if any) the work has provided to creditors.

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 2. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment. The details below relate to the work undertaken in the period of the report only. Our previous reports contain details of the work undertaken since our appointment.

General case administration and planning

We have formulated an appropriate strategy in order to enable a recovery of the foreign investment and pursue the Company's interest in the interest rate hedging product ("IRHP") claim against The Royal Bank of Scotland. We maintained records to demonstrate how the case has been administered and to document the reasons for any decisions taken in respect of the foreign investment and IRHP claim. Costs undertaken during the period in this respect have fallen under the above heading in the time costs analysis.

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Act and Rules require that we produce interim progress reports on a 6 monthly basis to provide an update to the creditors of the progression made during the Administration. The previous progress report dated 25 February 2016 was prepared and sent to creditors during the period.

The statutory documentation detailed above has been filed with the Registrar of Companies under the Insolvency Act. We have also monitored realisations during the period to ensure that the statutory bond is sufficient to cover the value of total realisations during the Administration in order to protect the interests of the Company's creditors.

Realisation of assets

Interest Rate Hedging Products

As creditors are aware, the Company had historically been sold an IRHP by Lloyds Banking Group ("Lloyds") and The Royal Bank of Scotland ("RBS").

As the claim against Lloyds has become statute barred by time, we have only been able to investigate potential recoveries from the claim against RBS. Initially, the date by which this claim must have been submitted would have expired at the end of February 2016.

Prior to this date, we approached RBS to enter into a standstill agreement in order to suspend the statutory limitation period imposed on the claim. This was, however, rejected by RBS.

In the absence of RBS' agreement and in light of our investigations to determine whether the claim is in the Company's interest to pursue further by the end of February 2016, we had no alternative other than to issue a protective claim with the Courts. This claim provided for a deadline of 22 May 2016.

We were not in a position to issue a claim by the set deadline and therefore had to seek an extension from the Courts. This was agreed and the final deadline has been set for 19 November 2016. We are continuing to ascertain the strength of the Company's interest in the claim prior to submitting a formal claim.

The IRHP specialists engaged to assist us with this work, AHV Associates LLP ("AHV"), have been paid £7,500 for assessing and establishing the Company's claim to date.

Foreign Investments

The Company held two significant shareholdings in Cambodian and Chinese entities. The sale of the share in the Chinese investment completed in the previous period but the negotiation for the sale of the Cambodian investment was ongoing.

Following the further visits to the Far East by the Company's director, Mr Stephen Curtis, an agreement was reached with the majority shareholder in the Cambodian entity to buy out the Company's minority shareholding. The shares in the investment were eventually sold for £28,921.

As part of the attempts to sell the shares in the Cambodian entity, we have required input for Gosschaalks Solicitors. Their costs for work undertaken totalled £681.

Book Debts

The outstanding book debt ledger was estimated at £98,689 on our appointment. However, to date we have realised the total sum of £98,920.

As previously advised, we instructed Addlestone Keane Limited ("AKL") to assist with collection of the residual balance of the book debt ledger. AKL have collected £5,595 of the £6,024 collected during the period and have been paid the sum of £922 for the services provided.

There are still further debts being pursued by AKL although we are not anticipating any further realisations from this source.

Other Realisations

As part of operating the biomass boiler previously referred to, the Company was entitled to a heat grant of £9,109 which was duly collected. In addition, the Company was entitled to an agricultural grant for the land surrounding Upton Farm. The sum of £5,782 has been collected in this respect.

Trading

Trading formally ceased in July 2015, however, a payment has been paid for outstanding fuel supplies in the sum of £4,410 during the period.

We are not anticipating any further trade receipts or payments to be made and the final trading profit is therefore £157,860.

Dealing with all creditors' claims (including employees), correspondence and distributions

We have dealt with creditor queries throughout the Administration to date, dealing with correspondence and providing further information on request. Dealing with the correspondence and claims submitted is very time intensive and is necessary to keep creditors informed as matters progress, especially given the size of the Administration.

As there is likely to be a preferential dividend to the preferential creditors, time has been spent reviewing the claims of the individual employees and the Redundancy Payments Office in order to be in a position to pay a preferential dividend

Other matters which includes meetings, tax, litigation, pensions and travel

Our accountants, Sagars LLP, have prepared the corporation tax returns for the trading period. These returns are still to be finalised but from the work undertaken to date, our accountants are anticipating that only a small liability may arise, if any.

5 ESTIMATED OUTCOME FOR CREDITORS

Secured creditor

Royal Bank of Scotland plc ("RBS") holds a fixed and floating charge debenture dated 14 January 2010. The total indebtedness outstanding to RBS at the date of our appointment was £1.33million.

In addition to this, RBS has outstanding lending of £273,263 to the Company's 100% subsidiary, ACMC (UK) Limited. RBS benefits from cross guarantees which allow it to add its exposure to ACMC (UK) Limited to that of the Company. ACMC (UK) Limited is now being dissolved, with no return to RBS expected. Therefore, RBS's total claim against the Company is £1.60million.

An interim distribution of £829,256 has been made to the Bank under its fixed charge. Now that the Cambodian investment has been realised, we are in discussion with RBS in respect of a further distribution under its fixed charge.

A further distribution may also be payable to RBS under its floating charge.

Even if a distribution is available under the floating charge, it is expected that RBS will suffer a significant shortfall on its lending as a whole. This is subject to potential collections from ongoing claims for the mis-selling of interest rate hedging products (discussed further in Section 9).

Preferential creditors

At the outset of the Administration, it was anticipated that there would be no preferential distribution. However, due to a positive move in asset realisations it now appears likely that preferential creditors will be paid in full. Claims from preferential creditors, which are in the process of being agreed at present, total £26,796. Subject to no unforeseen increase in costs, we will proceed to pay preferential claims in full.

Prescribed Part for unsecured creditors pursuant to Section 176A of the Act

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property,
- ☐ 20% of net property thereafter,
- ☐ Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the prescribed part of net property if

- ❑ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit, (Section 176A(3)) or
- ❑ the administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5))

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in Section 176A(6) of the Act, to be £162,268 and the prescribed part of the Company's net property to be £35,454

Subject to final agreement of the claims, it is intended that we will distribute an amount to the unsecured creditors in the Administration. This is possible as a result of changes made to the Insolvency Act 1986 on 26 May 2015 which allows for unsecured distributions within an Administration process

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditor other than by virtue of the prescribed part. However, this may change if a successful claims can be brought in relation to the mis-selling of interest rate hedging products, details of which are provided in Section 9

Effect of administration on limitation periods under the Limitation Act 1980

As we have previously confirmed, the Limitation Act 1980 continues to apply to all debts due from the Company. Case law indicates that where a company is in administration, time does not stop running for limitation purposes pursuant to the Limitation Act 1980. If you have any concerns in relation to your claim against the Company becoming time-barred during the course of the administration, we strongly recommend that you seek independent legal advice on the options available to you to prevent this.

6 PRE-ADMINISTRATION COSTS

The following amounts in respect of pre-administration costs were approved by the secured creditor in accordance with Rule 2.67A of the Rules

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	7,327 50	1,465 50	8,793 00
TOTAL PRE-ADMINISTRATION COSTS		7,327 50	1,465 50	8,793 00

These costs have been discharged in full during the period

7. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by the secured creditor on 9 July 2015, by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration. We are also authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9), in accordance with our firm's policy, details of which accompanied the Statement of proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

Our time costs for the period from 24 February 2016 to 23 August 2016 amount to £35,906 which represents 112 hours at an average rate of £321 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 2

- Begbies Traynor (Central) LLP's charging policy
- Time Costs Analysis for the period 24 February 2016 to 23 August 2016
- Time Costs Analysis for the period 27 April 2015 to 23 August 2016

To 23 August 2016, we have drawn £50,000 on account of our remuneration, against total time costs of £248,406 incurred since the date of our appointment

Time Costs Analysis

In addition to the time costs information disclosed at Appendix 2 for the period of this report, a cumulative Time Costs Analysis for the period from 27 April 2015 to 23 August 2016 is also attached at Appendix 2

Please note that each analysis provides details of the work undertaken by us and our staff following our appointment only

Disbursements

To 23 August 2016, we have also drawn disbursements in the sum of £5,390

Category 2 Disbursements

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been drawn since the necessary approval was obtained are as follows

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage	4,729 11

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any associate has an interest	
Type and purpose	Amount £
<p>Eddisons Commercial Ltd which is a member of the Begbies Traynor group, has provided valuation advice in relation to the Company's plant and machinery and provided assistance in the disposal of part of the Company's business The purpose of obtaining such services was to ensure that assets being sold were sold at or above market value</p> <p>Eddisons Commercial Limited was also engaged to dispose of any residual farm equipment once the Company ceased to trade</p>	23,665 20

Disbursements incurred by Eddisons Commercial Limited in dealing with the asset realisations	9,594 46
Eddisons Insurance Services Limited, which is a member of the Begbies Traynor Group, has provided insurance brokerage services, having arranged open cover insurance in relation the Company's assets	8,743 48
TOTAL	42,003 14

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy

8. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3 A cumulative statement of expenses also appears at Appendix 3 which details the expenses incurred since the date of our appointment

9. ASSETS THAT REMAIN TO BE REALISED AND WORK THAT REMAINS TO BE DONE

What work remains to be done, why is this necessary and what financial benefit (if any) will it provide to creditors?

General case administration and planning

Further updates will be made to our strategy dependant upon the outcome of the investigations into the IRHP claim against RBS This will be the main determinant of how long the case will take to progress to closure

Once the outcome is known, internal meetings and discussions between members of our staff will be held in order to formulate the intended strategy for the Administration going forward

We are also required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case as a result of our investigations on an ongoing basis

Compliance with the Insolvency Act, Rules and best practice

The Insolvency Act and Rules require that we produce interim progress reports on a 6 monthly basis to provide regular updates to the creditors of the progress made during the Administration The next report will be for the period 24 August 2016 to 23 February 2017, and issued within 1 month of the end of the reporting period

In addition, a final progress will have to be produced once the Administration has reached its conclusion This will provide creditors with an overview of the Administration, including all realisations, costs and the final outcome for creditors However, we are not anticipating this to occur within the next 6 months

Should we need to extend the Administration beyond the creditor extension of 12 months to 26 April 2017, we have a duty to seek a further extension by Order of the Court

As has been done throughout the Administration, progress reports and the other statutory documentation will be filed with the Registrar of Companies under the Insolvency Act and the statutory bond level will be monitored on a receipt by receipt basis

Realisation of assets

As set out above, the potential claim against RBS for mis-selling of an IRHP is the only known asset left to collect. A further update of our progress in this regard will be detailed in our next report.

Dealing with all creditors' claims (including employees), correspondence and distributions

We are in correspondence with RBS in respect of a final distribution under its fixed charge now that all fixed charge assets have been realised.

As it is now likely that preferential creditors will receive a dividend, we will finalise the agreement of the claims and proceed to pay a dividend as soon as possible.

Other matters which includes meetings, tax, litigation, pensions and travel

We are due to meet with Sagars LLP in order to discuss the corporation tax returns for the trading period.

How much will this further work cost?

We estimate the further time costs we will incur to conclusion of the Administration will be £52,000.

The majority of future work required, and the related cost, is dependent upon the outcome of our investigations into the IRHP claim and the ease with which we can realise the amounts due following the conclusion of these investigations.

Expenses

Details of the expenses that we expect to incur in connection with the work that remains to be done referred to above are as follows:

Accountants Fees - £3,680 plus VAT

10. OTHER RELEVANT INFORMATION

Report on Directors conduct

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Energy and Industrial Strategy on the conduct of the directors. We have complied with our duties in this respect.

Extension of administration

The administration has been extended for a period of 12 months with the consent of creditors.

11. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2.48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report

Right to make an application to court

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may, within 8 weeks of receipt of this progress report, make an application to court on the grounds that the remuneration charged or the expenses incurred during the period of this progress report are excessive or, the basis fixed for our remuneration is inappropriate

12 CONCLUSION

We will report again in approximately six month's time or at the conclusion of the administration, whichever is the sooner



R A H Maxwell
Joint Administrator

Dated 16 September 2016

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 24 February 2016 to 23 August 2016 and cumulative from 27 April 2015 to 23 August 2016

Trading Account

Statement of Affairs	From 24/02/2016 To 23/08/2016	From 27/04/2015 To 23/08/2016
POST APPOINTMENT SALES		
Sales	NIL	531,800 46
Contribution to Fuel Costs	NIL	95 83
	<u>NIL</u>	<u>531,896 29</u>
PURCHASES		
Fuel	4,410 00	10,142 39
IT Support	NIL	750 00
Direct Labour	NIL	NIL
Farm Consumables	NIL	1,936 59
Gow Out Costs	NIL	2,180 20
Rent	NIL	32,418 59
Photocopier lease payment	NIL	191 30
Utilities	NIL	11,846 72
ACMC (UK) Settlement	NIL	12,156 00
Telephone	NIL	895 30
Agents costs	NIL	3,029 20
Skip Hire	NIL	408 00
Transport	NIL	8,162 00
Bank Charges	NIL	300 00
PAYE/NI	NIL	14,896 00
Lease/HP Payments	NIL	3,562 62
Repairs & Maintenance	NIL	3,132 63
Fallen Stock	NIL	2,690 25
Insurance	NIL	8,743 48
Alarm Monitoring	NIL	280 00
Farm Machinery Running Costs	NIL	22 34
Council Tax	NIL	319 99
Duress Creditors	NIL	2,000 00
Feed	NIL	148,057 33
Wages & Salaries	NIL	79,177 00
Petty Cash	NIL	(106 81)
Slurry	NIL	5,272 50
Vets	NIL	7,796 95
Cull Costs	NIL	13,775 88
	<u>(4,410 00)</u>	<u>(374,036 45)</u>
TRADING SURPLUS/(DEFICIT)	<u>(4,410 00)</u>	<u>157,859.84</u>

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 24 February 2016 to 23 August 2016 and cumulative from 27 April 2015 to 23 August 2016

Receipts and Payments

Statement of Affairs		From 24/02/2016 To 23/08/2016	From 27/04/2015 To 23/08/2016
	SECURED ASSETS		
886,000 00	Freehold Land & Property	NIL	466,642 00
	Property Fixtures	NIL	419,075 00
	Goodwill	NIL	1 00
	Intellectual Property & Contracts	NIL	3 00
	Investments	28,920 58	46,905 76
		<u>28,920 58</u>	<u>932,626 76</u>
	COSTS OF REALISATION		
	Finance Settlement	NIL	5,750 00
	Legal Fees	680 70	9,263 99
	Agents/Valuers Fees	NIL	17,720 00
	Costs of Realising Foreign Investment	NIL	10,880 53
	Agents Disbursements	NIL	1,549 00
	Property EPC	NIL	125 00
		<u>(680 70)</u>	<u>(45,288 52)</u>
	SECURED CREDITORS		
(1,330,444 00)	Chargeholder (1)	NIL	829,256 01
		<u>NIL</u>	<u>(829,256 01)</u>
	HIRE PURCHASE		
67,684 00	HP Asset (1)	NIL	NIL
(79,857 00)	Finance Company(1)	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	ASSET REALISATIONS		
	Royalties	NIL	3,879 35
	IT Systems	NIL	13,492 32
45,000 00	Plant & Machinery	NIL	77,948 00
5,000 00	Furniture & Equipment	NIL	NIL
10,000 00	Motor Vehicles	NIL	NIL
100,000 00	Stock	NIL	121,940 00
100,000 00	Book Debts	6,023 53	98,919 94
	VAT Refund	NIL	6,509 26
	Land Entitlements	5,782 03	5,782 03
	Cash at Bank	NIL	0 59
	Due to PPG	NIL	203 04
	Cash in Hand	NIL	24 23
	Bank Interest Gross	233 13	579 36

	TRADING SURPLUS/(DEFICIT)	(4,410 00)	157,859 84
	Insurance Refund	NIL	3,197 13
	Sundry Income	NIL	4,823 82
	Contribution from buyer	NIL	1 05
	Heat Grant	9,109 32	12,348 13
		<u>16,738 01</u>	<u>507,508 09</u>
	COST OF REALISATIONS		
	Specific Bond	NIL	NIL
	Office Holders Fees	50,000 00	50,000 00
	Office Holders Pre-appointment Fees	7,327 50	7,327 50
	Office Holders Expenses	5,389 62	5,389 62
	Agents Fees	NIL	23,665 20
	Agents Disbursements	NIL	9,594 46
	Legal Fees (1)	NIL	9,561 55
	Travel & Mileage	NIL	NIL
	Stationery & Postage	NIL	NIL
	Legal Fees - Debt Collection	921 89	3,374 73
	IRHP Court Fees	7,500 00	17,500 00
	Statutory Advertising	NIL	84 60
	Search Fees	NIL	NIL
	Subsistence	NIL	NIL
	Swear Fees	NIL	NIL
	Bank Charges	NIL	20 00
		<u>(71,139 01)</u>	<u>(126,517 66)</u>
	UNSECURED CREDITORS		
(4,963,119 00)	Trade Creditors	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
	DISTRIBUTIONS		
(6,846,020 00)	Ordinary Shareholders	NIL	NIL
		<u>NIL</u>	<u>NIL</u>
<u>(12,005,756 00)</u>		<u>(26,161.12)</u>	<u>439,072 66</u>
	REPRESENTED BY		
	Vat Receivable		11,077 92
	Bank 1 Current		358,183 24
	Bank 2 Current		57,963 83
	Vat Control Account		11,035 21
			<u>438,260.20</u>

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's charging policy,
- b Time Costs Analysis for the period from 24 February 2016 to 23 August 2016, and
- c Cumulative Time Costs Analysis for the period from 27 April 2015 to 23 August 2016

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance² indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories.

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting.
- Car mileage is charged at the rate of 45 pence per mile.
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates.

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² *Ibid* 1

Expenses which should be treated as Category 2 disbursements (approval required) – in addition to the two categories referred to above, best practice guidance indicates that where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest, these should be treated as Category 2 disbursements

Services provided by other entities within the Begbies Traynor group

The following items of expenditure which relate to services provided by entities within the Begbies Traynor group, of which the office holder's firm is a member, are also to be charged to the case (subject to approval)

Instruction of Eddisons Commercial Limited to provide valuation advice in relation to the Company's plant and machinery and to provide assistance in the disposal of part of the Company's business. Their charges will be calculated on a time costs basis at the prevailing hourly rates for their various grades of staff which are currently as follows

Grade of staff	Charge-out rate (£ per hour)
Director	£275
Associate	£180
Surveyor	£120
Graduate	£100
Administration	£80
Porters	£35

In addition to the services detailed above, it may become necessary to instruct Eddisons Commercial Limited to provide additional services, not currently anticipated, during the course of the case. In such circumstances and to avoid the costs associated with seeking further approval, the charges for such services will be calculated on a time costs basis at the prevailing hourly rates set out above

Instruction of Eddisons Insurance Services Limited to provide insurance broking services and specifically open cover insurance for the insurable risks relating to the case. The cost of open cover insurance will vary during the course of the case depending upon the value of the assets and liability risks. The costs of insurance cover for will be dependent upon prevailing insurance market conditions and the ongoing insurable risks on the case. Eddisons Insurance Services Limited is not paid from the assets of the estate for the services it provides. In accordance with standard insurance industry practice, Eddisons Insurance Services Limited will receive payment of commission for the services it provides directly from the open cover insurer. The commission is calculated as a percentage of the insurance premiums payable and such percentage will depend upon the class or classes of assets being insured

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

Additional payments received by Eddisons Commercial Limited from purchasers where assets are disposed of by way of auction

In addition to the charges of Eddisons Commercial Limited detailed above for providing the services to the office holder, where any machinery and business assets (other than freehold/leasehold property) are disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's premium, equivalent to 15% of the successful bid. Where any freehold/leasehold property is disposed of by way of auction, Eddisons Commercial Limited will also receive a payment from the purchaser, known as a buyer's administration fee, in the sum of £600. It is standard auction industry practice for a buyer's premium and buyer's administration fee to be charged. The buyer's premium and buyer's administration fee is paid by the purchaser of the assets and is not paid by the office holder from the assets of the estate.

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Leeds office as at the date of this report are as follows:

Grade of staff	Charge-out rate (£ per hour)
	1 May 2011 – until further notice
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units.

Staff Grade	Consultant/Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning					0.5				13.2	4,469.00	338.56
	Administration					0.7			1.2	1.9	254.50	133.95
	Total for General Case Administration and Planning	12.7				1.2			1.2	15.1	4,723.50	312.81
	Appointment											0.00
Compliance with the Insolvency Act, Rules and best practice	Banking and Bonding						1.9		1.8	3.7	454.50	122.84
	Case Closure											0.00
	Statutory reporting and statement of affairs					0.3		1.2		14.9	4,832.50	324.33
	Total for Compliance with the Insolvency Act, Rules and best practice	12.9				0.3	1.9	1.2	1.8	18.6	5,287.00	284.25
Investigations	CDDA and investigations	5.4								5.4	1,863.00	345.00
	Total for investigations	5.4								5.4	1,863.00	345.00
Realisation of assets	Debt collection									3.0	405.00	135.00
	Property business and asset sales	6.3					3.0			28.0	9,912.00	354.00
	Retention of Title/Third party assets						0.3					0.00
	Total for Realisation of assets	21.4					3.3			31.0	10,317.00	332.81
Trading	Trading											0.00
	Total for Trading											0.00
Dealing with all creditors claims (including employees) correspondence and distributions	Secured	1.0								1.0	345.00	345.00
	Others	14.9						1.5		22.3	7,636.00	342.42
	Creditors committee											0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions	15.9						1.5		23.3	7,981.00	342.53
Other matters which includes meetings, tax litigation, pensions and travel	Meetings											0.00
	Other											0.00
	Tax	15.1				2.3	0.5		0.5	18.4	5,734.50	311.66
	Litigation											0.00
	Total for Other matters	15.1				2.3	0.5		0.5	18.4	5,734.50	311.66
	Total hours by staff grade	83.4				3.8	5.7	2.7	3.5	111.8		
	Total time cost by staff grade	5,915.50				865.00	769.50	297.00	385.00		35,008.00	
	Average hourly rate £	395.00				175.00	135.00	110.00	110.00			321.16
	Total fees drawn to date £										50,000.00	

SIP9 Agricultural Contract & Market - Administration - 80AG034.ADM : Time Costs Analysis From 27/04/2015 To 23/08/2016

Staff Grade	Consultant/Partner	Director	Srct Mngt	Mngt	Asst Mngt	Srct Admin	Admin	Jr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	28.1	28.5				3.3	1.0			60.9	21,644.50	355.41
						0.7	77.8	16.6	28.8	123.9	15,619.50	126.07
	28.1	28.5				4.0	78.8	18.6	28.8	184.6	37,264.00	201.65
Compliance with the Insolvency Act, Rules and best practice		7.3		2.3			5.8	1.3		16.7	4,054.00	242.75
	0.2						2.7		2.4	5.3	707.50	133.49
								14.4		14.4	1,584.00	110.00
Investigations				0.8		0.3	10.5	8.2		78.9	23,488.50	297.45
	10.1	50.5		3.1		0.3	19.0	23.9	2.4	115.3	26,814.00	236.58
		9.0					3.5	0.6		13.1	3,843.50	278.13
Realisation of assets		9.0					3.5	0.6		13.1	3,843.50	278.13
							7.7	6.0		13.7	1,699.50	124.05
	29.6	95.5		0.9			5.7			131.7	45,647.50	346.80
Trading												0.00
	29.6	95.5		0.9			13.4	6.0		145.4	47,347.00	325.63
	8.4	121.4		1.5			11.2	277.2		419.7	77,602.50	184.90
Dealing with all creditors claims (including employees), correspondence and distributions												
	8.4	121.4		1.5			11.2	277.2		419.7	77,602.50	184.90
	11.0	23.5								34.5	12,452.50	360.94
Other matters which includes meetings tax litigation pensions and travel	7.2	17.2		3.7			5.6	30.5		64.2	13,889.50	216.04
												0.00
	18.2	40.7		3.7			5.6	30.5		95.7	25,322.00	266.69
Meetings	40.6									40.6	16,037.00	395.00
	2.0	5.0						1.6		8.8	2,713.00	308.30
									0.6	22.8	6,557.00	287.59
Total for Other matters										2.8	1,106.00	395.00
	45.4	21.2				2.3	3.7	1.6	0.6	75.0	26,413.00	352.17
	139.8	372.8		9.2		6.6	135.2	356.8	31.8	1,052.0		
Total time cost by staff grade	53,221.00	128,616.00		2,438.00		1,455.00	18,252.00	39,226.00	3,498.00		248,406.00	
	395.00	345.00		0.00		175.00	135.00	110.00	110.00			238.13
Total fees drawn to date £											50,000.00	

STATEMENT OF ADMINISTRATORS' EXPENSES

Period 24 February 2016 to 23 August 2016

Type of expense	Name of party with whom expense incurred	Amount incurred	Amount discharged	Balance (to be discharged)
Expenses incurred with entities not within the Begbies Traynor Group				
Legal Fees – General	Gosschalks Solicitors	£2,123	£0	£2,123
Legal Fees – Debt Collection	Addlestone Keane Limited	£922	£922	£0
IRHP Advice	AHV Associates LLP	£7,500	£7,500	£0
Expenses incurred with entities within the Begbies Traynor Group (<i>for further details see Begbies Traynor Charging Policy</i>)				
Administrators Category 2 disbursements (all mileage)	Begbies Traynor Group	£23	£23	£0

CUMULATIVE STATEMENT OF EXPENSES

Period 27 April 2015 to 23 August 2016

Type of expense	Name of party with whom expense incurred	Amount incurred	Amount discharged	Balance (to be discharged)
Agent's fees - Property	Leonards	£8,860	£8,860	£0
Agent's fees - Property	Savills plc	£8,860	£8,860	£0
Agent's disbursements - Property	Leonards	£1,549	£1,549	£0
Legal Fees - Conveyancing	Legal Fees - General	£8,583	£8,583	£0
Costs of Realising Foreign Investments	Stephen Curtis	£7,637	£7,637	£0
Costs of Realising Foreign Investments	Hong Kong International Arbitration Centre	£3,244	£3,244	£0
Property EPC	Leonards	£125	£125	£0
Agent's fees - Assets	Eddisons Commercial Limited	£23,655	£23,655	£0
Agent's disbursements - Assets	Eddisons Commercial Limited	£9,594	£9,594	£0
Legal Fees - General	DLA Piper UK LLP	£5,077	£5,077	£0
Legal Fees - General	Gosschalks Solicitors	£8,938	£4,484	£4,454
Legal Fees - Debt Collection	Addlestone Keane	£3,375	£3,375	£0
Court Fee	Leeds High Court	£10,000	£10,000	£0
IRHP Advice	AHV Associates LLP	£7,500	£7,500	£0
Statutory Advertising	Courts Advertising	£85	£85	£0
Bond Premium	Marsh Limited	£140	£140	£0
Administrators Category 1 disbursements	Begbies Traynor Group	£521	£521	£0
Administrators Category 2 disbursements (all mileage)	Begbies Traynor Group	£4,729	£4,729	£0