

AM10

Notice of administrator's progress report



Companies House

THURSDAY



A16

A6EXWVP6

14/09/2017

#296

COMPANIES HOUSE

1 Company details

Company number 03007999

Company name in full Agricultural Contract & Marketing Company Limited

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

2 Administrator's name

Full forename(s) Bob

Surname Maxwell

3 Administrator's address

Building name/number 4th Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode LS1 2HJ

Country

4 Administrator's name

Full forename(s) Rob

Surname Sadler

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

5 Administrator's address

Building name/number 4th Floor

Street Toronto Square

Post town Toronto Street

County/Region Leeds

Postcode LS1 2HJ

Country

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

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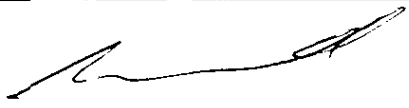
6 Period of progress report

From date	^d 2	^d 4	^m 0	^m 2	^y 2	^y 0	^y 1	^y 7	
To date	^d 2	^d 3	^m 0	^m 8	^y 2	^y 0	^y 1	^y 7	

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's signature	Signature X  X								
Signature date	^d 1	^d 3	^m 0	^m 9	^y 2	^y 0	^y 1	^y 7	

AM10

Notice of administrator's progress report



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	Bob Maxwell
Company name	Begbies Traynor (Central) LLP
Address	4th Floor Toronto Square
Post town	Toronto Street
County/Region	Leeds
Postcode	L S 1 2 H J
Country	
DX	
Telephone	0113 244 0044



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 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

Bob Maxwell and Rob Sadler were appointed joint administrators on 27 April 2015

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 of the joint administrators

Period: 24 February 2017 to 23 August 2017

Important Notice

This progress report has been produced by the administrators solely to comply with their 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 (England and Wales) Rules 2016 (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. STATUTORY INFORMATION

Name of Company	Agricultural Contract & Marketing Company Limited
Trading name:	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

Names of the administrators:	Bob Maxwell, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Rob Sadler, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
Date of administrators' appointment:	27 April 2015
Court:	Leeds County Court
Court Case Number:	374 of 2015
Person 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.
Extensions of the administration period	The administration period was extended with the consent of creditors for a period of 12 months until 26 April 2017 and for a further 12 months by order of the court until 26 April 2018.

4. PROGRESS DURING THE PERIOD

Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 24 February 2017 to 23 August 2017.

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

Throughout the Administration we are required to maintain records in order to demonstrate how the case has been administered and to document the reasons for any decisions taken. Costs undertaken during the period in this respect have fallen under the above heading in the time costs analysis.

Significant time has been spent dealing with the post appointment corporation tax position, which has been finalised during the period covered by this report.

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 23 February 2017 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

Land Entitlements

Time has also been spent investigating possible land entitlements due to the Company, which involved correspondence with the Company's former agents and the Rural Payments Agency. After carrying out the investigation, it transpired that no further sums were due to the Company.

The sum of £900 has been paid to Leonards for their assistance with the investigations and realising the sums to date.

Trading

During the period covered by this report, the final PAYE and national insurance contributions totalling £11,035 in relation to the trading period of the Administration have been agreed and paid to HM Revenue & Customs.

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

We have reported to the Company's secured creditor in line with its reporting requirements, including providing estimated outcome statements and projections accordingly.

As the Administration corporation tax liability was agreed at nil, time was spent finalising the agreement of the preferential claims in anticipation of declaring a dividend. Once this process had concluded, we declared and paid a 100 pence in the pound dividend to all preferential creditors, which totalled £20,959.

Time has been spent dealing with the correspondence and claims submitted by creditors which is necessary to keep creditors informed as matters progress, especially given the size of the Administration.

A notice of intended dividend was sent to all unsecured creditors in relation to the dividend by virtue of the prescribed part in the period covered by this report. As a result, we began the claim adjuration process in anticipation of the claim deadline at the end of August 2017. The sum of £85 has been paid to Courts Advertising Limited for the advertisement of the notice in the London Gazette. The dividend distribution to the unsecured creditors was paid outside the period covered by this report and is therefore not reflected in the receipts and payments account.

Other matters which includes seeking decisions of creditors via deemed consent procedure and/or decision procedures, meetings, tax, litigation, pensions and travel

A large amount of time has been spent corresponding with HM Revenue & Customs regarding the corporation tax position for the trading period of the Administration. After supplying further information and answering the queries raised, HM Revenue & Customs agreed to our stance on the tax charge and agreed the position at nil.

Our final corporation tax return has been submitted and the liability of £115 has been discharged.

Other Realisations

The sum of £494 has been realised in respect of a sundry refund and £234 in bank interest accrued on the Administration account.

Other costs

The sum of £4,704 has been paid to our solicitors, Gosschalks, in respect of their outstanding fees for attending to matters generally throughout the Administration. The sum of £119 has also been paid to Gosschalks in relation to their outstanding disbursements.

In addition, the sum of £1,950 has been paid to Schofield Sweeney LLP in relation to their assistance with the application to Court to extend the Administration for a further period of 12 months to 26 April 2018, together with disbursements of £450.

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals.

On the basis of realisations to date we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

The Royal Bank of Scotland plc ("RBS") has been paid the sum of £878,012 in accordance with its fixed charge security and will be paid £130,751 in accordance with its floating charge security in due course.

RBS will therefore suffer a significant shortfall against its total lending of £1.60million.

Preferential creditors

A dividend of 100 pence in the £1 has been paid to the preferential creditors, totalling £20,959.

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

Details of how the prescribed part for unsecured creditors is calculated were provided in our statement of proposals and in previous progress reports.

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 £167,189 and the prescribed part of the Company's net property to be £36,438.

A dividend by virtue of the prescribed part has been declared and paid outside the period covered by this progress report.

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 creditors, other than by virtue of the prescribed part detailed above.

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

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.

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 2017 to 23 August 2017 amount to £24,854 which represents 110 hours at an average rate of £227 per hour.

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

- Time Costs Analysis for the period 24 February 2017 to 23 August 2017
- Begbies Traynor (Central) LLP's charging policy

To 23 August 2017, we have drawn the total sum of £50,000 on account of our remuneration, against total time costs of £299,407 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 February 2017 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 2017, we have also drawn disbursements in the sum of £5,444.

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	4,783.11

Disbursements treated as Category 2 disbursements

Other amounts paid or payable to any party in which the office holder or his firm or any ass has an interest	
Type and purpose	Amount £
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.	23,665.20

Eddisons Commercial Limited was also engaged to dispose of any residual farm equipment once the Company ceased to trade.	
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

As detailed above, we are required to maintain records to demonstrate how the case was administered and to document the reasons for any decisions that materially affect the case on an ongoing basis. This also includes compliance reviews and six monthly reviews required to be carried out in accordance with our best practice.

Compliance with the Insolvency Act, Rules and best practice

A final progress report will 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. We expect to be in a position to issue the final progress report and begin to move the Company to dissolution once we have received tax clearance from HM Revenue & Customs.

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.

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

We are in correspondence with RBS in respect of a final distribution under its floating charge now that asset realisations have concluded and all fixed charge distributions have been made.

As a floating charge distribution is to be made to RBS, a distribution will become payable to the unsecured creditors by virtue of the prescribed part, which has been paid outside the period covered by this report, as detailed in Section 4. Time will be spent finalising the adjudication of the claims of unsecured creditors and paying the prescribed part distribution.

Other matters which includes seeking decisions of creditors via the deemed consent procedure and/or decision procedures, meetings, tax, litigation, pensions and travel

Time will be spent dealing with tax matters throughout the Administration and seeking tax closure clearance from HM Revenue & Customs.

How much will this further work cost?

For guidance only, we would estimate further fees of approximately £10,000 but we will advise in future progress reports of any changes to our estimated fee position.

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:

Storage - £106 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.

Investigations completed

As explained in our Statement of Proposals, we have undertaken an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect.

Extension of administration

The administration has been extended for a period of 12 months with the consent of the secured creditor and for an additional period of 12 months by order of the court until 26 April 2018.

Proposed exit route from administration

The proposed exit route from Administration remains in line with that detailed in our statement of proposals.

11. CREDITORS' RIGHTS

Right to request further information

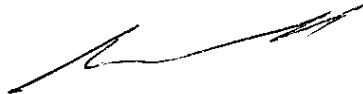
Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors, including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, 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 18.34 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: 13 September 2017

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 24 February 2017 to 23 August 2017 and cumulative from 27 April 2015 to 23 August 2017

Trading Account

Statement of Affairs	From 24/02/2017 To 23/08/2017	From 27/04/2015 To 23/08/2017
£	£	£
POST APPOINTMENT SALES		
Sales	NIL	531,800.46
Contribution to Fuel Costs	NIL	95.83
	NIL	531,896.29
TRADING EXPENDITURE		
Fuel	NIL	10,142.39
IT Support	NIL	750.00
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	11,035.21	25,931.21
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
	(11,035.21)	(372,242.68)
TRADING SURPLUS/(DEFICIT)	(11,035.21)	146,824.63

ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 24 February 2017 to 23 August 2017 and cumulative from 27 April 2015 to 23 August 2017

Receipts and Payments

Statement of Affairs		From 24/02/2017 To 23/08/2017	From 27/04/2015 To 23/08/2017
£		£	£
	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	NIL	46,905.76
		NIL	932,626.76
	COSTS OF REALISATION		
	Finance Settlement	NIL	5,750.00
	Legal Fees	NIL	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
		NIL	(45,288.52)
	SECURED CREDITORS		
(1,330,444.00)	Chargeholder (1)	NIL	878,011.97
		NIL	(878,011.97)
	HIRE PURCHASE		
67,684.00	HP Asset (1)	NIL	NIL
(79,857.00)	Finance Company(1)	NIL	NIL
		NIL	NIL
	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	NIL	99,413.37
	VAT Refund	NIL	6,509.26
	Land Entitlements	(1,527.75)	4,254.28
	Cash at Bank	NIL	0.59

	Cash in Hand	NIL	24.23
	Bank Interest Gross	233.65	1,035.24
	TRADING SURPLUS/(DEFICIT)	(11,035.21)	146,824.63
	Insurance Refund	NIL	3,197.13
	Sundry Income	494.47	4,928.53
	Contribution from buyer	NIL	1.05
	Heat Grant	NIL	15,330.56
		<u>(11,834.84)</u>	<u>498,778.54</u>
	COST OF REALISATIONS		
	Specific Bond	NIL	NIL
	Office Holders Fees	NIL	50,000.00
	Office Holders Pre-appointment Fees	NIL	7,327.50
	Office Holders Expenses	54.00	5,443.62
	Agents Fees	900.00	24,565.20
	Agents Disbursements	NIL	9,594.46
	Legal Fees (1)	6,654.00	16,215.55
	Legal Disbursements	568.98	668.98
	Corporation Tax	114.86	114.86
	Travel & Mileage	NIL	NIL
	Stationery & Postage	NIL	NIL
	Legal Fees - Debt Collection	NIL	3,374.73
	IRHP Court Fees	NIL	17,500.00
	Statutory Advertising	84.60	169.20
	Search Fees	NIL	NIL
	Subsistence	NIL	NIL
	Swear Fees	NIL	NIL
	Bank Charges	20.00	40.00
	Accountants Fee	NIL	3,680.00
		<u>(8,396.44)</u>	<u>(138,694.10)</u>
	PREFERENTIAL CREDITORS		
	100p in the £ Preferential Dividend	18,724.61	18,724.61
	PAYE & NI on Preferential Dividend	2,233.95	2,233.95
		<u>(20,958.56)</u>	<u>(20,958.56)</u>
	UNSECURED CREDITORS		
(4,963,119.00)	Trade Creditors	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	DISTRIBUTIONS		
(6,846,020.00)	Ordinary Shareholders	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
<u>(12,005,756.00)</u>		<u><u>(41,189.84)</u></u>	<u><u>348,452.15</u></u>

TIME COSTS AND DISBURSEMENTS

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 24 February 2017 to 23 August 2017; and
- c. Cumulative Time Costs Analysis for the period from 27 April 2015 to 23 August 2017.

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.

SIP9 Agricultural Contract & Market - Administration - 80AG034.ADM : Time Costs Analysis From 24/02/2017 To 23/08/2017

Staff Grade	Consultant/Partner	Director	Sr. Mgr	Mngr	Asst Mgr	Sr. Admin	Admin	Jr. Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	Case planning	3.6								3.6	1,311.00	365.00
	Administration					2.3	0.2	1.6	1.4	5.4	748.50	138.61
	Total for General Case Administration and Planning:	3.6				2.3	0.2	1.6	1.4	9.2	2,059.50	223.86
Compliance with the Insolvency Act, Rules and best practice	Appointment											0.00
	Banking and Bonding					0.1	0.7	0.6	1.9	3.3	387.00	117.27
	Case Closure											0.00
Investigations	Statutory reporting and statement of affairs	1.8				1.6		3.0		7.2	1,597.00	221.81
	Total for Compliance with the Insolvency Act, Rules and best practice:	1.8				1.7	0.7	3.6	1.9	10.5	1,984.00	188.95
	CCAA and investigations							1.5		1.5	165.00	110.00
Realisation of assets	Total for Investigations:							1.5		1.5	165.00	110.00
	Debt collection											0.00
	Property, business and asset sales	8.3								8.3	2,803.80	345.00
Trading	Retention of Title/Third party assets											0.00
	Total for Realisation of assets:	8.3								8.3	2,803.80	345.00
	Trading											0.00
Dealing with all creditors claims (including employees), correspondence and distributions	Total for Trading:											0.00
	Secured											0.00
	Others	10.0				41.2		11.5		62.7	11,925.00	190.19
Other matters which includes meetings, tax, litigation, pensions and travel	Creditors committee											0.00
	Total for Dealing with all creditors claims (including employees), correspondence and distributions:	10.0				41.2		11.5		62.7	11,925.00	190.19
	Seeking decisions of creditors including meetings											0.00
	Other											0.00
	Tax	15.2										0.00
	Litigation	1.3										0.00
	Total for Other matters:	1.3										0.00
	Total hours by staff grade:	3.1				45.2	0.9	18.1	4.2	108.5		
	Total time cost by staff grade:	1,224.50				7,910.00	121.50	1,991.00	482.00			
	Average hourly rate £:	395.00				175.00	135.00	110.00	110.00			
	Total fees drawn to date £:										50,000.00	

SIP9 Agricultural Contract & Market - Administration - 80AG034.ADM : Time Costs Analysis From 27/04/2015 To 23/08/2017

Staff Grade	Consultant/Partner	Director	Sur Mngt	Mngt	Asst Mngt	Sr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	28.1	33.5				3.3	1.0			65.9	23,389.50	354.62
						4.6	78.0	10.2	30.8	131.6	16,725.00	127.09
	28.1	33.5				7.9	79.0	16.2	30.8	197.5	40,094.50	203.01
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					0.3	4.5	0.6	6.2	11.8	1,487.00	126.02
								14.4		14.4	1,584.00	110.00
	11.7	50.0		0.8		22.3	10.5	15.6		111.8	29,430.00	263.24
	11.9	56.2		3.1		22.6	20.8	31.9	6.2	164.7	36,655.00	238.30
Investigations		9.0					3.6	2.1		14.6	3,908.50	268.86
		9.0					3.6	2.1		14.6	3,908.50	268.86
Realisation of assets							7.7	0.0		13.7	1,099.50	124.05
	36.4	122.3		0.9			5.7			166.3	57,579.50	348.33
												0.00
	36.4	122.3		0.9				13.4		176.0	69,278.00	331.17
Trading	8.4	121.4		1.5			11.2	277.2		419.7	77,602.50	164.90
	8.4	121.4		1.5			11.2	277.2		419.7	77,602.50	164.90
Dealing with all creditors claims (including employees), correspondence and distributions	11.0	28.9				0.7				40.6	14,438.00	355.62
	7.2	31.1		3.7		43.2	5.6	42.0		132.8	27,400.00	207.00
												0.00
	16.2	60.0		3.7		43.9	5.6	42.8		173.4	41,928.00	241.80
Other matters which includes meetings, tax, litigation, pensions and travel	40.6									40.6	16,037.00	395.00
	2.0	5.0						1.8		8.8	2,713.00	308.30
		51.9				6.5	4.0		1.7	64.1	19,770.00	308.42
	4.1									4.1	1,619.50	395.00
	48.7	58.9				6.5	4.0	1.8	1.7	117.6	40,139.50	341.32
	145.7	461.3		9.2		88.9	137.5	379.2	38.7	1,256.5		
	59,131.50	159,148.50		2,435.00		14,157.90	18,562.50	41,712.00	4,257.00		289,407.00	
	385.00	345.00	6.00	285.00	0.00	175.00	155.00	110.00	110.00			238.29
											50,000.00	

STATEMENT OF EXPENSES

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				
Agent's fees – land entitlements	Leonards	900	900	0
Statutory Advertising	Courts Advertising Limited	85	85	0

CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £
Agent's fees - property	Leonards	8,860
Agent's fees – property	Savills plc	8,860
Agent's disbursements – property	Leonards	1,549
Legal fees – conveyancing	Gosschalks Solicitors	8,583
Legal fees – general	DLA Piper UK LLP	5,077
Legal fees – general	Gosschalks Solicitors	9,188
Legal fees – general	Schofield Sweeney	1,950
Agent's fees - assets	Eddisons Commercial Limited	23,655
Agent's disbursements - assets	Eddisons Commercial Limited	9,594
Agent's fees – land entitlements	Leonards	900
Property EPC	Leonards	125
Cost of realising foreign investments	Stephen Curtis	7,637

Cost of realising foreign investments	Hong Kong International Arbitration Centre	3,244
Court fee	Leeds High Court	10,000
Accountant's fee	Sagars LLP	3,680
IRHP Advice	AHV Associates LLP	7,500
Statutory Advertising	Courts Advertising Limited	169
Corporation Tax	HM Revenue & Customs	115
Subsistence	Costcutter	6
Postage	Mail Box Express	161
Bond	Marsh Limited	140
Search fees	Land Registry	3
Travel	Various	310
Mileage	Begbies Traynor (Central) LLP	4,783
Swear fees		40