

The Insolvency Act 1986

## Statement of administrator's proposals

Name of Company  
Agricultural Contract & Marketing  
Company Limited

Company number  
03007999

In the  
Leeds County Court

[full name of court]

Court case number  
374 of 2015

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

\* Delete as applicable

attach a copy of ~~my~~ our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 17 June 2015

Signed

Joint / Administrator(s)

Dated

17/6/15

### 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

Tel 0113 244 0044

Fax Number 0113 244 5820

DX Number

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



\*A49VNUQX\*

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19/06/2015

#374

COMPANIES HOUSE

FRIDAY

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

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## Agricultural Contract & Marketing Company Limited (In Administration)

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Statement of proposals for achieving the purpose of administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

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## **Important Notice**

This statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. 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. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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## **Contents**

- ☐ Interpretation
- ☐ Statutory information
- ☐ Details of appointment of administrators
- ☐ Circumstances giving rise to our appointment
- ☐ Statement of affairs
- ☐ The administration period
- ☐ Estimated outcome for creditors
- ☐ Proposals for achieving the purpose of the administration
- ☐ Pre-administration costs
- ☐ Remuneration and disbursements
- ☐ Other information to assist creditors
- ☐ Conclusion
- ☐ Appendices
  - 1 Account of receipts and payments
  - 2 Directors' statement of affairs
  - 3 Time costs and expenses

# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Agricultural Contract & Marketing Company Limited - In Administration ("the Company")
"the administration"	The appointment of administrators under Schedule B1 of the Act on 27 April 2015
"the administrators", "we", "our", "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 Act

## 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	
Former registered office	Upon House, Beeford, Driffeld, YO25 8AF	
Trading addresses	Upton House, Beeford, Driffeld, YO25 8AF Fox Covert Farm, Nunkeeling, Bewholme, Driffeld, YO25 8EH Acron Hill Farm, Nunkeeling, Bewholme, Driffeld, YO25 8EH Goxhill Farm, Sigglesworth, Wassand, Hull, HU11 5RJ Oakwood Farm, Harpham, Driffeld, YO25 8JB	
Principal business activities	Raising of swine and pigs	
Directors and details of shares held in the Company (if any)	<b>Name</b>	<b>Shareholding</b>
	Stephen John Curtis	6,261,298
	Matthew John Curtis	120 Ordinary shares
	Malcolm McEwan Stead	No shareholding
	Manis Austin Hogdson	No shareholding
	Bruce Heblethwayte Raper	No shareholding
Company Secretary and details of the shares held in Company (if any)	<b>Name:</b>	<b>Shareholding</b>
	Manis Austin Hogdson	No shareholding
Auditors	Smailes Goldie Chartered Accountants	
Share capital	6,846,100 Ordinary £1 shares	
Shareholders	Stephen John Curtis (6,261,298 Ordinary shares) Matthew John Curtis (120 Ordinary shares) SFFC Inc (584,682 Ordinary shares)	

### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of appointment	27 April 2015
Court	Leeds County Court
Court Case Number	374 of 2015
Persons making appointment	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.

#### STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
  - (b) 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
  - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or
  - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
  - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

## 4. CIRCUMSTANCES GIVING RISE TO OUR APPOINTMENT

The Company was incorporated in 1995 having been set up by the former directors of National Pig Development Company Limited ("NPDC"), which was subsequently acquired by Dalgety Plc

NPDC had been set up and owned by the Curtis family and the main beneficiary from the sale of NPDC was Stephen Curtis. Mr Curtis used the money received from the sale of his NPDC shares to introduce start up capital to the Company. The initial capital of £5.84m was used to develop new genetic lines during the five year exclusion period enforced by Dalgety Plc on the former directors of NPDC.

Following five years of development, trading was scheduled to begin in 2000. The impact of foot and mouth disease in the UK, pushed the start date back to 2002. The Company traded well and by 2007 had established strong overseas sales in China, Cambodia, Philippines, Thailand, Canada, Russia, Spain, Poland and Romania. During this period, Smithfield Foods Inc (USA based) purchased £584,602 shares from Stephen Curtis.

Between 2007 and 2010, the pig industry suffered a worldwide downturn and this impacted heavily on the Company and resulted in it having to dispose of capital assets in order to support continued trade.

In 2010, the Company negotiated new banking facilities from The Royal Bank of Scotland plc ("RBS"). The Company, with the support of RBS, continued to trade through challenging conditions and in 2013 Stephen Curtis introduced another £1m of equity in order to support working capital. However, by late 2013 political tensions between Ukraine and Russia had arisen which had two significant impacts:

- World pig prices dropped by over £20 per pig
- Agreed sales to Russian and Georgian companies worth over £1m to the Company were cancelled

By late 2014 it was evident that the continued depressed market and the loss of major contracts was creating serious financial difficulties within the Company. Meetings were held between the Company, its lawyers and RBS in October and November 2014. At these meetings it was agreed that Ernst & Young accountants would oversee an asset disposal programme and work with the Company to sell the business as a going concern. By April 2015 it became apparent that a sale would not be possible and that the Company was insolvent. As a result, the directors of the Company sought advice from Begbies Traynor (Central) LLP.

Significant trade creditor pressure had built up by this point and given the need to consider the welfare of the livestock held by the Company it was agreed that trading the business through Administration would be necessary in order to effect an orderly wind down.

On 27 April 2015, a Notice of Appointment of an Administrator was filed in the Leeds High Court with Robert Alexander Henry Maxwell and Rob Sadler of Begbies Traynor (Central) LLP being duly appointed Joint Administrators on the same day, with the appointment made by the directors of the Company.

## 5. STATEMENT OF AFFAIRS

The directors have prepared a statement of affairs of the Company as at 27 April 2015 which is attached at Appendix 2. It makes no provision for the costs of the administration or any subsequent liquidation or voluntary arrangement.

The joint administrators' comments on the statement of affairs are included within the notes to the directors' statement of affairs at Appendix 2.

## 6. THE ADMINISTRATION PERIOD

### *Receipts and Payments*

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 27 April 2015 to 17 June 2015. Below is detail explaining these figures.

### **Trading**

Due to the nature of the Company's business, it was considered that the only option available to the Joint Administrators was to continue trading the business in Administration. This was primarily due to the need to deal with the Company's livestock in a controlled manner to ensure compliance with all animal welfare issues. An initial forecast of trading in Administration was done to support this.

The forecast indicated that the Company could be traded at break even whilst all of the Company's remaining pigs (approximately 10,000) could be sold from the farms. However, this required an initial reduction in staff as the business was unable to support the existing level of wages and salaries. Immediately on appointment, nine of the 34 employees were made redundant.

Initial trading was expected to take place over a 13 week period but following an early review of alternative strategies, it was identified that a nine week trading period to 3 July 2015 was likely to maximise the return. Factors such as dead weight price of pigs, the age and weight of the livestock and overheads were all taken into account when arriving at this decision. We are hopeful that the revised trading strategy should result in a trading profit of around £60k.

The Joint Administrators have been working with agricultural experts and the directors of the Company to implement the trading strategy. This involved controlling the sow herd to ensure that the production of weaners was ceased in line with our timeline. The sow herd which were in pigs have been allowed to farrow and the last litter of pigs to wean is expected on the week commencing 29 June 2015. Other pigs are being fattened to obtain higher market prices.

Sales are continuing to be generated and we have realised the sum of £250,851 in respect of livestock sales since appointment. The stock sold to date has varied from the fully fattened bacon pigs to the sale of weaners and stores to lighten the load and ensure we keep to the most efficient trading deadline.

We have managed to retain the supply and services of key suppliers which are essential to facilitate the continued trade of the Company. Amongst these was Thompsons of York who agreed to continue to supply the feed required to fatten the pigs at each of the five farm locations occupied by the Company during the trading period. Thompsons have been paid the sum of £135,546 to date for the continued supply of service. Full cooperation from the vet was also a necessity to facilitate continued trade. Garth Pig Practice have been paid the sum of £6,395 for their continued veterinary services during the Administration.



The Joint Administrators have made payments totalling £47,225 in relation to employee salaries and wages since the date of our appointment. This includes payment of arrears to weekly paid employees who had amounts due from 24 April 2015. At the date of appointment, all salaried staff had been paid up to 30 April 2015 and therefore no similar payment of arrears was necessary for this category of employee.

In addition to feed, veterinarian and employee costs, we have also paid other essential trading costs including transport, rent and grow out costs. To date we have paid a total of £48,386 in respect of trading costs which are not categorised as either feed, veterinary or employee. We would particularly draw creditors attention to a payment of £12,156 to APMC (UK) Limited. This relates to livestock owned by APMC (UK) Limited but sold by the Company.

The account at Appendix 2 is shown on a cash basis and there will, therefore, be a number of trading costs which have accrued but not yet been paid. We estimate these to be in the region of £20,000. Similarly, income of approximately the same value has been generated but not yet received. We therefore consider the current trading profit of £13,298 to be reflective of the position at the date of this report.

Trading initially began from all five of the Company's sites being, the two freehold farms known as Foxcovert and Acron Hill and the three leasehold farms known as Upton, Goxhill and Oakwood. As part of the Administration trading it is our intention to wind down the Company's leasehold operation at Upton.

#### **Sale of Fox Covert Farm and Acron Hill Farm Freehold Units**

The freehold farms known as Foxcovert Farm and Acron Hill Farm were on the market with agents Leonards and Savills prior to our appointment. With agreement from RBS we instructed Leonards and Savills on a joint agency basis to continue with the marketing process on our behalf with a tender deadline of 12 May 2015 and completion targeted for 22 June 2015.

Following a successful marketing campaign, we are now moving forward with a preferred bidder who has offered for both farms together. To avoid prejudicing the sale, details of the offer will not be disclosed at this stage. However, we can confirm that the offer carries the recommendation of both Savills and Leonards. Completion of the sale remains scheduled for 22 June 2015.

#### **Sale of Oakwood Farm and Goxhill Farm Leasehold Units**

The Joint Administrators marketed this section of the business for sale with the view to realising not only the value of the livestock and assets onsite but also any goodwill in the business. The operations at these two sites formed the core of the Company's genetics business which, when combined with various elements of intellectual property, formed a desirable trading operation.

We circulated information memorandums to all Begbies Traynor contacts on our database of potential purchasers and through our agents, Eddisons Commercial Limited ("Eddisons") and approached a number of potential interested parties known to the Company and those companies previously approached by Ernst & Young. We received 22 expressions of interest and received four offers.

The sale was somewhat complicated by the lease arrangement at Oakwood Farm. The lease was between a third party landlord and Stephen Curtis. The Company had historically operated from the site with the permission of Mr Curtis. Both Mr Curtis and the landlord advised that they did not wish for this arrangement to be broken.

Any successful bidder for this business would, therefore, have required the permission of Mr Curtis to trade.

After a period of negotiation the leasehold farms, livestock, plant & machinery and certain intellectual property were sold to Acron Hill Limited for a total sum of £110,000 on 26 May 2015. The sale included £85,000 for livestock, £14,996 for plant and machinery, £10,000 for IT systems and £4 for intellectual property. Acron Hill Limited is a company owned and controlled by Matthew Curtis, a director of the Company.

We did receive higher bids for certain elements of the leasehold business. However, the lease position at Oakwood Farm prevented us from acting upon this. The sale carried the recommendation of both Eddisons and our specialist farm agents, Andersons Northern (England) Limited. The interest from other parties also helped to increase the bid from Acorn Hill Limited.

All four members of staff working at these farms were retained and transferred to the purchaser's company under TUPE regulations.

#### **Plant and Machinery – Subject to Finance**

The Company owns a number of assets which are subject to finance, including ten Fire Pig Feeders, a Ford Ranger pickup truck, a DAF transport lorry and trailer, a biomass boiler, a pig unit, AI lab equipment and a photocopier.

The photocopier was provided on a lease agreement by GE Capital. As it was required for trading, the Company is continuing to pay the rental payments until such a time as trading is brought to a conclusion.

Close Brothers Motor Finance provided finance on the Ford Ranger pickup truck. This finance was settled by Ann Curtis from her own funds. Our agents confirmed that there was no equity in the vehicle prior to us agreeing to this transaction.

The AI lab equipment is subject to a Hire Purchase agreement with ING Lease. Similarly, the Fire Pig Feeders are subject to a Hire Purchase agreement with Close Brothers. Both of these groups of assets were used at Oakwood and Goxhill farms. Acorn Hill Limited is therefore speaking to the finance providers about taking on the agreements. If this is not possible we will discuss what action to take with our agents.

The biomass boiler heats Upton Farm, the attached office block and the pig unit thereon. The boiler is required for the ongoing trading of Upton Farm and the Company has therefore agreed to make ongoing rental payments against the Hire Purchase agreement with Close Brothers during the trading period.

The outstanding finance liability on the boiler is approximately £57,000. Our agents have advised that the boiler is worth less than this. Therefore, once the Company has ceased to trade at Upton, the landlord and Close Brothers will be invited to discuss what they wish to do.

Close Brothers also provide finance on a pig unit at Acorn Hill farm. Outstanding finance on this building is approximately £6,000 and we are discussing this position with the proposed purchaser of Acorn Hill and Close Brothers.

Our agents, Eddisons Commercial Limited were instructed to sell the DAF transport lorry and trailer on behalf of Close Brothers. Realisations totalled £18,500 which exceeded the outstanding finance of approximately £15,000. However, as Close Brother has a consolidation clause in its agreements it was able to retain the equity of £3,500.

#### **Plant and Machinery – Unencumbered**

In addition to the plant and machinery subject to finance and that sold as part of the sale to Acorn Hill Limited, the Company also owns several items of unencumbered plant and machinery. These will be sold via an auction following completion of trading. The value of these assets has not been disclosed in this report as to do so may prejudice future realisations.

## **Book Debts**

The Company had an outstanding book debt ledger of £98,689 on appointment. Having reviewed the ledger we have identified several debts which are due to be written off as the amounts relate to disputed invoices or customers in a contra position. However, after adjusting for the write offs and adjustments we estimate that the Company's book debt ledger actually stands at approximately £69,145. To date we have realised £62,667 in respect of book debts, and we are continuing to pursue the ledger and will update creditors in our next report.

## **Foreign Investments**

As shown in the directors' statement of affairs, the Company holds two significant shareholdings in Cambodian and Chinese entities. These investments are valued at cost, being £299,246 and £250,000 respectively.

As well as holding shares in these businesses, the Company has historically supplied breeding stock to them. From the onward sale of this breeding stock, the foreign entities paid royalties to the Company. However, following the Administration of the Company the Cambodian entity advised that without ongoing support (which was integral to the contract to supply breeding stock) it would no longer pay royalties. The Company had, prior to the Joint Administrators appointment, also been in dispute with the Chinese company about royalties due and had entered formal arbitration via an arbitration firm in Hong Kong.

The position with both entities is, therefore, considered to be strained. In order to try and maximise returns from this source, we agreed with Stephen Curtis to fund his travel to Cambodia and China so that he could have face to face meetings and try to settle the royalty position and sell back the shares to both companies. The cost of this is expected to be in the region of £5,000 of which £720 has already been paid. The costs were discussed and agreed with RBS before being incurred.

We have also paid an arbitration fee of approximately £3,200 in order to be able to move forward on a legal basis against the Chinese entity if negotiations are unsuccessful. This had to be paid immediately by the Company as a timetable had already been started prior to the appointment of the Joint Administrators.

Given his relationship with the entities and his experience of dealing with matters in the Far East, we considered that instructing Mr Curtis, rather than doing the work ourselves was likely to result in higher realisations. Certainly, given that we are only paying Mr Curtis's travel costs, the speculative costs are significantly less than if the Joint Administrators pursued the amounts directly.

At present the costs of pursuing the foreign investments have been paid from floating charge monies as there is no fixed charge income. However, as and when fixed charge income is received the costs will be properly allocated.

# **7. ESTIMATED OUTCOME FOR CREDITORS**

## **Secured creditor**

RBS's security consists of a fixed and floating charge debenture dated 14 January 2010. This security was granted by the Company in consideration of banking facilities provided. In addition to the debenture, RBS holds five legal charges over the Company's current and former freehold farms, all dated 29 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, APMC (UK) Limited. RBS benefits from cross guarantees which allow it to add its exposure to APMC (UK) Limited to that of the Company. As APMC (UK) Limited is also in Administration and unlikely to return a significant dividend to RBS, it is likely that RBS will enact the cross guarantee which will increase its claim against the Company to £1.60m.

Legal advice will be sought to confirm the validity of this security once we are in a position to declare a dividend to the secured creditor

It is expected that RBS will suffer a significant shortfall on its lending, even if a material sum is realised from the foreign investments

#### **Preferential creditors**

Preferential claims of employees for arrears of wages, salary and holiday pay have not been calculated as the costs would be material and, at present, it is not anticipated that there will be a return to this class of creditor

#### **Unsecured creditors**

Claims of unsecured creditors were estimated at £806,648 by the directors. Based upon realisations to date and estimated future realisations we consider there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors. In the circumstances, pursuant to paragraph 52(1)(b) of Schedule B1 to the Act, we do not intend to summon an initial meeting of creditors

#### **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 floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. 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 £nil and the prescribed part of the Company's net property to be £nil

## 8 OUR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

### *Purpose of the Administration*

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at section 3 of this report above

For the reasons set out in this report, we presently consider that it is not reasonably practicable to achieve the objective specified in sub-paragraph 3(1)(a), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(b), namely 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)

It was not possible to rescue the Company on a going concern basis as it had significant liabilities at the date of appointment relating to the decline in the pig breeding industry. The Company had insufficient assets with which to meet its liabilities. The Company and Ernst & Young had also attempted to find a buyer for its shares in the period prior to the Joint Administrators appointment but it had been unsuccessful.

The alternative of placing the Company into liquidation would have significantly reduced the value of the Company's livestock assets and would have been detrimental to our efforts to achieve maximum realisations for creditors as a whole. In addition, by entering administration the Company has the benefit of a statutory moratorium preventing the largest creditors from taking any action against the Company. We therefore consider administration was the most appropriate process for dealing with the Company's affairs.

We consider that being able to continue to trade in the context of an administration as an alternative to an immediate cessation of trade and liquidation of the Company has significantly enhanced the prospects for the secured and the preferential creditors.

### *Proposals*

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with in this respect are:

- Realisation of the Company's livestock through ongoing trading,
- Realisation of the Company's two freehold farms,
- Finalising matters in relation to the online auction sale of the remaining plant & machinery and the resulting realisations,
- Realisation of the Company's outstanding book debt ledger,
- Seeking to realise foreign investments, and
- Investigations into the Company's affairs

Our proposals for achieving the purpose of the Administration are as follows:

- 1) The joint administrators' proposals for achieving the purpose of the administration, as set out in the document entitled Report and Proposals of the joint administrators under the provisions of Paragraph 49 of Schedule B1 to The Insolvency Act 1986, be and hereby are approved.
- 2) The joint administrators will, if they see fit, make an application pursuant to paragraph 65(3) of Schedule B1 of the Insolvency Act 1986, for the permission of the Court to make a payment by way of a distribution to all or any creditors where such distribution is considered to be in the best interests of creditors as a whole.

- 3) The Company shall remain in administration for such period as the joint administrators deem necessary and appropriate
- 4) If the joint administrators consider that there will be no distribution to unsecured creditors, then the joint administrators be authorised to take the necessary procedural steps to bring about the end of the administration and move the Company into dissolution pursuant to paragraph 84 of Schedule B1 of the Act. For more details of this procedure, please refer to the 'Exit from Administration' section in the main body of the report
- 5) If the joint administrators consider that there will be a distribution to unsecured creditors, whether via the prescribed part or otherwise, then the joint administrators be authorised to take the necessary procedural steps to bring about the end of the administration and move the Company into creditors voluntary liquidation pursuant to paragraph 83 of Schedule B1 of the Act. For more details of this procedure, please refer to the 'Exit from Administration' section in the main body of the report
- 6) If necessary, the joint administrators shall have the authority to apply to the necessary body of creditors for an extension of the duration of the administration for a period of up to twelve months (in accordance with the provisions of Schedule B1 paragraph 76(2) of the Insolvency Act 1986), and if required, may also approach the court for a further extension of the administration
- 7) For the purposes of Rule 2.106(2)(b) of the Insolvency Rules 1986, the joint administrators' remuneration be fixed on the basis of their hourly costs at scale rates calculated on the time properly spent in the course of the administration and that, subject to full disclosure to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies, they may draw their remuneration on account as and when funds permit
- 8) The joint administrators be authorised to draw disbursements, including disbursements for services provided by their firm and/or entities within the Begbies Traynor group (defined as Category 2 disbursements in *Statement of Insolvency Practice 9*), in accordance with their firm's policy, details of which are attached
- 9) The unpaid pre-administration costs of £7,327.50 plus VAT, as set out in Section 9 of this report, be paid as an expense of the administration, pursuant to Rule 2.67A of the Rules
- 10) The joint administrators shall have authority to sanction and agree the fees of any solicitors, quantity surveyors or similar agents by reference to the time given by such agents and their staff, in attending to matters arising in the administration
- 11) That the joint administrators be and they are hereby discharged from liability in respect of any actions of theirs as administrators, pursuant to Paragraph 98 of Schedule B1 to the Insolvency Act 1986, with effect from the date their appointment as joint administrators ceases to have effect

### ***Exit from Administration***

#### **Dissolution**

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

### **Contingency Plan - unforeseen surplus of funds**

It may transpire that there are monies available to unsecured creditors as a result of secured and preferential creditors being paid in full

We have the power to make a distribution of the prescribed part to unsecured creditors in the administration but any other distribution to them requires the permission of court. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation. Paragraph 83(7) provides

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator

We confirm that as part of our proposals we propose that we act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors' approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

### **Extending the Administration**

However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the realisation of the Company's property. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding twelve months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further twelve months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

## **9 PRE-ADMINISTRATION COSTS**

In the period before the Company entered administration, we advised the Company on the most appropriate insolvency procedure having reviewed its financial position and future viability and subsequently assisted the directors with the formalities of placing the Company into administration ("the Work").

In addition, we corresponded with the Company's secured creditor to confirm the strategy going forward and discuss the work required to be undertaken.

The Work was carried out before the Company entered administration in an attempt to identify the difficulties facing the business and consider possible solutions available to the Company and its directors. As the Work identified the issues facing the business, assisted with the marketing of the business and aided the directors of the Company to plan for an inevitable insolvency event. We consider that the Work has furthered the achievement of the objective of administration being pursued, namely 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).

The pre-administration costs are broken down as follows

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
<b>TOTAL PRE-ADMINISTRATION COSTS</b>		<b>7,327 50</b>	<b>1,465 50</b>	<b>8,793 00</b>

The pre-administration costs are unpaid and we are seeking that they be paid as an expense of the administration. Pursuant to Rule 2.67A of the Rules, approval to discharge such costs ("the unpaid pre-administration costs") as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, the secured creditor of the Company. Payment of the unpaid pre-administration costs requires separate approval and is not part of our proposals subject to approval pursuant to Paragraph 53 of Schedule B1 to the Act.

In order to provide sufficient information to consider approval of the payment of the unpaid pre-administration costs, a Pre-Administration Time Costs Analysis and a pre-administration Time Costs Summary appear at Appendix 3. These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged. They also provide an explanation of the work undertaken prior to our appointment.

## 10 REMUNERATION AND DISBURSEMENTS

### *Remuneration*

We propose that the basis of our remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration.

These proposals contain a statement by us, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that we consider that the Company has insufficient property to enable a distribution to be made to preferential or unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the 'prescribed part' for unsecured creditors referred to at section 7). In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for the secured creditor of the Company to determine the basis of our remuneration under Rule 2.106 of the Rules. In the absence of an initial meeting of creditors (see section 11 Conclusion, below) and the establishment of a creditors' committee, our remuneration is fixed by the approval of the secured creditor in accordance with Rule 2.106(5A).

Appendix 3 sets out our firm's hourly charge out rates and the time that we and our staff have spent in attending to matters arising in the administration since 27 April 2015.



### **Disbursements**

We propose that disbursements for services provided by our firm and/or entities within the Begbies Traynor group, be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and subject to the approval of those responsible for determining the basis of our remuneration.

## **11. OTHER INFORMATION TO ASSIST CREDITORS**

### **Report on the conduct of directors**

We have a statutory duty to investigate the conduct of the directors and any person we consider to be or have been a shadow or de facto director during the period of three years before the date of our appointment, in relation to their management of the affairs of the Company and the causes of its failure. We are obliged to submit confidential reports to the Department for Business, Innovation and Skills.

As administrators of the Company we are required by best practice guidance to make enquiries of creditors as to whether they wish to raise any concerns regarding the way in which the Company's business was conducted prior to the commencement of the administration, or wish to bring to our attention any potential recoveries for the estate. If you would like to bring any such issues to our attention please do so in writing to the address detailed at Section 1 of this report. This request for information is standard practice and does not imply any criticism or cause of action against any person concerned in the management of the Company's affairs.

### **Investigations carried out to date**

We have undertaken an initial assessment of possible actions in relation to the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate.

### **Connected party transactions**

In accordance with Statement of Insolvency Practice 13, we confirm that the following assets were sold to a director of the Company:

<b>Date of sale</b>	<b>Asset sold and nature of transaction</b>	<b>Consideration paid and date</b>	<b>Name of Purchaser</b>	<b>Relationship with the Company</b>
26 May 2015	Stock	£85,000	Acorn Limited Hill	Matthew Curtis – Director and Shareholder of both the Company and Acorn Hill Limited
26 May 2015	Plant & Machinery	£14,996	Acorn Limited Hill	See Above
26 May 2015	IT Equipment	£10,000	Acorn Limited Hill	See Above
26 May 2015	Intellectual Property	£4	Acorn Limited Hill	See Above

## 12. CONCLUSION

As explained in Section 7 above, the Company has insufficient property to enable a distribution to be made to preferential or unsecured creditors (other than by virtue of the prescribed part)

In the circumstances, we do not intend to summon an initial meeting of the Company's creditors. However, creditors, whose debts amount to at least 10% of the total debts of the Company, may requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 8 business days of the date on which our statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with us security for their payment. If no such meeting is requisitioned, then by Rule 2.33(5), our proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

In the absence of an initial creditors' meeting we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.



**R A H Maxwell**  
Joint Administrator

Date 17 June 2015

# ACCOUNT OF RECEIPTS AND PAYMENTS

## 27 April 2015 to 17 June 2015

### Trading Account

S of A (£)	£	£
POST APPOINTMENT SALES		
Sales	250,754 88	
Contribution to Fuel Costs	<u>95 83</u>	
		250 850 71
TRADING EXPENDITURE		
IT Support	750 00	
Farm Consumables	736 91	
Fuel	602 37	
Gow Out Costs	2 085 20	
ACMC (UK) Settlement	12,156 00	
Rent	13 346 99	
Telephone	560 07	
Transport	4 771 00	
Bank Charges	200 00	
Repairs & Maintenance	348 75	
Fallen Stock	1 454 00	
Alarm Monitoring	280 00	
Farm Machinery Running Costs	22 34	
Duress Creditors	2 000 00	
Feed	135 545 99	
Wages & Salaries	47,224 56	
Petty Cash	1 000 00	
Slurry	1 852 50	
Vets	6 395 29	
Cull Costs	<u>6 220 48</u>	
		(237 552 45)
TRADING SURPLUS/(DEFICIT)		<u>13,298 26</u>

# ACCOUNT OF RECEIPTS AND PAYMENTS

## 27 April 2015 to 17 June 2015

### Receipts & Payments Account

S of A (£)		€	£
	HIRE PURCHASE		
67 684 00	HP Asset (1)	-	
(79 857 00)	Finance Company(1)	-	
			-
	SECURED ASSETS		
886 000 00	Freehold Land & Property	-	
	Goodwill	1 00	
	Intellectual Property & Contracts	3 00	
			4 00
	SECURED CREDITORS		
(1 330 444 00)	Chargeholder (1)	-	
			4 00
	FLOATING CHARGE REALISATIONS		
	Royalties	3 879 35	
	IT Systems	10 000 00	
45 000 00	Plant & Machinery	14 996 00	
5 000 00	Furniture & Equipment	-	
10 000 00	Motor Vehicles	-	
100 000 00	Stock	85 000 00	
100 000 00	Book Debts	62 667 11	
	Cash at Bank	0 59	
	Cash in Hand	24 23	
	TRADING SURPLUS/(DEFICIT)	13 298 26	
	Insurance Refund	3 197 13	
	Sundry Income	1 006 26	
	Contribution from buyer	1 05	
			194 069 98
	COST OF REALISATIONS		
	Costs of realising foreign investments	3 983 53	
	Legal Fees (1)	4 484 13	
	Statutory Advertising	84 60	
			(8 552 26)
	UNSECURED CREDITORS		
(4 963 119 00)	Trade Creditors	-	
			-
	DISTRIBUTIONS		
(6 846 020 00)	Ordinary Shareholders	-	
(12,005,756 00)			185,521 72
	REPRESENTED BY		
	Vat Receivable		5 288 26
	Floating Bank Account		180 229 46
	Fixed Bank Account		4 00
			185,521 72

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**DIRECTORS' STATEMENT OF AFFAIRS AS AT 27  
April 2015**

## Statement of affairs

Name of Company  
Agricultural Contract & Marketing Company  
Limited

Company number  
03007999

In the High Court of Justice  
Chancery Division  
Leeds District Registry  
[full name of court]

Court case number  
374 of 2015

(a) Insert name and address of  
registered office of the Company

Statement as to the affairs of (a) Agricultural Contract & Marketing Company Limited, 9th Floor, Bond  
Court, Leeds, LS1 2JZ

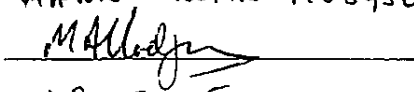
(b) Insert date

on the (b) 27 April 2015, the date that the company entered administration

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### Statement of Truth

I believe that the facts stated in this statement of affairs are a full true and complete statement of the  
affairs of the above named company as at (b) 27 April 2015, the date that the company entered  
administration

Full name MANIS AUSTIN HODGSON  
Signed   
Dated 28.5.15

## A – Summary of Assets

### Assets

#### Assets Subject to HP or Lease

Assets  
Less HP or Lease Liability  
Equity / (Shortfall)

#### Assets Subject to Fixed Charge

Fox Covert Freehold Farm  
Acron Hill Freehold Farm

Leasehold Improvements  
Upton Pig Farm  
Upton Barn / Conference Hall  
Upton AI Lab  
Upton Office  
Oakwood Farm

Capitalised Research & Development

Investments  
M's Pig APMC (Cambodia) Co Limited  
ACMC Pig Genetics Philippines Inc  
Hebei ShuangGe Meidam Animal Livestock Science & Technology Co Limited

Total Fixed Charge Assets  
Less Due to Royal Bank of Scotland plc  
Fixed Charge Surplus / (Shortfall)

#### Assets Subject to Floating Charge

Plant & Equipment  
Office Furniture  
Motor Vehicles  
Livestock

Debtors  
Trade Debtors  
Royalty Debtors  
ACMC (Asia)  
Intercompany - APMC (UK) Limited

Total Floating Charge Assets

Estimated total assets available for preferential creditors

Book Value £	Estimated to Realise £
67,684	67,684
(79,857)	(79,857)
(12,173)	(12,173)
545,325	500,000
364,048	386,000
521,769	-
20,149	-
1,425	-
1,969	-
19,262	-
476,573	-
299,246	-
672	-
250,000	-
2,500,438	886,000
(1,330,444)	(1,330,444)
1,169,994	(444,444)
101,845	45,000
5,146	5,000
703	10,000
1,588,722	100,000
144,516	100,000
13,556	-
50,970	-
873,026	-
2,778,484	260,000
3,948,478	260,000

Signature W. A. H. H. H. Date 28.5.15

## A1 – Summary of Liabilities

	Estimated to realise £
<b>Estimated total assets available for preferential creditors (carried from page A)</b>	£ 260,000
<b>Liabilities</b>	
Preferential creditors -	£Nil
<b>Estimated deficiency/surplus as regards preferential creditors</b>	£ 260,000
Estimated prescribed part of net property where applicable (to carry forward)	(£55,000)
<b>Estimated total assets available for floating charge holders</b>	£ 205,000
Debts secured by floating charges	(£444,444)
<b>Estimated deficiency/surplus of assets after floating charges</b>	£ (239,444)
Estimated prescribed part of net property where applicable (brought down)	£55,000
<b>Total assets available to unsecured creditors</b>	£ 55,000
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	(£4,963,119)
<b>Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)</b>	£ (4,908,119)
Shortfall to floating charge holders (brought down)	£ (£239,444)
<b>Estimated deficiency/surplus as regards creditors</b>	£
Issued and called up capital	£6,846,020
<b>Estimated total deficiency/surplus as regards members</b>	£ (11,993,583)

Signature



Date

28 5 15



# COMPANY CREDITORS

**Note:** You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
Royal Bank of Scotland	10th Floor, 280 Bishopsgate, London EC2M 4RB	1,330,444	Debenture plus five legal charges	Debenture dated 14/01/2010 All legal charges 29/01/2010	1,330,444
Closc Brothers Asset Finance	Bridge House, Hesselwood Country Park, Fernby Road, Hessle, HU13 0PB	79,857	Ownership of specific asset on lease and hire purchase agreements	Various	67,684
Matthew Curtis	Fallowfield House, Foston on the Wolds, Driffield, YO25 8BJ	63,160	None	N/A	N/A
Stephen Curtis	Upton House, Beccord, Driffield, YO25 8AF	1,754,297	None	N/A	N/A
Austin Hodgson	Blacksmiths Forge, 12 Redsway, Brandesburton, Driffield, YO25 8SF	18,000	None	N/A	N/A
Rebuilding Society	20, Queen Square, Leeds, LS2 8AF	51,333	None	N/A	N/A
C A Rycroft	7 West park, Harrogate, HG1 1BL	135,000	None	N/A	N/A
E A Brook	Norton Thorpe Ind Park Ltd, Nortonthorpe Mill, Scissett, Huddersfield, HD8 9LA	100,000	None	N/A	N/A
Miss Ann Curtis	Upton House, Beccord, Driffield, YO25 8AF	1,150,000	None	N/A	N/A
SFFC Inc	3411 Silverside Road, 103 Baynard Building, Wilmington, Delaware 19810, USA	669,443	None	N/A	N/A
HMR&C (CT)	Enforcement & Insolvency, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12, 4SE	30,444	None	N/A	N/A
HMR&C (PAYE & NI)	Enforcement & Insolvency, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12, 4SE	141,771	None	N/A	N/A
HMR&C (S455)	Enforcement & Insolvency, Durrington Bridge House, Barrington Road, Worthing, West Sussex, BN12, 4SE	30,850	None	N/A	N/A
Other Trade Creditors	See attached	806,648	None	N/A	N/A

Signature M. Hodge Date 28 5 15

## COMPANY SHAREHOLDERS

Name of Shareholder	Address (with postcode)	No. of shares held	Nominal Value	Details of Shares held
Stephen John Curtis	Upton House, Beeford, Driffield, YO25 8AF	6,261,298	6,261,298	Ordinary
Matthew John Curtis	Fallowfield House, Foston-on-the-Wolds, Driffield, YO25 8BJ Baynard Building 103, 3411 Silverside Road, Wilmington, Delaware 19810, USA	120	120	Ordinary
SFFC Inc		584,602	584,602	Ordinary
	TOTALS	6,846,020	6,846,020	

Signature W. Allday

Date 28.5.15

TRADE CREDITORS BALANCES AT 27TH APRIL 2015

ACMC LIMITED

Name	Balance £
BRITISH GAS BUSINESS	3,110 00
NPOWER	-360 24
BLUEFIN COMMERCIAL	-277 16
G O MORLEY & CO LTD	1 30
EAST RIDING POWER TOOLS	13 81
E ON	17 71
ENGINEERING AND WELDING SUPPLIES LTD	34 84
Macfarlane Packaging com	41 27
WILKIN PARTNERS AGRICULTURAL CONTRACTORS	54 00
CITY ELECTRICAL FACTORS	66 15
ROBINSON CONTRACT SERVICES	72 00
TONY COOK LTD	75 99
J & S BARNES	84 00
SOUTH HOLDERNESS I D B - KEYINGHAM DISTRICT	85 51
MOLE COUNTRY STORES	114 92
NATIONWIDE LABORATORY SERVICES	117 54
PERRY EQUIPMENT	121 47
BEVERLEY ANALYTICAL	126 00
DHL INTERNATIONAL (UK) LIMITED	130 15
R MORLEY & SON	137 00
LOCAL TELECOM SERVICE LTD	143 64
XAMAX	163 44
THE ARCO GROUP	166 09
BEN JOHNSON LTD	186 84
BIO LINK LIMITED	200 40
APHA	203 60
ADAMS TYRE SPECIALISTS	204 00
BEVERAD LTD	244 80
HULL LIGHTING	249 20
STUART SAUNT FARMS	249 60
HARRY ATKINSON	252 00
IAN SWALLOW	264 00
NORTH HUMBERSIDE PRECISION ENGINEERS (DRIFFIELD LTD)	295 20
CALVERTS MECHANICAL SERVICES	323 10
MERITRONICS LIMITED	324 00
ADPRO SECURITY	393 60
PO BOX 254, CAMBERLEY SURREY GU5 3WA	
PAYMENT PROCESSING CENTRE PO BOX 263 LEEDS LS2 9AN	
GOLDSTONE HOUSE,2 FERRIBY ROAD, HESSLE, HU13 0PG	
HILL FARM, GRANSMOOR, DRIFFIELD, YO25 8HY	
UNIT Y&Z, THE SPENCER CENTER,WESTGATE,DRIFFIELD,YO256TJ	
PO Box 123, NOTTINGHAM,NG1 6HD	
WEST MORELAND STREET, HULL,HU2 0HX	
Siskin Parkway East, Middlemarch Ind Estate Coventry CV3 4PE	
ELDER LODGE, HUMBER LANE,WELWICK, HULL, HU12 0SA	
NELSON DIVISION, 3A AUDAX CLOSE,CLITON MOOR, YORK,YO30 4RA	
WEIGHBRIDGE YARD, CATFOSS LANE, BRANDESBURTON, DRIFFIELD	
HULL ROAD, SKIRLAUGH, HULL,HU11 5AH	
SKIP BRIDGE INN FARM, GREEN HAMMERTON,YORK,YO26 8EZ	
RALPH WARD, 18 MARKET PLACE,PATRINGTON ,HULL HU12 0RB	
ALBION MILL, DRIFFIELD,YO25 6DA	
LANCEFIELD HOUSE,23 MAINS LANE,POULTON-LE-FYLDE, FY6 7LJ	
SAN MARTI, OLD ELLERBY, HULL,HU11 5AN	
LABORATORIES, HULL BRIDGE MILLS, TICKTON BEVERLEY,HU17 9RZ	
PO BOX 524, HOWNSLOW, MIDDLESEX,TW3 9PL	
84 MAIN STREET, BEEFORD, DRIFFIELD,YO25 8AZ	
2 CHESSINGHAM COURT CLIFTON MOOR,YORK, YO30 4WQ	
UNIT 5B,ROUNDWOOD IND EST,, OSSETT, WAKEFIELD,WF5 9SQ	
PO BOX 21 WAVERLEY STREET,HULL, HU1 2SJ	
STIRLING PARK, CLIFTON MOOR, YORK, YO30 4WU	
POCKLINGTON IND ESTATE, POCKLINGTON, YORK,YO41 1NR	
C/O SSD FINANCE, PO BOX347, YORK, YO1 7PX	
239 HOLME CHURCH LANE, BEVERLEY,HU17 0QE	
RIVERSIDE WORKS,HULL BRIDGE,BEVERLEY,HU17 9RT	
10 CHAPEL LANE, LOWGATE,HULL,HU1 1SB	
MAGDALEN HILL FARM, MAGDALIN LANE , HEDON, HULL, HU12 8LB	
LILAC HOUSE, THORPE BASSET, MALTON YORK YO17 8LU	
33 MAIN STREET, KILNWICK,DRIFFIELD,YO25 9JD	
THE AIRFIELD ,CRANSWICK,DRIFFIELD, YO25 9QE	
3 WEST COTTAGES, HAGG LANE,DUNNINGTON, YORK, YO19 5PE	
OTTERDEN PLACE, OTTERDEN,FAVERSHAM,KENT, ME13 0BU	
28A HIGHGATE, CHERRY BURTON, BEVERLEY, HU17 7RR	

YORK AUCTION CENTRE	MURTON, YORK, YO19 5GF	396 00
CHERRY'S COUNTRY HARDWARE LTD	NORTH FRODINGHAM, DRIFFIELD, YO25 8JU	402 43
DAISY COMMUNICATIONS	DAISY HOUSE, LINDRED ROAD BUS PARK, NELSON, LANCS, BB9 5SR	422 18
WEST BUILDING SUPPLIES LTD	80-88 ST JOHN STREET, BRIDLINGTON, YO16 7JR	455 86
IT@SPECTRUM LIMITED	1 TRINITY STREET, HULL HU13 1JR	495 16
NIFA	POSTBUS 383,8801 BD LEEUWARDEN, AMPERSTRATTA 4, 8912, NETHERLANDS	443 62
R R SMALES & PARTNERS	OWSTWICK HALL, ROOS, HULL, HU12 0LH	539 80
KIRNCROFT ENG LTD	WADWORTH HILL, BURSTWICK, HULL, HU12 9EY	589 68
HICKLING GRAY ASSOCIATES	11 SATURDAY MARKET, BEVERLEY, HU17 8BB	600 00
ROYAL MAIL GROUP LTD	FREPOST NAT15921, PAPYRUS RD, WERRINGTON, PETERBOROUGH PE4 5BR	601 38
NEW (UK) LTD	100 OXFORD STREET, HULL, HU2 0QP	626 34
NORWICH UNION HEALTHCARE	ST HELENS, 1 UNDERSHAFT, LONDON, EC3P 3DQ	696 02
ALLAN BINKS TIMBER LTD	CATFOSS LANE, BRANDESBURTON, DRIFFIELD, YO25 8EJ	707 16
SCIENTIFIC LABORATORY SUPPLIES	ORCHARD HOUSE, THE SQUARE, HESSLE, HULL, HU13 0AE	774 48
EDWARD GILDER & CO LTD	FOSSEWAY, BOURTON ON THE WATER, GLOUCESTERSHIRE, GL54 2EY	780 00
EMO OIL	TRYST HOUSE, GLENBERVIE BUS PARK, LARBERT, FKS 4RB	787 19
JOHNSON & SAUNT LTD	STOCKDALE FARM, BURSTWICK, HULL, HU12 9HD	796 80
COLOUROPTIONS	10 HARRIER COURT, AIFIELD BUS PARK, ELVINGTON, YORK, YO41 4EA	851 50
HOLDERNESS TYRE SERVICES	BURSTWICK SERVICE STATION, BURSTWICK, HULL, HU12 9EX	974 70
H H & J M ARTLEY	MILL FARM, FOSTON ON THE WOLDS, DRIFFIELD, YO25 8BP	1,152 00
SAGE GROUP LTD	SAGE HOUSE, BENTON PARK ROAD, NEWCASTLE NE7 7LZ	1,159 34
U P S LIMITED	AR DEPT, ST DAVIDS WAY, BEMUDA PARK, NUNEATON, CV10 7SD	1,190 79
C D SOANES COMMERCIAL REPAIRS LIMITED	UNIT 4, INDUSTRIAL EST CRANSWICK, DRIFFIELD YO25 9QE	1,195 70
CHRIS CLUBLEY & CO	62-64 MARKET PLACE, MARKET WEIGHTON, YORK YO43 3AL	1,200 00
LEWIS BUSINESS MEDIA	SUITE A, ARUN HOUSE, RIVERWAY, UCKFIELD TN22 1SL	1,236 00
ENVIRONMENT AGENCY	P O BOX 322, DEPT 206, PETERBOROUGH, PE2 8YD	1,257 20
R & R HUGILL	WINTER HILL GRANGE, HIGH HOYLAND, BARNESLEY, S75 4BB	1,495 60
EXPORT CERTIFICATION LTD	12 COWPER CLOSE, WISTASTON, CREWE, CHESHIRE CW2 8DU	1,500 00
MAGAPOR S L	Pol Ind Valdeferriñ, Calle 5, 50800 ejca de los Caballeros, Zaragoza Spain	1,360 98
WATERLOO (MOTOR TRADE) LIMITED	MAIN STREET, WINCOMLEE ESTATE, HULL HU2 0JX	1,576 99
RR LEONARD & SON	512 HOLDERNESS ROAD, HULL, HU9 3DS	1,624 00
DATA TO DECISIONS LTD	134 CANADA DRIVE, CHERRY BURTON, BEVERLEY, HU17 7SB	1,628 00
GREASLEY ELECTRONICS LTD	UNIT 6, RAVENSTONE IND, EST, SNIBSTON DRIVE, COALVILLE, LE67 3NQ	1,680 00
SCHIPPERS UK LTD	235 OLD MARYLEBONE ROAD, LONDON, NW1 5QT	1,725 16
GROVE HOUSE PUBLISHING LTD	TEN ALPES MEDIA, TRELAWNEY HOUSE, MACCLESFIELD CK11 6DW	1,824 00
K B & V CORNFORTH	EAST HESLERTON WOLD FARM, EAST HESLERTON, MALTON YO17 8RT	2,000 00
FOREST FUELS LTD	SUITE 11, OAKHAMPTON BUS PK, HIGHER STOCKLEY MEAD, OKEHAMPTON, EX20 1FU	2,010 62
ONROUTE FUEL CARD	ORION HOUSE, BASSEMER ROAD, WELWYN GARDEN CITY, AL7 1HH	1 454 24
JOHN BARBER	15 VICTORIA AVENUE, SOWERBY, THIRSK, YO7 1QX	2,700 00
DR VAN HAERINGEN LABORATORIUM BV	AGRO BUSINESS PARK 100, 6708PW, WAGENINGEN NETHERLANDS	2,392 50
A HUGHES & SON (SKELLINGTHORPE) LTD	JERUSALEM FARM, SKELLINTHORPE, LINCOLN, LN6 4RL	3,216 00

BURTON AGNES ESTATE	ESTATE OFFICE, BURTON AGNES, DRIFFIELD, YO25 0ND	3,250 00
EAST RIDING FARM SERVICES	PEXTON HOUSE, PEXTON ROAD, KELLYTHORPE, DRIFFIELD YO25 9DJ	3,278 49
MERKO N V	LEO BAEKELANDSTR 7/5, KAPELLEN, NETHERLANDS 2950	2,878 50
WP THOMPSON & CO	KINGS BUILDING, SOUTH CHURCH SIDE, HULL, HU1 1RR	3,463 68
MARTIN LOOKER	BHR COMMUNICATIONS, MIDDLE ORCHARD, LOWER LAYHAM, IPSWICH, IP7 5NB	2,909 94
LIVESTOCK SOLUTIONS	HIGH FARM, SCAR LANE, WEST BARNBY, WHITBY, YO21 3SD	4,041 82
GOSSCHALKS	QUEENS GARDENS, HULL HU1 3DZ	4,359 02
BRIAN EDWARDS ASSOCIATES LTD	9 WICKHAM WAY, BRACKEN PARK, DRIFFIELD, YO25 6UU	4,716 88
YORKSHIRE WATER	PO BOX 52, VICAR LANE, BRADFORD, BD3 7YD	4,904 79
ChemoMetec A/S	Gydevang 43, ALLEROD, DK-3450	4,564 89
AON LIMITED	HEXAGON HOUSE, 5 MERCURY GARDENS, ROMFORD, RM1 3EL	5,617 45
EAST RIDING OF YORKSHIRE	COUNTY HALL, BEVERLEY, HU17 9BA	5,665 74
NEWHOUSE MILL LIMITED	NEWHOUSE MILL, CRANWORTHY WATER, LAUNCESTON, PL15 8UW	6,194 86
PROVIMI LIMITED	SCA MILL, DALTON IND EST, DALTON, THIRSK, YO7 3HE	6,428 14
L FOSTER & SON	ELM TREE FARM, BRIGHAM, DRIFFIELD, YO25 8JW	6,973 39
DALEHEAD FOODS LIMITED	SETON HOUSE, WARWICK TECH PARK, GALLOWES HILL, WARWICK CV34 6DA	7,000 00
B WEBSTER & SONS LTD	LILAC VILLA, HULL ROAD, EASTRINGTON, GOOLE, DN14 7XL	5,887 50
RURAL PAYMENTS AGENCY	PO BOX 69, READING, BERKS, RG1 3YD	8,357 20
MODUS MEDIATION	6 WRIGHT STREET, HULL, HU2 8HU	8,835 00
SLEEGERS INTERNATIONAL VEETTRANSPORT B V	KAARK 5, 5763 PK, MILHEEZE, NETRELANDS	8,917 50
BROADTRENCH (& E SHARP) LTD	HALL GARTH FARM, WEST ST, LEVEN, BEVERLEY, HU17 5LR	10,260 00
A M WARKUP LTD	AERODROME WORKS LISSET, DRIFFIELD, YO25 8PY	11,801 86
5M ENTERPRISES LIMITED	BENCHMARK HOUSE, 8 SMITHY WOOD DRIVE, SHEFFIELD, S35 1QN	14,400 00
SMALES GOLDIE TURNER LIMITED	REGENTS COURT, PRINCESS STREET, HULL, HU2 8BA	20,400 00
WILLIAM THOMPSON (YORK) LTD	JUBILEE MILL, MURTON, YORK, YO19 5UT	37,548 33
GARTH PARTNERSHIP	GARTH HOUSE, STRAIGHT LANE, BEEFORD, DRIFFIELD YO25 8BE	82,465 66
AB AGRI LTD	64 INNOVATION WAY, PETERBOUROUGH BUS, PK, LYNCH WOOD, PETERBOUROUGH, PE2 6FL	465,368 33
		<b>£ 806,648 16</b>

## **DIRECTORS' STATEMENT OF AFFAIRS AS AT 27 April 2015 – NOTES**

- 1 The fixed charge assets being, freehold property, leasehold improvements, capitalised research and development and investments are subject to fixed charges granted in favour of Royal Bank of Scotland plc ("RBS") The name, type and date of security held by RBS is indicated on the statement of affairs
- 2 The Company is also subject to cross guarantees, in favour of RBS, in respect of amounts advanced to subsidiary undertaking, ACMC (UK) Limited RBS's lending to ACMC (UK) Limited is £273,263 As there is unlikely to be any return to RBS from the Administration of ACMC (UK) Limited, it is expected that this amount will be added to its claim against the Company
- 3 Freehold land and buildings comprises two farms known as Acron Hill and Foxcovert The estimate to realise value is based on advice provided by the Joint Administrators' agents
- 4 Leasehold improvements, whilst significant, are not expected to be recoverable as the improvements are now within the fabric of the leasehold land and buildings and can not be easily separated and disposed of Furthermore, the various landlords have advised that any attempts to remove assets will be blocked due to significant dilapidations counter claims
- 5 Capitalised research and development is held in the balance sheet at £476,573 However, as this is intangible, there is no opportunity to realise it as an asset in the Administration
- 6 The Company has investments in three far eastern companies These were held at cost in the Company's balance sheet However, the directors of the Company are concerned that due to the location of the investments and the apparent limited opportunity to dispose of the shares, there will be no realisations for this source The Administrators are, however, working on a strategy to realise the shareholdings
- 7 The chattel assets have been professionally valued by Eddisons Commercial Limited, which is RCIS registered, at a specific figure which will not be disclosed at this time so as not to prejudice any future sales The directors were privy to this information and have based their assessment of chattels on the same
- 8 Trade debts are shown at book value based on the Company's records and the estimated to realise figure is the opinion of the directors based on removal of anticipated contras and bad debts The Administrators have undertaken their own assessment and anticipate realisations to be closer to £69,145
- 9 A debt of £50,970 is due from ACMC (Asia) an entity associated to the Company by virtue of the historic involvement of Stephen Curtis in helping to establish it However, the debt has been in dispute for some time and the directors advise that it is likely to be uncollectable
- 10 The intercompany debt is due from ACMC (UK) Limited which also entered Administration on 27 April 2015 There will be no recoveries from this source as ACMC (UK) Limited had only limited assets
- 11 The directors of the Company have not made provision in the statement of affairs for preferential claims However, the Joint Administrators have provided an indication of likely claims in the main body of the report

## DIRECTORS' STATEMENT OF AFFAIRS AS AT 27 April 2015 – NOTES

- 12 Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts. "Net property" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation). The prescribed part is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000).

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

- a The net property is less than £10,000 and we think that the cost of distributing the prescribed part would be disproportionate to the benefit,
  - b Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds
- 13 The indebtedness to Close Brothers Asset Finance, Rebuilding Society and AB Agri Limited is supported by personal guarantees from Stephen Curtis. We understand that all of these guarantees may be without limit.
- 14 Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed.
- 15 The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs.

## DIRECTORS' STATEMENT OF AFFAIRS AS AT 27 April 2015 – NOTES

### 16 Transactions with directors and associates

Standard practice requires disclosure to the meeting of any transactions (other than in the ordinary course of business) between the Company (including any of its subsidiaries or any other company in which it has or had an interest) and any of its directors or their associates (as defined in Section 435 of the Act) in the period of **two years** prior to the commencement of administration, and in the period since the commencement of the administration, or proposed to be undertaken. Whilst we are still investigating the period prior to the Administration, the following transaction occurred post the appointment of the Joint Administrators

#### Transaction 1

Date of transaction	26 May 2015
Assets acquired	Leasehold farms know as Oakwod and Goxhill together with associated livestock and chattel assets. Certain elements of the Company's IT systems and intellectual property
Amount of consideration paid	£110,000
Date consideration paid	26 May 2015
Name of counterparty	Acorn Hill Limited
Nature of counterparty's connected party relationship with the vendor	Matthew Curtis is a director of both the Company and Acorn Hill Limited
Name and qualification of person who provided independent valuation advice	James Severn of Andersons Northern (England) Limited who hold a diploma in surveying, a diploma in farm management and a higher national diploma in agnculture
Date of resolution of Company authorising transaction	N/A
The scope of our investigations and conclusions reached	Sale made by the Administrators



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## TIME COSTS AND EXPENSES

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of our licensing bodies.

Total time spent to 17 June 2015 on this assignment amounts to 397.3 hours at an average composite rate of £231.42 per hour resulting in total time costs to 17 June 2015 of £91,944.50.

To assist creditors in determining this matter, the following further information on time costs and expenses are set out:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Pre-administration Time Costs Summary with Pre-Administration Time Costs Analysis attached
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value

In addition, a copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact my office and I will arrange to send you a copy.

## **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 guidance<sup>1</sup> 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 guidance<sup>2</sup> 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,

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

<sup>2</sup> 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

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour)</b>
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.

## **PRE ADMINISTRATION TIME COSTS SUMMARY**

CASE NAME                      Agricultural Contract & Marketing Company Limited

CASE TYPE                      Administration

OFFICE HOLDERS                Bob Maxwell and Rob Sadler

DATE OF APPOINTMENT        27 April 2015

### **1 CASE OVERVIEW**

1 1 This overview is intended to provide sufficient information to enable the body responsible for the approval of pre-administration costs to consider the level of those costs in the context of the case

#### **1 2 Time costs information**

Details of the time spent by each grade of staff prior to the appointment of the administrators and the overall average hourly charge out rate for the pre-administration work are set out in the attached table

Full details of the work undertaken by the administrators and their staff prior to appointment are set out below and in the Administrators' Statement of Proposals

#### **1 3 Overview of work undertaken prior to appointment**

The work for which the Joint Administrators are seeking payment of pre-appointment time costs relates to the preparation and organisation of the various appointment documents

#### **1 4 Complexity of work undertaken prior to appointment**

The work is relatively straight forward and has been undertaken by the lowest grade of staff possible in order to minimise the cost

#### **1 5 Exceptional responsibilities**

The work is standard

#### **1 6 The proposed Administrators' effectiveness**

Appointment documents were produced efficiently and at the lowest possible cost

#### **1 7 The views of the creditors**

The views of creditors as regards pre-appointment costs have not been directly sought until this point

#### **1 8 Approval of fees, expenses and disbursements incurred in the period prior to appointment**

The Administrators are seeking a resolution in relation to their pre-administration costs as follows that the unpaid pre-administration costs detailed in the joint administrators' Statement of Proposals for achieving the purpose of administration, be approved for payment

- 1 9 **Expenses and disbursements incurred in the period prior to appointment where payment is proposed to be made to Begbies Traynor and/or another entity with Begbies Traynor Group**

There are no pre-appointment expenses or disbursements in this case

- 1 10 **Other professionals employed & their costs**

There are no other pre-appointment costs being sought for payment by third parties

**2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

- 2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached as part of this Appendix

- 2 2 The rates charged by the various grades of staff who may work on a case are attached as part of this Appendix

Staff Grade		Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time cost £	Average hourly rate £
Administration	Administration							8 5	3 5		12 00	1,532 50	127 71
	Case planning		16 0						2 5		18 50	5,795 00	313 24
Total hours by staff grade			16 0					8 5	6 0		30 5		
Total time cost by staff grade £			5,520 00					1,147 50	660 00			7 327 50	
Average hourly rate £			345 00					135 00	110 00				240 25
Total fees drawn to date £												0 00	

## SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Agricultural Contract & Marketing Company Limited – In Administration ("the Company")
CASE TYPE	Administration
OFFICE HOLDERS	Bob Maxwell and Rob Sadler
DATE OF APPOINTMENT	27 April 2015

### 1 CASE OVERVIEW

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

#### 1.2 Complexity of the case

The Company operated from two freehold and three leasehold farms and at the date of appointment it also employed 34 staff. Due to the nature of the business, there is no other option available to the Administrators other than to continue trading. Trading a business in Administration has a number of inherent risks and difficulties.

As well as regular trading issues, the Company also has close working relationships with a number of foreign entities. Continuation of these relationships in order to maximise potential realisations will be challenging due to language and geographical barriers.

#### 1.3 Exceptional responsibilities

Animal welfare is a key responsibility of the Administrator. This takes careful planning and close work with the Company's vet. There are also environmental hazards such as management of the Company's slurry lagoons and solid animal waste.

#### 1.4 The office holders' effectiveness

To date trading is going well and a small trading profit of £25k has been realised. Furthermore, the final trading position is expected to result in a profit of around £50k.

In addition to the above, the Administrators have already sold part of the Company's business, which operated from two of the leasehold sites. The sale realised £110,000 and was recommended for acceptance by our agents.

An offer for the Company's two freehold properties has been received and accepted following consultation with the secured creditor, Royal Bank of Scotland plc ("RBS"). The sale is now progressing.

#### 1.5 Nature and value of property dealt with by the office holders'

The Company's main assets were two freehold farms valued in the directors' statement of affairs at £909,373.

The Company also held 10,000 pigs at the date of appointment with a book value of £1.59m. However, this figure is not reflective of likely realisations as the pigs can not all be sold in one go at a premium price. The costs of trading the business to sell the animals in a controlled manner will erode much of the value contained therein.



**1 6 Anticipated return to creditors**

It is anticipated that RBS, as secured creditor, will suffer a shortfall against its lending. It is also anticipated that there will be no monies available to either preferential or unsecured creditors.

**1 7 Time costs analysis**

An analysis of time costs incurred between 27 April 2015 and 17 June 2015 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type.

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only.

**1 8 The views of the creditors**

We have worked closely with RBS, as secured creditor, both immediately prior to appointment and during the initial trading period. RBS has been regularly updated on progress and given early indication of expected outcome.

**1 9 Approval of fees**

Resolution requesting payment of fees incurred on a time costs basis for the Joint Administrators' post appointment work and payment of fees incurred pre-appointment are contained within the main body of this report. It will be for RBS to approve this request.

**1 10 Approval of Expenses and Disbursements**

As above, a resolution has been put forward allowing the Joint Administrators to pay expenses and disbursements incurred from asset realisations. Again, it will be for RBS to approve this request.

**1 11 Category 2 Disbursements**

In accordance with the resolution sought in relation to expenses and disbursements, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been incurred since the date of my appointment.

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage at a rate of 45p per mile	1,198.80
<b>TOTAL</b>	<b>1,198.80</b>

#### 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 will also be engaged to dispose of any residual farm equipment once the Company ceases to trade.</p>	As work is ongoing the costs are currently unclear.
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 to the Company's assets.	At present the insurance premium and any amount of this due to Eddisons Insurance Services Limited is unclear. However, the cost is considered competitive in the market and it is sought that any costs be payable as an expense of the Administration.
<b>TOTAL</b>	Currently Unknown

#### 1 12 Other professionals employed & their costs

DLA Piper was instructed to provide legal assistance in support of the appointment of the Joint Administrators. Their cost for this work will be £2,865 plus VAT and disbursements of £100 (being a court fee). These costs are based on DLA Piper's time incurred.

Andersons Northern (England) Limited has been instructed to provide advice on the sale of part of the business to Acorn Hill Limited. Andersons will be remunerated on the basis of time properly incurred plus VAT and disbursements. We are currently awaiting a final invoice but do not expect this to exceed £3,000.

Gosschalks Solicitors were instructed to assist with the drafting of the sale agreement between the Company and Acorn Hill Limited. Gosschalks will be remunerated on the basis of time properly incurred and their costs for this work are £4,453.88 plus VAT and disbursements.

Gosschalks will also assist with conveyancing work in relation to the expected sale of Foxcovert and Acorn Hill farms. Their costs for this are expected to be 2% of gross sale proceeds.

Leonards and Savills are acting as joint agents in the sale of Foxcovert and Acorn Hill farms. They will be paid 2% of gross realisation plus marketing costs, disbursements and VAT upon sale of the farms.

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## **2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

- 2.1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached as part of this Appendix
- 2.2 The rates charged by the various grades of staff who may work on a case are also attached as part of this Appendix

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