

The Insolvency Act 1986

Administrator's progress report

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 the
administrator(s)

~~I/~~ We (a) Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street
Leeds LS1 2HJ and Rob Sadler of , 9th Floor, Bond Court, Leeds LS1 2JZ

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

from

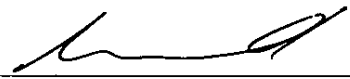
to

(b) Insert dates

(b) 27 April 2015

(b) 26 October 2015

Signed


Joint Administrator

Dated

25/11/15

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 LS1 2HJ	
	Tel Number 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

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27/11/2015

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COMPANIES HOUSE

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 pursuant to Rule 2.47 of the
Insolvency Rules 1986

Period: 27 April 2015 to 26 October 2015

Important Notice

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

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1. INTERPRETATION

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

2. COMPANY INFORMATION

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

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of administrators' appointment	27 April 2015
Date of administrators' resignation	N/A
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.

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 27 April 2015 to 26 October 2015. Details of the items shown in Appendix 1 are provided below.

Trading

As set out in our proposals dated 17 June 2015, the strategy adopted was to wind the Company down in a controlled manner in order to maximise realisations for creditors. It was determined that trading for a nine week period would generate the best return. It was initially forecast that a trading profit of £60,000 would be made. However, I am pleased to report that, with the assistance of the Company's directors (who were able to negotiate premium prices), we were able to generate a profit of £162,473. We consider that all trading receipts are now received and that all costs have been paid.

We have not yet submitted tax returns for the trading period but it is anticipated that tax in the region of £30,000 may be payable. We are, however, looking at the Company's pre-appointment tax affairs to determine whether there are any brought forward losses which may mitigate this estimated liability.

Sale of Fox Covert Farm and Acron Hill Farm Freehold Units

The Company's freehold farms known as Foxcovert Farm and Acron Hill Farm were marketed by joint agents Leonard and Savills ("the Joint Agents"). Marketing took place whilst the pig stock at the farms was slowly run down. The Joint Agents advised that having pigs on the farms would have been seen by most as a liability rather than an asset due to health restrictions. Upon emptying the farms, a preferred bidder (who had offered for both farms together) was identified and a sale for £886,000 (less a contribution to costs of £283) completed on 9 July 2015.

As part of the sale, a payment of £5,750 was made to Close Brother Limited, which had financed a building on the land at Acron Hill Farm.

The Joint Agents' fees of £17,720 were paid in relation to the sale representing 2% of gross sale proceeds (split 1% for Leonards and 1% for Savills). The Joint Agents' disbursements, being marketing costs of £1,549, were also paid.

Conveyancing work was undertaken by Gosschalks Solicitors, who were paid time costs and disbursements of £8,583.

An EPC was also required as part of the sale. A payment of £125 was made in relation to this.

Sale of Oakwood Farm and Goxhill Farm Leasehold Units

As set out in our proposals, a sale of the Company's leasehold farms known as Oakwood and Goxhill, together with certain other assets, was made to Acorn 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 goodwill and intellectual property. All of this consideration was received on completion.

Acorn Hill Limited is a company owned and controlled by Matthew Curtis, a director of the Company. Acorn Hill Limited later changed its name to Pure Pig Genetics Limited.

Pure Pig Genetics Limited later purchased additional software from the Company for £3,492.

Plant and Machinery – Subject to Finance

Details were provided in our proposal with regard to a number of assets which the Company owned subject to finance. These assets included 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.

With the exception of the biomass boiler, all of these assets have either been sold, returned to the finance companies, or the agreements have been novated. Due to a lack of equity, this did not result in a monetary return to the Company. However, the action has limited the potential unsecured claims of the finance companies.

In respect of the biomass boiler, the Company disclaimed any interest after ceasing to trade as the value was less than the outstanding finance. Furthermore, the boiler was intrinsically linked to the Company's leasehold farm at Upton. We understand that the landlord of Upton Farm and Close Brothers Limited (the finance provider) are in discussions about what to do. We understand that the landlord is seeking to settle the finance which will mitigate any unsecured claim by Close Brothers Limited against the Company.

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 owned several items of unencumbered plant and machinery, motor vehicles and furniture. In the Director's statement of affairs, it was estimated that, collectively, these assets would realise £60,000. However, following a well attended auction of the assets, realisations totalled £77,948. The items were sold from Upton Farm, with the landlord's agreement, following completion of trading.

Agent's fees in relation to the disposal of the assets totalled £23,665. These costs relate to the scheduling, valuing and securing of assets as well as auction fees. All agency work was undertaken by Eddisons Commercial Limited ("Eddisons"), which is part of the Begbies Traynor Group.

Eddisons had to value all assets which were spread across five sites. They also assisted in valuing the assets for the sale to Acorn Hill Limited.

Agent's disbursements of £9,594 were also paid to Eddisons. This related primarily to third party porter costs which were necessary in order to consolidate all assets on one site prior to auction. The disbursements also include an element of marketing and other sundry costs.

Book Debts

The Company had an outstanding book debt ledger of £98,689 on appointment. We initially estimated that the collectible element of this ledger was £69,145. However, to date we have realised £76,544. We have passed the balance of the ledger to a debt collection solicitor, Addlestone Keane Limited. Addlestone Keane will be paid 20% of any realisations that they are able to make. However, we do not expect any further realisations at this time.

Foreign Investments

At the date of our appointment, the Company held two significant shareholdings in Cambodian and Chinese entities. These investments, at cost, are valued at £299,246 and £250,000 respectively.

As well as holding shares in these businesses, the Company 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, Managing Director of the Company, 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 costs associated in sending Mr Curtis to the Far East totalled £7,637. In addition, the Company paid £3,244 in order to keep the arbitration against the Chinese company going (in the hope of applying pressure for a settlement).

Having incurred these costs, the Chinese entity settled for £17,985. However, this money was received after the period of this report. The Cambodian entity has paid £3,879 in relation to outstanding royalties. Negotiations in relation to the shareholding are ongoing.

Without the involvement of Mr Curtis, it is considered that no realisations would have been made.

Other Assets & Costs

Stock of £121,940 has been realised during the period. This relates to bulk sales of pigs to other farmers rather than trading (cull) sales. Of this amount, £85,000 relates to the sale to Acorn Hill Limited discussed above.

The following sundry assets were received during the period: a VAT refund (£6,509), an insurance refund (£3,197) and various other sundry refunds together totalling (£4,011). Cash at bank and in hand of £25 has also been realised together with bank interest of £232.

As part of operating the biomass boiler, referred to previously, the Company was entitled to a heat grant of £3,239 which was duly collected.

Legal fees of £9,562 have been paid in relation to general advice. Of this amount, £5,077 has been paid to DLA Piper UK Limited in relation to the process of appointment. £4,484 has been paid to Gosschalks in relation to advice given for the sale to Acorn Hill Limited.

Statutory advertising costs of £85 have been incurred and paid.

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 and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows:

Secured creditor

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

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. APMC (UK) Limited is now being dissolved, with no return to RBS expected. Therefore, RBS's total claim against the Company is £1.60m.

An interim distribution of £829,256 has been made to the Bank under its fixed charge. At present it is anticipated that a further fixed charge distribution of approximately £18,000 will be made to the RBS. This may increase if realisations can be made in relation to the Cambodian shareholding.

Depending on the agreement of preferential and unsecured creditors (for the prescribed part) a further distribution of to RBS may be payable under its floating charge.

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

Preferential creditors

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

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

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

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

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

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

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in Section 176A(6) of the Act, to be £166,824 and the prescribed part of the Company's net property to be £33,368.

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

Unsecured creditors

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

Effect of administration on limitation periods under the Limitation Act 1980

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

6. PRE-ADMINISTRATION COSTS

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

Description	Name of recipient	Net amount £	VAT £	Gross amount £
Our fees in relation to the Work	Begbies Traynor	7,327.50	1,465.50	8,793.00
TOTAL PRE-ADMINISTRATION COSTS		7,327.50	1,465.50	8,793.00

7. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by the secured creditor on 9 July 2015 in accordance with Rule 2 106(5A) 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 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 27 April 2015 to 26 October 2015 amount to £185,575 which represents 854 hours at an average rate of £217 per hour.

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

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 27 April 2015 to 26 October 2015
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To 26 October 2015, we have drawn the total sum of £Nil on account of our remuneration, against total time costs of £185,575 incurred since the date of our appointment.

Category 1 disbursements incurred (disbursements which do not require approval for payment) total £631. This includes a bonding premium of £140. To 26 October 2015, we had not drawn any of these Category 1 disbursements.

A number of Category 2 disbursements (which require approval to be paid) have been incurred and are set out in Appendix 2. The only Category 2 disbursement which have been incurred but not paid is a cumulative mileage charge totalling £4,678.

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.

9. ASSETS THAT REMAIN TO BE REALISED

As set out above, we, with the assistance of Stephen Curtis, continue to seek a sale of the Company's shareholding in the Company's Cambodian subsidiary. Realisations, if any, from this source are uncertain at this time.

The Company's residual book debts have been passed to Addlestone Keane. It is not anticipated that there will be further realisations at present.

At the date of our appointment, the Company had initiated substantial claims against both RBS and Lloyds Banking Group in relation to the mis-selling of interest rate hedging products. Our work on these claims is at an early stage and we will report on progress and potential realisations in our next report.

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, Innovation and Skills on the conduct of the directors. We have complied with our duties in this respect.

Investigations completed and action taken

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. On the basis of this investigation, we consider there to be no action to take which may lead to recoveries for creditors.

Connected party transactions

In accordance with Statement of Insolvency Practice 13, we confirm that the following assets were sold to an entity controlled and owned by Matthew Curtis, a director of the Company.

Date of sale	Asset sold and nature of transaction	Consideration paid and date	Name of Purchaser	Relationship with the Company
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

Proposed exit route from administration

It is currently anticipated that the Company will exit Administration via Paragraph 84 of Schedule B1 to the Act. Upon exit, the Company will be dissolved.

Following legislation which came into force on 26 May 2015, the anticipated prescribed part for unsecured creditors can be distributed in Administration. Therefore, exiting the Administration via dissolution is still achievable (previously a Company would have to move to Liquidation in order to distribute a prescribed part without consent of the Court).

11. CREDITORS' RIGHTS

Right to request further information

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

Right to make an application to court

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

12. CONCLUSION

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



R A H Maxwell
Joint Administrator

Dated 25 November 2015

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 27 April 2015 to 26 October 2015

Trading Account

	£	£
POST APPOINTMENT SALES		
Sales	530 824 28	
Contribution to Fuel Costs	<u>95 83</u>	
		530 920 11
TRADING EXPENDITURE		
Fuel	2 277 89	
IT Support	750 00	
Farm Consumables	1 936 59	
Gow Out Costs	2 180 20	
Rent	32 418 59	
Photocopier lease payment	191 30	
Utilities	14 141 77	
ACMC (UK) Settlement	12 156 00	
Telephone	895 30	
Agents costs	3 029 20	
Skip Hire	408 00	
Transport	8 162 00	
Bank Charges	280 00	
PAYE/NI	14 896 00	
Lease/HP Payments	3 562 62	
Repairs & Maintenance	3 132 63	
Fallen Stock	2 690 25	
Insurance	8 743 48	
Alarm Monitoring	280 00	
Farm Machinery Running Costs	22 34	
Council Tax	319 99	
Duress Creditors	2 000 00	
Feed	148 057 33	
Wages & Salaries	79 177 00	
Petty Cash	(106 81)	
Slurry	5 272 50	
Vets	7 796 95	
Cull Costs	<u>13 775 88</u>	
		(368 447 00)
TRADING SURPLUS/(DEFICIT)		<u>162,473 11</u>

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 27 April 2015 to 26 October 2015

Receipts & Payments Account

S of A £		£	£
	SECURED ASSETS		
896 000 00	Freehold Land & Property	466 642 00	
	Property Fixtures	419 075 00	
	Goodwill	1 00	
	Intellectual Property & Contracts	3 00	
			885 721 00
	COSTS OF REALISATION		
	Finance Settlement	5 750 00	
	Legal Fees	8 583 29	
	Agents/Valuers Fees	17 720 00	
	Costs of Realising Foreign Investment	10 880 53	
	Agents Disbursements	1 549 00	
	Property EPC	125 00	
			(44 607 82)
	SECURED CREDITORS		
(1 330 444 00)	Chargeholder (1)	829 256 01	
			(829 256 01)
	HIRE PURCHASE		
67 684 00	HP Asset (1)	-	
(79 857 00)	Finance Company(1)	-	
			-
	Fixed Charge Funds Held		11 857 17
	FLOATING CHARGE ASSET REALISATIONS		
	Royalties	3 879 35	
	IT Systems	13 492 32	
45 000 00	Plant & Machinery	77 948 00	
5 000 00	Furniture & Equipment	-	
10 000 00	Motor Vehicles	-	
100 000 00	Stock	121 940 00	
100 000 00	Book Debts	72 029 26	
	VAT Refund	6 509 26	
	Cash at Bank	0 59	
	Cash in Hand	24 23	
	Bank Interest Gross	232 09	
	Trading Surplus	162 473 11	
	Insurance Refund	3 197 13	
	Sundry Income	4 011 36	
	Contribution from buyer	1 05	
	Heat Grant	3 238 81	
			468 976 56
	COST OF REALISATIONS		
	Agents Fees	23 665 20	
	Agents Disbursements	9 594 46	
	Legal Fees (1)	9 561 55	
	Statutory Advertising	84 60	
			(42 905 81)
	UNSECURED CREDITORS		
(4 963 119 00)	Trade Creditors	-	
			-
	DISTRIBUTIONS		
(6 846 020 00)	Ordinary Shareholders	-	
			-
	Floating Charge Funds Held		426 070 75
	REPRESENTED BY		
	Fixed Charge Account		11 857 17
	Floating Charge Account		420 189 78
	Vat Receivable		5 890 97
	TOTAL FUNDS HELD		437 927 92

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 27 April 2015 to 26 October 2015

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.

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 was 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.

The Company had close working relationships with a number of foreign entities. Continuation of these relationships was required in order to maximise realisations.

1.3 **Exceptional responsibilities**

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

1.4 **The office holders' effectiveness**

Trading exceeded expectations. An expected profit of £60k was surpassed by over £100k.

The Administrators 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. This sale maintained four jobs and mitigated potential creditor claims.

A sale of the Company's two freehold properties was achieved following consultation with the secured creditor, Royal Bank of Scotland plc ("RBS").

Debt collection has slightly exceeded expectations. Also a return from foreign investments has been achieved despite the potential challenges faced in this regard.

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 and sold for £886,000.

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 eroded 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. However, the return will be higher than first forecast.

It was initially anticipated that there would be no monies available to either preferential or unsecured creditors. However, due to positive movement in floating charge realisations it now appears likely that preferential creditors will be paid in full and that a prescribed part will be available to unsecured creditors. Furthermore, if successful claims can be made in relation to the mis-selling of interest rate hedging products, there may be an increased return to unsecured creditors.

1 7 Time costs analysis

An analysis of time costs incurred between 27 April 2015 and 26 October 2015 prepared in accordance with Statement of Insolvency Practice 9 is attached as part of this Appendix and shows 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, the 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 were approved by RBS.

1 10 Approval of Expenses and Disbursements

As above RBS has approved the payment of expenses and disbursements as set out in the main body of this report.

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	4,678 20
TOTAL	4,678 20

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 £
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. Eddisons Commercial Limited was also engaged to dispose of any residual farm equipment once the Company ceased to trade	£23,665 20
Disbursements incurred by Eddisons Commercial Limited in dealing with the asset realisations	£9,594 46
Eddisons Insurance Services Limited, which is a member of the Begbies Traynor Group, has provided insurance brokerage services, having arranged open cover insurance in relation to the Company's assets	£8,743 48
TOTAL	£42,003 14

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 was £5,077 plus VAT. These costs are based on DLA Piper's time incurred plus disbursements.

Andersons Northern (England) Limited was instructed to provide advice on the sale of part of the business to Acorn Hill Limited. Andersons were remunerated on the basis of time properly incurred plus VAT and disbursements. This totalled £3,029 plus VAT.

Gosschalks Solicitors were instructed to assist with the drafting of the sale agreement between the Company and Acorn Hill Limited. Gosschalks were remunerated on the basis of time properly incurred plus disbursements. Their costs for this work at £4,454 plus VAT. Gosschalks have also assisted in realising monies from the foreign subsidiaries and have incurred time costs of £681 plus VAT to date. This remains unpaid at this time.

Gosschalks assisted with conveyancing work in relation to the sale of Foxcovert and Acorn Hill farms. Their costs for this were £8,583 plus VAT being time costs plus disbursements.

Leonards and Savills acted as joint agents in the sale of Foxcovert and Acron Hill farms. They were paid 2% of gross realisations (1% each) plus marketing costs, disbursements and VAT upon sale of the farms.

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.

Staff Grade	Partner	Director	Snr Mngr	Mngr	Asst Mngr	Snr Admin	Admin	Jnr Admin	Support	Total Hours	Time Cost £	Average hourly rate £
General Case Administration and Planning	28 1	7 7				2 8	1 0			39 6	14 381 00	363 16
Administration							76 0	15 7	25 4	117 1	14 781 00	126 23
Total for General Case Administration and Planning	28 1	7 7				2 8	77 0	15 7	25 4	156 7	29 162 00	186 10
Compliance with the Insolvency Act, Rules and best practice	0 2	7 3		2 3			0 5	1 3		11 4	3 338 50	292 85
Banking and Bonding							0 5			0 7	146 50	209 29
Case Closure								14 4		14 4	1 584 00	110 00
Statutory reporting and statement of affairs	8 6	30 2		0 8			9 5	7 0		56 1	18 080 50	286 64
Total for Compliance with the Insolvency Act, Rules and best practice, CDDA and investigations	8 8	37 5		3 1			10 5	22 7		82 6	21 149 50	256 05
Investigations												
Realisation of assets												
Debt collection												
Property, business and asset sales	15 6	44 7		0 9			7 6	6 0		74 8	23 508 00	314 28
Retention of Tiller/Third party assets												
Total for Realisation of assets	15 6	44 7		0 9			7 6	6 0		74 8	23 508 00	314 28
Trading	8 4	114 9		1 5			11 2	277 2		413 2	75 360 00	182 38
Total for Trading	8 4	114 9		1 5			11 2	277 2		413 2	75 360 00	182 38
Dealing with all creditors claims (including employees), correspondence and distributions	11 0	19 0								30 0	10 900 00	363 33
Secured												
Others	1 3	0 3		3 7			5 6	29 0		39 9	5 543 50	138 93
Creditors committee												0 00
Total for Dealing with all creditors claims (including employees), correspondence and distributions	12 3	19 3		3 7			5 6	29 0		69 9	18 443 50	235 24
Other matters which includes meetings, tax, litigation, pensions and travel	40 6									40 6	16 037 00	395 00
Meetings												
Other	2 0	5 0						1 8		8 8	2 713 00	308 30
Tax		1 1					2 1			3 2	663 00	207 19
Litigation												0 00
Total for Other matters	42 6	6 1					2 1	1 8		52 6	19 413 00	369 07
Total hours by staff grade	115 8	230 2		9 2			117 5	353 0	25 4	853 9		
Total time cost by staff grade	45,741 00	79,419 00		2,438 00			15,682 50	38,630 00	2,794 00		185,574 50	
Average hourly rate £	395 00	345 00	0 00	265 00	0 00		135 00	110 00	110 00			217 33
Total fees drawn to date £											0 00	

STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred	Amount discharged	Balance (to be discharged)
Agent's fees - Property	Leonards	£8,860	£8,860	£0
Agent's fees - Property	Savills plc	£8,860	£8,860	£0
Agent's disbursements - Property	Leonards	£1,549	£1,549	£0
Legal Fees - Conveyancing	Legal Fees - General	£8,583	£8,583	£0
Costs of Realising Foreign Investments	Stephen Curtis	£7,637	£7,637	£0
Costs of Realising Foreign Investments	Hong Kong International Arbitration Centre	£3,244	£3,244	£0
Property EPC	Leonards	£125	£125	£0
Agent's fees - Assets	Eddisons Commercial Limited	£23,655	£23,655	£0
Agent's disbursements - Assets	Eddisons Commercial Limited	£9,594	£9,594	£0
Legal Fees - General	DLA Piper UK LLP	£5,077	£5,077	£0
Legal Fees - General	Gosschalks Solicitors	£5,165	£4,484	£681
Statutory Advertising	Courts Advertising	£85	£85	£0
Bond Premium	Marsh Limited	£140	£0	£140
Administrators Category 1 disbursements	Begbies Traynor Group	£491	£0	£491
Administrators Category 2 disbursements (all mileage)	Begbies Traynor Group	£4,678	£0	£4,678