

# AM23

## Notice of move from administration to dissolution



Companies House

SATURDAY



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11/01/2020

#172

COMPANIES HOUSE

### 1 Company details

Company number 0 3 0 0 7 9 9 9

Company name in full Agricultural Contract & Marketing Company Limited

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

### 2 Court details

Court name In the High Court of Justice, Business & Property

Courts in Leeds, Insolvency & Companies List (ChD)

Court number 3 7 4 o f 2 0 1 5

### 3 Administrator's name

Full forename(s) Bob

Surname Maxwell

### 4 Administrator's address

Building name/number 4th Floor

Street Toronto Square

Post town Toronto Street


County/Region Leeds

Postcode L S 1 2 H J

Country

AM23

Notice of move from administration to dissolution

<b>5</b>	<b>Administrator's name ①</b>	
Full forename(s)	Julian	
Surname	Pitts	
		① Other administrator Use this section to tell us about another administrator.
<b>6</b>	<b>Administrator's address ②</b>	
Building name/number	Fourth Floor	
Street	Toronto Square	
Post town	Toronto Street	
County/Region	Leeds	
Postcode	L S 1 2 H J	
Country		
		② Other administrator Use this section to tell us about another administrator.
<b>7</b>	<b>Final progress report</b>	
<input checked="" type="checkbox"/> I have attached a copy of the final progress report		
<b>8</b>	<b>Sign and date</b>	
Administrator's signature	Signature X  X	
Signature date	d 1 0 m 0 1 y 2 0 y 2 0	

AM23

Notice of move from administration to dissolution



### Presenter information

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

Contact name **Ben Fallon**

Company name **Begbies Traynor (Central) LLP**

Address **Fourth Floor**

**Toronto Square**

Post town **Toronto Street**

County/Region **Leeds**

Postcode **L S 1 2 H J**

Country

DX **leeds@begbies-traynor.com**

Telephone **0113 244 0044**



### Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

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



### Important information

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



### Where to send

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

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



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)**

Bob Maxwell and Rob Sadler (latterly replaced by Julian Pitts) were appointed joint administrators on 27 April 2015

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

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

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### **Final Progress Report of the Joint Administrators**

**Period: 24 August 2019 to 10 January 2020**

## **Important Notice**

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

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Agricultural Contract & Marketing Company Limited (In Administration)
"the Administration"	The appointment of Administrators under Schedule B1 to the Insolvency Act 1986 on 27 April 2015
"the Administrators", "we", "our", "us"	Bob Maxwell of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Julian Pitts of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency (England and Wales) Rules 2016 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the 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

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of Administrators:	Bob Maxwell, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ and Julian Pitts, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Fourth Floor, Toronto Square, Toronto Street, Leeds, LS1 2HJ
Date of appointment:	Bob Maxwell and Rob Sadler were appointed Joint Administrators on 27 April 2015. Julian Pitts was appointed Joint Administrator on 9 May 2018
Date of resignation:	Rob Sadler resigned on 9 May 2018
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' within the meaning of Article 3 of the Regulation.
Extensions of the Administration period	The Administration was extended with the consent of creditors for a period of 12 months until 26 April 2017 and also extended by orders of the court for a period of 36 months until 26 April 2020.

## 4. PROGRESS DURING THE PERIOD

### Receipts and Payments

Attached at Appendix 1 is our abstract of receipts and payments for the period from 24 August 2019 to 10 January 2020.

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

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

The costs incurred in relation to each heading are set out in the Time Costs Analysis which is attached at Appendix 3. There is an analysis for the period of the report and also an analysis of time spent on the case since the date of our appointment. The details below relate to the work undertaken in the period of the report only. Our previous reports contain details of the work undertaken since our appointment.

#### General case administration and planning

Time spent under this heading includes complying with internal filing and information recording practices, including documenting strategy decisions and reviews of the case files on a regular basis. This has included a thorough review of the file prior to case closure.

Whilst this does not benefit creditors financially, it is necessary to ensure the efficient and compliant progression of the Administration, which ensures that we carry out our work to high professional standards.

#### Compliance with the Insolvency Act, Rules and best practice

We have a duty to comply with the Act, Rules and best practice. The time incurred preparing and sending our previous progress report to creditors falls under the period of this report. We have also ensured that the case is adequately bonded, as is our statutory obligation. We have paid Marsh Limited the sum of £118 in respect of the outstanding premium

In addition, this final report has been prepared in order to provide an overview of the Administration and the outcome for creditors

This work has not benefitted creditors financially but is necessary in accordance with the Act and best practice.

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

As a result of the additional realisations from the claims against Royal Bank of Scotland plc ("RBS") previously reported, further funds were available to distribute to RBS under its floating charge security, which would also require the need for a further prescribed part distribution.

We therefore paid the final floating charge distribution to RBS in the sum of £36,471. As the monies have been made available due to the Company's claim against RBS, these monies will be paid to the bank's nominated charity.



As we received additional unsecured claims since the initial dividend by virtue of the prescribed part, we declared and paid an equalising dividend by virtue of the prescribed part to those additional agreed unsecured creditors. This distribution totalled £9,118.

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

We have continued to deal with the tax affairs of the Company and submitted tax returns as necessary and made claims for the reclaim of VAT.

The sum of £123 has been paid to our storage agents, Restore plc, in respect of the storage of our files for the statutory period of six years. This cost includes subsequent destruction costs.

There may not be any obvious financial benefit to creditors, but all work carried out would likely be considered necessary for the administration and progression of the case.

## 5. OUTCOME FOR CREDITORS

### **Secured creditor**

RBS has been paid the sum of £878,012 in accordance with its fixed charge security and £167,223 in accordance with its floating charge security. RBS will therefore suffer a significant shortfall against its lending of £1.60m.

### **Preferential creditors**

A dividend of 100 pence in the £1 was paid to the preferential creditors on 26 July 2017.

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

Details of how the prescribed part is calculated have previously been provided in our statement of proposals.

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 £212,778 and the prescribed part of the Company's net property to be £45,556.

A dividend by virtue of the prescribed part was paid on 8 September 2017, and an equalising dividend by virtue of the prescribed part was paid on 19 September 2019.

### **Unsecured creditors**

There have been insufficient realisations to pay a dividend to unsecured creditors.

### **Ending the Administration**

Once the Notice of move from Administration to dissolution (Form AM23) has been registered (which we anticipate shortly), our appointment as Administrators will cease to have effect and, unless the court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice.

## 6. ADMINISTRATORS' PROPOSALS

Attached at Appendix 2 is a summary of our proposals as deemed approved under Rule 3.38(4) of the Rules in the absence of an initial meeting of creditors.

## 7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

### **Trading**

Due to the nature of the Company's business, it was considered that the only option available 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.

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 likely to maximise the return. The trading profit achieved exceeded initial expectations at £146,825.

### **Sale of Freehold Farms**

The Company's freehold farms known as Foxcovert Farm and Acron Hill Farm were marketed for sale whilst the pig stock at the farms was slowly run down. Upon emptying the farms, a preferred bidder (who had offered for both farms together) was identified and a sale for £885,717 completed on 9 July 2015.

### **Sale of Leasehold Farms**

We 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.

A sale comprising livestock, plant and machinery, IT systems and goodwill and intellectual was made for a total sum of £110,000 on 26 May 2015.

### **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 there was an ongoing dispute between the Company and its investment entities, we agreed for Stephen Curtis, Managing Director of the Company, to 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.

As a result of these meetings, the Chinese entity settled for £17,985 and the Cambodian entity for £28,921.

### **Interest Rate Hedging Products**

The Company has historically been sold Interest Rate Hedging Products by Lloyds Banking Group ("Lloyds") and RBS. There were potential claims against each party for the mis-selling of the IRHPs. The claim against Lloyds was statute barred by time and we attempted to pursue and sell the claim against RBS.

However, it was deemed uneconomical to pursue the claim against RBS as the Company's prospect of success was limited and therefore did not warrant further action.

### **RBS Claim**

We formulated and submitted a claim against RBS in respect of the interest, fees and charges levied by its Global Restructuring Group team in the years prior to our appointment. As a result, RBS offered the Company the sum of £175,641 in respect of its losses.

We also instructed solicitors to review the offer and assess whether there would be a claim for consequential loss. As it was deemed unlikely that any challenge or additional claim be successful, we accepted the offer put forward by RBS, which was paid to us on 1 August 2019.

### **Other Matters**

We also spent time realising the Company's other assets, including the unencumbered farming equipment, office equipment and the book debt ledger.

## **8. REMUNERATION & DISBURSEMENTS**

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

Our time costs for the period from 24 August 2019 to 10 January 2020 amount to £8,839 which represents 31 hours at an average rate of £286 per hour.

The following further information in relation to our time costs and disbursements is set out at Appendix 3:

- ☐ Time Costs Analysis for the period 24 August 2019 to 10 January 2020
- ☐ Begbies Traynor (Central) LLP's charging policy

To 10 January 2020, we have drawn the total sum of £369,288 on account of our remuneration, against total time costs of £376,041 incurred since the date of our appointment.

In addition to the time costs information disclosed at Appendix 3 for the period since our last progress report, a cumulative Time Costs Analysis for the period from 27 April 2015 to 10 January 2020 is also attached at Appendix 3.

In the absence of there being sufficient realisations to discharge our time costs in full, our unbilled time costs of £6,753, have been written off as irrecoverable. However, we reserve the right to recover our unbilled time costs in the event that circumstances subsequently permit us to do so.

### **Disbursements**

To 10 January 2020, we have also drawn disbursements in the sum of £5,794.

### **Category 2 Disbursements**

We have not incurred and Category 2 disbursements or disbursements that should be treated as Category 2 disbursements during the period covered by this report.

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](http://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.

## 9. EXPENSES

A statement of the expenses incurred and discharged by us during the period of this progress report is attached at Appendix 4. A cumulative statement of expenses also appears at Appendix 4 which details the expenses incurred since the date of our appointment.

## 10. CREDITORS' RIGHTS

### **Right to request further information**

Pursuant to Rule 18.9 of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further information about our remuneration or expenses (other than pre-administration costs) which have been incurred during the period of this progress report.

### **Right to make an application to court**

Pursuant to Rule 18.34 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by us during the period of this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate.

## 11. ASSETS THAT REMAIN TO BE REALISED

There are no assets of the Company that remain to be realised.

## 12. OTHER RELEVANT INFORMATION

### **Investigations completed**

As explained in our statement of proposals and interim progress reports, we have been investigating the manner in which the business was conducted prior to the Administration of the Company and potential recoveries for the estate in this respect.

### **Extension of Administration**

The administration has been extended for a period of 12 months with the consent of the secured creditor and for a further period of 36 months by orders of the court until 26 April 2020

### **Use of personal information**

Please note that although the Administration is being concluded, in discharging our remaining duties as Joint Administrators, we may need to access and use personal data, being information from which a living person can be identified. Where this is necessary, we are required to comply with data protection legislation. If you are an individual and you would like further information about your rights in relation to our use of your personal data, you can access the same at <https://www.begbies-traynorgroup.com/privacy-notice>. If you require a hard copy of the information, please do not hesitate to contact us.

## **13. CONCLUSION**

As stated in Section 5 of this report, once the Notice of move from Administration to dissolution (Form AM23) has been registered (which we anticipate shortly), our appointment as Administrators will cease to have effect and, unless the court makes an order otherwise, the Company will be deemed to be dissolved at the end of the period of three months from the date of registration of the notice.



**R A H Maxwell**  
Joint Administrator

Date: 10 January 2020

# ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 24 August 2019 to 10 January 2020 and cumulatively from 27 April 2015 to 10 January 2020

Trading Account

Statement of Affairs	From 24/08/2019 To 10/01/2020	From 27/04/2015 To 10/01/2020
£	£	£
POST APPOINTMENT SALES		
Contribution to Fuel Costs	NIL	95 83
Sales	NIL	531,800 46
	NIL	531,896 29
PURCHASES		
Fuel	NIL	10,142 39
	NIL	(10,142 39)
OTHER DIRECT COSTS		
Direct Labour	NIL	NIL
Farm Consumables	NIL	1,936 59
IT Support	NIL	750 00
	NIL	(2,686 59)
TRADING EXPENDITURE		
ACMC (UK) Settlement	NIL	12,156 00
Agents costs	NIL	3,029 20
Alarm Monitoring	NIL	280 00
Bank Charges	NIL	300 00
Council Tax	NIL	319 99
Cull Costs	NIL	13,775 88
Duress Creditors	NIL	2,000 00
Fallen Stock	NIL	2,690 25
Farm Machinery Running Costs	NIL	22 34
Feed	NIL	148,057 33
Gow Out Costs	NIL	2,180 20
Insurance	NIL	8,743 48
Lease/HP Payments	NIL	3,562 62
PAYE/NI	NIL	25,931 21
Petty Cash	NIL	(106 81)
Photocopier lease payment	NIL	191 30
Rent	NIL	32,418 59
Repairs & Maintenance	NIL	3,132 63
Skip Hire	NIL	408 00
Slurry	NIL	5,272 50
Telephone	NIL	895 30
Transport	NIL	8,162 00
Utilities	NIL	11,846 72
Vets	NIL	7,796 95
Wages & Salaries	NIL	79,177 00
	NIL	(372,242 68)
TRADING SURPLUS/(DEFICIT)	NIL	146,824.63

# ACCOUNT OF RECEIPTS AND PAYMENTS

Period: 24 August 2019 to 10 January 2020 and cumulatively from 27 April 2015 to 10 January 2020

## Receipts and Payments

Statement of Affairs		From 24/08/2019 To 10/01/2020	From 27/04/2015 To 10/01/2020
£		£	£
	<b>SECURED ASSETS</b>		
886,000 00	Freehold Land & Property	NIL	466,642 00
	Goodwill	NIL	1 00
	Intellectual Property & Contracts	NIL	3 00
	Investments	NIL	46,905 76
	Property Fixtures	NIL	419,075 00
		NIL	932,626 76
	<b>COSTS OF REALISATION</b>		
	Agents Disbursements	NIL	1,549 00
	Agents/Valuers Fees	NIL	17,720 00
	Costs of Realising Foreign Investment	NIL	10,880 53
	Finance Settlement	NIL	5,750 00
	Legal Fees	NIL	9,263 99
	Office Holders Fees	9,326 27	9,326 27
	Property EPC	NIL	125 00
		(9,326 27)	(54,614 79)
	<b>SECURED CREDITORS</b>		
(1,330,444 00)	Chargeholder (1)	NIL	878,011 97
		NIL	(878,011 97)
	<b>HIRE PURCHASE</b>		
(79,857 00)	Finance Company(1)	NIL	NIL
67,684 00	HP Asset (1)	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
	Bank Interest Gross	NIL	1,035 24
100,000 00	Book Debts	NIL	99,413 37
	Cash at Bank	NIL	0 59
	Cash in Hand	NIL	24 23
	Contribution from buyer	NIL	1 05
5,000 00	Furniture & Equipment	NIL	NIL
	Heat Grant	NIL	15,330 56
	Insurance Refund	NIL	3,197 13
	IT Systems	NIL	13,492 32
	Land Entitlements	NIL	8,731 28
10,000 00	Motor Vehicles	NIL	NIL
45,000 00	Plant & Machinery	NIL	77,948 00
	RBS GRG Settlement	NIL	175,640 60
	Royalties	NIL	3,879 35
100,000 00	Stock	NIL	121,940 00
	Sundry Income	NIL	4,928 53
	TRADING SURPLUS/(DEFICIT)	NIL	146,824 63
	VAT Refund	NIL	6,509 26
		NIL	678,896 14

	COST OF REALISATIONS		
	Accountants Fee	NIL	3,680.00
	Agents Disbursements	NIL	9,594.46
	Agents Fees	NIL	24,565.20
	Bank Charges	NIL	40.00
	Corporation Tax	NIL	140.70
	IRHP Court Fees	NIL	17,500.00
	Legal Disbursements	NIL	2,198.98
	Legal Fees - Debt Collection	NIL	3,374.73
	Legal Fees	NIL	19,419.55
	Office Holders Expenses	NIL	5,443.62
	Office Holders Fees	229,961.63	359,961.63
	Office Holders Pre-appointment Fees	NIL	7,327.50
	PAYE & NI	NIL	2,233.95
	Search Fees	NIL	NIL
	Specific Bond	117.50	170.00
	Stationery & Postage	NIL	NIL
	Statutory Advertising	NIL	173.84
	Storage Costs	123.20	123.20
	Subsistence	NIL	NIL
	Swear Fees	NIL	NIL
	Travel & Mileage	NIL	176.05
	Unclaimed Dividend Fee	NIL	25.75
	Unclaimed Dividends	NIL	172.86
		(230,202.33)	(456,322.02)
	PREFERENTIAL CREDITORS		
	100p in the £ Preferential Dividend	NIL	18,724.61
		NIL	(18,724.61)
	FLOATING CHARGE CREDITORS		
	Distribution to Floating Charge Creditor	36,471.34	167,222.63
		(36,471.34)	(167,222.63)
	UNSECURED CREDITORS		
(4,963,119.00)	Trade Creditors	9,117.83	36,626.88
		(9,117.83)	(36,626.88)
	DISTRIBUTIONS		
(6,846,020.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(12,005,756.00)		(285,117.77)	0.00



## SUMMARY OF ADMINISTRATORS' PROPOSALS, INCLUDING MAJOR AMENDMENTS TO AND DEVIATIONS FROM THEM

### **Proposals deemed approved under Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 (as amended)**

#### ***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.

## **TIME COSTS AND DISBURSEMENTS**

- a. Begbies Traynor (Central) LLP's charging policy;
- b. Time Costs Analysis for the period from 24 August 2019 to 10 January 2020; and
- c. Cumulative Time Costs Analysis for the period from 27 April 2015 to 10 January 2020.

## **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

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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

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;

*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:

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour) 1 December 2018 – until further notice</b>
Partner	495
Director	445
Senior Manager	395
Manager	345
Assistant Manager	250
Senior Administrator	225
Administrator	175
Junior Administrator	140
Support	140

Prior to 1 December 2018, the following rates applied:

<b>Grade of staff</b>	<b>Charge-out rate (£ per hour)</b>
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Junior Administrator	110
Support	60 - 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.

## Period: 24 August 2019 to 10 January 2020

SIP9 Agricultural Contract & Market - Administration - 80AG034.ADM . Time Costs Analysis From 24/08/2019 To 10/01/2020

[illegible]

## Period: 27 April 2015 to 10 January 2020

[illegible]

## STATEMENT OF EXPENSES FOR THE PERIOD

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Expenses incurred with entities <b>not</b> within the Begbies Traynor Group				
Storage	Restore plc	123.20	123.20	0.00

## CUMULATIVE STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £
Agent's fees - property	Leonards	8,860
Agent's fees – property	Savills plc	8,860
Agent's disbursements – property	Leonards	1,549
Legal fees – conveyancing	Gosschalks Solicitors	8,583
Legal fees – general	DLA Piper UK LLP	5,077
Legal fees – general	Gosschalks Solicitors	9,188
Legal fees – general	Schofield Sweeney	6,931
Legal fees – RBS settlement	Tyr Law	2,000
Legal disbursements	Schofield Sweeney	1,530
Agent's fees - assets	Eddisons Commercial Limited	23,655
Agent's disbursements - assets	Eddisons Commercial Limited	9,594
Agent's fees – land entitlements	Leonards	900
Property EPC	Leonards	125
Cost of realising foreign investments	Stephen Curtis	7,637
Cost of realising foreign investments	Hong Kong International Arbitration Centre	3,244

Court fee	Leeds High Court	10,000
Accountant's fee	Sagars LLP	3,680
IRHP Advice	AHV Associates LLP	7,500
Statutory Advertising	Courts Advertising Limited	174
Corporation Tax	HM Revenue & Customs	141
Subsistence	Costcutter	6
Postage	Mail Box Express	161
Bond	Marsh Limited	311
Search fees	Land Registry	3
Travel	Various	376
Mileage	Begbies Traynor (Central) LLP	4,893
Swear fees		40
Unclaimed dividend fee	The Insolvency Service	26
Storage	Restore plc	123