

The Insolvency Act 1986

Statement of administrator's proposals

Name of Company Barncrest Trading Limited	Company number 03696860
In the High Court of Justice, Bristol District Registry [full name of court]	Court case number: 332 of 2011

(a) Insert full name(s) and address(es) of administrator(s) I / We, (a) Ian Edward Walker of Begbies Traynor (Central) LLP, Balliol House, Southernhay Gardens, Exeter EX1 1NP and Julie Anne Palmer of Begbies Traynor LLP, 65 St Edmunds Church Street, Salisbury, Wiltshire

* Delete as applicable attach a copy of ~~my~~ / our proposals in respect of the administration of the above company

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

(b) Insert date

(b) 9 May 2011

Signed

Joint Administrator

Dated

9 May 2011

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	
Balliol House, Southernhay Gardens, Exeter EX1 1NP	
	Tel 01392 260800
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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



Ian Edward Walker and Julie Anne Palmer were appointed as joint administrators on 15 March 2011

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

Barncrest Trading Limited (In Administration)

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

Important Notice

The administrators' statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Bamcrest Trading Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 15 March 2011
"the administrators"	Ian Edward Walker of Begbies Traynor (Central) LLP, Balliol House, Southernhay Gardens, Exeter, EX1 1NP and Julie Anne Palmer of Begbies Traynor (Central) LLP, 65 St Edmunds Church Street, Salisbury, Wiltshire, SP1 1EF
"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. STATUTORY INFORMATION

Name of Company	Bamcrest Trading Limited	
Trading name(s).	None	
Date of Incorporation	18 January 1999	
Company registered number	03696860	
Company registered office.	Balliol House, Southernhay Gardens, Exeter, EX1 1NP	
Former registered office	Winter Rule LLP, Lowin House, Tregolls Road, Truro, Cornwall, TR1 2NA	
Trading address(es) (or attach a separate sheet if more than one)	30 Parkengue, Kemick Industrial Trading Estate, Penryn, TR10 9EP	
Principal business activities	Manufacture of wood products	
Directors and details of shares held in the Company (if any)	Name	Shareholding
	Quintin Wyvern Batt	100
Company Secretary and details of the shares held in Company (if any)	Name	Shareholding
	Foot Anstey Secretarial Limited	None
Auditors	Winter Rule LLP Lowin House, Tregolls Road, Truro, Cornwall, TR1 2NA	
Share capital	100 Ordinary shares of £1 each	
Shareholders	Quintin Wyvern Batt	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators	Ian Edward Walker, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Balliol House, Southemhay Gardens, Exeter, EX1 1NP
	And
	Julie Anne Palmer, a Licensed Insolvency Practitioner of Begbies Traynor LLP, 65 St Edmunds Church Street, Salisbury, Wiltshire, SP1 1EF
Date of administrators' appointment	15 March 2011
Date of administrators' resignation	N/A
Court	High Court of Justice, Bristol District Registry
Court Case Number	332 of 2011
Person(s) making appointment / application	HSBC Bank plc 8 Canada Square London E14 5HQ
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are main proceedings' within the meaning of Article 3 of the Regulation

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of-
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to sub-paragraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
- (a) that it is not reasonably practicable to achieve that objective, or

- (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
 - (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

The Company manufactures high quality wooden worktops and other wooden products and trades from freehold premises situated at 30 Parkengue, Kernick Industrial Trading Estate, Penryn, TR10 9EP

Historically the company has been profitable and made pre tax profits in 2007 of £210,400. More recently, the profits have been significantly lower and losses of £17,000 were incurred in 2009.

In February 2011 the Company's bankers, HSBC Bank plc ("HSBC"), instructed Begbies Traynor to conduct a review and report on the Company's affairs. The report concluded that the Company was insolvent and should be placed into administration.

At the time of the review, the Company had been negotiating with HM Revenue and Customs ("HMRC") with a view to agreeing a repayment schedule for outstanding taxes. At the beginning of March 2011, before the administration papers were filed in the Court, HMRC issued a winding up petition for the debt outstanding to them. The director had intended to initiate the appointment of administrators but this course is not available if there is a winding up petition outstanding against the Company. HSBC holds security over the Company including a qualifying floating charge and, as such, HSBC made the appointment, pursuant to Paragraph 14 of Schedule B1 of the Act at the request of the director.

5. STATEMENT OF AFFAIRS

The Director has provided a statement of affairs. However, the document contained insufficient information and the Director has now agreed to instruct his accountants to prepare the document on his behalf.

Attached at Appendix 2 is the detail of the financial position of the Company as at 15 March 2011 and a list of the Company's creditors including their names, addresses and details of their debts, including any security held. Creditors' claims are subject to agreement and will not be prejudiced by omission from the list of creditors or by inclusion in a different amount from that claimed.

6. THE ADMINISTRATION PERIOD

We have continued to trade the Company while the alternatives for the best possible outcome were considered.

The potential for a company voluntary arrangement ("CVA") was considered which would have resulted in rescuing the company as a going concern. However, the success of a CVA would be heavily dependant on

the selling price of a property owned by an associated company, Alderney Partners Limited ("Alderney"). The director, Mr Q Batt, is the sole shareholder of Alderney. The property is a premium residential property with a value over £1million. Due to the lack of comparative properties, the agents have indicated that their valuation can only be used as a guide and the true value will only be known once the property is marketed and offers received. Alderney was also placed into administration on 19 April 2011 and the property will be fully marketed in the coming months. Despite being in administration there is likely to be a surplus of funds in Alderney after the secured and unsecured creditors have been repaid.

Having considered the merits, because the Alderney property might not sell for enough to facilitate a rescue, we consider the business of the Company should be fully exposed to the market. The best procedure for a sale of the business as a going concern is administration. As such, it is now our intention to grant a licence to a third party to rent the assets and trade the business while it is fully marketed. The third party is likely to be a company owned by the director, Mr Q Batt. Due to the nature of cross guarantees granted to HSBC the director has a significant financial interest in the outcome from the administration estates of both the Company and Alderney. As such, he is incentivised to maximise realisations.

RECEIPTS AND PAYMENTS

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, to 9 May 2011 showing the anticipated outcome for creditors. The anticipated outcome is based on the assets being sold on a break up basis. It therefore reflects our estimate of the worst case scenario. However, we believe that we will achieve a sale of the business as a going concern which is likely to achieve higher realisations.

Trading

We have traded the Company since the commencement of the Administration. Appendix 1a shows a summary of the trading receipts and payments so far, as well as an estimate of the likely trading loss that will be incurred if trading continues to the end of May 2011.

Although continued trading is likely to incur a loss, trading was necessary while the alternatives were considered. Continued trading has facilitated the exploration of the CVA possibility and will also maintain the goodwill and company profile in order for the business to be marketed as a going concern.

We have paid two weeks salaries from prior to the commencement of the administration. The administration commenced half way through the month but we have paid employees for the whole month. If we had not paid the employees for the whole month we would have risked losing the work force and jeopardising the possibility of trading on. This two weeks worth of salaries would, if we had not paid it, have formed a preferential claim in the Administration and would therefore be paid in full in due course.

At the commencement of the administration there were approximately £27,000 of orders outstanding. The majority of these orders were paid on credit or debit cards. If we had ceased trading immediately, the customers would be entitled to claw back their payment from HSBC. This would have served to increase HSBC's debt and, because HSBC have security over the assets of the Company, decrease the funds available for other creditors.

In the initial weeks of trading, there were insufficient funds to pay employee wages. In order to ensure trading continued and the value of the business was preserved the Administrator, Mr Walker, personally guaranteed an overdraft facility of £10,000.

Freehold Property

The Company owns the freehold property that it trades from. The property is a commercial premises. The property was valued for the Company prior to the appointment of administrators.

Goodwill

The business is being marketed as a going concern. Until a sale is completed it is not possible to know whether there will be consideration for the goodwill.

Plant and Machinery, Office Furniture and Equipment and Motor Vehicle

Plant and machinery comprises machinery and tools used in the manufacturing process of wooden worktops and furniture. Office furniture and equipment comprises desks, chairs, other office furniture and computer equipment. The motor vehicle is a 2004 Ford Transit 85 T260 diesel SWB panel van with 87,000 miles recorded.

The likely value of these assets has been assessed by valuers and auctioneers, Edward Symmons LLP. They have assessed the estimated realisation on two bases:

1. Market value for removal assuming an 8 week period for the sale
2. Market value for sale as a whole in situ

The anticipated receipt included in the projected outcome reflects the "for removal" valuation. If a sale as a going concern is achieved we will expect to realise the "in situ" value. We have not provided the values of the "in situ" assessment because to do so could prejudice the sale price achieved for the business.

The CNC router and combilift forklift are subject to finance agreements with Clydesdale Asset Finance.

Book Debts

At the date of our appointment there were nine customers with outstanding balances recorded in the books of the Company. The total balance shown in the ledger was £18,021.

After adjusting for two accounts which are disputed and one where the customer is in administration the balance is reduced to £12,157.

£6,500 relates to an old debt due from a previous tenant. Solicitors are dealing with the collection of this debt.

The balance of £5,657 is due and payable from trade customers. We have received £3,175 to date. Also £1,342 was paid into the Company's old bank account recently, which will be transferred to the administration account in due course.

The remaining outstanding trade balances total £1,140.

Stock

Stock which was on site at the date of our appointment comprises solid wood kitchen tops, hard wood raw material, fastenings, consumables, packaging, etc. Edward Symmons have assessed the likely value of this stock on "for removal" and "in situ" bases. The projected outcome represents their "for removal" valuation.

During the course of trading the stock levels will fluctuate. As such, the stock at the date of any sale will be different to that at the date of our appointment.

Inter-company Loan Account – Alderney Partners Ltd

The amount owed by Alderney relates to monies loaned from the Company to fund development costs. Alderney is in administration but it is likely that all creditors will be repaid in full.

Directors Loan Account – Mr Q Batt

The amount owed by the director relates to personal expenses of the director which have been paid by the Company over the course of several years

Joint Administrators' Remuneration and Disbursements

The projected remuneration and disbursements have been estimated based on the specific circumstances of the administration. Please see later for the basis of charging remuneration and disbursements (Section 9)

Legal Fees and Disbursements

We have instructed Morgan Cole solicitors to act and advise on our behalf on legal matters arising in the administration. We expect this to include the confirmation of the validity of the bank's security, preparation of contracts for the sale of the business and licence to trade, conveyance regarding the sale of the freehold property, debt collection issues generally and any other legal requirements

The company had instructed Michelmores solicitors to collect the book debt due from the previous tenant. We have instructed Michelmores to continue with the collection of this specific debt

Statement of Affairs Fee

The director intends to instruct his accountant to prepare his statement of affairs. The accountant will be paid from the Administration

7. ESTIMATED OUTCOME FOR CREDITORS

SECURED CREDITORS

HSBC Bank plc

As security HSBC hold a debenture incorporating fixed and floating charges over the assets of the Company and a legal mortgage over the freehold property and various other assets. The debenture was created on 3 May 2006 and registered at Companies House on 6 May 2006. The legal charge was created on 16 March 2007 and registered at Companies House on 20 March 2007

HSBC also has an unlimited cross guarantee from the associated company, Alderney Partners Ltd

The balance outstanding to HSBC at the commencement of the administration relates to several loan and current accounts operated by the Company

Based on the projected outcome it is likely that HSBC will suffer a shortfall. However, the projected outcome is based on break up values. In the event that the Company is sold as a going concern the shortfall may be less

Any shortfall to HSBC is likely to be covered by the associated company guarantee

Clydesdale Asset Finance ("Clydesdale")

Clydesdale provided hire purchase finance for the CNC router and combilift forklift. The relevant agreements are both dated January 2008

Based on the projected outcome Clydesdale may suffer a small shortfall if the assets are sold on a break up basis. If the business is sold as a going concern Clydesdale are unlikely to suffer any shortfall.

Alderney Partners Ltd

Alderney is in administration and all creditors are likely to be paid in full. In the event that Alderney repays the Company's debt to HSBC under the terms of the associated company guarantee, Alderney will have a subrogated claim against the Company. This means that Alderney will "step into the shoes" of HSBC in relation to the debt and will be able to rely on HSBC's security.

PREFERENTIAL CREDITORS

We have already paid employees for their preferential claims in respect of unpaid wages, as described in section 6.

No further preferential claims are anticipated.

Preferential creditors normally relate to employees claims for unpaid wages and holiday pay. As a result of the anticipated sale of the business and assets the employees are expected to transfer to the purchaser under the Transfer of Undertakings (Protection of Employment) Regulations 2006. As such, there are unlikely to be any preferential claims.

UNSECURED CREDITORS

From the Company's records unsecured creditors have been estimated at £421,120.

There will be a distribution to unsecured creditors by way of the prescribed part (see below).

However based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors other than by virtue of the prescribed part, pursuant to Section 176A of the Act.

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

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

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

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

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

The administrators have estimated, to the best of their knowledge and belief, the Company's net property, as defined in section 176A(6) of the Act, to be £484,586 and the prescribed part of the Company's net property to be £99,917.

On present information the administrators do not intend to make an application to court under Section 176A(5) of the Act for an order not to distribute the prescribed part of net property to the unsecured creditors. However we reserve our position generally in this regard should circumstances materially change

8. ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

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

For the reasons set out in our 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)

We do not consider it reasonably practicable to achieve objective 3(1)(a) (*Para 49(2)(b)*) because there are insufficient assets to repay all creditors and, as described in section 6, the option of a CVA is not considered practicable

The business will be fully marketed with a view to selling as a going concern. While the business is marketed, a licence will be granted to a third party to trade, as described in section 6. While the licence agreement is drafted the Administrators will continue to trade the business

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

- We will market the business for sale as a going concern. Any person interested in receiving details should contact Begbies Traynor in Exeter on 01392 260800
- We will instruct property agents, Edward Symmons to market the freehold property separately to the business
- If the business is not able to be sold as a going concern we will instruct Edward Symmons sell the freehold property and chattel assets
- We will collect any book debts that remain outstanding

Following these events we propose to finalise distributions to the secured and preferential creditors.

Exit from Administration

We confirm that we are of the opinion that the total amount which each secured creditor of the Company is likely to receive will be paid or set aside and that a distribution will be made to the unsecured creditors of the Company¹

¹ Insolvency Act 1986, Sch B1, para 83(1)

Administrators do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. 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 the administrators' 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.

Although unlikely, it is possible that there will not be sufficient property to pay any distribution to unsecured creditors. For example, if the associated company debt and directors' loan are not repaid in full. In such circumstances, 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.

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 complete the sale of the business or assets. 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, the administrator's 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 six 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 six months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved.

9. ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

Administrators' Remuneration

The administrators propose that the basis of their remuneration be fixed under Rule 2 106 of the Rules by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration

These proposals contain a statement by the administrators, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that they consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the 'prescribed part' for unsecured creditors referred to at section 7). In these circumstances, it is for each secured creditor and the preferential creditors of the Company to determine the basis of the administrators' remuneration under Rule 2 106 of the Rules. In the absence of an initial meeting of creditors (see section 11 Conclusion, below) and the establishment of a creditors' committee, the administrators' remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2 106 (5A).

Appendix 3 sets out the administrators' firm's hourly charge out rates and the time that they and their staff have spent in attending to matters arising in the administration since 15 March 2011.

Administrators' disbursements

The administrators propose that disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with their firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by the administrators and subject to the approval of those responsible for determining the basis of the administrators' remuneration.

10. OTHER INFORMATION TO ASSIST CREDITORS

Report on the conduct of directors

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

Creditors who wish to draw any matters to the attention of the administrators' should write to them at their address detailed at Section 3 of this report.

Connected party transactions

The administrators have not been made aware of any sales of the Company's assets to connected parties.

11. CONCLUSION

The administrators presently consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of Section 176A(2)(a))

In these circumstances the obligation to summon an initial meeting of the Company's creditors to consider the administrators' proposals is disapplied by paragraph 52(1). The administrators are therefore not under a statutory obligation to summon such a meeting unless creditors, whose debts amount to at least 10% of the total debts of the Company, requisition such a meeting. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 8 business days of the date on which the administrators' statement of proposals is sent out. The expenses of summoning and holding a meeting at the request of a creditor shall be paid by that person, who shall deposit with the administrators security for their payment. If no such meeting is requisitioned, then by Rule 2.33(5), the administrators' proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, we will write to you to confirm that is the position.

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



J.E. Walker
Joint Administrator

Date: 9 May 2011

BARNCREST TRADING LIMITED (IN ADMINISTRATION)

APPENDIX 1

JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS AS AT 9 MAY 2011 INCORPORATING AN ESTIMATED OUTCOME STATEMENT

Director's
statement
of affairs
£

	Receipts & Payments to Date £	Anticipated Receipts & Payments £	Projected Outcome £
Assets Specifically Pledged			
Freehold Property	Nil	450,000	450,000
Goodwill	Nil	Not known	Not known
	Nil	450,000	450,000
Less costs Administrators remuneration	Nil	(10,000)	(10,000)
Legal fees and disbursements	Nil	(5,000)	(5,000)
Property agents fees and disbursements	Nil	(5,625)	(5,625)
	Nil	429,375	429,375
Less fixed charge creditor HSBC Bank plc	Nil	(982,419)	(982,419)
Deficit as regards HSBC Bank plc <i>c/fwd</i>	Nil	(553,044)	(553,044)
 Plant and Machinery	Nil	40,000	40,000
Less Costs Agents fees	Nil	(4,000)	(4,000)
	Nil	36,000	36,000
Less Hire Purchase Creditor Clydesdale Asset Finance	Nil	(38,800)	(38,800)
Deficit as regards Clydesdale Asset Finance	Nil	(2,800)	(2,800)
 Assets Not Specifically Pledged			
Trading Turnover (see Appendix 1a)	90,211	112,478	202,689
Book Debts	3,175	6,825	10,000
Plant and Machinery	Nil	21,000	21,000
Office Furniture and Equipment	Nil	2,000	2,000
Motor Vehicle	Nil	2,000	2,000
Stock	Nil	15,000	15,000
Inter-company Loan Account - Alderney Partners Ltd	Nil	413,400	413,400
Director's Loan Account - Mr Q Batt	Nil	114,300	114,300
Bank Interest	Nil	100	100
	93,386	687,103	780,489
 Payments			
Trading Expenditure (see Appendix 1a)	(46,766)	(183,107)	(229,873)
Joint Administrators' Remuneration	Nil	(48,000)	(48,000)
Joint Administrators' Disbursements	Nil	(2,000)	(2,000)
Legal Fees & Disbursements	Nil	(5,000)	(5,000)
Statement of Affairs Fee	Nil	(1,000)	(1,000)
Meeting Room Hire	Nil	(200)	(200)
Specific Bond	Nil	(20)	(20)
Statutory Advertising	(70)	(130)	(200)
Sundry Costs	(28)	(472)	(500)
Total Payments	(46,864)	(239,929)	(286,793)
 Available for Preferential Creditors	46,522	447,174	493,696
Preferential Creditors	(9,110)	Nil	(9,110)
Funds in Hand* / Net Property	37,412	447,174	484,586
Prescribed Part			(99,917)
Available for Floating Charge Creditor			384,669
Less Floating Charge Creditor HSBC Bank plc <i>b/fwd</i>			(553,044)
Estimated deficiency as regards HSBC Bank plc			(168,375)
 Estimated Funds Available For Unsecured Creditors (Prescribed Part)			99,917
(Subject to the costs of liquidation)			
 Total Estimated Unsecured Creditor Claims			421,120
 *Funds in Hand are made up as follows:			
VAT Receivable	1,874		
VAT Payable	(18,042)		
Arbuthnot Latham Current Account Balance	53,580		
	37,412		

BARNCREST TRADING LIMITED (IN ADMINISTRATION) **JOINT ADMINISTRATORS' TRADING ACCOUNT**

	Receipts & Payments to date	Anticipated Receipts & Payments £	Projected Outcome £
Receipts			
Sales	90,211	112,478	202,689
Payments			
Materials	(393)	(51,806)	(52,199)
Employee Wages	(27,330)	(34,081)	(61,411)
PAYE	-	(21,060)	(21,060)
Carnage	(4,439)	(15,131)	(19,570)
Other direct costs	(12,083)	(2,978)	(15,061)
Overheads	(2,521)	(32,779)	(35,300)
Hire purchase payments	-	(8,272)	(8,272)
Begbies Traynor - Trading Fee	-	(17,000)	(17,000)
Total Payments	<u>(46,766)</u>	<u>(183,107)</u>	<u>(229,873)</u>
Forecast Trading Loss	<u>43,445</u>	<u>(70,629)</u>	<u>(27,184)</u>

BARNCREST TRADING LIMITED (IN ADMINISTRATION)**Financial Position of the Company as at 15 March 2011**

Extracted from the Company's management accounts and information provided by the Company

Balance Sheet Book Values

	£	£
Fixed Assets		
Land and Buildings	557,364	
Plant and Machinery	100,864	
Computer and Office Equipment	Nil	
Motor Vehicles	2,804	
		661,032
Curent Assets		
Stock	55,303	
Book Debts	18,021	
Pre-payments	43,342	
Inter-company Account - Alderney Partners Ltd	413,400	
Petty Cash	408	
Corporation Tax	18,572	
Directors Loan Account	114,300	
		663,346
Current Liabilities		
Purchase Ledger Account	(147,453)	
Accruals	(9,830)	
VAT Control Account	(129,412)	
PAYE control account	(12,863)	
Deferred Taxation	(10,809)	
		(310,367)
Long term liabilities		
HSBC Bank plc	(982,419)	
Clydesdale Asset Finance	(38,800)	
Unsecured loans	(16,359)	
		(1,037,578)
Net Liabilities		<u><u>(23,567)</u></u>

Begbies Traynor (Central) LLP
Barncrest Trading Limited (in administration)
Company Creditors

Name	Address	£
A & S Tooling	Unit 12A, Queniborough Industrial Estate, Melton Road, Queniborough, Leicestershire	54 42
Adhesive Specialities Limited	Ticktape House, Bone Lane Industrial Estate, Newbury, Berkshire, RG14 5SH	248 95
Audio Medical Services Ltd	Trebecca Industrial Estate, Culverland Road, Liskeard, Cornwall, PL14 6RE	190 35
Bennetts Fuels	Chyandour Coombe, Penzance, Cornwall, TR18 3LP	128 02
Bolitho Furniture Polishing	Unit 4 Dolcoath Business Park, Dolcoath Road, Cambourne, TR14 8RA	137 20
Brachot-Hermant UK Limited	Wood Lane, Erdington, Birmingham, B24 9QJ	0.01
British Telecom	BT Telephone Payment Centre, Durham, DH98 1BT	442 71
Calderbrook Woodworking Machinery Ltd	Unit 7 The Sidings, Newline Industrial Estate, Bacup, Lancs, OL13 9RW	4,108 66
Carn Logistics	Unit 12D Wilson Way, Barncoose Industrial Estate, Redruth, Cornwall, TR15 3RQ	45 58
CD UK Limited	Thistle House, Thistle Way, Gildersome Spur, Morley, West Yorks	1,305 00
Celtic Engineering (Helston) Ltd	Water-Ma-Trout Industrial Estate, Helston, Cornwall, TR13 0LW	96 60
Clarks Wood Company Ltd	Silverthorne Wharf, Bristol, BS2 0QJ	985 23
Clydesdale Bank	Asset Finance, 6th Floor, Clydesdale Bank Exchange, 20 Waterloo Street, Glasgow, G2 6DB	38,800 00
	Security Given Hire Purchase Agreement Date Given 31/01/2008	
Cornwall County Council	PO Box 66, Cambourne, TR14 8ZQ	1,811 00
Cory Environmental Services Ltd	Lighterage Hill, Newham, Truro, TR1 2XR, Cornwall	46 80
F T H U Panmar Sp J	38-400 Krosno, ul Podkarpacka 16b., POLAND	64,470 70
Fluent Limited	29 Great Lane, Bierton, Aylesbury, HP22 5DE, Buckinghamshire	72 00
Foot Anstey Sargent	21 Derry's Cross, Plymouth, Devon, PL1 2SW	294 43
Foot Anstey Solicitors	Senates Court, Southernhay Gardens, Exeter, EX1 1NT	194 44
Google Ireland Ltd	Gordon House, Barrow Street, Dublin 4, Ireland	614 76
Grosvenor Fabrications Limited	Limes House, Silver Street, Stanstead, Essex, CM24 8HE	125 76
Hafele UK Limited	Swift Valley Industrial Estate, Rugby, CV21 1RD	1,321 28
Hilti (GB) Limited	1 Trafford Wharf Road, Trafford Park, Manchester, M17 1BY	22 06
HMRC	Central Insolvency Sift Team, National Insolvency Unit, 3NW, Queens Dock, Liverpool, L74 4AA	245,863 30
HSBC Bank plc	Commercial and Sales Centre, 2nd Floor, 51 de Montfort Street, Leicester, LE1 7BB	2,025 20
HSBC Bank plc	8 Canada Square, 1 Middle Street, Yeovil, Somerset, BA20 1LR	982,419 00
	Security Given Debenture Date Given 03/05/2006	

Begbies Traynor (Central) LLP
Barncrest Trading Limited (in administration)
Company Creditors

Name	Address	£
Jetset Software Limited	11A Trescobas Road, Falmouth, Cornwall, TR11 2JB	112 80
Jungheinrich UK Limited	Sherbourne House, Sherbourne Drive, Tilbrook, Milton Keynes, MK7 8HX	701 27
Kernick Supplies	Unit 9 Kernick Industrial Estate, PENRYN, Cornwall, TR10 9EP	32 16
L&R Unique Furniture and Joinery Ltd	Hemiss Business Park, Hemiss Quarry, Longdowns, Penryn, TR10 9BZ	100 00
Macfarlane Packaging Ltd	PO Box 2389, Coventry, CV3 4ZZ	4,583 93
Media 10 Ventures Ltd	National House, 121-123 High Street, Epping, CM16 4BD	1,230 89
Michelmores LLP	Woodwater House, Pynes Hill, Exeter, EX2 5WR	12,902 25
Morrells Woodfinishes Limited	Wellington Works, Mill Lane, Woodley, Stockport, Cheshire, SK6 1RN	1,312 14
New Wave Laundries Previously CLS	The Praze, Penryn, Cornwall, TR10 8DJ	0 59
Nightwatch Services	30 Alderwood Parc, Penryn, Cornwall, TR10 8RJ	177 00
Norex Forest Products Limited	45 Walton Street, Walton on the Hill, Surrey, KT20 7RR	28,826 04
O2 (UK) Limited	Customer Services, P O Box 202, Houghton Regis, DUNSTABLE, LU6 9AG	72 91
Richard Burgess Transport Ltd	Byghan-Ty, Kynance Terrace, The Lizard, Cornwall, TR12 7NH	17,060 63
Richard Winfrey Kitchens	Unit 14, Water-ma-Trout Industrial Estate, Helston, Cornwall, TR13 0LW	0 24
South West Water	PO Box 55,, Exeter, EX2 7YN	80 86
TIMBMET ltd	PO Box 39, Cumnor Hill, OXFORD, OX2 9PP	17,314 47
Tuffnells Parcels Express	Shepcote House, Shepcote Lane, Sheffield, S9 1UW	5,299 25
Winter Rule Chartered Accountants	Lown House,, Tregolls Road, TRURO, TR1 2NA, Cornwall	1,634 75
Woodstock	Bickland Business Centre, Tregonigge Industrial Estate, Falmouth, Cornwall, TR11 4RS	317 01
Woodwork Dust Control Company Limited	Rushbeds Industrial Estate, Wotton Road, BRILL, Buckinghamshire, HP18 9UB	1,675 70
Wurth UK Limited	1 Centurion Way, Erith, Kent, DA18 4AE	280 72
Total		1,439,539 07

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 and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance² requires 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 usually 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 incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(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 40 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

(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

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 Exeter office as at the date of this report are as follows

	Standard 1 July 2008 – until further notice
	Regional
Partner	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Trainee Administrator	100
Support	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Barncrest Trading Limited
CASE TYPE	Administration
OFFICE HOLDERS	Ian Edward Walker and Julie Anne Palmer
DATE OF APPOINTMENT	15 March 2011

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 trades as a manufacturer of high quality wooden worktops and other wooden products

1.3 **The office holders' effectiveness**

The initial strategy envisaged continuing to trade so that the business could be marketed as a going concern. We are continuing to that effect.

1.4 **Nature and value of property dealt with by the office holders'**

The value of the assets will be maximised if the business can be sold as a going concern

The assets include

- Freehold property
- Plant and machinery associated with the manufacture of wooden products
- Stock
- Office furniture and equipment.
- A motor vehicle
- Book debts

1.5 **Anticipated return to creditors**

HSBC Bank plc hold security over the assets of the Company and are likely to suffer a shortfall. They are likely to be able to recover their shortfall under third party guarantees.

No preferential claims are anticipated

Based upon realisations to date and estimated future realisations there will be insufficient funds available for distribution to unsecured creditors, other than by virtue of section 176(2)(a) of the Act (the Prescribed Part)

1.6 **Time costs analysis**

An analysis of time costs incurred between 15 March 2011 and 4 May 2011 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

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

1 7 The views of the creditors

This is the first formal report advising the creditors of our progress and intentions

1 8 Approval of fees

No fees have been drawn to date by the Joint Administrators

1 9 Approval of Expenses and Disbursements

No disbursements have been drawn to date by the Joint Administrators

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

2 2 The rates charged by the various grades of staff who may work on a case are attached

3 SUMMARY OF WORK CARRIED OUT

3 1 Since our appointment we have dealt with following:

- Attending the Company's offices directly after appointment,
- Assessment of the options and how best to achieve the purpose of the Administration;
- Filing statutory documentation,
- Dealing with employee enquiries and other employment matters,
- Liaising with various parties in respect of continued trading,
- Preparation of the Joint Administrators' proposals,
- Attending to retention of title claims,
- Monitoring the trading position,
- General administration of day to day matters arising,
- Dealing with creditor enquiries
- Liaising with secured creditors

ADMINISTRATORS' TIME COSTS AND EXPENSES

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

Total time spent to on this assignment amounts to 263.80 hours at an average composite rate of £152.20 per hour resulting in total time costs to 9 May 2011 of £40,150.

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

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses,
- ☐ Begbies Traynor (Central) LLP's charge-out rates,
- ☐ Narrative summary of time costs incurred,
- ☐ Table of time spent and charge-out value

In addition, a copy of *A Creditors' Guide to Administrators' Fees* is available on request. Alternatively, the guide can be downloaded from our website www.begbies-traynor.com via the "Corporate Recovery and Insolvency" link in the "Quick Links" box on the left hand side of the homepage. From there please follow the "Creditor" link which will take you to the appropriate page where the Guide can be found at the end.
