

The Insolvency Act 1986

Administrators' progress report

Name of Company
Dolphin Rural Limited

Company number:
06255311

In the
High Court of Justice, Leeds District
Registry, Chancery Division

Court case number
1910 of 2009

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

I / We (a) Bob Maxwell of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds LS1 2JZ and Rc
Sadler of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds LS1 2JZ

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

from

to

(b) Insert dates

7 July 2010

6 January 2011

Signed


Joint Administrator

Dated

12/1/11

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

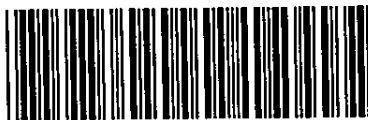
9th Floor, Bond Court, Leeds, LS1 2JZ

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DX Number

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff



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COMPANIES HOUSE

SATURDAY

Bob Maxwell and Rob Sadler were appointed joint administrators on 7 July 2009

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

Dolphin Rural Limited (In Administration)

Progress report of the joint administrators pursuant
to Rule 2.47 of The Insolvency Rules 1986

Period 7 July 2010 to 6 January 2011

Important Notice

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

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Dolphin Rural Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 7 July 2009
"the administrators"	Bob Maxwell of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds, LS1 2JZ and Rob Sadler of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds, LS1 2JZ
"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	Dolphin Rural Limited
Date of Incorporation	22 May 2007
Company registered number	06255311
Company registered office	C/o Begbies Traynor, 9th Floor, Bond Court, Leeds, LS1 2JZ

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of the administrators	Bob Maxwell, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds, LS1 2JZ and Rob Sadler, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 9th Floor, Bond Court, Leeds, LS1 2JZ
Date of administrators' appointment	7 July 2009
Date of administrators' resignation	N/A
Court	Leeds District Registry
Court Case Number	1910 of 2009
Person making application	Clydesdale Bank Plc t/a Yorkshire Bank as Qualifying Floating Charge Holder
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	<p>The administration period was extended with the consent of the Secured Creditor, Clydesdale Bank Plc t/a Yorkshire Bank, for a period of 6 months until 6 January 2011.</p> <p>A further extension of the administration has been granted by the Court extending the administration to 6 January 2012.</p>

4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 7 July 2010 to 6 January 2011 and cumulative from 7 July 2009 to 6 January 2011

The assets of the Company comprise of a property development known as Bridge Farm and an apartment known as 5 Ribble Point. Below, we provide details of our progress to date and our strategy for realising the assets

Bridge Farm

Bridge Farm is a 5-plot barn conversion owned by the Company and consists of the following properties

1) Completed Properties

Plot 1 was completed in March 2009 and is a 5 bedroom semi-detached house. The property is decorated and furnished as the show home for the site. The property was being marketed by Reeds Rains of Lytham St Annes for £750k

Reeds Rains have reported that interest has been limited due to the lack of progress with the part completed properties on the site. We accepted an offer for Plot 1 in November 2009 which subsequently did not complete. In May 2010 we accepted an offer from a different party but this is currently on hold as the buyer's own sale has fallen through. We continue to actively market Plot 1, however, due to the lack of interest we have reduced the price to £650k with effect from 11 November 2010.

Plot 2 was completed and sold prior to our appointment.

2) Part Completed Properties

Our proposed strategy remains to work with the existing site architect and his preferred quantity surveyor to undertake a full tendering exercise to obtain quotes for the completion of plots 3, 4 and 5. This tendering exercise will require funding itself, by way of professional fees for the architect and quantity surveyor. We will obtain firm quotes for these fees once we have achieved the sale of Plot 1.

Once we have full costings for the completion of the site we will obtain revised valuations for the properties and produce a full cost-benefit analysis to support a funding application for the completion of the site, if it is established that this is the most beneficial route for the creditors.

In addition, we are also receiving a number of approaches from interested parties to acquire the part-completed properties in their current condition. Negotiations with these parties are proving difficult as their views on values differ considerably from ours. We will continue negotiations, however, at this time we believe that the option which offers the best return for the creditors is for the properties to be completed during the Administration and sold when finished rather than sold in their current condition. This appraisal is constantly under review.

Flat 5, Ribble Point, Lytham St Annes

This property is a 2 bedroom, 1st floor apartment which was acquired by the Company by way of consideration for plot 2, Bridge Farm. The property is currently being rented to the parents of the Director for annual rent considered to be at market value. To date we have received rental income of £19,000.

Our strategy is to market the property for sale at a value assuming vacant possession. If this value cannot be achieved, bearing in mind it is tenanted, we will hold the property until such time as vacant possession can be achieved. To date we have had two offers for this property, both of which have been well short of our vacant possession valuation.

5. ESTIMATED OUTCOME FOR CREDITORS

Secured creditor

The Secured Creditor is Clydesdale Bank Plc t/a Yorkshire Bank. The Bank's security consists of a Debenture dated 9 August 2007, a Legal Charge over Bridge Farm dated 1 February 2008 and a Legal Charge over Ribble Point dated 1 November 2008.

Preferential creditors

There are no known preferential claims.

Unsecured creditors

Unsecured creditors, at the date of the Administrators' appointment, were estimated at £139,126. This has subsequently been reduced to £138,930.

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

Secured creditor

We are uncertain as to the outcome for the Secured Creditor as the realisations will be from property sales and their value is uncertain. However, we envisage that there will be a shortfall on the amount owed to the Secured Creditor and they are aware of this position.

Preferential creditors

There are no known preferential claims.

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

We do not anticipate that there will be any floating charge realisations and therefore there will be no fund from which to pay any Prescribed Part.

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

6. THE ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

As previously reported the administrators' remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the administration and they are authorised to draw disbursements in accordance with the explanatory note on the subject, which accompanied *The Report and Proposals of the Joint Administrators*.

No remuneration has been drawn to date in accordance with the approved resolution in respect of remuneration. Total time spent to 6 January 2011 on this assignment amounts to 116.55 hours at an average composite rate of £163.49 per hour resulting in total time costs to date of £19,055.

No category 2 disbursements have been drawn since the necessary approval was obtained.

The following further information as regards time costs and expenses is set out at Appendix 2:

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

7. ASSETS THAT REMAIN TO BE REALISED

The assets that remain to be realised are those detailed in Section 4 of this report, namely, Bridge Farm and Ribble Point.

8. OTHER RELEVANT INFORMATION

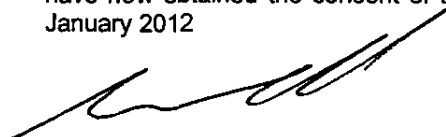
Report on Directors' conduct

As detailed in the administrators' statement of proposals, the administrators have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the director. The administrators have complied with their duties in this respect.

9. CONCLUSION

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 administrators' 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.

In order to ensure that the objective of the administration is achieved and that we have fully discharged our duties as administrators, it was necessary to extend the period of the administration. Accordingly, we sought approval from the secured creditor to extend the administration period by six months to 6 January 2011 and we have now obtained the consent of the court to extend the administration period for a further 12 months to 6 January 2012.



R A H Maxwell
Joint Administrator

Dated 11 January 2011

ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS

Period 7 July 2010 to 6 January 2011 and cumulative from 7 July 2009 to 6 January 2011

	7/7/2009 to 6/7/2010 (£)	7/7/2010 to 6/1/2011 (£)	Total (£)
RECEIPTS			
Rental Income	12,000 00	7,000 00	19,000 00
	<u>12,000.00</u>	<u>7,000.00</u>	<u>19,000.00</u>
PAYMENTS			
Architects Fees	-	760 00	760 00
Property Maintenance	-	1,020 00	1,020 00
Payment to DDG for Expenses Incurred	-	8,871 75	8,871 75
Specific Bond	-	132 00	132 00
Re-Direction of Mail	52 05	-	52 05
	<u>52.05</u>	<u>10,783.75</u>	<u>10,835.80</u>
Balance	11,947.95	(3,783.75)	8,164.20
MADE UP AS FOLLOWS			
Vat Receivable			133 00
Bank 1 Current			5,725 95
Bank 2 Current			3,196 31
Fixed Ch Vat Receivable			(891 06)
			<u>8,164.20</u>

ADMINISTRATORS' TIME COSTS AND EXPENSES

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

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. 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 in Appendix 3.

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 in Appendix 3.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- *Category 1 expenses (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 expenses (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 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 expense*) 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 (Effective 1 April 2007)

² Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales (Effective 1 April 2007)

(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 expense*

- 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 Leeds Bond Court office as at the date of this report are as follows

Grade of staff	Charge-out Rate (£ per hour)
Partner	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Junior 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 units of 0.10 of an hour (i.e. 6 minute units)

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Dolphin Rural Limited
CASE TYPE	Administration
OFFICE HOLDERS	Bob Maxwell and Rob Sadler
DATE OF APPOINTMENT	7 July 2009

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 assets consist of complete and part complete residential properties. Bridge Farm is a 5-plot barn conversion and Flat 5, Ribble Point, Lytham St Annes is a 2 bedroom 1st floor apartment. The properties are to be marketed and sold in order to maximise return to creditors.

1.3 **Exceptional responsibilities**

None

1.4 **The office holders' effectiveness**

Plot 2, Bridge Farm, of the Company's properties was sold prior to administration. Plot 1, Bridge Farm, is currently being marketed for sale. Flat 5, Ribble Point has been successfully tenanted by the Director's parents.

1.5 **Anticipated return to creditors**

We do not anticipate there to be a dividend distribution to unsecured creditors.

1.6 **Time costs analysis**

An analysis of time costs incurred between 7 July 2009 and 6 January 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**

The creditors were provided with a copy of the joint administrators' report and proposals to creditors and the previous six and twelve monthly interim progress reports together with this report. Creditors are invited to provide their comments in this matter.

1.8 **Approval of fees**

The joint administrators' remuneration is based on hourly costs at scale rates calculated on the time properly spent in the course of the administration and was approved by a resolution of the secured creditors pursuant to Rule 2.106 of the Insolvency Rules 1986.

1 9 Other professionals employed & their costs

The agents and solicitors employed in this matter were chosen on a record of proficient work carried out in the past on other matters. Their fees are based on time properly spent in attending to my instructions.

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 at Appendix 2

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

3. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT

Since the date of our last report, the following work has been carried out

- Bank reporting
- Correspondence with creditors and dealing with general queries
- Instructing solicitors in this matter
- Instructing agents to sale the properties for the maximum realisation
- Liaising with tenants

Dolphin Rural Limited
Time costs analysis for the period from 7 July 2009 to 6 January 2011

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