

The Insolvency Act 1986

# Administrator's progress report

# 2.24B

Name of Company FARMBOX MEATS LTD
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Company number 07448464
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In the Manchester District Registry of the High Court
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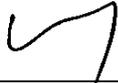
Court case number 3507 of 2013
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(a) Insert full name(s) and address(es) of administrator(s)

I/We (a) K G Murphy & A Poxon of Leonard Curtis, Tower 12, 18/22 Bridge Street, Manchester M3 3BZ

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

(b) Insert dates	from (b) 6 June 2013	to (b) 5 December 2013
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Signed   
Joint / Administrator(s)

Dated 3 January 2014

### 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.

Leonard Curtis	
Tower 12, 18/22 Bridge Street, Manchester M3 3BZ	
Ref KL/35	Tel 0161 7671250
DX Number	DX Exchange

WEDNESDAY



\*A2Z47R48\*  
A33 08/01/2014 #154  
COMPANIES HOUSE

If 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



**LEONARD CURTIS**  
BUSINESS RESCUE & RECOVERY

**FARMBOX MEATS LTD**  
**(IN ADMINISTRATION)**

Registered Number: 07448464  
Court Ref: 3507 of 2013  
Manchester District Registry of the High Court

**Joint Administrators' first progress report in accordance  
with Rule 2.47 of the Insolvency Rules 1986**

**Report period**  
**6 June 2013 to 5 December 2013**

**3 January 2014**

Leonard Curtis  
Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ  
Tel 0161 7671250 Fax 0161 7671240  
recovery@leonardcurtis.co.uk  
Ref M/35/KL/SF373K/1010

**CONTENTS**

- 1 Introduction
- 2 Statutory Information
- 3 Joint Administrators' Proposals
- 4 Progress of the Administration
- 5 Assets Still to be Realised
- 6 Investigations
- 7 Joint Administrators' Remuneration and Disbursements
- 8 Estimated Outcome for Creditors
- 9 Extensions to the Administration
- 10 Next Report

**APPENDICES**

- A Summary of Joint Administrators' Proposals
- B Summary of Joint Administrators' Receipts and Payments Account for the Period from 6 June 2013 to 5 December 2013
- C Summary of Joint Administrators' Time Costs for the Period from 6 June 2013 to 30 November 2013
- D Additional Information in Relation to the Policy of Leonard Curtis regarding Fees and Disbursements
- E Statement of Claim form

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## FARMBOX MEATS LTD – IN ADMINISTRATION

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**STRICTLY PRIVATE AND CONFIDENTIAL  
NOT FOR PUBLICATION**

**TO: THE REGISTRAR OF COMPANIES  
ALL CREDITORS  
ALL MEMBERS**

### **1 INTRODUCTION**

1 1 This report has been produced in accordance with Rule 2 47 of the Insolvency Rules 1986 to provide creditors with an update on the progress of the administration of Farmbox Meats Ltd (“the Company”) for the period from 6 June 2013 to 5 December 2013. This is the Joint Administrators’ first progress report to creditors.

### **2 STATUTORY INFORMATION**

2 1 K G Murphy and A Poxon were appointed as Joint Administrators of Farmbox Meats Ltd in the jurisdiction of Manchester District Registry of the High Court, number 3507 of 2013 on 6 June 2013. The administration appointment was made by the Director.

2 2 The administration is being handled by the Manchester office of Leonard Curtis, which is situated at Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ.

2 3 The principal trading address of the Company was Tynparc, Llandre, Bow Street, Ceredigion SY24 5BU. The business traded under its registered name.

2 4 The registered office address of the Company at the date of the appointment of Administrators was Tynparc, Llandre, Bow Street, Ceredigion SY24 5BU. Following the appointment, this was changed to Tower 12, 18/22 Bridge Street, Spinningfields, Manchester M3 3BZ. The registered number of the Company is 07448464.

2 5 For the purposes of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 (as amended), it should be noted that during the period in which the Administration Order is in force, any act or function required or authorised under any enactment to be done by the Administrator may be exercised by all or any of the persons holding that office.

2 6 The Company’s main centre of operations is based in the UK. The EC Regulation on Insolvency Proceedings applies and the proceedings are main proceedings under the Regulation.

### **3 JOINT ADMINISTRATORS’ PROPOSALS**

3 1 Attached at Appendix A is a summary of the Joint Administrators’ approved proposals for achieving one of the three statutory purposes of Administration.

3 2 The Proposals were deemed approved on 13 August 2013.

3 3 There have been no major amendments to, or deviations from, the proposals during the course of the Administration to date.

3 4 The objective of the administration is to realise property in order to make a distribution to one or more secured or preferential creditors.

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## FARMBOX MEATS LTD – IN ADMINISTRATION

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3 5 This objective has been achieved as Bibby have been part repaid from debtor realisations subject to their fixed charge

### 4 PROGRESS OF THE ADMINISTRATION

4 1 Attached at Appendix B is the Joint Administrators' receipts and payments account for the period from 6 June 2013 to 5 December 2013

#### 4 2 Sale of Business

The Company had ceased to trade in February 2013, prior to our appointment, as a result of the Food Standards Agency ("FSA") and Police investigation, with all staff being made redundant. A sale of the business as a going concern could not therefore be achieved.

#### 4 3 Factored Book Debts

The Company had a book debt ledger which was subject to an invoice finance agreement with Bibby. As at the date of administration the gross value of the outstanding ledger was £298,444 with a corresponding balance of £206,344 due to Bibby. Bibby has advised that debt collections to date amount to £36,641. Collections are ongoing, and solicitors have been instructed by Bibby to pursue the outstanding balances.

#### 4 4 Stock

The Company owned a large amount of meat stock. This was all seized as part of the FSA and police investigation. Some of the stock held at third party premises was released by the FSA to the Company. We instructed agents to arrange uplift and speak to various interested parties with a view to concluding a sale. Due to the bad reputation generated with regards to the meat only a nominal sum of £1,478 has been realised to date after settling the outstanding storage costs. This is being held by our agent and not yet reflected in the receipts and payments account at Appendix B. In addition Ceredigion Council have issued a voluntary surrender notice in respect of meat detained by Ceredigion Council and the FSA and any product subsequently released by Dyfed Powys Police. The Administrators have consented to the surrender and destruction of all seized product on the grounds that it is not fit for human consumption as determined by the authorities.

#### 4 5 Compensation claim

On 22 February 2013 a Detention of Food Notice was issued on the Company by Manchester City Council in respect of 79 pallets of lamb trim and 5 pallets of mutton fat. The Notice prevented the food from being used for human consumption. The Notice has since been withdrawn and under the terms of the Notice the Company may be entitled to compensation from the authority. The compensation will be payable for any loss in value of the food resulting from the effect of the Notice. The Administrators will pursue this in due course when the loss has been quantified.

#### 4 6 Un-factored Book Debts

We have been advised that there are two debtors not subject to Bibby's charge. We have requested information with regards to these debts from the Company's director and accountant and will consider the collectability in due course.

### 5 ASSETS STILL TO BE REALISED

5 1 There is still the possibility of asset realisations in respect of debtors, stock, the compensation claim and un-factored debtors.

## FARMBOX MEATS LTD – IN ADMINISTRATION

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### 6 INVESTIGATIONS

- 6.1 Following their appointment, the Joint Administrators considered the information acquired in the course of appraising and realising the business and assets of the Company, together with information provided by the Company's directors and its creditors, to identify any further possible realisations for the estate and what further investigations, if any, might be appropriate
- 6.2 That assessment did not identify any possible further realisations. In addition, the Joint Administrators concluded that no further investigations were required. If, however, any creditor is aware of any particular matters which they consider requires investigation, they should please send full details to this office at the address given at the front of this report
- 6.3 Regardless of the above, the Joint Administrators have complied with their statutory obligations under the Company Directors Disqualification Act 1986 and the appropriate report has been submitted to the relevant authority

### 7 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

#### Pre-Administration Costs

- 7.1 On 21 August 2013, the secured creditor consented to the following pre-administration costs and expenses being paid as an expense of the administration

Charged by	Services provided	Total amount charged £
Leonard Curtis	Insolvency advice and dealing with appointment	3,290 50
Charles Taylor	Valuation of stock	2,500 00
Shoosmiths LLP	Dealing with appointment	900 00
<b>TOTAL</b>		<b>6,690 50</b>

These costs have not yet been paid

#### Joint Administrators' Remuneration

- 7.2 On 21 August 2013, the secured creditor agreed that the basis of the Joint Administrators' remuneration be fixed by reference to time properly spent by them and their staff in attending to matters arising from the Administration. Approval was also received to draw category 2 disbursements as detailed at Appendix D
- 7.3 The time charged by the Joint Administrators' for the period of this report amounts to £15,081.00. This represents 46.8 hours at an average rate of £322.24 per hour. Attached at Appendix C is a time analysis which provides details of the activity costs incurred by staff grade during this period, along with a description of the work done by the Joint Administrators and their staff in respect of which the time has been charged. Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded from <http://www.leonardcurtis.co.uk/resources/creditorsguides>. If you would prefer this to be sent to you in hard copy please contact Katy Lockwood of this office on 0161 7671250
- 7.4 No Administrators' fees have been drawn to date

**FARMBOX MEATS LTD – IN ADMINISTRATION**

**Joint Administrators Disbursements**

7 5 The following Category 1 and Category 2 disbursements have been incurred on the case since appointment

**Category 1 disbursements**

Charged by	Services provided	Total amount pd by LC £	Amount recovered from case £	Amount still to be recovered from case £
The Creditor Gateway	Report Hosting	14 00	Nil	14 00
Pelstar	Licence Fee	75 00	Nil	75 00
Courts Advertising	Statutory Advertising	84 60	Nil	84 60
Business Tax Centre	Client Identification	5 00	Nil	5 00
AUA IRS	Bordereau Fee	90 00	Nil	90 00

**Category 2 disbursements**

No disbursements of this kind have been incurred to date

**Expenses of the Administration**

7 6 The Joint Administrators have also incurred expenses during the period of this report. These expenses are detailed in the table below, which also indicates whether these expenses have yet been paid from the case funds

Nature of expenses	By whom provided	Amount incurred this period £	Total amount incurred to date £	Amount paid £	Amount unpaid £
Agents' Fees & Expenses	Charles Taylor	2,500 00	2,500 00	Nil	2,500 00
Employee Claims	EK Employment Law	330 00	330 00	Nil	330 00
<b>TOTAL</b>		<b>2,830 00</b>	<b>2,830 00</b>	<b>Nil</b>	<b>2,830 00</b>

7 7 Attached at Appendix D is additional information in relation to the firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade. Please note that the firm's charge-out rates were changed on 1 January 2012

7 8 Unsecured creditors whose debts amount to at least 5% of the total value of the unsecured claims, or any secured creditor, may request further information regarding remuneration or expenses (other than pre administration costs) by submitting their written requests before 27 January 2014

7 9 In addition, unsecured creditors whose debts amount to at least 10% of the total value of the unsecured claims, or any secured creditor, may apply to court, if they believe the remuneration charged or expenses incurred by the Joint Administrators to be excessive or the basis fixed for the Joint Administrators' remuneration to be inappropriate. Any application should be made within 8 weeks of receipt of this report

## FARMBOX MEATS LTD – IN ADMINISTRATION

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### 8 ESTIMATED OUTCOME FOR CREDITORS

#### 8.1 Secured Creditor

##### **Bibby**

Bibby hold security in the form of a fixed and floating charge debenture created on 6 January 2011 and registered on 7 January 2011. Bibby provided an invoice finance facility and at the date of appointment had a gross ledger of £298,444, of which £187,485 was approved. At the date of our appointment Bibby were owed a sum of £206,344. It is not yet certain whether Bibby will get repaid in full and collections are on-going. Bibby have a personal guarantee from the director in respect of any shortfall and hold a charge over the Company premises, owned personally by the director.

#### 8.2 Preferential Claims

The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay. As all employees were made redundant prior to our appointment, with wages and holiday pay outstanding, a preferential claim is expected. This has not yet been quantified as the majority of claims have not yet been received. It is unlikely that there will be a return to the preferential creditors in this case after discharging the costs of Administration.

#### 8.3 Prescribed Part

The net property in this case, after costs, is expected to be less than the prescribed minimum and we consider that the cost of making a distribution of the prescribed part in this case to be disproportionate to the benefits. Accordingly, we do not intend to set aside a prescribed part in this instance.

#### 8.4 Unsecured Non-Preferential Claims

At present, it is considered unlikely that there will be sufficient funds available to enable a distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act.

If you have not already done so, please submit details of your claim to my office. A statement of claim form is attached at Appendix E.

### 9 EXTENSIONS TO THE ADMINISTRATION

9.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.

9.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding six months with the consent of each secured creditor of the Company.

9.3 The appropriate body of creditors will be contacted in due course should an extension be required.

### 10 NEXT REPORT

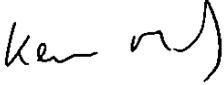
10.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised.

**FARMBOX MEATS LTD – IN ADMINISTRATION**

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If you wish to discuss the issues raised in this report or require any additional information please contact this office

for and on behalf of  
**FARMBOX MEATS LTD**



**K G MURPHY**  
**JOINT ADMINISTRATOR**

Licensed in the UK by the Institute of Chartered Accountants in England and Wales

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

SUMMARY OF JOINT ADMINISTRATORS' PROPOSALS

- 1 The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration
- 2 If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company
- 3 If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors Voluntary Liquidation. It is further proposed that K G Murphy and/or A Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
- 4 Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65 (3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration.
- 5 In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
- 6 The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
- 7 The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that K G Murphy and/or A Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
- 8 The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD FROM  
6 JUNE 2013 TO 5 DECEMBER 2013

	Estimated to realise £	Received by Bibby £	This period £	Cumulative £
<b>RECEIPTS</b>				
Book Debts	n/k	36,641 35	-	36,641 35
Stock	n/k	-	-	-
<b>TOTAL</b>	<u>n/k</u>	<u>36,641 35</u>	<u>-</u>	<u>36,641 35</u>
<b>PAYMENTS</b>				
None		-	-	-
<b>DISTRIBUTIONS</b>				
Bibby		(36,165 05)	-	(36,165 05)
<b>TOTAL</b>		<u>(36,165 05)</u>	<u>-</u>	<u>(36,165 05)</u>
<b>BALANCE IN HAND</b>		<u>476 30</u>	<u>-</u>	<u>476 30</u>

The balance in hand relates to recoverable VAT on Bibby's fees

SUMMARY OF JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD  
FROM 6 JUNE 2013 TO 30 NOVEMBER 2013

	Director		Manager 2		Administrator 1		Administrator 2		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	-	-	40	1,140 00	30	690 00	-	-	-	-	70	1,830 00	261 43
Assets	87	3,697 50	93	2,650 50	-	-	-	-	-	-	180	6,348 00	352 67
Liabilities	11	467 50	38	1,083 00	-	-	-	-	-	-	49	1,550 50	316 43
Landlords	8	340 00	-	-	-	-	-	-	-	-	8	340 00	425 00
Debenture Holder	-	-	10	285 00	-	-	-	-	-	-	10	285 00	285 00
General Administration	18	765 00	15	427 50	-	-	-	-	-	-	33	1,192 50	361 36
Appointment	17	722 50	40	1,140 00	-	-	-	-	-	5	67 50	1,930 00	311 29
Post Appointment Credits Mtrngs	6	255 00	40	1,140 00	-	-	10	210 00	-	-	56	1,605 00	286 61
<b>Total</b>	<b>147</b>	<b>6,247 50</b>	<b>276</b>	<b>7,866 00</b>	<b>30</b>	<b>690 00</b>	<b>10</b>	<b>210 00</b>	<b>5</b>	<b>67 50</b>	<b>468</b>	<b>15,081 00</b>	

Average Hourly Rate (£)

425 00	285 00	230 00	210 00	135 00	322 24
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All Units are 6 minutes

DESCRIPTION OF TIME SPENT BY CATEGORY

**1. Statutory & Review**

This involved reviewing the file to ensure all initial statutory matters had been dealt with and submitting the director's conduct report

**2. Assets**

Time was spent making enquiries with the Food Standards Agency and Police regarding the stock that had been seized to ascertain if it could now be sold. Agents were also instructed to value the stock and speak to interested parties with a view to a sale. Time was also incurred monitoring the debtor realisations.

**3. Liabilities**

Time was incurred dealing with creditor queries and logging claims received, by post telephone and email.

**4. Debenture holder**

Bibby were consulted with regards to the debtors to establish the position on the ledger and the prospect for recoveries.

**5. General Administration**

This includes all general correspondence with regards to the Company.

**6. Appointment**

Time was spent notifying all relevant parties of the Administrators' appointment in accordance with statutory requirements.

**7. Post appointment creditors meetings**

Time was incurred preparing the Administrators proposals and report to creditors and obtaining approval to various resolutions from the secured creditor.

**ADDITIONAL INFORMATION IN RELATION TO THE POLICY OF LEONARD CURTIS REGARDING FEES AND DISBURSEMENTS**

The following information relating to the policy of Leonard Curtis is considered to be relevant to creditors

**Staff Allocation and Support Staff**

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution of the secured creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below.

With effect from 1 January 2012 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

	Standard £
Director	425
Senior Manager	385
Manager 1	330
Manager 2	285
Administrator 1	230
Administrator 2	210
Administrator 3	190
Administrator 4	135
Support	0

**Subcontractors**

Details and the cost of any work which has been or is intended to be sub-contracted out that could otherwise be carried out by the office holders or their staff will be provided in any report which incorporates a request for approval of the basis upon which remuneration may be charged.

**Professional Advisors**

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements. The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

**Disbursements**

- a) Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements. These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£66.09 per box
Business mileage	45p per mile

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

STATEMENT OF CLAIM FORM

Date of administration order: 6 June 2013

Name of creditor: \_\_\_\_\_

Address of creditor: \_\_\_\_\_  
\_\_\_\_\_

Gross amount of claim:  
(ie including VAT) \_\_\_\_\_

Amount of VAT \_\_\_\_\_

Details of any document by  
reference to which the debt can be  
substantiated.  
(eg invoices) \_\_\_\_\_  
\_\_\_\_\_

Particulars of how and when debt  
incurred: \_\_\_\_\_  
\_\_\_\_\_

Particulars of any security held, the  
value of the security and the date it  
was given: \_\_\_\_\_  
\_\_\_\_\_

Signature of creditor or person  
authorised to act on his behalf: \_\_\_\_\_

Name in BLOCK CAPITALS: \_\_\_\_\_

Position with or relation to creditor: \_\_\_\_\_