

The Insolvency Act 1986

# Administrator's progress report

Name of Company A & P Fencing Limited	Company number 04599735
In the High Court of Justice Preston Combined Court Centre	Court case number 658 of 2010

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

We (a) Lila Thomas and David Acland of Begbies Traynor (Central) LLP, 1 Winckley Court, Chapel Street, Preston, PR1 8BU

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


from

to

(b) Insert dates

(b) 1 May 2011	(b) 11 October 2011
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Signed

  
Joint Administrator

Dated

18/10/2011

## 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	
1 Winckley Court Chapel Street, Preston, PR1 8BU	
	Tel Number 01772 202000
Fax Number 01772 200099	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 33060 Cardiff

Lila Thomas and David R Acland appointed joint administrators on 1 November 2010

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

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## **A & P Fencing Limited (In Administration)**

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Final Progress Report of the joint administrators pursuant to Rules 2.47 and 2.110 of The Insolvency Rules 1986

Period: 1 May 2011 to 11 October 2011

## **Important Notice**

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

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## 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	A & P Fencing Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 1 November 2010
"the administrators"	Lila Thomas and David Acland of Begbies Traynor (Central) LLP, 1 Winckley Court, Chapel Street, Preston, PR1 8BU
"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	A & P Fencing Limited
Trading name(s)	N/a
Date of Incorporation	25 November 2002
Company registered number	04599735
Company registered office	Unit 2 Shard Storage Shard Road, Hambleton, Poulton-le-Fylde, Lancashire, FY6 9BU

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### 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators	Lila Thomas and David Acland, Licensed Insolvency Practitioners of Begbies Traynor (Central) LLP, 1 Winckley Court, Chapel Street, Preston, PR1 8BU
Date of administrators' appointment	1 November 2010
Date of administrators' resignation	N/a
Court	Preston Combined Court Centre
Court Case Number	658 of 2010
Person(s) making appointment / application	The Directors of the Company
Acts of the administrators	The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	There have been no extensions to the administration period.

### 4. PROGRESS DURING THE PERIOD

This report should be read in conjunction with the Joint Administrators proposals which were circulated to all known creditors on 21 December 2010 and the interim progress report dated 13 May 2011.

Attached at Appendix 1 is our abstract of receipts and payments for the period from 1 November 2010 to 11 October 2011.

#### **Sale of the Company's assets**

Details of all the asset sales completed were included in our progress report dated 13 May 2011. Total realisations amounted to £105,865 and included monies received for the purchase of financed plant and vehicles. The sums of £11,865 and £19,505 have been paid to the relevant finance companies in settlement.

#### **Debtors**

Upon appointment, the Company had an outstanding debtor ledger in the sum of £322,136 before provisions were applied for bad and aged debts excluding contractual debts (see below). The ledger is subject to an invoice discounting agreement with Yorkshire Bank Invoice Finance ("YBIF") and their indebtedness amounted to circa £302,529 plus any collect out/termination charges and interest.

Incasso LLP have been instructed to pursue the ledger on behalf of YBIF. We have not received an up to date recovery report however based on previous reports it is unlikely that any surplus funds will be available to the Company

#### **Contractual Debts**

The Company has contractual debts with a book value of £229,714. Vindens have been instructed to pursue the ledger on behalf of the Administrators and YBIF and a debt collection fee of 12.5% has been agreed for all contractual monies received, together with an initial reporting and review fee of £4,000. Based on their initial estimations, only 30% of the ledger would be recoverable.

There are two contractual debts with a book value of £125,760 which are not subject to the invoice discounting agreement with YBIF. A settlement has been agreed with one of the contractors and the sum of £50,000 has been received. The second contractual debt is still being pursued. A statutory demand has been issued and has subsequently expired. Despite promises of payment no monies have been received to date. The next step will be to issue winding up proceedings, if appropriate and subject to costs.

The remaining contractual debts with a book value of £103,955 are subject to the invoice discounting agreement with YBIF. Vindens have agreed a settlement with one contractor for the sum of £18,800. Upon deduction of their agreed fee, the balance in the sum of £15,980 has been sent to YBIF. Of the remaining debts and following site visits, Vindens have advised that it is unlikely any additional monies will be recovered after taking into consideration counter claims for unfinished contracts, disputes and contras.

#### **Cash in Hand**

Cash sales taken over the trade counter prior to the appointment amounted to £2,616.

#### **Insurance/Rates Refund**

The sum of £12.96 has been received from Electricity North West and the sum of £79.57 has been refunded from Fylde Borough Council in respect of an overpayment for business rates.

In addition, the sum of £125 has been received from CS2 Lawyers Limited as settlement of an employee claim.

#### **Bank Interest Gross**

The sum of £133.68 has been received to date. Final interest will be applied in due course and corporation tax will be payable on this amount.

## **5. OUTCOME FOR CREDITORS**

#### **Secured creditors**

##### **YBIF**

At the date of appointment, YBIF's indebtedness amounted to £302,529 which is subject to accruing interest and charges. Based on current anticipated realisations, YBIF will suffer a shortfall. Incasso continue to collect the ledger on behalf of YBIF.

##### **Yorkshire Bank plc ("the Bank")**

At the date of appointment, the Bank's indebtedness amounted to £132,656 which is subject to accruing interest and charges. Based on receipts to date, the sum of £30,511 is available to the Bank and will be paid as a floating charge distribution. Any further distributions are dependent on future recoveries and costs.

### **Preferential creditors**

The employees of the Company submitted claims to the Redundancy Payments Office ("RPO") in respect of unpaid wages, holiday pay, redundancy pay and pay in lieu of notice. Employee claims for arrears of pay and holiday pay subject to certain limitations rank as preferential. A preferential claim in the sum of £35,750 has been received from the RPO and there are further employee claims in their own right which amount to £7,103. The preferential claims which total £42,853 have been paid in full.

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

Details of how the prescribed part for unsecured creditors is calculated were provided in the administrators' statement of proposals.

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 £41,889 and the prescribed part of the Company's net property to be £11,378.

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.

### **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 with the exception of the potential distribution of the prescribed part fund.

### **Exit from administration**

As creditors are already aware from previous correspondence dated 6 October 2011, the administrators have filed the Notice of move from administration to creditors' voluntary liquidation (Form 2 34B) with the Registrar of Companies. The Notice was registered by the Registrar on 11 October 2011 and consequently the Company is in creditors' voluntary liquidation with effect from the date of registration in accordance with paragraph 83(6) of Schedule B1 to the Act with the former administrators acting in the capacity as joint liquidators of the Company.

## **6. ADMINISTRATORS' PROPOSALS**

Attached at Appendix 2 is a summary of the administrators' proposals as deemed approved under Rule 2 33(5) of the Rules in the absence of an initial meeting of creditors.

## **7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION**

On 1 November 2010, the Director of the Company filed a Notice of Appointment of an Administrator at the High Court of Justice, Preston District Registry ("the Court") appointing David Acland and Lila Thomas as Joint Administrators of the Company.

The Administrators advised the Directors of the effect of their appointment and the restrictions now placed on the Directors. All statutory documents concerning their appointment were filed at Court and at Companies House in accordance with the Insolvency Act 1986. All known creditors were advised of the appointment.

The proposals were circulated to all known creditors for their information on 21 December 2010. As the joint administrators considered that the company had insufficient property to enable a distribution to be made to unsecured creditors (with the exception of the possible distribution of

the prescribed part fund), no initial meeting of the Company's creditors was summoned and the joint administrators' proposals were deemed approved. However, the secured creditors consent was sought to the joint administrators' proposals regarding fees and discharge. The proposals were subsequently agreed.

As part of their statutory duties the Administrators considered the conduct of the Directors and management in relation to their management of the affairs of the Company and the cause of failure. A Confidential report was submitted to the Department for Business, Innovation and Skills.

Creditors have been kept fully apprised of realisations and the steps taken throughout the Administration in our previous reports and these steps are further summarised at Section 2 of this report.

A distribution has been paid to Yorkshire Bank plc in accordance with their floating charge security and the preferential claims have been paid in full. There is no prospect of a return to unsecured creditors (with the exception of a distribution of the prescribed part fund). The Administrators therefore consider that the purpose of the Administration, namely realising property in order to make a distribution to one or more secured and/or preferential creditors, has been achieved.

## 8. ADMINISTRATORS' REMUNERATION & DISBURSEMENTS

The administrators' remuneration has been fixed by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

The administrators' time costs for the period from 1 November 2010 to 11 October 2011 amount to £78,772 which represents 394.50 hours at an average rate of £199.67 per hour.

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

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

Since their appointment, the administrators have drawn the total sum of £25,000 plus VAT and disbursements.

## 9. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred and discharged by the administrators during the period of this progress report is attached at Appendix 4.

## 10. CREDITORS' RIGHTS

### Right to request further information

Pursuant to Rule 2.48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured



creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that the administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report

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

Pursuant to Rule 2 109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by the administrators as set out in this progress report are excessive or, in relation to the basis fixed for the administrators' remuneration, inappropriate

## **11. ASSETS THAT REMAIN TO BE REALISED**

In accordance with Rule 2 117A of the Rules, it is the position that the following assets have yet to be realised and will be dealt with by the joint liquidators once they are in office

Vindens will continue to pursue the contractual debts and retentions and Incasso LLP will continue to pursue the debtor ledger on behalf of YBIF

The Liquidator will continue his investigations of the disposal of certain assets prior to the appointment which is explained in more detail below

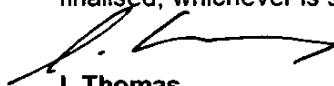
## **12. OTHER RELEVANT INFORMATION**

#### **Investigations ongoing and action taken**

Cobbetts LLP have been instructed to review the circumstances surrounding the disposal of some of the Company's assets prior to our appointment. Cobbetts have been provided with a timeline of events and copy invoices as evidence that Company assets were 'purchased' by the Directors in September/October 2010 (the invoices raised total £105,769 71). Our agent, Charterfield Limited, has provided valuations of the assets disposed of and a comparison statement has been produced. It is clear that no funds were received by the Company and in both cases the consideration due was offset against their respective loan accounts. This action may result in additional realisations however no estimations have been included in the EOS given the uncertainty of whether such a claim will be successful.

## **13. CONCLUSION**

The Liquidator will report to creditors on an annual basis or once their investigations have been finalised, whichever is sooner



**L Thomas**  
Former Administrator

Date 18 October 2011

# JOINT ADMINISTRATORS' ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED OUTCOME FOR CREDITORS

Period 1 November 2010 to 11 October 2011

	Receipts & Payments to date £	Anticipated Receipts & Payments £	Projected Outcome £
<b>ASSETS SPECIFICALLY PLEDGED</b>			
Motor Vehicles		19,505	19,505
Less Yorkshire Bank Asset Finance		(19,505)	(19,505)
Surplus/(Deficit)	-	-	-
Motor Vehicles & Plant		63,000	63,000
Less Various Finance Companies		(123,851)	(123,851)
Surplus/(Deficit)	-	(60,851)	(60,851)
Plant & Machinery		66,924	66,924
Less Caterpillar Finance	-	(55,059)	(55,059)
Surplus/(Deficit) carried down	-	11,865	11,865
Trade Debtors*	91,428	120,984	212,412
Less Yorkshire Bank Invoice Finance ("YBIF")	(91,428)	(211,101)	(302,529)
Surplus/(Deficit)	-	(90,117)	(90,117)
<b>ASSETS NOT SPECIFICALLY PLEDGED</b>			
Contractual Debtors/Retentions	50,000	Uncertain	50,000
Plant & Machinery	25,000	-	25,000
Stock	40,000	-	40,000
Motor Vehicles	9,495	-	9,495
Surplus from Encumbered Assets	11,865	-	11,865
Rates Refund	93	-	93
Insurance Refund	125	-	125
YBIF Debtors	2,820	-	2,820
Bank Interest Gross	134	-	134
Cash at Bank and in Hand	2,616	-	2,616
	142,147	-	142,147
<b>Payments</b>			
Accountant's fees	-	(2,250)	(2,250)
Statement of Affairs Fee	(2,750)	-	(2,750)
Administrator's disbursements	(432)	-	(432)
Administrator's fees	(25,000)	-	(25,000)
Agent's fees & expenses	(8,380)	-	(8,380)
Bordereau (statutory bond)	(135)	-	(135)
Legal fees	(2,518)	(1,000)	(3,518)
Quantity Surveyor Fees	(12,600)	-	(12,600)
Rent and Insurance	(2,224)	-	(2,224)
Corporation Tax	-	(40)	(40)
Statutory advertising	(76)	-	(76)
Available for preferential creditors	88,032	(3,290)	84,742
Arrears of wages and holiday pay	(42,853)	-	(42,853)
Net property	45,179	(3,290)	41,889
Prescribed part of net property set aside for unsecured creditors	-	-	(11,378)
Available for floating charge holder	45,179	(3,290)	30,511
Yorkshire Bank plc	-	(132,656)	(132,656)
Shortfall to floating charge holder	45,179	(135,946)	(102,145)

**Summary of balances held**

Fixed charge	-
Floating charge	45,179
	<u>45,179</u>

**Held as**

Bank Account	42,558
VAT	2,621
	<u>45,179</u>

**Summary of outcome for unsecured creditors**

Fixed charge	212,412
Preferential Creditors	42,853
Prescribed part of net property set aside for unsecured creditors	11,378
Floating charge	30,511
	<u>297,154</u>

\*The debt recoveries subject to YBIF's fixed charge are estimated and are being collected by Incasso LLP and The Vinden Partnership. No provision is detailed for debt collection costs.

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

### Proposals deemed approved under Rule 2.33(5) of the Insolvency Rules 1986

#### *Purpose of the Administration*

For the reasons set out in our report, we presently consider that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. We furthermore consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole.

The affairs and business of the Company have, since the date of the Administrators' appointment been managed by the Administrators. If the proposals are approved, the affairs and business will continue to be managed by the Administrators and financed from the realisation of the Company's assets.

The Administrators propose to do all such things and generally exercise their powers as Joint Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration set out in paragraph 3 of Sch B1 to the Act or to maximise realisations for any other purpose incidental to these proposals.

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property. The principal matters to deal with in this respect are

- Finalise sales of the Company's assets
- Assist with the collection of the Company's debtor book

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

#### *Exit from Administration*

The exit route chosen in relation to the Company is that of Creditors Voluntary Liquidation ("CVL") in order that a distribution can be paid to unsecured creditors, under the provisions of Section 176A, following the completion of the Administrators' duties<sup>1</sup>.

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

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<sup>1</sup> Insolvency Act 1986, Sch B1, para 83(1)

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

Alternatively, in the event that there are insufficient funds to enable a distribution to the unsecured creditors via a prescribed part (and 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

The Administrators propose at any time after the expiration of a period of one year from the date of dissolution, to destroy or otherwise dispose of the books, papers and other records of the Company

#### **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

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 01 November 2010

#### **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 firms 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.

**Vacation from office: discharge from liability**

It is proposed that pursuant to Paragraph 98(2)(b) of Schedule B1 of the Act, the Joint Administrators be given their full discharge from liability in respect of any action as Joint Administrators with effect from the date that their appointment as Joint Administrators ceases to have effect.

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## ADMINISTRATORS' TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred,
- d Cumulative table of time spent and charge-out value for the period from 1 November 2010 to 11 October 2011

## BEGBIES TRAYNOR CHARGING POLICY

### INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance<sup>1</sup> requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance<sup>2</sup> 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 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,

<sup>1</sup> Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

<sup>2</sup> 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 Preston office as at the date of this report are as follows

	<b>Standard 1 July 2008 – until further notice Regional</b>
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Prior to 1 May 2011, the following rates applied

<b>Grade of staff</b>	<b>Charge-out Rate (£ per hour)</b>
Partner 1	395
Partner 2	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                      A & P Fencing Limited  
CASE TYPE                        ADMINISTRATION  
OFFICE HOLDERS                Lila Thomas and David Acland  
DATE OF APPOINTMENT        1 November 2010

**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**

As advised in the report, agents were instructed to assist and advise on a potential sale of the Company's business and assets pre-appointment. It was envisaged that the majority of the timber stock would be subject to Retention of Title claims from suppliers and various claims were received and processed by the Administrators. The Company's assets were varied and the Company operated in four district divisions, consequently multiple sales were undertaken.

**1.3 Exceptional responsibilities**

None

**1.4 The office holders' effectiveness**

The strategy, once it became clear the survival of the Company was not possible to achieve, was to market the assets for sale to maximise realisations for creditors. All sales have now completed. Whilst there is a shortfall in the realisations below ex-situ valuations of circa £5,000, this is an acceptable outcome given that the costs which would have been incurred to hold a sale at the premises have been avoided, or indeed the costs of removal.

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

The assets include office furniture and equipment, plant and machinery, motor vehicles, stock and debtors.

**1.6 Anticipated return to creditors**

Based on current anticipated realisations, it is anticipated that preferential creditor claims will be paid in full. The Bank will receive a distribution in accordance with their floating charge security, the level of which is dependent on a successful debt collection exercise, however it is anticipated that the Bank will suffer a shortfall. There will be insufficient monies available to enable a distribution to be made to unsecured creditors other than by virtue of the provisions of Paragraph 176A.

**1.7 Time costs analysis**

An analysis of time costs incurred between 1 November 2010 and 11 October 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 8 The views of the creditors**

The proposals were circulated to all known creditors for their information. As the Joint Administrators considered that the Company had insufficient property to enable a distribution to be made to unsecured creditors, other than by virtue of the provisions of Paragraph 176A, no initial meeting of the Company's creditors was summoned and the Joint Administrators' proposals were deemed approved. However, the approval of the secured and preferential creditors was sought to certain resolutions detailed within the proposals regarding fees, disbursements and discharge from liability. The requisite approval has been received.

**1 9 Approval of fees**

The proposals included a provision for the Joint Administrators to be remunerated on a time costs basis and this is detailed further within the report.

**1 10 Approval of Expenses and Disbursements**

The Proposals included a provision for the joint administrators to be authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), in accordance with their firm's policy and has been approved by the secured and preferential creditors.

**1 11 Other professionals employed & their costs**

Charterfields Limited were instructed to undertake valuations of the Company's chattel assets and negotiate with interested parties to achieve the best sale price. They also assisted with the ROT claims. The Vinden Partnership have been instructed to assist the Administrators with the collection of the contractual debts. AUA Insolvency Risk Services have been instructed to provide insurance cover for the chattel assets whilst sales could be agreed. Moore & Smalley LLP have been instructed to assist in the preparation of the Statement of Affairs and the end of year returns. Cobbetts LLP have been instructed to provide validity advice and assistance with the ROT claims.

Details of the anticipated fees and/or fees paid to date are detailed within the Estimated Outcome Statement at Appendix 1.

**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 SINCE OUR LAST REPORT**

- Dealing with creditor claims,
- Dealing with employee claims, reviewing and calculating the preferential claims,
- Informal reporting to the Bank and YBIF,
- Investigations,
- The preparation of this report

A & P Fencing Limited

Time costs analysis for the period from 1 November 2010 to 11 October 2011

Staff Grade	Hours							Support	Total hours	Time cost £	Average hourly rate
	Partner	Director	Senior Manager	Manager	Assistant Manager	Senior Administrator	Administrator				
Administration and planning	5.70	-	-	5.30	-	-	8.60	-	19.60	4,575	233.39
Appointment and case planning	1.50	-	-	3.50	-	1.40	16.60	13.30	36.30	4,622	127.31
Administration and banking	4.40	-	-	35.50	-	-	7.20	6.20	56.00	12,280	219.29
Statutory reporting and statement of affairs											
Investigations	10.30	-	-	13.90	-	-	0.70	-	24.90	7,413	297.69
CDDA and investigations											
Realisation of assets	31.40	-	-	9.00	-	0.30	26.00	0.60	67.30	17,143	254.72
Debt collection	8.00	-	-	3.30	-	-	2.60	-	13.90	3,977	286.08
Property, business and asset sales	24.70	-	-	4.30	-	-	34.30	0.60	63.90	14,229	222.67
Retention of Title/Third party assets											
Trading	-	-	-	-	-	-	-	-	-	-	-
Trading											
Creditors	0.60	-	-	4.40	-	-	-	0.70	5.70	1,429	250.61
Secured	0.90	-	-	5.60	-	0.30	68.20	27.90	103.10	12,424	120.50
Others	-	-	-	-	-	-	-	-	-	-	-
Creditors' committee											
Other matters											
Meetings	0.50	-	-	0.40	-	-	1.50	-	2.40	501	208.75
Tax	-	-	-	-	-	-	-	-	-	-	-
Litigation	-	-	-	-	-	-	1.40	-	1.40	182	130.00
Other											
<b>Total hours by staff grade</b>	88.00	-	-	85.20	-	2.00	167.10	49.30	394.50		
<b>Total time cost by staff grade</b>	31,664	-	-	21,651	-	350	21,830	2,958		78,772	199.67
<b>Average hourly rate £</b>	359.82			254.12		175.00	130.64	60.00			
<b>Total fees drawn to date</b>										25,000	

**STATEMENT OF ADMINISTRATORS'  
EXPENSES**

Type of expense	Name of party with whom expense incurred	Amount incurred (exc VAT) £	Amount discharged (exc VAT) £	Balance (to be discharged) £
Agent's fees and Disbursements	Charterfields Limited	8,380	8,380	Paid
Legal fees and Disbursements	Cobbetts LLP	2,518	2,518	Paid
Accountancy fees and Disbursements	Moore & Smalley LLP	2,750	2,750	Paid
Debt Collection Costs	The Vinden Partnership	12,600	12,600	Paid
Statutory advertising	Courts Advertising	75 60	75 60	Paid
Bond	Begbies Traynor	135	135	Paid
Insurance	AUA Insolvency Risk Services	2,224	2,224	Paid