

The Insolvency Act 1986

# Administrators' progress report

Name of Company
William Sinclair Horticulture Limited

Company number
00007633

In the High Court of Justice Chancery Division Manchester District Registry [full name of court]
--------------------------------------------------------------------------------------------------------

Court case number
2829 of 2015

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

I/We (a)

William James Wright  
KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Mark Jeremy Orton  
KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Joint Administrators of the above company attach a progress report for the period

(b) Insert dates from

to

(b) 31 January 2016
---------------------

(b) 30 July 2016
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Signed

Joint Administrator

Dated

26 August 2016

### 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.

Amy Rose KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH United Kingdom	Tel 0115 9353582
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SATURDAY



A18 27/08/2016 #120 COMPANIES HOUSE

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



*cutting through complexity™*

## **William Sinclair Horticulture Limited - in Administration**

Joint Administrators' progress report for the  
period 31 January 2016 to 30 July 2016

26 August 2016

# Notice to creditors

This progress report provides an update on the administration of the Company

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor

You will find other important information in this progress report such as the costs which we have incurred to date

A glossary of the abbreviations used throughout this document is attached (Appendix 5)

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+WF731F3320.html>  
We hope this is helpful to you

**Please also note that an important legal notice about this progress report is attached (Appendix 6).**



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# 1 Executive summary

- This progress report covers the period from 31 January 2016 to 30 July 2016
- During the period, the remaining Scottish moss site, Gardrum Moss, was successfully sold on 8 April 2016 for consideration of £211,111 Rental income of £50,000 from the Firth Road property and £28,532 from various other rental properties was also received (Section 2 - Progress to date)
- The Administrators also secured sundry refunds of £75,335 in the period, the most significant of which was a rates refund in respect of the property at Bolton Fell and a pre-appointment insurance claim settlement (Section 2 - Progress to date)
- A distribution of £106,299 has been made in the period to the Pension Scheme in respect of their first ranking charge over the Firth Road property
- Leumi received a distribution of £5 414 million in the previous period Book debt receipts have also been received directly which now total approximately £4 million which has resulted in Leumi holding a surplus balance of approximately £1 million We anticipate a refund of this surplus (less final contractual charges) in the coming months
- The second charge holder, the loan note holders, received an initial distribution in the previous period of £5,000,000 We anticipate a further distribution once surplus funds have been received from Leumi however it is currently unclear whether this will be in full discharge of their debt depending on the final interest calculation (Section 3 - Dividend prospects and dividends paid)
- All employees were transferred to the Purchaser under TUPE with effect from the date of our appointment In light of a potential claim in relation to unpaid pension contributions, we anticipate preferential creditor claims to total £10,000 We expect a dividend of 100p in the £ will be made to preferential creditors (Section 3 - Dividend prospects and dividends paid)
- The prescribed part is capped at the statutory maximum of £600,000 and the unsecured creditors will receive a distribution of this amount after the deduction of costs of agreeing their claims A further sum may be available if there are sufficient funds to discharge the debts of Leumi and Loan Note Holders in full If the dividend exceeds that available from the prescribed part, distributions will be made through a subsequent Creditors' Voluntary Liquidation (Section 3 - Dividend prospects and dividends paid)
- During the period, the creditors granted a 12-month extension to the period of the administration
- The administration is currently due to end on 30 March 2017
- We anticipate that the likely exit route will be either by placing the Company into dissolution or if there is a sum available to unsecured creditors over and above the prescribed part, by placing the Company into Creditors' Voluntary Liquidation (CVL) (Section 6 – Future Strategy)
- Please note you should read this progress report in conjunction with our previous progress report and proposals issued to the Company's creditors which can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+WF731F3320.html> Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT



Will Wright  
Joint Administrator



## 2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress report.

### 2.1 Strategy and progress to date

#### Sale of Business

Creditors were previously advised that we completed a sale of the majority of the business and assets of the Group to Westland (GB Trading) Limited on 31 July 2015 for a total of £13.5 million (£13.15 million to Horticulture). All the consideration due was received in the previous period.

### 2.2 Asset realisations

Realisations during the period are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations during the period are provided below.

#### Book debts

As outlined in our previous report, the Company's book debt was subject to a CID facility with Leumi.

During the period, collection of the ledger continued to be led by collection agents, WDRS, under our supervision.

Collections to date total approximately £4 million with the majority being repaid directly to Leumi under their invoice discounting facility. Collection is now all but complete with only a few minor account reconciliations ongoing.

Leumi are currently holding a balance of approximately £1 million in credit on their facility, which is surplus to their indebtedness but prior to final interest and charges. As such, we anticipate receipt of a credit balance once these charges are agreed.

The Administrators held a debtor surplus of £95,032 at the end of the previous period. Of this sum, £49,368 has been paid to Westland in the period in respect of debtor receipts owed to them and incorrectly paid to the Administrators' account.

#### Firth Road

As previously reported, a short term lease was granted to the Purchaser in relation to the freehold property at Firth Road, Lincoln.

At the request of the first ranking fixed charge holder, the Pension Scheme, a Law of Property Act ('LPA') Receiver was appointed over this property on 10 December 2015. As such, the LPA Receiver will be responsible for realising this asset and it is not anticipated that there will be surplus funds above the Pension Scheme's charge.

This property is still being marketed, and has not yet been realised.



## Bolton Fell

Creditors were previously advised that Westland was granted a short term licence to occupy the property at Bolton Fell. This licence expired on 14 January 2016, during the previous period.

Westland continue to occupy this property, which had allowed us to minimise holding costs. We are currently in discussion about ongoing licence fees for the period from 14 January 2016.

Despite a sustained marketing period, this property has been difficult to sell as it has various restoration conditions attached to it. We do not anticipate that any value will be achieved for these land titles and it is likely that these will be passed to the crown either upon dissolution of the company or disclaimed upon a creditors' voluntary liquidation, depending on the exit route.

Creditors are advised that we may become liable for rates at Bolton Fell if Westland vacate the property and the Administrators' are currently considering the most appropriate strategy to minimise this liability.

## Gardrum Moss

The sale of the remaining freehold Scottish moss site, Gardrum Moss, was completed on 8 April 2016 for consideration of £211,111.

Following a security review, all Scottish Moss asset realisations have been reclassified as floating charge realisations in our R&P (Appendix 2).

## Rent

As mentioned above, a short term lease of the freehold property at Firth Road, Lincoln was granted to Westland until 31 January 2016.

Rental income of £50,000 was received in the period and a further £25,000 was received after the end of this period. Insurance recharges of £17,191 were also received.

This brings the total rental income received from Westland to £150,000 since the date of our appointment. Of this amount, £106,299.60 has subsequently been paid to the Pension Scheme under their fixed charge security, after deducting for associated costs. We expect a further distribution to be made of the sum received after the period end.

A total of £28,532 in respect of rent (and £1,534 in respect of insurance) was also received in the period in respect of various other licenses to occupy the Company's other properties. The majority of these amounts will be used to offset the corresponding rental payments on the head leases.

## Sundry debtors and prepayments

A sum of £35,642 was received in the period in respect of pre-appointment electricity recharges and for the settlement of a pre-appointment insurance claim for business interruption.

## Insurance refund

A refund of £10,223 was received in the period as a result of the incorrect classification of the occupancy of the properties at Firth Road and Beevor Street. The Administrators are also seeking a refund of pre appointment personal medical insurance which was prepaid to the sum of approximately £10,000. Efforts remain ongoing on this matter.



#### Other realisations

Sundry refunds of £39,517 were received in the period, the majority of which relates to a rates refund as a result of obtaining a reduced rateable value during the phased closure of the property at Bolton Fell prior to the Administrators' appointment

#### Bank interest

Bank interest of £5,444 was received in the period

#### Cladence moss bond

The Administrators are continuing to seek the release of an £80,000 bond that related to Cladence Moss. This property was sold to the Purchaser as part of the business sale. Correspondence with the council and purchaser remains ongoing.

#### Investigations

We have continued to review the affairs of the Company to find out if there are any actions which can be taken against third parties to increase recoveries for creditors. It is not considered appropriate to carry out further investigation work.

## 2.3 Costs

Payments made in this period are set out in the attached receipts and payments account (Appendix 2)

Summaries of the most significant payments made during the period are provided below

#### Legal fees

Pre-appointment legal fees of £13,582, in relation to the completion of the pre-pack sale and post-completion formalities, and £3,337, for reviewing the validity of our appointment as administrators, were paid to Pinsent Masons LLP and Shakespeare Martineau respectively in the period. The payment of these costs have been approved by a resolution of the Creditors' Committee in the previous period.

Solicitors' fees of £41,848 and £2,012 were incurred and paid in the period to Pinsent Masons LLP and Andrew & Co. LLP respectively for advice relating to various fixed and floating charge matters including

- Advice on the validity of the Leumi and Loan Note Holder securities
- Property litigation advice regarding unpaid licence fees
- Advice relating to the sale of the Scottish peat bogs
- Advice relating to planning permission re Bolton Fell
- Other general advice, mainly relating to the properties
- Miscellaneous disbursements

#### Debt collection costs

A total of £17,508 was paid to sub-contractors for provision of credit control services and assistance with the collection of book debts. These have been paid out of the book debt surplus held in order to recover VAT on these amounts.

#### Agents' fees

£6,805 was paid to Savills (UK) Limited for the marketing and sale of the Gardrum Moss site and £10,000 was paid to BNP Paribas Real Estate for assistance in obtaining a reduced rateable value during the phased closure of Bolton Fell Peatworks.





## Rent

During the period, £27,149 was paid for the leasehold properties at Stanlow Estate and Bolton Fell, however this is offset by rent received from Westland, who was granted short term licences to occupy these properties

## Sundry costs

Sundry costs of £500 were incurred in respect of IT services received from Natural England

## 2.4 Schedule of expenses

We have detailed the costs incurred during the period, whether paid or unpaid, in the schedule of expenses attached (Appendix 3)

Summaries of the most significant expenses which have been incurred in the period but have not yet been paid are provided below

### Solicitors' fees

Further fees of £4,411.50 have been incurred but remain unpaid in the period

# 3 Dividend prospects and dividends paid

## 3.1 Secured creditors

During the period, we have made distributions of £106,299.60 to the Pension Scheme under their fixed charge security over the freehold property at Firth Road, Lincoln. As outlined above, £25,000 of rent was received after the period and will be distributed to the Pension Scheme shortly

As mentioned in our previous report, we made a distribution of £5.414 million to Leumi in addition to the £4 million that has been recovered through book debts. We are awaiting confirmation of the final interest and charges and anticipate a refund from the £1 million that is currently held in credit

We also distributed £5 million to the Loan Note Holders in the previous period. We anticipate that we will have sufficient funds to make a further distribution to the Loan Note Holders. However, it is currently unclear whether this will be in full discharge of their debt once the final interest has been applied

## 3.2 Preferential creditors

We estimate the amount of preferential claims to be £10,000. Based on current estimates, we anticipate that preferential creditors should receive a dividend of 100p in the £

## 3.3 Unsecured creditors

Based on current estimates, we anticipate that unsecured creditors should receive a dividend from funds of £600,000, an amount set aside for unsecured creditors via the prescribed part

However, we have yet to determine whether a further distribution exceeding this amount is available. This is because we have yet to complete the realisation of assets and ascertain the final claims of the two secured creditors who continue to accrue interest and charges



If a further sum above the prescribed part is available for distribution, it will be paid to unsecured creditors during a subsequent Creditors' Voluntary Liquidation (CVL) We will update creditors in the next progress report as to whether this will be applicable

We are still in the process of agreeing unsecured claims. If you have a claim against the Company in respect of invoices outstanding prior to the date of administration and have not yet submitted a proof of debt form, please complete the relevant form, which can be found at <http://www.insolvency-kpmg.co.uk/case+kpmg+WF731F3320.html> and return it to my colleague Amy Rose at KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH United Kingdom

## 4 Other matters

### 4.1 Creditors' Committee

As previously disclosed, a Creditors' Committee was formed on 30 October 2015 with the following nominated members

- Steve Ely – Canute Haulage Group Limited
- Pat Watson – A W Jenkinson Forest Products
- Gary Shankland – Begbies Traynor (representing Cartwright Bros (Haulage) Ltd)

#### Committee meetings

A first committee meeting was held on 10 December 2015 and the following resolutions were passed

- That the Joint Administrators' remuneration be drawn on the basis of time properly given by them and the various grades of staff in accordance with the charge-out rate as outlined within the Administrator's proposals, but discounted by 15%
- That the Joint Administrators draw disbursements for services provided by KPMG (category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as outlined within the Administrators' proposals
- That solicitors fees totalling £16,927 plus VAT, which were incurred prior to the Administrators' appointment, be paid as an expense of the Administration
- That Administrators' fees totalling £117,893 plus VAT (a 15% discount on the gross sum reported), which were incurred prior to the Administrators' appointment, be paid as an expense of the Administration

A second meeting of the committee members was held on 4 February 2016 in order to provide an update of the administrations of the Group. No further resolutions were passed

A final meeting of the committee is anticipated prior to the end of the Administration to approve the Administrators' discharge from liability and finalise any other outstanding matters



# 5 Joint Administrators' remuneration and disbursements

## 5.1 Joint Administrators' remuneration and disbursements

### Time costs

From 31 January 2016 to 30 July 2016, we have incurred time costs of £222,429. These represent 680 hours at an average rate of £327 per hour.

This brings our total time costs to £923,931, since the date of our appointment. We will draw fees in accordance to the charge-out rates outlined in Appendix 4, but discounted by 15% as agreed by the Creditors' Committee on 10 December 2015.

### Remuneration

We have drawn fees of £300,000 in the period.

### Disbursements

During the period, we have incurred category 1 disbursements of £1,635, which remain unpaid. We also incurred category 1 disbursements of £2,087 in a previous period which have yet to be paid.

£4,923 of disbursements incurred in a previous period have been paid in the period.

### Additional information

We have attached (Appendix 4) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 31 January 2016 to 30 July 2016. We have also attached our charging and disbursements policy.

## 5.2 Pre-administration costs

The following pre-administration costs, which were unpaid at the date of our appointment, were disclosed in our proposals:

Pre-Administration costs (03/08/2015 to 17/05/2015)							
	Hours				Total	Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support			
Pre-administration Sale of business - preparation	25 40	247 20			<b>272 60</b>	120,549 00	442 22
Advising directors	9 10	6 40			<b>15 50</b>	8,006 50	516 55
Appointment documents	1 00	3 10			<b>4 10</b>	1,850 50	451 34
Pre-administration checks	7 00	8 80		4 50	<b>20 30</b>	8,291 50	408 45
<b>Total</b>	<b>42 50</b>	<b>265 50</b>	<b>0 00</b>	<b>4 50</b>	<b>312 50</b>	<b>138,697 50</b>	<b>443 83</b>

On 10 December 2015, we obtained approval from the creditors' committee members to pay 85% of our pre-administration time cost as an expense in the administration and as such, £117,893 was drawn in this period.



Pre-appointment legal fees of £16,919 were also drawn in the period, of which £3,337 was paid to Shakespeare Martineau in respect of advice on the validity of our appointment and £13,582 was paid to Pinsent Masons LLP in respect of advice regarding the business sale

## **6 Future strategy**

### **6.1 Future conduct of the administration**

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to

- agreeing the final Leumi indebtedness and obtaining refund from the £1 million that is currently held on credit on their facility,
- agreeing the final loan note holder debt and make a final distribution,
- continuing to agree claims and pay distributions to preferential and unsecured creditors,
- completion of ongoing VAT and tax matters, and
- completion of ongoing statutory requirements

### **6.2 Extension of the administration**

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court

The creditors granted a 12-month extension to the period of the administration

The administration is currently due to end on 30 March 2017

### **6.3 Future reporting**

We will provide a further progress report within one month of 30 January 2017 or earlier if (1) a further extension request is necessary or (2) the administration has been completed prior to that time



## Appendix 1 Statutory information

### Company information

Company name	William Sinclair Horticulture Limited
Date of incorporation	08/09/1873
Company registration number	00007633
Present registered office	KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH

### Administration information

Administration appointment	The administration appointment granted in High Court of Justice, Chancery Division, Manchester District Registry, 2829 of 2015
Appointor	Directors
Date of appointment	31 July 2015
Joint Administrators' details	Will Wright and Mark Orton
Estimated values of the Net Property and Prescribed Part	Estimated Net Property is £10 million The Prescribed Part is capped at the statutory maximum of £600,000 The Prescribed Part has been taken into account when determining the dividend prospects for unsecured creditors (Section 3)
Prescribed Part distribution	The Joint Administrators do not intend to apply to Court to obtain an order that the Prescribed Part shall not apply Accordingly, the Joint Administrators intend to make a distribution to the unsecured creditors
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	30 March 2017



## Appendix 2 Joint Administrators' receipts and payments account

### William Sinclair Horticulture Limited - in Administration

#### Abstract of receipts & payments

Statement of affairs (£)	From 31/01/2016 To 30/07/2016 (£)	From 31/07/2015 To 30/07/2016 (£)
<b>FIXED CHARGE ASSETS</b>		
*6,515,000 00 Freehold property	NIL	2,700,000 00
**416,000 00 Freehold property - Scottish mosses	NIL	NIL
**564,000 00 Leasehold property - Scottish mosses	NIL	NIL
***3,990,140 00 Book debt surplus	(49,368 14)	78,663 82
Property clearance costs	NIL	(2,834 00)
Property rights/Patents	NIL	0 50
Goodwill	NIL	1 00
Rent	50,000 00	125,000 00
Contribution to insurance cost	17,191 41	17,191 41
	17,823 27	2,918,022 73
<b>FIXED CHARGE COSTS</b>		
Legal fees	(4,475 25)	(27,290 27)
Sundry costs	(500 00)	(500 00)
Administrators' pre-appointment fees	(25,616 66)	(25,616 66)
Debt collection costs	(17,508 21)	(87,765 30)
Insurance freehold prop's/pension scheme	7,976 47	(16,445 93)
Insurance of other freehold properties	(2,150 86)	(3,168 46)
	(42,274 51)	(160,786 62)
<b>FIXED CHARGE CREDITORS</b>		
***{(8,455,396 00) Leumi ABL Limited	NIL	NIL
*{(3,815,000 00) William Sinclair Holdings Pension Sch	(106,299 60)	(106,299 60)
(5,846,000 00) Loan Note Holders	NIL	(2,000,000 00)
	(106,299 60)	(2,106,299 60)
<b>ASSET REALISATIONS</b>		
Freehold property - Scottish Mosses	211,111 00	627,111 00
Leasehold property - Scottish Mosses	NIL	264,000 00
5,027,000 00 Plant & machinery	NIL	4,992,000 00
4,773,000 00 Stock	NIL	4,773,000 00
94,720 00 Sundry debtors and prepayments	35,642 00	54,934 98
Records	NIL	1 00
Customer/Supplier contracts	NIL	1 00



**William Sinclair Horticulture Limited - in Administration**

**Abstract of receipts & payments**

Statement of affairs (£)		From 31/01/2016 To 30/07/2016 (£)	From 31/07/2015 To 30/07/2016 (£)
	Information technology	NIL	1 00
275,000 00	Cash at bank	NIL	137,759 33
	Rent	28,532 00	87,924 72
	Contribution to insurance cost	1,534 20	1,534 20
1 00	Trademarks	NIL	NIL
		<b>276,819 20</b>	<b>10,938,267 23</b>
<b>OTHER REALISATIONS</b>			
	Bank interest, gross	5,443 78	21,666 10
	Other interest	23 90	23 90
	Sundry refunds	39,516 52	65,206 45
	Third party funds	3,180 03	8,687 07
		<b>48,164 23</b>	<b>95,583 52</b>
<b>COST OF REALISATIONS</b>			
	Sundry expenses	NIL	(3,072 98)
	Statement of affairs work	NIL	(5,000 00)
	Administrators' pre-appointment fees	(92,276 21)	(92,276 21)
	Administrators' fees	(300,000 00)	(300,000 00)
	Administrators' expenses	(4,923 02)	(4,923 02)
	Irrecoverable VAT	(550 00)	(1,116 80)
	Sub contractor	NIL	(9,300 00)
	Agents'/Valuers' fees	(16,805 00)	(16,805 00)
	Legal fees	(39,309 40)	(71,300 26)
	Pre-appointment legal fees	(16,919 00)	(16,919 00)
	Statutory advertising	(56 39)	(225 59)
	Rent	(27,148 59)	(70,671 59)
	Rates	(1,458 87)	(1,495 07)
	Insurance of assets	3,663 30	(3,631 20)
	Bank charges	(100 00)	(673 00)
		<b>(495,883 18)</b>	<b>(597,409 72)</b>
<b>FLOATING CHARGE CREDITORS</b>			
	Leumi ABL	NIL	(5,413,649 12)
	Loan note holders	NIL	(3,000,000 00)
		<b>NIL</b>	<b>(8,413,649 12)</b>
<b>UNSECURED CREDITORS</b>			
(7,278,500 00)	Trade & expense	NIL	NIL



**William Sinclair Horticulture Limited - in Administration**

**Abstract of receipts & payments**

Statement of affairs (£)	From 31/01/2016 To 30/07/2016 (£)	From 31/07/2015 To 30/07/2016 (£)
(54,000 00) Employees	NIL	NIL
(36,185,000 00) Pension	NIL	NIL
(1,090,000 00) HM Revenue & Customs	NIL	NIL
(3,167,000 00) Accruals	NIL	NIL
(710,000 00) Provision for restoration of mosses	NIL	NIL
	<hr/> NIL	<hr/> NIL
DISTRIBUTIONS		
(510,000 00) Ordinary shareholders	NIL	NIL
	<hr/> NIL	<hr/> NIL
<hr/> (45,456,035 00)	<hr/> <b>(301,650 59)</b>	<hr/> <b>2,673,728 42</b>
REPRESENTED BY		
Floating ch VAT rec'able		111,825 17
Floating charge current		2,602,631 62
Fixed charge VAT rec'able		26,221 82
Fixed charge VAT payable		(27,355 84)
Floating ch VAT payable		(54,024 35)
Floating ch VAT control		(4,214 71)
Fixed charge VAT control		5,210 66
		<hr/> <b>2,660,294 37</b>

Notes

\*The Firth Road and Beevor Street properties will not be reflected in the Administrators' Receipts and Payments account as the sums will be paid directly to the Pension Scheme

\*\*Following a security review, these assets have been reclassified as floating charge

\*\*\*Book debts and Leumi indebtedness shown gross in the Statement of Affairs whereas funds have been paid directly to Leumi





## Appendix 3 Schedule of expenses

### Schedule of expenses (31/01/2016 to 30/07/2016)

Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
<b>Fixed charge costs</b>			
Legal fees	4,475 25	638 00	5,113 25
Sundry costs	500 00	0 00	500 00
Administrators' pre-appointment fees	25,616 66	0 00	25,616 66
Debt collection costs	17,508 21	0 00	17,508 21
Insurance freehold prop's/pension scheme	(7,976 47)	0 00	(7,976 47)
Insurance of other freehold properties	2,150 86	0 00	2,150 86
<b>Cost of realisations</b>			
Administrators' pre-appointment fees	92,276 21	0 00	92,276 21
Administrators' fees	*300,000 00	**189,666 87	489,666 87
Administrators' expenses	0 00	0 00	0 00
Irrecoverable VAT	550 00	0 00	550 00
Agents'/Valuers' fees	16,805 00	0 00	16,805 00
Legal fees	39,309 40	3,773 50	43,082 90
Pre-appointment legal fees	0 00	0 00	0 00
Statutory advertising	56 39	0 00	56 39
Rent	27,148 59	0 00	27,148 59
Rates	1,458 87	0 00	1,458 87
Insurance of assets	(3,663 30)	0 00	(3,663 30)
Bank charges	100 00	0 00	100 00
<b>TOTAL</b>	<b>516,315 67</b>	<b>194,078 37</b>	<b>710,394 04</b>

\*Fees relate to prior period

\*\*Time costs discounted by 15%

Please note that there is a difference between the payments made during the period of £538,157 69 (per the receipts and payments account) and the expenses incurred and paid in the period of £516,315 67 (per the schedule of expenses)

This is due to the fact that some of the payments made in the period relate to expenses incurred in a prior period



## **Requests for further information and right to challenge our remuneration and expenses**

### **Creditors' requests for further information**

If you would like to request more information about our remuneration and expenses disclosed in this progress report, you must do so in writing within 21 days of receiving this progress report

Requests from unsecured creditors must be made with the concurrence of at least 5% in value of unsecured creditors (including, the unsecured creditor making the request) or with the permission of the Court

### **Creditors' right to challenge our remuneration and expenses**

If you wish to challenge the basis of our remuneration, the remuneration charged, or the expenses incurred during the period covered by this progress report, you must do so by making an application to Court within eight weeks of receiving this progress report

Applications by unsecured creditors must be made with concurrence of at least 10% in value of unsecured creditors (including the unsecured creditor making the challenge) or with the permission of the Court

The full text of the relevant rules can be provided on request by writing to Amy Rose at KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH



## Appendix 4 Joint Administrators' charging and disbursements policy

### Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Joint Administrators Fees" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at

**<https://www.r3.org.uk/what-we-do/publications/professional/fees/administrators-fees>**

If you are unable to access this guide and would like a copy, please contact Amy Rose on 0115 9353582.

### Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

### Table of charge-out rates

Charge-out rates (£) for: Restructuring	
Grade	From 01 Oct 2015 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.



## Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

*Category 1 disbursements* These are costs where there is specific expenditure directly referable to both 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 officeholder or his or her staff

*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

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows

Mileage claims fall into three categories

- Use of privately-owned vehicle or car cash alternative – 45p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate

We have incurred the following disbursements (excluding VAT) during the period 31 January 2016 to 30 July 2016

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Postage		1,635 30	NIL		1,635 30
Postage- prior period		2,086 79			2,086 79
<b>Total</b>		<b>3,722.09</b>	<b>NIL</b>		<b>3,722 09</b>

Included in the disbursements shown above are postage charges of £2,086 79 incurred in a prior period and not previously reported

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company

Narrative of work carried out for the period 31 January 2016 to 30 July 2016

The key areas of work have been

Statutory and compliance	<ul style="list-style-type: none"><li>■ preparing statutory receipts and payments accounts,</li><li>■ obtaining approval from creditors of a 12-month extension of the administration,</li><li>■ ensuring compliance with all statutory obligations within the relevant timescales</li></ul>
Strategy documents,	<ul style="list-style-type: none"><li>■ regular case management and reviewing of progress, including regular team update meetings and calls,</li><li>■ reviewing and authorising junior staff correspondence and other work,</li></ul>



Checklist and reviews	<ul style="list-style-type: none"> <li>■ dealing with queries arising during the appointment,</li> <li>■ reviewing matters affecting the outcome of the administration,</li> <li>■ allocating and managing staff/case resourcing and budgeting exercises and reviews,</li> <li>■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters,</li> <li>■ complying with internal filing and information recording practices, including documenting strategy decisions</li> </ul>
Reports to debenture holders	<ul style="list-style-type: none"> <li>■ providing written and oral updates to representatives of secured creditors regarding the progress of the administration and case strategy</li> </ul>
Cashiering	<ul style="list-style-type: none"> <li>■ preparing and processing vouchers for the payment of post-appointment invoices,</li> <li>■ creating remittances and sending payments to settle post-appointment invoices,</li> <li>■ reconciling post-appointment bank accounts to internal systems,</li> <li>■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments</li> </ul>
Tax	<ul style="list-style-type: none"> <li>■ analysing VAT related transactions,</li> <li>■ submitting Group relief claims to other Group entities,</li> <li>■ Liaising with the Purchasers' tax advisors in respect of business sales obligations,</li> <li>■ dealing with post appointment tax compliance</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>■ responding to enquiries from shareholders regarding the administration,</li> <li>■ providing copies of statutory reports to the shareholders</li> </ul>
General	<ul style="list-style-type: none"> <li>■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9,</li> <li>■ drawing remuneration in accordance with the basis which has been approved by creditors,</li> <li>■ dealing with the ongoing storage of the Company's books and records</li> </ul>
Asset realisations	<ul style="list-style-type: none"> <li>■ liaising with agents regarding the sale of properties,</li> <li>■ reviewing outstanding debtors and management of debt collection strategy,</li> <li>■ seeking legal advice in relation to book debt collections,</li> <li>■ liaising with Leumi regarding debtor recoveries,</li> <li>■ reviewing the inter-company debtor position between the Company and other group companies,</li> <li>■ Liaising with the Purchaser over licenses to occupy and sums owed</li> </ul>
Property matters	<ul style="list-style-type: none"> <li>■ reviewing the Company's leasehold properties, including review of leases,</li> <li>■ communicating with landlords regarding rent, property occupation and other issues,</li> <li>■ Liaising with the council in respect of Bolton Fell use and ratings,</li> <li>■ Liaising with the LPA Receiver in respect of Firth Road and the respective licence</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place,</li> <li>■ assessing the level of insurance premiums</li> </ul>
Pensions	<ul style="list-style-type: none"> <li>■ collating information and reviewing the Company's pension schemes,</li> <li>■ ensuring compliance with our duties to issue statutory notices,</li> <li>■ liaising with the trustees of the defined benefit pension scheme, the Pensions Regulator and the Pensions Protection Fund concerning the changes caused to the pension scheme as a result of our appointment</li> </ul>
Creditors and claims	<ul style="list-style-type: none"> <li>■ creating and updating the list of unsecured creditors,</li> <li>■ responding to enquiries from creditors regarding the administration and submission of their claims,</li> <li>■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records,</li> <li>■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits,</li> <li>■ agreeing unsecured claims,</li> <li>■ arranging distributions to the secured creditors,</li> <li>■ drafting our progress report</li> </ul>
Committees	<ul style="list-style-type: none"> <li>■ arranging and chairing meetings of the Creditors' Committee and providing updates</li> </ul>
Investigations/directors	<ul style="list-style-type: none"> <li>■ reviewing pre-appointment transactions</li> </ul>

Time costs

**SIP 9 –Time costs analysis (31/01/2016 to 30/07/2016)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Cashiering			
General (Cashiering)	13 70	2,847 50	207 85
Reconciliations (& IPS accounting reviews)	2 50	527 50	211 00
General			
Books and records	1 90	389 50	205 00
Fees and WIP	10 30	4,698 50	456 17
Other office holders	1 00	485 00	485 00
Statutory and compliance			
Appointment and related formalities	0 40	82 00	205 00
Checklist & reviews	14 60	4,953 00	339 25
Statutory receipts and payments accounts	0 30	61 50	205 00
Strategy documents	6 60	3,366 00	510 00
Tax			
Post appointment corporation tax	77 50	25,176 50	324 86
Post appointment VAT	29 75	6,703 75	225 34
<b>Creditors</b>			
Committees			
Meetings	2 10	1,018 50	485 00
Reports	0 50	297 50	595 00
Creditors and claims			
Agreement of preferential claims	6 50	3,152 50	485 00
Agreement of unsecured claims	171 10	41,907 50	244 93
General correspondence	57 70	14,379 50	249 21
Legal claims	4 00	820 00	205 00
Payment of dividends	1 30	266 50	205 00
ROT Claims	5 90	1,629 50	276 19
Secured creditors	11 40	5,914 00	518 77
Statutory reports	20 90	6,443 50	308 30
Employees			
Pension funds	4.00	1,620 00	405 00
Pensions reviews	7.80	2,659 00	340 90
<b>Investigation</b>			
Investigations			



**SIP 9 –Time costs analysis (31/01/2016 to 30/07/2016)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
Preferences / transactions at undervalue	1 50	727 50	485 00
<b>Realisation of assets</b>			
<b>Asset Realisation</b>			
Cash and investments	7 50	4,462 50	595 00
Debtors	64 90	20,979 50	323 26
Deferred consideration	2 40	1,164 00	485 00
Freehold property	77 25	31,302 25	405 21
Leasehold property	4 20	1,573 00	374 52
Office equipment, fixtures & fittings	5 10	1,325 50	259 90
Open cover insurance	8 70	2,763 50	317 64
Other assets	14 60	7,741 00	530 21
Plant and machinery	0 20	81 00	405 00
Rent	20 10	8,384 50	417 14
Sale of business (ongoing matters)	20 50	12,197 50	595 00
Stock and WIP	1 80	873 00	485 00
Vehicles	0 80	164 00	205 00
<b>Total in period</b>	<b>681 30</b>	<b>223,137 50</b>	<b>327 52</b>

Brought forward time (appointment date to SIP 9 period start date)	2,068 78	701,502 15
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	681 30	223,137 50
Carry forward time (appointment date to SIP 9 period end date)	2,750 08	924,639 65

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

All time shown in the above analysis is charged in units of six minutes.



## Appendix 5 Glossary

<b>Bank/ Leumi</b>	Leumi ABL Limited
<b>Company</b>	William Sinclair Horticulture Limited - in Administration
<b>CID</b>	Confidential Invoice Discounting
<b>Group</b>	The Company together with, William Sinclair Holdings Plc ('Holdings') Joseph Metcalf Limited Boothby & Penicuik Peat Company Limited
<b>Freeland</b>	Freeland Horticulture Limited
<b>Joint Administrators/we/our/us</b>	Will Wright and Mark Orton
<b>KPMG</b>	KPMG LLP
<b>Loan Note Holders</b>	The various beneficiaries of loan notes held in Holdings
<b>The Pension Scheme</b>	The William Sinclair Holdings Plc pension scheme
<b>TUPE</b>	Transfer of Undertakings (Protection of Employment) Regulations 2006
<b>Westland/the Purchaser</b>	Westland (GB Trading) Limited

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 respectively





## Appendix 6 Notice About this report

This report has been prepared by Will Wright and Mark Orton, the Joint Administrators of William Sinclair Horticulture Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the Group.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this report to any such person.

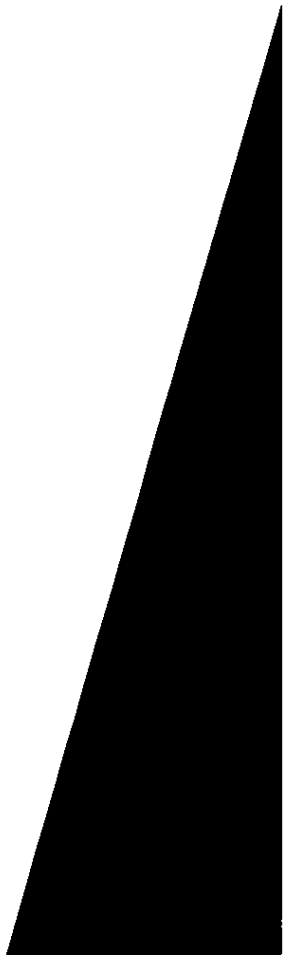
William James Wright is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

Mark Jeremy Orton is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.





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