

The Insolvency Act 1986

**Administrators' progress report**

Name of Company William Sinclair Horticulture Limited
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Company number 00007633
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In the High Court Chancery Division Manchester District Registry [full name of court]
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Court case number 2829 of 2015
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(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 July 2015

(b) 30 January 2016

Signed



Joint Administrator

Dated

26 February 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

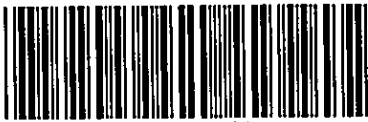
Tel 0115 935 3582

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

SATURDAY



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

Joint Administrators' progress report for the  
period 31 July 2015 to 30 January 2016

26 February 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

- Mark Orton and I were appointed as Joint Administrators of the Company on 31 July 2015, with the notice of appointment being lodged at High Court Manchester District Registry
- This progress report covers the period from the date of our appointment to 30 January 2016
- The Company was incorporated in 1873 and held the majority of the trade and assets of the Group Parent company, William Sinclair Holdings Plc also entered administration on 31 July 2015, together with Joseph Metcalf Limited and Boothby & Penicuik Peat Company Limited
- Shortly following appointment the trade and majority of assets were sold to Westland (GB Trading) Limited for a headline sum of £13.5 million across the Group
- As previously reported, certain assets including a number of leasehold and freehold properties were excluded from the sale agreement (Section 2 - Progress to date)
- We circulated our statement of proposals ('proposals') to all known creditors on 1 September 2015. We conducted the business of a meeting by correspondence and the proposals were approved by the creditors without modification on 23 September 2015
- Leumi held a fixed and floating charge security estimated against their indebtedness of approximately £8.4 million on appointment. This indebtedness is expected to be paid in full from the book debt collections and other fixed and floating charge asset realisations (Section 3 – Dividend prospects and dividends paid)
- The Company provided a cross guarantee in respect of loan notes issued in favour of a number of beneficiaries (the 'Loan Note Holders') by the parent company of the Group, Holdings. An interim distribution was made to the Loan Note Holders on 16 December 2015 totalling £5 million (Section 3 - Dividend prospects and dividends paid)
- All employees were transferred to the Purchaser under TUPE with effect from the date of appointment. Although, preferential claims were initially anticipated to be minimal, we have been made aware of a potential claim in relation of unpaid pension contributions. The quantum is currently unknown at present (Section 3 - Dividend prospects and dividends paid)
- Unsecured creditor claims total approximately £48.5 million according to the Statement of affairs prepared by the directors. We anticipate that there will be a dividend to the unsecured creditors, however, it is still uncertain whether this will be over and above the prescribed part (Section 3 - Dividend prospects and dividends paid)
- The administration period is currently due to expire on 30 July 2016. However, this progress report accompanies a request to all creditors to consider a 12 month extension to 30 July 2017 (Section 6 – Future strategy)
- Please note you should read this progress report in conjunction with our proposals which were issued to the Company's creditors and 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 progress report covers the period from the date of our appointment. However, please refer to the proposals where the relevant information has previously been disclosed.

### 2.1 Strategy and progress to date

Sale of business

Immediately following our appointment as Joint Administrators, we completed a sale of the majority of the business and assets of the Group.

The business and assets of the Group were sold to Westland (GB Trading) Limited on 31 July 2015 for a total of £13.5 million.

The consideration was split as follows:

	<b>Sales value</b>	<b>Legal entity</b>
Ellesmere Port (freehold)	2,700,000	Horticulture
Plant and machinery	4,992,000	Horticulture
Vehicles	35,000	Holdings
Stock	4,773,000	Horticulture
Astley Property	20,000	Joseph Metcalf
Scottish peat bogs	225,000	Horticulture
Conditional Scottish peat bogs	191,000	Horticulture
Leasehold interest in the leased Scottish peat bogs	300,000	Boothby
Leasehold interest in the leased Scottish peat bogs	264,000	Horticulture
Goodwill	1	Horticulture
Intellectual property	0.50	Horticulture
Intellectual property	0.49	Holdings
Intellectual property	0.01	Joseph Metcalf
Information technology	1	Horticulture
Customer and supplier contracts	1	Horticulture
Records	1	Horticulture
<b>Total consideration</b>	<b>13,500,005</b>	

Of the above consideration, £12.15 million was paid on completion. The balance of consideration of £1.35 million was deferred and has subsequently been received during the Period (Section 2.2 – Asset Realisations).

Employees

All employees employed by the Company at the date of our appointment, were transferred to the Purchaser in line with the TUPE regulations.

### 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 overleaf.



#### Freehold property – Ellesmere Port

As part of the business sale, a total of £2.7 million has been received from the Purchaser in respect of the freehold property at Ellesmere Port

#### Freehold and leasehold Scottish Mosses

Seven Scottish moss/peat sites (six in Horticulture, one in Boothby) were included as part of the business sale. The Company has received consideration of £680,000 during the period which includes a deferred sum of £450,000

#### Beevor Street

The sale of the freehold property located at Beevor Street, Lincoln was successfully completed on 22 January 2016 under a pre-appointment contract

Funds of £1.6 million were paid directly to the Pension Scheme under their fixed charge security and therefore do not appear in the attached Receipts and Payments account

This site was occupied by the Purchaser up until the date of the sale

#### 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

#### Gardrum Moss

Due to the specialist nature of this site we have received two valuations for on an alternative use basis

The marketing process remains ongoing at the date of this report and therefore we are unable to disclose expected realisations

#### Bolton Fell

A short term licence to occupy the property at Bolton Fell was granted to Westland, who currently remain in occupation

We are exploring options to dispose of the site alongside our agents, GVA Biffinger. The site had previously been subject to a settlement agreement with Natural England and has various restoration conditions attached to the remaining parts owned by the Company

It is uncertain as to whether any value will be achieved for these land titles

#### Plant and machinery

The sum of £4.992 million has been received from the Purchaser for the Company's plant and machinery as part of the sale transaction. This was in line with the valuation received and represented all assets in this category



## Stock

As part of the business sale, a total of £4 173 million was received from the Purchaser as part of the initial consideration

During the Period, the deferred element of £600,000 has also been received representing full disposal of this asset type

## Cash at bank

A total of £137,759 has been secured from the Company's pre-appointment bank accounts during the period

The remaining sums outlined in the director's Statement of Affairs have been offset against Leumi's indebtedness or related to another Group company

## Book debts

The Company's book debt ledger stood at approximately £6 million at appointment and was subject to a CID facility with Leumi

Collection of the ledger has been led by collection agents WDRS and the previous credit controllers whilst being supervised by the Administrators

Collections to date total £4 151 million with the majority being re-paid directly to Leumi under their invoice discounting facility

An amount of £95,032 has been received by the Joint Administrators within the Period in relation to book debts and Leumi are currently holding a balance of £0 9 million which is surplus to their indebtedness but prior to final interest and charges

## Rent

The sum of £75,000 has been received during the Period in relation to the lease of the freehold property located at Firth Road, Lincoln

In additional, an amount of £59,393 has been received in respect of various other licenses to occupy The majority of this amount will be used to discharge the corresponding rent on the head leases

## Sundry debtors and prepayments

A sum of £19,293 has been received in respect of pre-appointment electricity recharges

Further recoveries are still being investigated in relation to prepayments, recharges and insurance and rating refunds

## 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

## Rent

During the Period a total of £43,523 has been paid in relation to the freehold properties at Beevor Street, Lincoln and Stanlow Refinery, Ellesmere Port which are being occupied under a licence to occupy and offset by rent received from the Purchaser





#### Solicitors' fees

Pre-appointment fees of £13,582 in relation to the completion of the pre-packed sale and post completion formalities are outstanding to Pinsent Masons LLP. In addition, the sum of £3,337 is outstanding to Shakespeare Martineau in respect of confirmation of the validity of our appointment as administrators. Both sums have been approved by a resolution of the committee.

Fees totalling £39,578 and £15,228 were paid in the Period to Pinsent Masons LLP and Anderson Strathern respectively in relation to advice since our appointment. A further sum of £19,170 remains outstanding to Pinsent Masons LLP.

The above sums reflect advice on a number of fixed and floating charge matters with the key work streams being outlined below:

- Completion of the business sale and Administrators' appointment, post-completion formalities and ongoing dispute resolution
- Work relating to the owned and leased Scottish peat bogs including obtaining necessary searches, plans and reports to facilitate release of the deferred consideration
- Work relating to the English properties and their disposal strategies
- Planning advice in relation to the Bolton Fell property
- Advice in relation to our Proposals and other statutory matters
- Advice on the extent and validity of security
- Other advice around the realisation of other assets and the Administrators' statutory duties

#### Debt collection costs

A total of £70,257 has been paid to subcontractors in the Period in respect of the collection of the Company's book debts.

#### Insurance

Insurance costs totalling £32,735 have been paid during the Period in relation to buildings insurance and property owners' liability cover arranged through our insurance broker. These sums will be part recovered through recharges to the Purchaser under the various license arrangements.

## 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).



## **3 Dividend prospects and dividends paid**

### **3.1 Secured creditors**

During the Period, we have distributed the sum of £5.414 million to Leumi in relation to the loan account and stock facility which they provided to the Company. This is in addition to the sum of approximately £4 million which has been recovered through the book debt collections. We are awaiting confirmation of the final sum outstanding and anticipate a refund from the £0.9 million that is currently held on credit on their facility.

We have also distributed £5 million to the Loan Note holders in respect of the loan notes issued by the parent company, Holdings and of which the Company provided a cross guarantee. This distribution served to reduce the interest rate accruing on the outstanding balance (approximately £5.1 million) by 3%.

### **3.2 Preferential creditors**

We estimate the amount of preferential claims to be approximately £100,000. This relates to unpaid pension contributions prior to our appointment. We are currently working to establish the exact quantum of this claim.

Based on current estimates, we anticipate that preferential creditors should receive a dividend of 100p in the £.

### **3.3 Unsecured creditors**

Unsecured creditors totalled approximately £48.5 million in the Statement of Affairs. Based on current estimates, we anticipate that unsecured creditors should receive a dividend; however, we have yet to determine whether the total sum available to unsecured creditors will exceed the £600,000 set aside via the prescribed part. We will update creditors in our next report.

The unsecured creditor figure above includes the liability to the pension scheme estimated at £36 million as the full buyout debt. This is after accounting for the two freehold properties located at Firth Road and Beevor Street, Lincoln which will serve to reduce their indebtedness.

We are currently in the process of agreeing the unsecured claims.

If you have a claim against the Company in respect of invoices outstanding prior to the date of administration and to date have not 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 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

Creditors' voted in favour of forming a Creditor's Committee at the meeting of creditors held by correspondence on 23 September 2015. As such, a Creditor's Committee was formed on 30 October 2015 and the nominated members are

- 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 remotely on 10 December 2015

The purpose of the first meeting was to assist the Administrators with their investigations and put forward the following formal resolutions

- 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

The above resolutions were passed unanimously by the committee

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



# 5 Joint Administrators' remuneration, disbursements and pre-administration costs

## 5.1 Joint Administrators' remuneration and disbursements

During the period, the creditors committee have provided approval that

- our remuneration will be drawn on the basis of time properly given by us and the various grades of our staff according to the charge-out rates included in Appendix 4
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 4

### Time costs

From the date of our appointment to 30 January 2016, we have incurred time costs of £701,502. These represent 2,069 hours at an average rate of £339 per hour.

### Remuneration

During the period, we have not drawn any remuneration.

### Disbursements

During the period, we have incurred category 1 disbursements of £1,698 and category 2 disbursements of £3,225. None of these have yet been paid.

### 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 our appointment to 30 January 2016. We have also attached our charging and disbursements policy.

Following a change in legislation, the basis of remuneration which has been approved for the administration will no longer carry forward to any subsequent creditors' voluntary liquidation. Where we are appointed as liquidators, we will send a separate fees estimate and seek approval for the liquidators' remuneration following our appointment.



## 5.2 Pre-administration costs

We disclosed the following pre-administration costs, which were unpaid at the date of our appointment, 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 the amount disclosed in the proposals of these pre-administration costs as an expense of the administration (£117,892 87)

## 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

- Sale of the remaining assets,
- Continuing to agreeing claims and paying distributions to secured, 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 administration is currently due to end on 30 July 2016

However, this progress report accompanies a request to the creditors to consider a 12 month extension to 30 July 2017 to allow all remaining assets to be realised and to facilitate a distribution to preferential and unsecured creditors



Our request for an extension is attached to the covering letter. Please complete the voting form and return it to Amy Rose at KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH United Kingdom

### **6.3 Future reporting**

We will provide a further progress report within one month of 30 July 2016



## 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 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 £9,000,000 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 3)
Prescribed Part distribution	The Joint Administrators have not declared a dividend under the Prescribed Part
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 July 2016



## Appendix 2 Joint Administrators' receipts and payments account

Statement of affairs (£)	From 31/07/2015 To 30/01/2016 (£)	From 31/07/2015 To 30/01/2016 (£)	
<b>FIXED CHARGE ASSETS</b>			
* 6,515,000 00	Freehold property	2,700,000 00	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	95,031 96	95,031 96
	Property clearance costs	(2,834 00)	(2,834 00)
	Property rights/Patents	0 50	0 50
	Goodwill	1 00	1 00
	Rent	75,000 00	75,000 00
		<b>2,867,199 46</b>	<b>2,867,199 46</b>
<b>FIXED CHARGE COSTS</b>			
	Legal fees	(22,815 02)	(22,815 02)
	Debt collection costs	(70,257 09)	(70,257 09)
	Insurance freehold prop's/pension scheme	(24,422 40)	(24,422 40)
	Insurance of other freehold properties	(1,017 60)	(1,017 60)
		<b>(118,512 11)</b>	<b>(118,512 11)</b>
<b>FIXED CHARGE CREDITORS</b>			
*** (8,455,396 00)	Leumi ABL Limited	NIL	NIL
* (3,815,000 00)	William Sinclair Holdings Pension Scheme	NIL	NIL
(5,846,000 00)	Loan Note Holders	(2,000,000 00)	(2,000,000 00)
		<b>(2,000,000 00)</b>	<b>(2,000,000 00)</b>
<b>ASSET REALISATIONS</b>			
	Freehold property - Scottish Mosses	416,000 00	416,000 00
	Leasehold property - Scottish Mosses	264,000 00	264,000 00
5,027,000 00	Plant & machinery	4,992,000 00	4,992,000 00
4,773,000 00	Stock	4,773,000 00	4,773,000 00
94,720 00	Sundry debtors and prepayments	19,292 98	19,292 98
	Records	1 00	1 00
	Customer/Supplier contracts	1 00	1 00
	Information technology	1 00	1 00
275,000 00	Cash at bank	137,759 33	137,759 33
	Rent	59,392 72	59,392 72
1 00	Trademarks	NIL	NIL
		<b>10,661,448 03</b>	<b>10,661,448 03</b>





Statement of affairs (£)	From 31/07/2015 To 30/01/2016 (£)	From 31/07/2015 To 30/01/2016 (£)
<b>OTHER REALISATIONS</b>		
Bank interest, gross	16,222 32	16,222 32
Sundry refunds	25,689 93	25,689 93
Third party funds	1,533 09	1,533 09
	43,445 34	43,445 34
<b>COST OF REALISATIONS</b>		
Sundry expenses	(3,072 98)	(3,072 98)
Statement of affairs work	(5,000 00)	(5,000 00)
Sub contractor	(9,300 00)	(9,300 00)
Legal fees	(31,990 86)	(31,990 86)
Statutory advertising	(169 20)	(169 20)
Rent	(43,523 00)	(43,523 00)
Rates	(36 20)	(36 20)
Insurance of assets	(7,294 50)	(7,294 50)
Bank charges	(573 00)	(573 00)
	(100,959 74)	(100,959 74)
<b>FLOATING CHARGE CREDITORS</b>		
Leumi ABL	(5,413,649 12)	(5,413,649 12)
Loan note holders	(3,000,000 00)	(3,000,000 00)
	(8,413,649 12)	(8,413,649 12)
<b>UNSECURED CREDITORS</b>		
(7,278,500 00) Trade & expense	NIL	NIL
(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
	NIL	NIL
<b>DISTRIBUTIONS</b>		
(510,000 00) Ordinary shareholders	NIL	NIL
	NIL	NIL
<b>(45,456,035 00)</b>	<b>2,938,971 86</b>	<b>2,938,971 86</b>
<b>REPRESENTED BY</b>		
Floating ch VAT rec'able		13,251 76
Floating charge current		2,935,345 05
Fixed charge VAT rec'able		17,253 59
Fixed charge VAT payable		(15,161 29)



Statement of affairs (£)	From 31/07/2015 To 30/01/2016 (£)	From 31/07/2015 To 30/01/2016 (£)
Floating ch VAT payable		(11,717 25)
		<b>2,938,971 86</b>

## Notes

\* The Firth Road and Beevor Street properties will not be reflected in the Administrators' Receipts and Payments account due to the sums being 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 (31/07/2015 to 30/01/2016)

Expenses (£)	Incurring and paid in the period (£)	Incurring in the period not yet paid (£)	Total (£)
<b>Fixed charge costs</b>			
Legal fees	22,815 02	2,124 00	24,939 02
Debt collection costs	70,257 09	0 00	70,257 09
Insurance freehold prop's/pension scheme	24,422 40	0 00	24,422 40
Insurance of other freehold properties	1,017 60	0 00	1,017 60
<b>Cost of realisations</b>			
Sundry expenses	3,072 98	0 00	3,072 98
Statement of affairs work	5,000 00	0 00	5,000 00
Sub contractor	9,300 00	0 00	9,300 00
Legal fees	31,990 86	17,045 90	49,036 76
Pre-appointment legal fees	0 00	16,919 00	16,919 00
Statutory advertising	169 20	56 39	225 59
Rent	43,523 00	*6,000	49,523 00
Rates	36 20	0 00	36 20
Insurance of assets	7,294 50	0 00	7,294 50
Bank charges	573 00	0 00	573 00
<b>TOTAL</b>	<b>219,471 85</b>	<b>42,145 29</b>	<b>261,617 14</b>

\* Estimated cost Awaiting confirmation of actual cost

## 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/media/documents/publications/professional/Guide\\_to\\_Administrators\\_Fees\\_Oct\\_2015.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Oct_2015.pdf)

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.

Charge-out rates (£) for: Restructuring		
Grade	From 01 Oct 2014 £/hr	From 01 Oct 2015 £/hr
Partner	595	595
Director	535	535
Senior Manager	485	485
Manager	405	405
Senior Administrator	280	280
Administrator	205	205
Support	125	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 from the date of our appointment to 30 January 2016

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Paid (£)	Unpaid (£)	Paid (£)	Unpaid (£)	
Accommodation	935 09		NIL		935 09
Meals	364 43		NIL		364 43
Mileage	NIL		3,224 85		3,224 85
Rates	22 00		NIL		22 00
Sundry	245 00		NIL		245 00
Travel	131 65		NIL		131 65
<b>Total</b>	<b>1,698 17</b>		<b>3,224 85</b>		<b>4,923 02</b>

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

Category 2 disbursements have been approved in the same manner as our remuneration



## Narrative of work carried out for the period 31 July 2015 to 30 January 2016

The key areas of work have included

Statutory and compliance	<ul style="list-style-type: none"> <li>■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences,</li> <li>■ providing initial statutory notifications of our appointment to the Registrar of Companies, creditors and other stakeholders, and advertising our appointment,</li> <li>■ preparing statutory receipts and payments accounts,</li> <li>■ arranging bonding and complying with statutory requirements,</li> <li>■ ensuring compliance with all statutory obligations within the relevant timescales</li> </ul>
Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> <li>■ formulating, monitoring and reviewing the administration strategy,</li> <li>■ reviewing and authorising junior staff correspondence and other work,</li> <li>■ dealing with queries arising during the appointment,</li> <li>■ reviewing matters affecting the outcome of the administration</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>■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts,</li> <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>■ gathering initial information from the Company's records in relation to the taxation position of the Company,</li> <li>■ submitting relevant initial notifications to HM Revenue and Customs,</li> <li>■ reviewing the Company's pre-appointment corporation tax and VAT position,</li> <li>■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations,</li> <li>■ working initially on tax returns relating to the periods affected by the administration,</li> <li>■ analysing VAT related transactions,</li> <li>■ reviewing the Company's duty position to ensure compliance with duty requirements,</li> <li>■ dealing with post appointment tax compliance,</li> <li>■ complying with obligations in the business sale agreement</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>■ locating relevant Company books and records, arranging for their collection and dealing with the ongoing storage</li> </ul>
Asset realisations / Freehold property	<ul style="list-style-type: none"> <li>■ collating information from the Company's records regarding the assets,</li> <li>■ liaising with finance companies in respect of assets subject to finance agreements,</li> <li>■ liaising with agents regarding the sale of assets,</li> <li>■ reviewing outstanding debtors and supervision of debt collection strategy,</li> <li>■ liaising with Company credit control staff and subcontractors</li> <li>■ Formulating a property disposal strategy for the various freehold sites</li> </ul>
Property matters	<ul style="list-style-type: none"> <li>■ reviewing the Company's leasehold and freehold properties, including review of leases,</li> <li>■ communicating with landlords regarding rent, property occupation and other issues,</li> <li>■ performing land registry searches</li> </ul>
Sale of business	<ul style="list-style-type: none"> <li>■ liaising with the Purchaser in relation to ongoing property matters,</li> <li>■ implementing cut-off procedures and recharge of prepayments,</li> <li>■ fulfilling other obligations within the business sale agreement</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with</li> </ul>
Open cover insurance	<ul style="list-style-type: none"> <li>■ arranging ongoing insurance cover for the Company's business and assets,</li> <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>■ calculating employee pension contributions and review of pre-appointment unpaid contributions,</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>■ drafting and circulating our proposals,</li> <li>■ conducting the business of a meeting by correspondence,</li> <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 secured, preferential and unsecured claims,</li> <li>■ drafting our progress report</li> </ul>
Committees	<ul style="list-style-type: none"> <li>■ dealing with the formation of the Creditor's Committee, arranging and chairing meetings of the Creditors' Committee and providing regular updates</li> </ul>
Investigations/ directors	<ul style="list-style-type: none"> <li>■ reviewing Company and directorship searches and advising the directors of the effect of the administration,</li> <li>■ liaising with management to produce the Statement of Affairs and filing this document with the Registrar of Companies,</li> <li>■ reviewing the questionnaires submitted by the Directors of the Company,</li> <li>■ reviewing pre-appointment transactions,</li> <li>■ drafting the statutory report and submitting to the relevant authority</li> </ul>

#### Time costs – post-administration

##### SIP 9 –Time costs analysis (31/07/2015 to 30/01/2016)

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Administration &amp; planning</b>			
Director/Member			
General correspondence	4 30	1,541 50	358 49
Cashiering			
General (Cashiering)	59 20	15,569 50	263 00
Reconciliations (& IPS accounting reviews)	2 10	568 00	270 48
General			
Books and records	7 65	2,778 25	363 17
Fees and WIP	5 60	2,388 00	426 43
Other office holders	2 60	1,053 00	405 00
Statutory and compliance			
Appointment and related formalities	32 60	12,852 00	394 23
Bonding and bordereau	1 40	527 00	376 43
Checklist & reviews	33 85	12,596 75	372 13
Statutory advertising	0 60	123 00	205 00
Strategy documents	31 20	14,326 00	459 17
Tax			
Initial reviews - CT and VAT	1 40	593 50	423 93
Post appointment corporation tax	129 83	40,445 15	311 52
Post appointment VAT	26.40	8,357 75	316 58
<b>Creditors</b>			





SIP 9 –Time costs analysis (31/07/2015 to 30/01/2016)

	Hours	Time Cost (£)	Average Hourly Rate (£)
<b>Committees</b>			
Formation	19 00	6,655 00	350 26
Meetings	13 30	6,704 50	504 10
Reports	1 50	727 50	485 00
<b>Creditors and claims</b>			
Agreement of secured claims	2 60	1,053 00	405 00
Agreement of preferential claims	1 90	921 50	485 00
Agreement of unsecured claims	397 50	103,715 50	260 92
General correspondence	139 35	39,381 75	282 61
Legal claims	13 30	5,530 50	415 83
Notification of appointment	12 10	2,160 50	178 55
Payment of dividends	2 70	709 50	262 78
Pre-appointment VAT / PAYE / CT	4 90	2,096 50	427 86
ROT Claims	163 55	46,247 75	282 77
Secured creditors	38 20	17,816 00	466 39
Statutory reports	22 00	8,910 00	405 00
<b>Employees</b>			
Correspondence	1 10	445 50	405 00
Pension funds	8 30	3,361 50	405 00
Pensions reviews	6 40	2,492 00	389 38
<b>Investigation</b>			
<b>Directors</b>			
Correspondence with directors	4 30	2,558 50	595 00
D form drafting and submission	10 90	3,578 50	328 30
Directors' questionnaire / checklist	3 90	1,883 50	482 95
Statement of affairs	9 90	3,749 50	378 74
<b>Investigations</b>			
Correspondence re investigations	5 40	2,523 00	467 22
Mail redirection	0 90	436 50	485 00
Preferences / transactions at undervalue	0 80	388 00	485 00
Review of pre-appt transactions	4 60	2,063 00	448 48
<b>Realisation of assets</b>			
<b>Asset Realisation</b>			
Cash and investments	11 55	4,789 75	414 70
Debtors	309 30	114,266 50	369 44



**SIP 9 –Time costs analysis (31/07/2015 to 30/01/2016)**

	Hours	Time Cost (£)	Average Hourly Rate (£)
Freehold property	159 10	60,063 50	377 52
Health & safety	12 20	3,682 50	301 84
Leasehold property	103 95	41,215 75	396 50
Office equipment, fixtures & fittings	0 30	61 50	205 00
Open cover insurance	7 55	2,937 75	389 11
Other assets / deferred consideration	142 30	54,012 00	379 56
Plant and machinery	7 80	1,899 00	243 46
Rent	18 90	7,534 50	398 65
Sale of business	63 00	28,942 50	459 40
Stock and WIP	3 10	1,215 50	392 10
Vehicles	2.60	1,053 00	405 00
<b>Total in period</b>	<b>2,068 78</b>	<b>701,502 15</b>	<b>339.09</b>

Brought forward time (appointment date to SIP 9 period start date)	0 00	0 00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	1,954 53	651,110 90
Carry forward time (appointment date to SIP 9 period end date)	2,068 78	701,502 15

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 Ltd
<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.

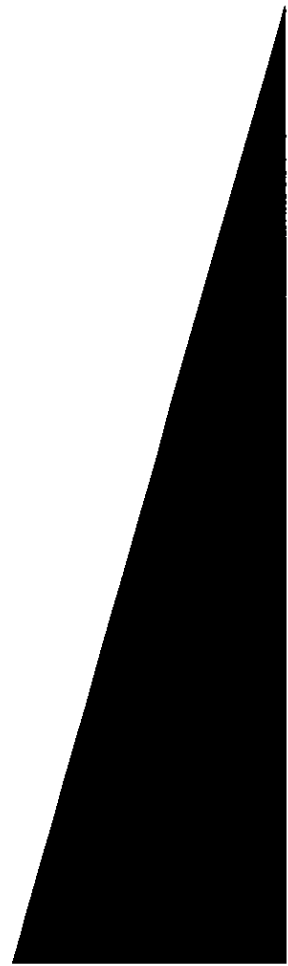
William James Wright is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales.

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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