

The Insolvency Act 1986

# Administrator's progress report

Name of Company Macob Property Holdings Limited	Company number 08014025
In the High Court of Justice, Chancery Division, Companies Court  [full name of court]	Court case number 1657 of 2014

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

~~I/~~ We (a) W John Kelly of Begbies Traynor (Central) LLP, 3rd Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG and Nigel Price of Begbies Traynor (Central) LLP, 3rd Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG

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

(b) Insert dates

from

to

(b) 1 August 2015

(b) 23 August 2015

Signed

Joint / Administrator(s)

Dated

*W John Kelly*  
 1/9/15

**Contact Details:**

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Begbies Traynor (Central) LLP	
3rd Floor, Temple Point, 1 Temple Row, Birmingham B2 5LG	
	Tel Number 0121 200 8150
Fax Number 0121 200 8160	DX Number

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

THURSDAY



\*A4F5K01F\*  
 A25 03/09/2015 #351  
 COMPANIES HOUSE



W John Kelly and Nigel Price appointed joint administrators on 4 March 2014

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

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## **Macob Property Holdings Limited**

**(In Administration)**

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

Period: 1 August 2015 to 23 August 2015

## **Important Notice**

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

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# 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Macob Property Holdings Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 to the Insolvency Act 1986 on 4 March 2014
"the administrators", "we", "our", "us"	W John Kelly of Begbies Traynor (Central) LLP, 3rd Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG  and  Nigel Price of Begbies Traynor (Central) LLP, 3rd Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and  (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act.

## 2. STATUTORY INFORMATION

Name of Company	Macob Property Holdings Limited
Trading name(s)	MPHL
Date of Incorporation	30 March 2012
Company registered number	08014025
Company registered office	3 <sup>rd</sup> Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of administrators	W John Kelly, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 3rd Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG  and  Nigel Price, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 3rd Floor, Temple Point, 1 Temple Row, Birmingham, B2 5LG
Date of appointment.	4 March 2014
Date of resignation	n/a
Court.	High Court of Justice, Chancery Division, Companies Court
Court Case Number	1657 of 2014
Person(s) making appointment / application Acts of the administrators	Directors of the Company  The administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	The administration was extended with the consent of the secured and preferential creditors for a period of 6 months until 3 September 2015.

## 4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 1 August 2015 to 23 August 2015, including a cumulative receipts and payments account from commencement of the Administration on 4 March 2014

There have been no receipts or payments during the short period of this report

## 5. OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals. On the basis of realisations to date and estimated future realisations we estimate an outcome for each class of the Company's creditors as follows

### **Secured creditor**

As previously reported, Barclays Bank plc ("the Bank" and "Barclays") was owed £7,118,357 (before interest and charges) at the date of appointment. The debt related to facilities provided across a group of companies and is subject to various debentures and charges registered across the group. In addition to the principal indebtedness there is a further debt of £2,100,000 that the group has guaranteed.

Barclays have received £45,000 in respect of its fixed and floating charge from the Company. The overall outcome for the Bank will be determined by the total level of realisations across the group.

### **Preferential creditors**

As previously reported, the Redundancy Payments Office ("RPO") has made a claim against this Company. The claim has been rejected and we are continuing to liaise with the RPO in respect of this matter. The issue will be resolved in the Liquidation.

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

We have estimated, to the best of our knowledge and belief, the Company's net property, as defined in section 176A(6) of the Act, to be £nil and the prescribed part of the Company's net property to be £nil.

We have not made a distribution of the prescribed part as the estimate of the Company's net property is less than the minimum prescribed by the Insolvency Act 1986 (Prescribed Part) Order 2003 and we consider, in accordance with Section 176A(3)(b) of the Act, that the costs of making a distribution of the prescribed part to unsecured creditors would be disproportionate to the benefits.

### **Unsecured creditors**

Any return to the unsecured creditors is wholly dependent upon the realisation of the remaining land, buildings and profit share agreements held in other members of the group, which will all impact on the potential recovery from intercompany debtors.

### **Exit from administration**

As creditors are already aware from previous correspondence dated 17 August 2015, we have filed the Notice of move from administration to creditors' voluntary liquidation (Form 2.34B) with the Registrar of Companies. The Notice was registered by the Registrar on 24 August 2015 and consequently the Company is in creditors' voluntary liquidation with effect from the date of registration in accordance with paragraph 83(6) of Schedule B1 to the Act with the former administrators acting in the capacity as joint liquidators of the Company.

## 6. ADMINISTRATORS' PROPOSALS

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

## 7. SUMMARY OF STEPS TAKEN DURING THE ADMINISTRATION

- Preparing appointment documentation and all statutory documentation,
- Meeting with the landlord of the premises and liaising with sub tenants,
- Meetings with solicitors regarding sale of Macob Scaffolding Limited shares,
- Dealing with queries from creditors,
- Arranging collection of the books and records,
- Liaising with pension provider regarding details of the Company's scheme,
- Attending meetings with the Company's directors,
- Producing update report for the Bank,
- Dealing with all statutory duties including the preparation of the joint administrators' report and proposals,
- Liaising with the sub tenants regarding collection of rent,
- Liaising with Scaffolding regarding post sale issues,
- Carrying out investigations into the affairs of the Company and preparing the necessary reports,
- Securing a sale of the Company's shareholding in Kinloch Court Investments Limited,
- Finalising the rental position with the landlord's LPA Receiver,
- Obtaining the secured and preferential creditors consent to extend the Administration for 6 months until 3 September 2015,
- Preparing the progress report following the extension,
- Securing the sale of shares in Bocam Park 2 Limited,
- Preparing and filing the appropriate notice at Companies House to move from Administration to a Creditors Voluntary Liquidation

## 8. PRE-ADMINISTRATION COSTS

Our pre-appointment time costs totalling £57,217 were detailed in our proposals and the subsequent progress report. Of this amount, the sum of £25,000 plus VAT was agreed and paid before our appointment by the Company. There are unpaid Pre-administration costs in the sum of £42,125.07, made up of fees of £32,217 and expenses of £9,908.07 (see below). It was agreed on 16 May 2014 by the secured creditor in accordance with Rule 2.67A of the Rules that a maximum of £8,000 plus VAT and disbursements in respect of the pre appointment legal costs would also be approved.

Description of Expense	Amount
BTG -Disbursements	£1,521.17 plus VAT
Eversheds LLP - Fees	£8,000 plus VAT
Eversheds LLP – Disbursements	£71.90 plus VAT
Eversheds LLP – Disbursements	£315 (No VAT)
<b>Total</b>	<b>£9,908.07 plus VAT</b>

## 9. REMUNERATION & DISBURSEMENTS

Our remuneration has been fixed by the secured creditor on 16 May 2014 in accordance with Rule 2 106(5A) of the Rules, by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration. We are also authorised to draw disbursements, including disbursements for services provided by our firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with our firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report. We have also since written to those creditors that may have a preferential claim and we have obtained consent from this source of creditor as well.

Our time costs for the period from 1 August 2015 to 23 August 2015 amount to £1,676 which represents 5.90 hours at an average rate of £283.98 per hour.

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

- Narrative summary of time costs incurred
- Table of time spent and charge-out value for the period 1 August 2015 to 23 August 2015
- Begbies Traynor (Central) LLP's policy for re-charging disbursements
- Begbies Traynor (Central) LLP's charge-out rates

To 23 August 2015, we have drawn the total sum of £43,500 on account of our remuneration, against total time costs of £99,164 incurred since the date of our appointment.

In addition to the time costs information disclosed at Appendix 3 for the period since our last progress report, our previous progress reports contained details of the time costs we had incurred as at the date of each report.

To 23 August 2015, we have also drawn disbursements in the sum of £1,077.11.

Details of the Category 2 disbursements and also disbursements that should be treated as Category 2 disbursements that have been drawn since the necessary approval was obtained in the total sum of £925.20 are provided in the narrative summary of time costs incurred which is at Appendix 2.

A copy of 'A Creditors Guide to Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at [www.begbies-traynor.com/creditorsguides](http://www.begbies-traynor.com/creditorsguides). Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

## 10. EXPENSES

There have not been any expenses incurred or paid during this period.

## 11. CREDITORS' RIGHTS

### **Right to request further information**

Pursuant to Rule 2 48A of the Rules, within 21 days of the receipt of this report a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors including that creditor (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission of the court) may request in writing that we provide further



information about our remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report

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

Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor, (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court) may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by us as set out in this progress report are excessive or, in relation to the basis fixed for our remuneration, inappropriate

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

The following assets remain outstanding and will be dealt with in the Liquidation process

- Investment in subsidiaries,
- Inter-company debtors,
- Pre-appointment VAT return

## **13. OTHER RELEVANT INFORMATION**

#### **Report on Directors conduct**

As detailed in our statement of proposals, we have a duty to submit a report to the Department for Business, Innovation and Skills on the conduct of the directors. We have complied with our duties in this respect

#### **Connected party transactions**

As previously reported, in accordance with Statement of Insolvency Practice 13, we confirm that the following assets were sold to a director of the Company

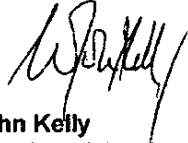
<b>Date of sale</b>	<b>Asset sold and nature of transaction</b>	<b>Consideration paid and date</b>	<b>Name of Purchaser</b>	<b>Relationship with the Company</b>
14 03 2014	80% Shareholding in Scaffolding and the use of group tax losses	£100k – shares £4k – tax losses £400k – release of security (paid directly to chargeholder)	Percson Properties Limited	Common directorship and shareholding  Mr R J Roberts

#### **Extension of administration**

The administration was extended for a period of six months with the consent of the secured and preferential creditors. The extended Administration was due to expire on 3 September 2015

## 14. CONCLUSION

Following the filing of the Notice to move from administration to creditors' voluntary liquidation (Form 2 34B) with the Registrar of Companies on 24 August 2015, the Company is now in Liquidation and I shall be writing to you in my capacity as Joint Liquidator



**W John Kelly**  
Former Joint Administrator

Date 28 August 2015

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# ACCOUNT OF RECEIPTS AND PAYMENTS

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Period 1 August 2015 to 23 August 2015

**Macob Property Holdings Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 01/08/2015 To 23/08/2015	From 04/03/2014 To 23/08/2015	
<b>SECURED ASSETS</b>			
Uncertain	Sale of Shares - Kinlock	NIL	60 00
100,000 00	Sale of Share Macob Scaffolding Limit	NIL	100,000 00
	Sale of Shares Bocam Park 2 Ltd	NIL	2 00
		<u>NIL</u>	<u>100,062 00</u>
<b>COSTS OF REALISATION</b>			
	Office Holders Fees	NIL	35,000 00
	Office Holders Expenses	NIL	1,077 11
	Legal Fees	NIL	18,200 00
	Legal Disbursements	NIL	206 31
	Bank Charges	NIL	25 00
		<u>NIL</u>	<u>(54,508 42)</u>
<b>SECURED CREDITORS</b>			
(7,118,357 02)	Barclays Bank plc	NIL	45,000 00
		<u>NIL</u>	<u>(45,000 00)</u>
<b>ASSET REALISATIONS</b>			
Uncertain	Debtor Macob Developments Limited	NIL	NIL
Uncertain	Debtor GYG Holdings Limited	NIL	NIL
Uncertain	Debtor Macob Administration Limited	NIL	NIL
Uncertain	Debtor Twenty 20 Homes Limited	NIL	NIL
Uncertain	Debtor Bocam Park Limited	NIL	NIL
Uncertain	Debtor Macob Cosmetics Limited	NIL	NIL
Uncertain	Debtor Bocam Park 2 Limited	NIL	NIL
Uncertain	Debtor Macob Tenby Limited	NIL	NIL
Uncertain	Debtor James Loveluck Baglan	NIL	NIL
Uncertain	Debtor Macob Properties Limited	NIL	NIL
Uncertain	Debtor Kinloch Court Investments	NIL	10,681 00
4,000 00	Tax Losses	NIL	4,000 00
6,662 87	VAT Refund	NIL	NIL
	Office furniture and equipment	NIL	2,300 00
	Bank Interest Gross	NIL	49 84
	Bank Interest Net of Tax	NIL	NIL
6,445 00	Other debtors	NIL	NIL
	Sundry Receipts	NIL	1,989 46
	Contribution from other Macob Co re l	NIL	3,064 09
	Rents Receivable	NIL	10,260 42
		<u>NIL</u>	<u>32,344 81</u>
<b>COST OF REALISATIONS</b>			
	Office Holders Fees	NIL	8,500 00
	Misc Costs	NIL	125 00
	Legal Fees (1)	NIL	2,000 00
	Legal Fees (2)	NIL	58 86
	Storage Costs	NIL	51 95
	Rents Payable	NIL	12,682 30
	Insurance of Assets	NIL	4,210 56
	Bank Charges	NIL	175 00
		<u>NIL</u>	<u>(27,803 67)</u>
<b>UNSECURED CREDITORS</b>			
(14,587 99)	Trade Creditors	NIL	NIL

**Macob Property Holdings Limited  
(In Administration)  
Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 01/08/2015 To 23/08/2015	From 04/03/2014 To 23/08/2015
(207,365 00) Directors' loan account	NIL	NIL
(100,520 00) Bocam Park Management	NIL	NIL
(7,117,518 30) Macob Limited	NIL	NIL
(3,699 06) Macob Developments Limited	NIL	NIL
(8,940 18) Macob Administration Limited	NIL	NIL
(250,000 00) Percson Properties Limited	NIL	NIL
(310,926 00) Macob Civil Engineering Limited	NIL	NIL
(593,744 00) Macob Southern Limited	NIL	NIL
(2,133 00) Macob Training & Safety Services Limi	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<b>DISTRIBUTIONS</b>		
(100 00) Ordinary Shareholders	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<b>(15,610,782.68)</b>	<u><u>NIL</u></u>	<u><u>5,094.72</u></u>
<b>REPRESENTED BY</b>		
Vat Receivable		500 00
Bank 1 Current		4,593 05
Vat Control Account		1 67
		<u><u>5,094.72</u></u>

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

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

#### ***Purpose of the Administration***

We are required to set out our proposals for achieving the purpose of the administration which in this context means one of the objectives specified in paragraph 3 of Schedule B1 to the Act as set out at Section 3 of this report above

For the reasons set out in this report, it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph 3(1)(a) and 3(1)(b), because the Company ceased trading upon appointment and therefore, would be unable to enter into a Company Voluntary Arrangement and, at this stage, there is unlikely to be a return to any class of creditor other than the secured creditor

Consequently, the most appropriate objective to pursue in this case is that specified in sub-paragraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. Furthermore, we consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole

The purpose of the Administration will be achieved by maximising the value of the shares and investments held by MPHL (where possible such as Scaffolding) and then distributing the net proceeds to the secured creditor pursuant to its fixed charge. The estimated return available through any of the intercompany debtors remains very uncertain due to the level of secured creditor debt that would first need to be repaid across the group

In order that the purpose of the administration may be fully achieved, we propose to remain in office as administrators in order to conclude the realisation of the Company's property and conclude the statutory duties

Following these events we propose to finalise distributions to the secured creditor

#### ***Exit from Administration***

##### (1) Contingency plan – extending the administration

It is anticipated that due to the nature of the Company's assets, it may not be possible to finalise the administration as envisaged within one year of the date of our appointment. In particular, this situation will arise if we are not able to conclude the sale of the various shares and investments. Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, our term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months. It may therefore become necessary at some future time for us to seek creditor consent to extending the period of the administration for up to a further six months following the anniversary of our appointment in order to ensure that the objective of the administration can be fully achieved

## (2) Dissolution

On present information we consider that the Company will have insufficient property to enable a distribution to be made to unsecured creditors. Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by us to the Registrar of Companies, our appointment as administrators ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or disapply the automatic dissolution of the Company.

## (3) Creditors' voluntary liquidation

Notwithstanding the above, in the unlikely event that there becomes, or is likely to become, sufficient funds to enable a distribution to the unsecured creditors then the Administrators do not have a general power to make a distribution to unsecured creditors and may only do so if the court gives permission. It is considered that the court will only grant such permission in exceptional circumstances where the normal course for making distributions to unsecured creditors in a voluntary liquidation is inappropriate. Additionally, there may be matters for enquiry concerning a company's affairs which are not within the scope of an administrator's powers and which can only be properly dealt with by a liquidator.

Consequently, as soon as we are satisfied that we have fully discharged our duties as administrators and that the purpose of the administration has been fully achieved, we propose to implement the provisions of Paragraph 83 of Schedule B1 to the Act whereby, on the registration of a notice sent to the Registrar of Companies, our appointment as administrators shall cease to have effect and the Company will automatically be placed into creditors' voluntary liquidation. Paragraph 83(7) provides:

The liquidators for the purpose of the winding up shall be-

- (a) a person nominated by the creditors of the company in the prescribed manner and within the prescribed period, or
- (b) if no person is nominated under paragraph (a), the administrator

We confirm that as part of our proposals we propose that we act as joint liquidators in the subsequent winding up of the Company. Creditors may nominate a different person as the proposed liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved. The appointment of a person nominated as liquidator takes effect by the creditors approval, with or without modification, of our proposals.

It is proposed that for the purpose of the winding up, any act required or authorised under any enactment to be done by the joint liquidators is to be done by all or any one or more of the persons for the time being holding office.

## (4) Contingency plan – unforeseen surplus funds

If (whether or not an extension to the period of administration actually becomes necessary) it ultimately transpires that there are indeed surplus funds enabling a distribution to the unsecured creditors, then unless the court makes an order permitting such a distribution on our application, we will issue revised proposals for consideration by creditors dealing with the most appropriate exit strategy from the administration in those circumstances.

## REMUNERATION AND DISBURSEMENTS

### *Pre-administration costs*

In the period before the Company entered administration, we carried out work consisting of meetings with directors and funders to review options available to MPHL (and the wider group) and implementing a strategy to deal with the Group's financial position ("the Work") The Work was carried out pursuant to an agreement made between us and the directors and the secured creditors entered into on 21 February 2014 ("the Agreement") The Agreement provides for the payment of our fees and the discharge of expenses incurred by us ("the Pre-administration costs") in carrying out the Work The Work was carried out before the Company entered administration because we consider that the work has furthered the likelihood of achieving the objective of the administration that is being pursued, namely realising property in order to make a distribution to one or more secured or preferential creditors

The Pre-administration costs are as follows

Our fees are in the total sum of £57,217 plus VAT (please see the Analysis of Pre-administration Costs attached at Appendix 3) and other expenses incurred are as follows

Description of Expense	Amount
BTG -Disbursements	£1,521 17 plus VAT
Eversheds LLP - Fees	£8,000 plus VAT
Eversheds LLP – Disbursements	£71 90 plus VAT
Eversheds LLP – Disbursements	£315 (No VAT)
<b>Total</b>	<b>£9,908.07 plus VAT</b>

Of the Pre-administration costs detailed above, the sum of £25,000 plus VAT was paid in fees before the Company entered administration by the Company There are unpaid Pre-administration costs in the sum of £42,125 07, made up of fees of £32,217 and expenses of £9,908 07 ("the Unpaid Costs") We are seeking that the Unpaid Costs may be paid as an expense of the administration

Pursuant to Rule 2 67A of the Rules, approval to pay the Unpaid Costs as an expense is required from the creditors' committee, or in the absence of a committee, or if the committee does not make a determination, the secured creditor of the Company Payment of the unpaid Pre-administration costs requires separate approval and is not part of our proposals subject to approval pursuant to Paragraph 53 of Schedule B1 to the Act

In order to provide sufficient information to enable approval of our fees, an Analysis of Pre-administration Costs and a Pre-administration Time Costs Summary appear at Appendix 3 These show the number of hours spent by each grade of staff involved in the case and give the average hourly rate charged for the Pre-administration costs They also provide an explanation of the work undertaken prior to our appointment

### *Remuneration*

We propose that the basis of our remuneration be fixed under Rule 2 106 of the Rules by reference to the time properly given by us (as administrators) and the various grades of our staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration

These proposals contain a statement by us, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that we consider that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the 'prescribed part' for unsecured creditors referred to at section 7) In these circumstances, if there is no creditors' committee, or the committee does not make a determination, it is for each secured creditor and the preferential creditors of the Company to determine the basis of our remuneration under Rule 2 106 of the Rules In the absence of an initial meeting of creditors (see section 11



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Conclusion, below) and the establishment of a creditors' committee, our remuneration is fixed by the approval of the secured and preferential creditors in accordance with Rule 2.106 (5A)

Appendix 3 sets out our firm's hourly charge out rates and the time that we and our staff have spent in attending to matters arising in the administration since 4 March 2014

***Disbursements***

We propose that disbursements, including disbursements for services provided by our firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with our firm's policy, details of which are set out at Appendix 3. These disbursements will be identified by us and subject to the approval of those responsible for determining the basis of our remuneration

## TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred,
- d Table of time spent and charge-out value for the period from 1 August 2015 to 23 August 2015 and
- e Cumulative table of time spent and charge-out value for the period from 4 March 2014 to 23 August 2015

## **BEGBIES TRAYNOR CHARGING POLICY**

### **INTRODUCTION**

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

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. It also applies where payments are to be made to parties other than the firm, but in relation to which the office holder, the firm or any associate has an interest. Best practice guidance<sup>2</sup> indicates that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

### **OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES**

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

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

Best practice guidance classifies expenses into two broad categories:

- *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case and referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- *Category 2 disbursements (approval required)* - items of expenditure that are directly related to the case which include an element of shared or allocated cost and are based on a reasonable method of calculation, but which are not payable to an independent third party.

(A) The following items of expenditure are charged to the case (subject to approval)

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £100 (London £150) per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes

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

<sup>2</sup> Ibid 1

held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

(B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*

- Telephone and facsimile
- Printing and photocopying
- Stationery

#### **BEGBIES TRAYNOR CHARGE-OUT RATES**

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the Birmingham office as at the date of this report are as follows

	<b>Standard</b>
	<b>1 May 2011 – until further notice</b>
	<b>Regional</b>
Partner	395
Director	345
Senior Manager	310
Manager	265
Assistant Manager	205
Senior Administrator	175
Administrator	135
Trainee Administrator	110
Support	110

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units

**SUMMARY OF OFFICE HOLDERS' TIME COSTS**

CASE NAME Macob Property Holdings Limited  
CASE TYPE ADMINISTRATION  
OFFICE HOLDERS W John Kelly AND Nigel Price  
DATE OF APPOINTMENT 4 March 2014

**1 CASE OVERVIEW**

1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

**1.2 Complexity of the case**

This is a complex case involving a group of companies of which eight companies have been placed into administration. This Company is the parent and we have dealt with the landlord, collected rents from sub tenants and also concluded the sale of its shares and interest in a subsidiary not subject to insolvency proceedings

**1.3 Exceptional responsibilities**

There have not been any exceptional responsibilities

**1.4 The office holders' effectiveness**

To date, the Administrators have realised the Company's interest in

- Macob Scaffolding Limited,
- Kinlock Court Investments Limited,
- Bocam Park 2 Limited

They will continue to progress the Company's interest in a number of other group companies and the monies due from HMRC in respect of the pre-appointment VAT refund in the subsequent Liquidation

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

The principal assets of the Company have included its interest in a number of other group companies, a potential pre-appointment VAT refund and inter-company debts

**1.6 Anticipated return to creditors**

Secured creditors To date, distributions totalling £45,000 have paid to the bank in accordance with its security

Preferential creditors As detailed in the main body of the report, the Administrators have rejected the Redundancy Payments Office preferential claim on the basis that they consider the claim should be made against another group company, Macob Administration Limited, which is also in Administration

Unsecured creditors The Administrators consider that there may be a return to the unsecured creditors should the secured creditor be repaid in full from the assets of the Company and the wider group companies

**1.7 Time costs analysis**

An analysis of time costs incurred between 1 August 2015 and 23 August 2015 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

**1 8 The views of the creditors**

We have reported to the creditors on an interim basis and have responded to any queries received in a timely manner. Should any creditors have any queries or concerns they should contact us either in writing or by telephone.

**1 9 Approval of fees**

We have obtained the consent of the secured and preferential creditors for the approval of our fees. It was subsequently approved by the RPO notwithstanding the uncertainty regarding the preferential claim.

**1 10 Approval of Expenses and Disbursements**

A resolution for fees was accepted by secured creditors for the approval of our disbursements and expenses. It was subsequently approved by the RPO notwithstanding the uncertainty regarding the preferential claim.

**1 11 Category 2 Disbursements**

In accordance with the resolution obtained in relation to expenses and disbursements, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since the date of my appointment.

<b>Other amounts paid or payable to the office holder's firm</b>	
<b>Type and purpose</b>	<b>Amount £</b>
Mileage – to site and return	£925 20
<b>TOTAL</b>	<b>£925 20</b>

**1 12 Other professionals employed & their costs**

Eversheds LLP were instructed to provide assistance with the legal aspects of placing the companies into administration and all post appointment legal matters. Their fee will be based on a time costs basis.

**2. SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT**

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

- File the notice to move from Administration to a Creditors Voluntary Liquidation at Companies House,
- Prepare and circulate the Administrators' Final Progress Report



Macobb Property Holdings Limited  
Time costs analysis for the period from 4 March 2014 - 23 August 2015

Partner	Hours							Total hours	Time cost £	Average hourly rate
	Director	Senior Manager	Manager	Assistant Manager	Senior Administrator	Administrator	Junior Administrator			

**Staff Grade**

Administration and planning	9.50	1.60	3.50	13.00	3.80	-	-	-	-	-	31.40	9,614	306.16
Appointment and case planning	37.00	21.80	11.00	30.40	9.10	-	-	-	-	15.50	124.80	37,173	297.86
Administration and banking	1.30	3.70	8.30	17.80	15.60	-	-	-	-	-	46.70	12,278	262.91
Statutory reporting and statement of affairs													

**Investigations**

CDDA and investigations	-	-	-	-	1.90	-	-	-	-	-	1.90	390	205.00
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**Realisation of assets**

Debt collection	-	-	-	1.00	-	-	-	-	-	-	1.00	265	265.00
Property, business and asset sales	45.00	4.60	14.60	10.00	-	-	-	-	-	-	74.20	26,538	357.65
Retention of Title/Third party assets	-	-	-	-	-	-	-	-	-	-	-	-	-

**Trading**

Trading	-	-	-	3.50	-	-	-	-	-	-	3.50	928	265.00
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**Creditors**

Secured	-	5.90	5.80	-	3.00	-	-	-	-	-	14.70	4,449	302.62
Others	-	-	-	0.50	2.70	-	-	-	-	-	3.20	686	214.38
Creditors' committee	-	-	-	-	-	-	-	-	-	-	-	-	-

**Other matters**

Meetings	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax	-	-	-	1.00	-	-	-	-	-	2.00	3.00	485	161.67
Litigation	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	24.00	-	-	-	-	-	-	24.00	6,360	265.00

**Total hours by staff grade**

	92.80	37.60	43.20	101.20	36.10	-	-	-	-	-	328.40	17.50	301.96
	36,656	12,972	13,392	26,818	7,401	-	-	-	-	1,925	99,164	301.96	
	395.00	345.00	310.00	265.00	205.00	-	-	-	-	110.00			

**Total time cost by staff grade**

43,500

**Total fees drawn to date**