

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)

WWe (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 2016

(b) 30 January 2017

Signed



Joint Administrator

Dated

27 February 2017

Contact Details

You do not have to give any contact information in the box opposite but if you do, it will help Companies

Amy Rose
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH United Kingdom

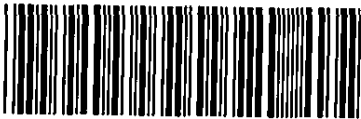
Tel 0115 935 3582

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

TUESDAY



A17 28/02/2017 #218

COMPANIES HOUSE



Joint
Administrators'
progress
report for the
period 31 July
2016 to 30
January 2017

William Sinclair Horticulture
Limited - in Administration

27 February 2017

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.htm](http://www.insolvency-kpmg.co.uk/case+KPMG+WF731F3320.htm) We hope this is helpful to you

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

Contents

1	Executive summary	2
2	Progress to date	3
3	Dividend prospects and dividends paid	6
4	Joint Administrators' remuneration and disbursements	7
5	Future strategy	7
Appendix 1	Statutory information	9
Appendix 2	Joint Administrators' receipts and payments account	10
Appendix 3	Schedule of expenses	13
Appendix 4	Joint Administrators' charging and disbursements policy	15
Appendix 5	Glossary	20
Appendix 6	Notice: About this report	21

1 Executive summary

- This progress report covers the period from 31 July 2016 to 30 January 2017
- Following a sale of the majority of the business and assets, the Administrators are continuing to realise the residual assets of the Company
- During the period, rent of £25,000 was received in respect of the remaining balance due under the short-term lease of Firth Road to Westland. This amount was subsequently distributed to the Pension Scheme as first charge holder. The Administrators have also continued to pursue a number of residual assets including the debtor book surplus held by Leumi, a cash bond in relation to Cladence Moss and an insurance refund. These matters remain ongoing at the date of this report (Section 2 - Progress to date)
- The Company's first ranking charge holder, Leumi, have been fully repaid against their principle indebtedness through a combination of a distribution from the Administration estate and debtor book receipts. They are currently holding a surplus from the debtor book of approximately £1 million. Leumi are seeking to apply final facility charges from this sum held that would have an impact of £200,000 to the Administration estate. During the period the Administrators have been consulting with the creditors committee, the Loan Note Holders and the Company's major unsecured creditor regarding these charges (Section 3 - Dividend prospects and dividends paid)
- A distribution to the second charge holder, the Loan Note Holders, of £1 million has been made during the period. A final distribution will be made once the above position with Leumi has been agreed and the debtor surplus has been received (Section 3 - Dividend prospects and dividends paid)
- A preferential claim for unpaid pension contributions of £5,019 has been agreed and paid in the period (Section 3 - Dividend prospects and dividends paid)
- A dividend to unsecured creditor is expected to be declared in the coming period. Given the above matters, it is currently uncertain whether this dividend will exceed the net amount (after costs) available from the prescribed part of £600,000. If the dividend exceeds this amount then the distribution will be made through a subsequent Creditors' Voluntary Liquidation (Section 3 - Dividend prospects and dividends paid)
- The administration is currently due to end on 30 July 2017
- Please note you should read this progress report in conjunction with our previous progress reports 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

As previously reported, 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 consideration of £13.5 million. All consideration was received in the previous periods.

2.2 Asset realisations

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

Summaries of the 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. Collections to date total approximately £4.1 million with the majority being repaid directly to Leumi under their invoice discounting facility. A surplus of approximately £1 million is currently being held in their facility account which the Administrators are seeking to be assigned to the Company (see Section 3 below).

During the period, an amount of £2,719 was paid to Westland in respect of debtor receipts owed to them and incorrectly paid to the Company. A number of smaller claims for refunds are continuing to be investigated on the ledger; however, we do not anticipate any material movement in the overall recovery.

Firth Road, Lincoln

As previously reported, a six-month lease on the freehold property at Firth Road was granted to the Purchaser. The Administrators have now received all sums due under this lease with the final £25,000 of rent being received in the period.

This brings the total rental income received from Westland to £150,000 since the date of our appointment and the total paid to the Pension Scheme to £131,300, after deducting costs of the lease agreement.

On 10 December 2015, the first ranking fixed charge holder, the Pension Scheme, appointed a Law of Property Act ('LPA') Receiver over this property to be responsible for realising this asset.

The property is still being marketed and has not yet been realised. It is not anticipated there will be surplus funds above the Pension Scheme's charge.

Bolton Fell

Creditors were previously advised that Westland was granted a short term licence to occupy both the freehold and leasehold elements of the property at Bolton Fell. This licence expired on 14 January 2016, however occupation was extended in order to reduce holding costs of the property with vacation taking place in September 2016.

Despite a sustained marketing period, this property has been difficult to sell as it has various restoration conditions attached to it. We are currently seeking a low value sale of the land to reduce the ongoing holding costs associated with the site which are continuing to accrue.

Cladence Moss bond

The Administrators are continuing to seek the release of an £80,000 cash bond that related to the restoration of Cladence Moss. This property was sold to the Purchaser as part of the business sale along with the obligation to restore the site at the end of its useful life. Correspondence with the council and purchaser remains ongoing in order to seek this release.

Interest on VAT returns

A payment of £5,677.33 was received from HMRC for the late payment of the VAT refunds due in respect of returns from December 2015 and March 2016. The Administrators had been actively pursuing these refunds in the previous period.

Bank interest

Bank interest of £1,818 was received in the period.

Sundry refunds

Sundry refunds of £75 were also received in the period relating to rates refunds and a refund of legal fees.

The Administrators are continuing to pursue an insurance refund relating to private medical insurance prepayment to Aviva.

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.

2.3 Costs

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

Summaries of the payments made during the period are provided below.

Rent

Rent of £1,076 was paid to Natural England for the Bolton Fell leases which as above, has been occupied by Westland for the period from the Administrators' appointment to September 2016.

Debt collection costs

Debt collection costs of £11,195 have been refunded during the period

Agents' fees

Fees of £6,411, relating to marketing fees and expenses for the property at the Bolton Fell site, were paid to GVA

Solicitors' fees

£638 was paid to Pinsent Masons in relation to advice sought in a prior period

Additional legal fees of £11,219 were incurred and paid in the period to Pinsent Masons for advice received relating to

- Final fees being sought by Leumi, and
- Advice relating to the Cladence Moss bond and other general queries

Barclays Bank Charges

£260 was incurred in the period in relation to same day payments made through Barclays Bank

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

Rates

Business rates of £16,653 75 were incurred in the period in relation to the Bolton Fell property but remain unpaid

Solicitors' fees

Pinsent Mason are owed £11,033 in respect of advice received regarding the Leumi settlement and various outstanding matters including the Cladence Moss bond

Insurance

Insurance costs of £1,411 75 and £619 was incurred in relation to property and public liability insurance Of these amounts, £1,100 relates to the period between 30/10/16 to 30/04/17

3 Dividend prospects and dividends paid

3.1 Secured creditors

The Company's first ranking charge holder, Leumi, have been repaid their principle indebtedness through a combination of distributions (£5.4 million) and debtor book receipts (£4.1 million)

Leumi are currently holding a surplus from the debtor book of approximately £1 million and are seeking to apply final charges from this sum under the terms of their various facilities. These charges would have an impact of £200,000 to the Administration estate if agreed.

During the period the Administrators have been consulting with the creditors committee, the Loan Note Holders and the Company's major unsecured creditor regarding these charges and are seeking their views on agreement to this sum.

A distribution to the second charge holder, the Loan Note Holders, of £1 million has been made during the period. A final distribution will be made once the position with Leumi has been agreed and the remaining debtor surplus has been received.

The pension scheme have been distributed £25,000 in the period under their first charge on Firth Rd and the respective rent that has been received from Westland.

3.2 Preferential creditors

The preferential claims have been agreed at £5,019 which relates to an element of unpaid pension contributions prior to the appointment.

A first and final dividend to preferential creditors of 100p in the £ was declared on 28 November 2016 and paid during the period.

The preferential creditors have been paid in full.

3.3 Unsecured creditors

A dividend to unsecured creditor is expected to be declared in the coming period.

It is currently uncertain whether this dividend will exceed the net amount (after costs) available from the prescribed part of £600,000. If the dividend exceeds this amount then the distribution will be made through a subsequent Creditors' Voluntary Liquidation.

3.4 Creditors' Committee

A Creditors' Committee was elected at the meeting of creditors held on 30 October 2015.

Committee meetings

As previously reported, a first committee meeting was held on 10 December 2015. Resolutions were passed in relation to the drawing of the Joint Administrators' fees and disbursements. Furthermore, resolutions were passed to enable solicitors' and Administrators' fees incurred prior to the Administrator's appointment to be paid.

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

A third meeting of the committee was held on 29 September 2016 in order to discuss the termination charges Leumi were proposing to levy on their facilities. This meeting was inquorate, however members of the committee subsequently provided their guidance on the matter on the 13 October 2016. No further resolutions were passed.

4 Joint Administrators' remuneration and disbursements

Time costs

From 31 July 2016 to 30 January 2017, we have incurred time costs of £123,147. These represent 384 hours at an average rate of £321 per hour.

This brings our total time costs to £1,047,786 since the date of our appointment. We will draw fees in accordance to the charge-out rates outlined in Appendix 4, but discounted by a minimum of 15% as agreed by the Creditors' Committee on 10 December 2015.

No fees have been drawn within the period.

Disbursements

During the period, we have incurred disbursements of £447. None of these have been paid. In addition, the sum of £1,675 was incurred in a prior period and remains unpaid.

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 July 2016 to 30 January 2017. We have also attached our charging and disbursements policy.

5 Future strategy

5.1 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

- reaching a resolution to the fees that Leumi are seeking to charge out of the debtor surplus and recovering such surplus for the estate,
- continuing to realise the other remaining assets of the estate including Bolton Fell, the Cladence Moss bond and the Aviva prepayment,
- to agree claims and pay distributions to secured and unsecured creditors,
- completion of ongoing VAT and tax matters; and
- completion of ongoing statutory requirements.

5.2 Future reporting

We intend to provide our final progress report by 30 July 2017

However, if an extension request is necessary we will provide a further progress report in advance of the expiry of the administration

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 £9,600,000 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)
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 July 2017

Appendix 2 Joint Administrators' receipts and payments account

William Sinclair Horticulture Limited - in Administration			
Abstract of receipts & payments			
Statement of affairs (£)		From 31/07/2016 To 30/01/2017 (£)	From 31/07/2015 To 30/01/2017 (£)
FIXED CHARGE ASSETS			
*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	(2,719 16)	75,944 66
	Property clearance costs	NIL	(2,834 00)
	Property rights/Patents	NIL	0 50
	Goodwill	NIL	1 00
	Rent	25,000 00	150,000 00
	Contribution to insurance cost	NIL	17,191 41
		22,280 84	2,940,303 57
FIXED CHARGE COSTS			
	Legal fees	(638 00)	(27,928 27)
	Sundry costs	NIL	(500 00)
	Administrators' pre-appointment fees	NIL	(25,616 66)
	Debt collection costs	11,195 04	(87,765 30)
	Insurance freehold prop's/pension scheme	NIL	(16,445 93)
	Insurance of other freehold properties	NIL	(3,168 46)
		10,557 04	(161,424 62)
FIXED CHARGE CREDITORS			
*** (8,455,396 00)	Leumi ABL Limited	NIL	NIL
* (3,815,000 00)	William Sinclair Holdings Pension Sch	(25,000 00)	(131,299 60)
(5,846,000 00)	Loan Note Holders	NIL	(2,000,000 00)
		(25,000 00)	(2,131,299 60)
ASSET REALISATIONS			
	Freehold property - Scottish Mosses	NIL	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	NIL	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 31/07/2016 To 30/01/2017 (£)	From 31/07/2015 To 30/01/2017 (£)
	Information technology	NIL	1 00
275,000 00	Cash at bank	NIL	137,759 33
	Rent	NIL	87,924 72
	Contribution to insurance cost	NIL	1,534 20
1 00	Trademarks	NIL	NIL
		<hr/>	<hr/>
		NIL	10,938,267 23
OTHER REALISATIONS			
	Barclays Bank interest, gross	1,817 87	23,483 97
	Other interest	NIL	23 90
	Sundry refunds	74 57	65,281 02
	Interest on VAT returns	5,677 33	5,677 33
	Third party funds	(7,281 50)	1,405 57
		<hr/>	<hr/>
		288 27	95,871 79
COST OF REALISATIONS			
	Sundry expenses	NIL	(3,072 98)
	Statement of affairs work	NIL	(5,000 00)
	Administrators' pre-appointment fees	NIL	(92,276 21)
	Administrators' fees	NIL	(300,000 00)
	Administrators' expenses	NIL	(4,923 02)
	Irrecoverable VAT	NIL	(1,116 80)
	Sub contractor	NIL	(9,300 00)
	Agents'/Valuers' fees	(6,411 23)	(23,216 23)
	Legal fees	(11,218 50)	(82,518 76)
	Pre-appointment legal fees	NIL	(16,919 00)
	Statutory advertising	NIL	(225 59)
	Rent	(1,075 94)	(71,747 53)
	Rates	NIL	(1,495 07)
	Insurance of assets	NIL	(3,631 20)
	Barclays Bank charges	(260 00)	(933 00)
		<hr/>	<hr/>
		(18,965 67)	(616,375 39)
PREFERENTIAL CREDITORS			
	Subrogated EP(C)A claim	(5,019 23)	(5,019 23)
		<hr/>	<hr/>
		(5,019 23)	(5,019 23)
FLOATING CHARGE CREDITORS			

William Sinclair Horticulture Limited - in Administration

Abstract of receipts & payments

Statement of affairs (£)	From 31/07/2016 To 30/01/2017 (£)	From 31/07/2015 To 30/01/2017 (£)
Leumi ABL	NIL	(5,413,649 12)
Loan note holders	(1,000,000 00)	(4,000,000 00)
	(1,000,000 00)	(9,413,649 12)
UNSECURED CREDITORS		
(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
DISTRIBUTIONS		
(510,000 00) Ordinary shareholders	NIL	NIL
	NIL	NIL
(45,456,035 00)	(1,015,858 75)	1,646,674 63
REPRESENTED BY		
Floating ch VAT rec'able		115,339 12
Floating charge current		1,641,942 42
Fixed charge VAT rec'able		26,349 42
Fixed charge VAT payable		(37,355 84)
Floating ch VAT payable		(57,332 10)
Floating ch VAT control		(53,274 82)
Fixed charge VAT control		11,006 43
		1,646,674 63

*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 Pensions 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 (31/07/2016 to 30/01/2017)			
Expenses (£)	Incurred and paid in the period (£)	Incurred in the period not yet paid (£)	Total (£)
Fixed charge costs			
Debt collection costs	(11,195 04)	0 00	(11,195 04)
Insurance of other freehold properties	0 00	1,411 75	1,411 75
Cost of realisations			
Agents'/Valuers' fees	6,411 23	0 00	6,411 23
Legal fees	7,445 00	11,032 50	18,477 50
Rent	1,075 94	0 00	1,075 94
Rates	0 00	16,653 75	16,653 75
Insurance of assets	0 00	619 00	619 00
Barclays Bank charges	260 00	0 00	260 00
Administrators' fees	0 00	123,147 25	123,147 25
Administrators' expenses	0 00	446 78	446 78
TOTAL	3,997 13	153,311 03	157,308 16

Please note that there is a difference between the payments made during the period of £8,408 63 (per the receipts and payments account) and the expenses incurred and paid in the period of £3,997 13 (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	From 01 Nov 2016 £/hr
Partner	595	625
Director	535	560
Senior Manager	485	510
Manager	405	425
Senior Administrator	280	295
Administrator	205	215
Support	125	131

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 July 2016 to 30 January 2017

SIP 9 - Disbursements					
Disbursements	Category 1		Category 2		Totals (£)
	Pa d (£)	Unpa d (£)	Pa d (£)	Unpa d (£)	
Courier & delivery costs	19 42		NIL		19 42
External printing	50 62		NIL		50 62
Postage	376 74		NIL		376 74
Total	446 78		NIL		446 78

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 July 2016 to 30 January 2017

The key areas of work have been

- | | |
|--------------------------|---|
| Statutory and compliance | <ul style="list-style-type: none"> ■ preparing statutory receipts and payments accounts, ■ dealing with closure related formalities, ■ ensuring compliance with all statutory obligations within the relevant timescales |
|--------------------------|---|

Strategy documents, Checklist and reviews	<ul style="list-style-type: none"> ■ regular case management and reviewing of progress, including regular team update meetings and calls, ■ meeting with management to review and update strategy and monitor progress, ■ reviewing and authorising junior staff correspondence and other work, ■ dealing with queries arising during the appointment, ■ reviewing matters affecting the outcome of the administration, ■ allocating and managing staff/case resourcing and budgeting exercises and reviews, ■ liaising with legal advisors regarding the various instructions, including agreeing content of engagement letters, ■ complying with internal filing and information recording practices, including documenting strategy decisions
Reports to debenture holders	<ul style="list-style-type: none"> ■ providing written and oral updates to representatives of secured creditors regarding the progress of the administration and case strategy
Cashiering	<ul style="list-style-type: none"> ■ preparing and processing vouchers for the payment of post-appointment invoices, ■ creating remittances and sending payments to settle post-appointment invoices, ■ reconciling post-appointment bank accounts to internal systems, ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments
Tax	<ul style="list-style-type: none"> ■ analysing VAT related transactions, ■ dealing with post appointment tax compliance
Shareholders	<ul style="list-style-type: none"> ■ providing copies of statutory reports to the shareholders
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9, ■ dealing with ongoing storage of Company books and records
Trading	<ul style="list-style-type: none"> ■ preparing cash flow statements to monitor the cash position
Asset realisations	<ul style="list-style-type: none"> ■ reviewing outstanding debtors and management of debt collection strategy, ■ seeking legal advice in relation to book debt collections, ■ reviewing the inter-company debtor position between the Company and other group companies
Property matters	<ul style="list-style-type: none"> ■ communicating with landlords regarding rent, property occupation and other issues,
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets, ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place, ■ assessing the level of insurance premiums
Employees	<ul style="list-style-type: none"> ■ communicating and corresponding with HM Revenue and Customs
Pensions	<ul style="list-style-type: none"> ■ 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
Creditors and claims	<ul style="list-style-type: none"> ■ responding to enquiries from creditors regarding the administration and submission of their claims, ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records, ■ agreeing preferential and unsecured claims, ■ arranging distributions to the secured and preferential creditors, ■ reviewing final interest and charges applied to secured debts, ■ drafting our progress report
Committees	<ul style="list-style-type: none"> ■ arranging and chairing meetings of the Creditors' Committee and providing regular reports

Time costs

SIP 9 – Time costs analysis (31/07/2016 to 30/01/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & planning			
General			
Distributions	3 10	1,748 50	564 03
Cashiering			
General (Cashiering)	11 30	2,965 50	262 43
Reconciliations (& IPS accounting reviews)	1 20	252 00	210 00
Fees and WIP			
Fees and WIP	10 00	4,901 50	490 15
Statutory and compliance			
Checklist & reviews	6 30	1,292 50	205 16
Closure and related formalities	2 50	1,275 00	510 00
Statutory receipts and payments accounts	0 30	61 50	205 00
Strategy documents	1 30	645 50	496 54
Tax			
Post appointment corporation tax	44 80	14,716 50	328 49
Post appointment VAT	45 20	14,320 00	316 81
Creditors			
Committees			
Meetings	5 70	2,568 50	450 61
Reports	2 60	1,261 00	485 00
Creditors and claims			
Agreement of claims	3 00	1,455 00	485 00
Agreement of preferential claims	2 50	1,289 50	515 80
Agreement of unsecured claims	100 90	24,170 50	239 55
General correspondence	35 30	7,681 50	217 61
Legal claims	0 80	172 00	215 00
Payment of dividends	4 30	1,144 50	266 16
Secured creditors	34 60	16,782 50	485 04
Statutory reports	21 20	6,446 00	304 06
Employees			
Correspondence	0 10	42 50	425 00
DTI redundancy payments service	3 10	1,255 50	405 00
Pension funds	0 90	364 50	405 00
Pensions reviews	6 00	1,979 50	329 92

SIP 9 -Time costs analysis (31/07/2016 to 30/01/2017)

	Hours	Time Cost (£)	Average Hourly Rate (£)
Realisation of assets			
Asset Realisation			
Cash and investments	2 30	1,173 00	510 00
Debtors	4 80	1,344 00	280 00
Freehold property	8 80	3,428 00	389 55
Leasehold property	4 05	1,095 25	270 43
Open cover insurance	3 30	691 50	209 55
Other assets	3 50	1,760 00	502 86
Rent	7 40	3,589 00	485 00
Cash & profit projections & strategy	2 50	1,275 00	510 00
Total in period	383 65	123,147 25	320 99
Brought forward time (appointment date to SIP 9 period start date)	2,750 08	924,639 65	
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	383 65	123,147 25	
Carry forward time (appointment date to SIP 9 period end date)	3,133 73	1,047,786 90	

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

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

www.kpmg.com

© 2017 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

For full details of our professional regulation please refer to 'Regulatory Information' at www.kpmg.com/uk

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are registered trademarks or trademarks of KPMG International Cooperative.

