

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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07/11/2019

#191

COMPANIES HOUSE

1 Company details

Company number 0 5 1 5 0 6 3 1

Company name in full Dalbury Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Adrian Peter

Surname Berry

3 Administrator's address

Building name/number 1 City Square

Street Leeds

Post town West Yorkshire

County/Region

Postcode L S 1 2 A L

Country

4 Administrator's name ^①

Full forename(s) Clare

Surname Boardman

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ^②

Building name/number 1 City Square

Street Leeds

Post town West Yorkshire

County/Region

Postcode L S 1 2 A L

Country

② Other administrator
Use this section to tell us about
another administrator.

AM10
Notice of administrator's progress report

6 Period of progress report

From date	^d 1	^d 0	^m 0	^m 4	^y 2	^y 0	^y 1	^y 9
To date	^d 0	^d 9	^m 1	^m 0	^y 2	^y 0	^y 1	^y 9

7 Progress report

I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X



X

Signature date

^d 0	^d 5	^m 1	^m 1	^y 2	^y 0	^y 1	^y 9
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Deloitte.

Dalbury Limited (in Administration) ("the Company")

Court Case No. 429 of 2019
The Business and Property Court in
Leeds, Company & Insolvency List
(ChD)

Company Number: 05150631

Registered Office: c/o Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ

Progress report to creditors for the period 10 April 2019 to 9 October 2019 pursuant to rules 18.2 to 18.6 inclusive of the Insolvency (England & Wales) Rules 2016 ("the Rules")






Adrian Peter Berry and Clare Boardman ("the Joint Administrators") were appointed Joint Administrators of Dalbury Limited on 10 April 2019 by Clydesdale Bank Plc ("the Secured Creditor"/"the Bank"). The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.

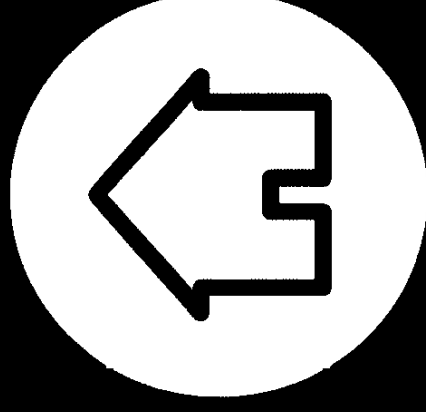
For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), ("the Act"), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

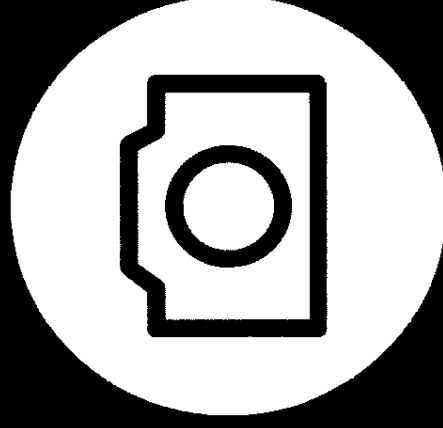
05 November 2019

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Key messages



Key messages

Joint Administrators of the Company

Adrian Peter Berry

Clare Boardman

Deloitte LLP

1 New City Square

Leeds

LS1 2AL

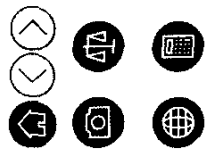
Contact details

Email: aabanks@deloitte.co.uk

Website: www.ips-docs.com

Login: DALB00D ~ Deloitte LLP

Tel: 0121 695 5827



Commentary

Purpose of administration

- The purpose of the administration is to achieve a better result for the Company's creditors as a whole than a liquidation.

Progress of administration

- The Company ceased to trade on 6 June 2019 following the sale of the herd and the end of milk production. Please see page 5 for further details.
- Funds of £162,200 were received from the sale of the herd.
- Funds totalling £100,163 were received from Arla in respect of an early capital settlement during the report period.
- A net total of c.£132k was received in respect of the sale of agricultural machinery owned by the Company.
- Our agents, Fisher German LLP, are preparing to market the freehold property at 32 Blencathra Drive, Derby ("Blencathra"), following vacant possession being obtained.
- We are considering offers to purchase the remaining assets of the Company including Blencathra, the agricultural machinery and the milking parlour equipment.
- The Company has a beneficial interest in East Learnmouth Farm for c.£2.4m, which forms part of John Laing's receivership estate and we have formally registered that interest.

Costs

- Our fees were fixed on a time costs basis by the Secured Creditor on 30 September 2019.
- Our time costs for the period of the report are £342,704. Please see page 13-14 for further details.
- We have incurred disbursements of £1,315 in the report period. Please see page 15 for further details.
- Third party costs and expenses of £12,306 in relation to legal fees and Agent's fees have been incurred in the report period. Please note that this not including any amounts show in the trading account. Please see page 6 for further details.

Outstanding matters

- Finalise all remaining trading matters and realise the remaining trading assets.
- Finalise the sale of the Derby property.
- Realise the beneficial interest in East Learnmouth Farm.
- Assess the likelihood of a distribution to the unsecured creditors outside of the Prescribed Part.
- Finalise all VAT and tax matters.
- Statutory closing procedures.

Dividend prospects

- The Secured Creditor will likely be paid in full.
- There are no preferential claims in the administration.
- It is likely that there will be a dividend of less than 10p in the £ to the unsecured creditors via the prescribed part, with further returns dependant on realisation of the remaining assets. See page 11 for further details.

Extension to administration period

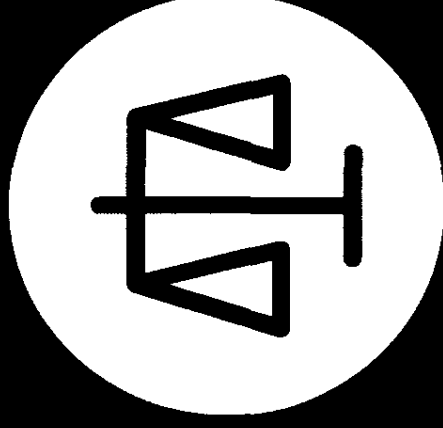
- If the sale of remaining assets is achieved in 2019, we do not anticipate that it will be necessary to extend the period of the administration which is due to end on or before 10 April 2020.



Progress of the administration

Summary 5

Receipts and payments 8



Progress of the administration Summary

Work done during the report period

Trading and asset sales

Immediately following our appointment, we initially continued to trade the Company. We secured the services of a contract farmer to provide specialist support and advice and instructed a vet to carry out an inspection of the herd to address any welfare issues.

There was a subsequent requirement for capital expenditure on the milking parlour and supporting infrastructure to resolve issues, and it was discovered that the insemination programme for the herd had been discontinued so a decision was made to terminate the dairy business and to sell the herd.

Trading sales of £77,191 have been achieved and the final trading outcome is expected to be a small loss of c.£300 for the administration estate.

A detailed trading account is provided on page 9.

Stock

The Company held 375 animals (a mixture of cows, heifers, calves etc.) at New Heaton Farm.

The milk contract in place for the herd with Arla realised £75,185 of trading receipts.

We received independent valuations of the herd from Harrison and Hetherington (a division of H&H Group Plc ("H&H")) and Border Livestock Exchange Ltd ("Border Livestock"). The Border Livestock valuation was supported by a fertility assessment and cross check of animals to passports. The final estimated value of the herd ranged between £120,000 and £180,000. Following the valuation, the herd was sold for a total of £162,200 on 29 May 2019 based on agents' recommendations.

Early Capital Repayment

We negotiated the early settlement of member capital with Arla at £100,163 which has been received. Initially we were advised that the capital repayment would be made over three years but we negotiated a favourable early payment settlement.

Machinery

As at the date of appointment the Company owned tangible assets including agricultural machinery, vehicles and other items.

Border Livestock was instructed to secure, value and advertise these assets ahead of a farm machinery auction.

On 14 June 2019 certain of the machinery was sold for a total of c.£132k plus VAT, net of amounts payable to John Laing's receivership estate, commission and incidental costs of sale. The remaining assets of c.£110k were retained to support the farming operations of John Laing and will be sold upon completion of John Laing's wider refinance transaction.

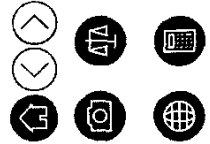
Freehold property

The Company owns one freehold property in Derby ("the Property"). We have instructed Fisher German LLP to value the property. The property is subject to an offer which is being considered.

During the period from 10 April 2019 to 21 September 2019 we received rent of £2,006 inclusive of any agent commissions and repair work carried out at the property. These funds were received during the report period. Vacant possession of the property was achieved on 22 September 2019.

The Company has a beneficial interest in East Learnmouth Farm to the value of c£2.4m. We have registered the Company's secured interest.

When realised, then it is likely to result in a dividend being available to the unsecured creditors other than way of the Prescribed Part. Further details will be provided in due course following the outcome of our investigations.



Progress of the administration Summary

Work done during the report period

Book debts

There is a potential claim against a former Joint Venture Partner which is currently being investigated. We have contacted Abigail Foreman of DAS Law, the legal representatives for NFU mutual, who are progressing the claim and we are liaising with John Laing to progress this matter.

Statutory tasks

During the period we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Case set-up and management actions, including updating the creditor portal for the case, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of the Proposals and this progress report;
- Appointment notifications, including notifying the relevant parties of the appointment;
- Confidential report to the Insolvency Service on the directors' conduct;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors.

Director Conduct Report

We have complied with our statutory duty to report on the conduct of the Company's director and submitted our confidential report to the Insolvency Service on 10 July 2019.

Investigations

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

Having completed this review no further avenues of recovery have been identified.

If you have any information that you feel should be brought to our attention, please contact us in writing using the contact details on the cover page.

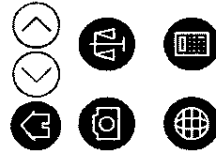
Third party costs incurred during the report period

The following third party expenses have been incurred during the report period:

- We instructed Gateley Plc, a firm of lawyers with the appropriate expertise and experience dealing with this type of administration, to advise on the following matters:
 - validity of appointment review;
 - review of charges and security held over any property owned by the Company;
 - preparation of sales contracts; and
 - general ad-hoc advice.

Gateley Plc estimate that their fee for assisting with the above matters will be c.£40,000 plus VAT. To date they have incurred a total of £25,835 in respect of their work. No costs have been billed to date as shown in the receipts and payments account on page 7.

T C Smith Solicitors LLP were instructed to assist with gathering and preparing all relevant property documents in relation to the Administration and John Laing receivership for the Solicitors review. A total of £500 plus VAT was paid in respect of their work.



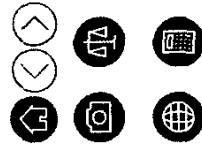
Progress of the administration Summary

Third party costs incurred during the report period (continued)

- JH Walter have been instructed to assist with carrying out a valuation of the Property. To date they have incurred a total of £1,000 plus VAT in respect of their work. This has been paid to JH Walter in full.
- Fisher German LLP have been also been instructed to assist with a valuation of the Property and marketing the Property for sale. To date they have estimated commission to be 1.5% plus VAT of the sales price or alternatively a flat disengagement fee of £1,000 plus VAT.
- Border Livestock have been instructed to assist with valuing, selling and marketing both the dairy herd and the machinery and non property assets. To date they have incurred costs of £7,688 plus VAT. This has been paid to Border Livestock in full during the report period.
- H&H were instructed to view and value the herd. During the report period they were paid £840 plus VAT for their work.
- Trading costs of £74,625 were incurred during the report period. Please see page 9 for further details.

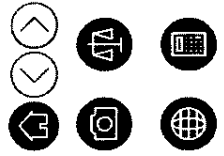
All costs have been paid, as shown in the receipts and payments account on page 8.

All professional costs are reviewed and analysed in detail before payment is approved.



Progress of the administration

Receipts and payments



Joint Administrators' receipts and payments account 10 April 2019 to 9 October 2019

	SoA values	Notes To date
Receipts		
Trading Surplus	B	2,566
Admin Funding	A	25,000
Arla Capital Payment		100,163
Plant & Machinery		455,755
Sundry Refunds		2,368
Sale of Cattle		162,200
Bank Interest Gross	A	345
Total receipts		748,397

Payments		
Machinery Funds to John Laing		323,462
Sale of Cattle - Refund Paid		925
Legal Fees		500
Agents' Fees		11,706
Irrecoverable VAT	C	923
Statutory Advertising		87
Bank Charges		21
Total payments		337,624

Balance 410,773

Made up of:		
Floating Chge Deposit A/c	A	488,463
Trade Creditors	D	(3,965)
VAT Payable	C	(19,550)
Funds due to John Laing	E	(54,175)
Balance in hand		410,773

A receipts and payments account together with a separate trading account is provided opposite and on the next page, detailing the transactions during the report period.

Notes to receipts and payments account

Note A - All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HM Revenue & Customs.

Note B - A trading account has been prepared to reflect the trading sales and payments made to date. An overall net loss trading position is expected.

Note C - All sums are shown net of VAT, which is recoverable and will be accounted for to HM Revenue & Customs in due course. £923 of VAT is irrecoverable as it relates to invoices raised prior to our appointment, for which we can not claim the VAT.

Note D - Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

Note E - Following a reconciliation of the Plant and Machinery sale proceeds, a further £54,175 is due to be paid to John Laing's receivership estate.

Note F - Within costs of sales is a ransom payment made to a creditor for a critical supply.

Statement of Affairs

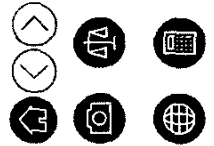
No statement of affairs was provided for the Company, accordingly we are unable to provide comparative figures based on estimated to realise values.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

Progress of the administration

Receipts and payments



Joint Administrators' trading account 10 April 2019 to 9 October 2019

£	Notes	To date
Receipts		
Milk sales		75,185
Rent Receipts		2,006
Total receipts		77,191

Notes to trading account

The trading account shown in the column opposite has been prepared on an accruals basis. We anticipate that, on completion of trading, once outstanding sales receipts have been collected and trading costs settled, that there will be a trading deficit of c.£300.

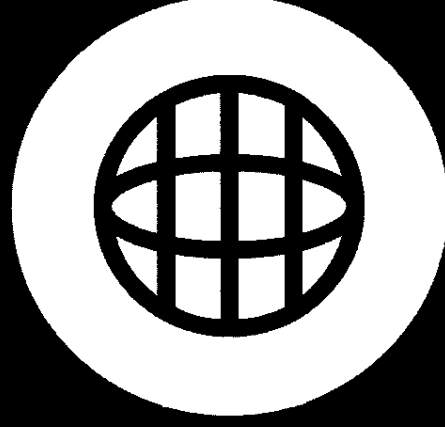
	F
Payments	
Cost Of Sales	18,344
Sub Contractors	4,320
Direct Labour	14,041
Direct Expenses	8,370
Indirect Labour	11,894
Telephone	768
Insurance	7,220
Professional Fees	530
Hire of Equipment	1,120
Repairs & Maintenance	350
Vet fees	3,404
Agents/Valuers fees	1,840
Repairs and Maintenance	2,425
Total payments	74,625
Trading surplus	2,566



Information for creditors

Outcome

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Information for creditors

Outcome

Outcome for creditors

Secured Creditor

The Secured Creditor, Clydesdale Bank Plc, was owed c.£13.2m at the date of our appointment.

These amounts are secured by way of fixed and floating charges granted by the Company on 22 August 2011.

We expect there will be sufficient asset realisations to repay the Secured Creditor in full from the administration estate.

Preferential creditors

Preferential claims consist of amounts owed to employees for arrears of wages/salaries, holiday pay, and pension contributions.

There are no preferential creditors in the administration as the sole employee's arrears have been paid as part of our trading account.

Prescribed Part

As detailed in the Proposals, we anticipate that there will be a prescribed part fund available for distribution to unsecured creditors. On present information the expected dividend will be less than 10p in the £.

Please note that in accordance with Rule 3.50 the costs associated with the prescribed part (which would chiefly comprise our costs incurred in adjudicating and processing claims) must be paid out of the prescribed part fund.

Unsecured creditors

Initial information from the Company identified 73 creditors are owed in the region of £152k.

We were subsequently notified by John Laing's advisors that he has an estimated unsecured claim of c.£1.9m in the administration, which we are currently reviewing.

To date claims totalling c.£2.0m have been received from 8 creditors.

A distribution is estimated to the unsecured creditors (via the prescribed part referred to above).

Further distributions to the unsecured creditors are dependant on realisations.

Claims process

Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Company's books and records, is £1,000 or less.

Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of claim to us.

Creditors with debts of more than £1,000

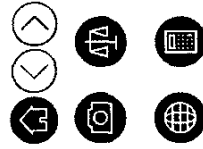
Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at www.ips-docs.com or by downloading and completing a proof of debt form from the case website and which should be sent to the address on the cover page. Alternatively, a hard copy proof of debt form will be provided free of charge on request.

Extensions to the administration

We do not anticipate that it will be necessary to extend the period of the administration, which is due to end on or before 10 April 2020.

Exit

As detailed in our Proposals, we consider that dissolution to be the most appropriate exit route from administration.

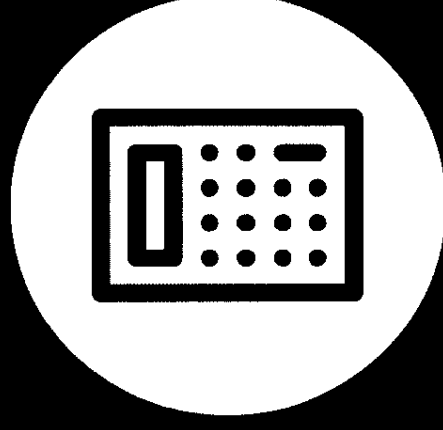




Remuneration and expenses

Joint Administrators' remuneration

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Remuneration and expenses

Joint Administrators' remuneration

Joint Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.ips-docs.com.

Should you require a paper copy, please send your request in writing to us at the address on the cover page and this will be provided to you at no cost.

Basis of remuneration

The basis of our remuneration was fixed by the Secured Creditor on 30 September 2019 by reference to the time properly given by the Joint Administrators and their staff, plus VAT thereon.

Fees drawn to date

During the period of this report no fees have been drawn in respect of the Joint Administrators' remuneration.

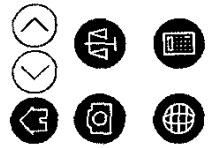
Please refer to page 14 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report and also summarised here:

Our total time costs to 9 October 2019 are £342,704 made up of 586.50 hours at a blended charge out rate of £584 per hour across all grades of staff.

Our actual time costs are thus higher than we anticipated, and for the reasons set out below:

- Lengthy and complex negotiations with suppliers to enable trading to continue required more senior input than initially provided for.
- Additional cashiering tasks have been carried out in relation to returning funds to the Purchaser and processing the licences to occupy.
- Costs in relation to monitoring trading have exceeded our initial estimates, due to higher than expected trading activity and the need to manage and pay suppliers, in order to continue with operations of the business.
- Additional work was required in relation to the recovery of assets and property related matters.

Although our actual time costs to date are higher than we anticipated, we do not intend to draw fees in excess of our Fee Estimate.



Fees Estimate and Joint Administrators' time costs for the period of the report

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity	Anticipated Time and Costs per Fees Estimate			Actual Time and Costs for Report Period		
	Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)
Administrative activities	Cashiering	30.0	590	17,700	76.1	28,528
	Case supervision	35.6	587	20,896	58.1	43,807
	Case review s	8.4	483	4,056	0.5	175
	Case closure matters	8.5	522	4,435	-	-
Statutory & compliance	Compliance & FS diary	12.0	642	7,704	8.1	4,361
	Insurance	11.5	598	6,890	8.4	5,466
	General reporting	61.6	533	32,840	52.6	35,210
	Regulatory & other legislation	3.0	510	1,530	6.0	4,500
	Court applications	10.5	742	7,788	-	-
Initial actions	Appointment matters	7.2	465	3,348	12.5	5,678
	Securing assets	7.2	697	5,018	-	-
	Notifications	22.2	524	11,628	6.6	3,069
Investigations	CDDA reporting	11.5	610	7,015	3.1	2,069
	Investigations	11.5	680	7,825	3.4	2,940
Total of above categories	240.7	576	138,673	235.3	577	135,800
Taxation	Tax	18.7	707	13,227	48.0	30,252
	VAT	17.5	419	7,333	5.1	2,585
Asset realisations	Third party assets	-	-	-	17.9	6,448
	Book debts	3.0	643	1,930	-	-
	Chattel assets	-	-	-	2.3	1,725
	Other assets	5.0	773	3,865	55.8	36,436
	Property	12.5	598	7,440	15.7	8,135
	Sale of business	-	-	-	8.8	7,900
	Antecedent transactions	-	-	-	0.5	350
Trading	Day 1 control of trading	38.5	740	28,505	39.9	30,505
	Ongoing trading	73.0	572	41,750	51.9	49,129
	Monitoring trading	38.0	607	23,060	28.7	14,788
	Closure of trade	7.0	624	4,370	6.6	4,510
Employees	Consultation	-	-	-	1.1	465
	Correspondence	0.4	465	186	2.0	930
	Pensions	0.5	465	233	-	-
Correspondence	Creditors	18.5	484	7,650	24.2	12,876
	Shareholders	0.1	465	47	-	-
Distributions	Secured creditors	2.8	773	2,166	-	-
	Total fees estimate	474.2	591	280,433	586.5	342,704
Distribution*	Prescribed Part	19.5	442	8,625	-	-



Remuneration and expenses

Detailed information

Category 1 Disbursements

These are payments made by us direct to third parties and for which no approval is required.

Category 2 Disbursements

These are costs and expenses initially paid by us and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs.

Joint Administrators' Disbursements

Details of all disbursements are given below and from which it can be seen that we have not recovered our disbursements to date.

Category 2 Disbursements

Specific approval is required before these costs and expenses can be drawn from the administration estate and was given by the Secured Creditor on 30 September 2019.

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred.

Category 1 disbursements

£ (net)	Estimated	Incurred in report period	Unpaid
Travel	200	406	406
Accommodation	700	425	425
Subsistence	238	64	64
Telephone	20	-	-
Postage/Couries	100	-	-
Specific Penalty Bond	230	230	230
Total disbursements	1,488	1,125	1,125

Category 2 disbursements

£ (net)	Estimated	Incurred in report period	Unpaid
Mileage	590	190	190
Total disbursements	590	190	190

Creditors' right to request information

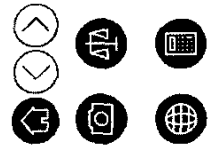
Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

Creditors' right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.



Deloitte.

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Notice of administrator's progress report

Presenter information

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

Contact name	Aaron Banks
Company name	Deloitte LLP
Address	1 City Square Leeds
Post town	West Yorkshire
County/Region	
Postcode	L S 1 2 A L
Country	
DX	
Telephone	+44 121 632 6000

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- The company name and number match the information held on the public Register.
- You have attached the required documents.
- You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse