

The Insolvency Act 1986

Administrator's progress report

2.24B

Name of Company Saville Tractors Limited	Company number 00376443
In the High Court of Justice, Chancery Division, Companies Court [full name of court]	Court case number 6561 of 2006

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

We (a) C K Rayment and S Bannon of BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

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

(b) Insert date

From

to

(b)
14 September 2006

(b)
13 March 2007

Signed

Joint Administrator

Dated

12/4/07

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.

BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham,	
B3 3SD,	
Our Ref SAV001/SR/ADM933/A6	Tel 0121 352 6200
DX Number	DX Exchange

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

SATURDAY



A07 14/04/2007 255
COMPANIES HOUSE



BDO Stoy Hayward LLP
Chartered Accountants

125 Colmore Row
Birmingham B3 3SD
Telephone +44 (0)121 352 6200
Facsimile +44 (0)121 352 6444
Web site www.bdo.co.uk

12 April 2007

Our Ref 012576/SPM/ADM931 -
Report/A6

Please ask for
S P Massey
0121 352 6401

TO ALL CREDITORS

Dear Sirs

Saville Tractors Limited - In Administration

It is now six months since my appointment in respect of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986 I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

1 Statutory Information

- The Joint Administrators are C K Rayment and S Bannon of BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD and they were appointed in respect of the above company on 14 September 2006. Under the provisions of Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

The Administrators were appointed by the directors of the company, pursuant to Paragraph 12 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division and the court case number is 6561 of 2006.

The Company's registered office is situated at c/o BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD and the registered number is 00376443.

I enclose, for your information, a summary of my receipts and payments showing a balance in hand of £426,941, covering the six month period from 14 September 2006 to 13 March 2007, and report as follows.

012576/SPM/ADM931 - Report
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2 Receipts

The receipts shown are largely self-explanatory, although I would comment specifically on stock realisations, book debts and cash at bank

As shown on the Receipts and Payments Account there are different classifications for the stock held by the company. Following instructions to my agents, the stock of vehicles from the Ssangyong motor dealership were sold for £37,500. Unencumbered dealership stock has realised £5,000. The Company also had significant quantities of plant and machinery in stock which my agents sold by tender sale on 6 October 2006, realising £408,802. There is one remaining item which has yet to be sold and it is anticipated that a further £3,500 will be received.

The remaining stocks comprised spare parts and accessories. Whilst there were numerous Retention of Title claims, the unencumbered spares were sold by my agents realising £137,236.

Therefore, the realisation of the different types of stock totalled £583,538. In my proposals, I estimated that the stock realisations could total £452,500 so the actual realisations have significantly exceeded that estimate.

In my proposals I referred to the fact that the book debts were assigned to HSBC Invoice Finance (UK) Limited ("HSBC IF") and stated that there may be a small shortfall. However, book debt realisations have exceeded expectations and HSBC IF have been repaid in full and, as at 13 March 2007, a surplus of £49,887 has been received. HSBC IF are continuing to deal with those matters where they have instructed solicitors but the remainder of the ledger was returned to the company. Solicitors were instructed to pursue the remaining debts just prior to the six month anniversary. It is anticipated that further returns will be minimal.

At the date of the Administration, HSBC Bank plc were holding funds pending credit card recharges and the possibility of a shortfall to HSBC IF. I anticipate that these issues will be resolved shortly and that £160,894 will be received from HSBC Bank plc.

The only other remaining issue relates to the intercompany debts. As previously reported, intercompany debts in excess of £300,000 were shown in the Company's records, but there were instances of financial irregularities and any return was unknown due to the insolvencies of Thornycroft (1862) Limited and Tana (UK) Limited. The Administrators of Tana (UK) Limited have estimated that, on current information, a distribution of around £18,000 may be made, although the timing is uncertain. The position regarding Thornycroft (1862) Limited is still under review as this company is also shown as a creditor. Due to the financial irregularities within the group, ascertaining whether there are funds due to or from Thornycroft (1862) Limited has proved to be a complex exercise and is ongoing.

3 Trading

As previously stated in my proposals, minimal trading took place to complete sales in progress

4 Future of the Administration

The statutory purpose of an Administration consists of three objectives, and I now address the progress that has been made in this respect:

- (a) The first objective is the rescuing of the company as a going concern. As stated in my previous report to creditors, this was not possible in view of the financial difficulties within the group and the withdrawal of support by the key supplier
- (b) With regard to the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in Administration), this had been my original intention as detailed in my proposals. The Administration meant that the different sites could be retained to enable the tender sales by the agents, whilst protecting the assets from distraint. Employees were retained to assist with stock takes and Retention of Title procedures initially and also to utilise contacts within the industry to assist with the sale of the spare parts and accessories
- (c) The final objective is realising property in order to make a distribution to one or more secured or preferential creditors. This option was not applicable in this case

Once asset realisations have been finalised it will be possible to conclude the Administration. The timescale may be dependent upon the book debt position and I am currently awaiting details of the likely realisations from solicitors. As previously agreed by creditors, the Joint Administrators are authorised to exit the Administration either by the dissolution of the company or by way of a Creditors' Voluntary Liquidation. Based upon current information, I anticipate that the appropriate exit route will be a Creditors' Voluntary Liquidation. A modification to my proposals stipulated that S Bannon, R Hill and I will be appointed Joint Liquidators

5 Prospects for Creditors

- **Prescribed Part**

Under Section 176A of the Insolvency Act 1986 where after 15 September 2003 company has granted to a creditor a floating charge a proportion of the net property

of the company must be made available purely for the unsecured creditors. The company has not granted a floating charge to any creditor after the 15 September 2003 and consequently there will be no prescribed part in this Administration.

- **Secured Creditors**

As previously stated, HSBC IF have been repaid in full and I am expecting receipt of funds from HSBC Bank plc in the near future.

- **Preferential Creditors**

A preferential claim of approximately £28,500 has been received from the Redundancy Payments Office and I anticipate that some of the former employees will have residual claims in addition to this. These have yet to be agreed but I estimate that there could be further claims in the region of £16,250.

It is anticipated that preferential creditors will be paid in full once the residual claims have been agreed.

- **Unsecured Creditors**

To date claims of approximately £1.6 million have been received from unsecured creditors. Whilst I anticipate that there will be sufficient funds to enable a distribution, I am unable to advise on the timing or quantum until the remaining asset realisations have been finalised, preferential claims agreed and all costs have been paid.

6 Administrators' Remuneration

The creditors have already approved the Administrators' remuneration on a time costs basis and to date I have drawn £75,000 in respect of remuneration as shown on the attached Receipts and Payments Account, less than the time costs incurred at the date my proposals were reported. I attach a schedule which summarises the time costs accrued to date and indicates the work undertaken in that respect.

You will note that, to date, 1,220 hours have been spent working on the Administration at an average rate of £159.59 per hour, totalling £194,699. The costs are higher than anticipated as this was a multi-site company which involved staff from different offices. There are also increased investigation costs as I was aware of the financial irregularities within the group and I was obligated, as Joint Administrator, to make enquiries to ascertain whether there had been examples in this instance. It is anticipated that the time costs will not be recouped in their entirety.

I now request creditors' approval for a further £75,000 plus VAT and disbursements to be drawn in respect of my remuneration. Included within this report below is a resolution regarding the Joint Administrators' remuneration.

7 Disbursements

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. I therefore report that since my last report the sum of £1,411.83 has been drawn in respect of category 1 disbursements for mileage charges, parking and courier costs. There is a further £1,850.00 outstanding in respect of storage costs which will be drawn in due course.

Some administrators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements. The policy of BDO Stoy Hayward LLP is not to charge any category 2 disbursements.

However, there have been a number of disbursements incurred by this firm's forensics department across the Thornycroft group in investigating the financial irregularities. It has been recommended that these costs are split on a percentage basis across the group as it is not possible to allocate them individually. It is proposed that 5% of these costs are attributed to Saville Tractors Limited, and these total £3,427. As these disbursements have been apportioned to the case they will require the approval of creditors. A resolution regarding this is included below.

8 Proposed Resolutions

In accordance with Paragraph 58 of Schedule B1 of the Insolvency Act 1986, I intend to propose two resolutions by correspondence rather than by convening a meeting of creditors. Therefore, I enclose a Form 2.25B and I should be grateful if creditors would consider the following resolutions -

Resolution 1

that the Joint Administrators' remuneration totalling £75,000 plus VAT and disbursements be approved

Resolution 2

that the Joint Administrators' be authorised to draw category 2 disbursements in respect of forensic investigation disbursements totalling £3,427 plus VAT

I also attach details of the BDO Stoy Hayward LLP fee policy for your information

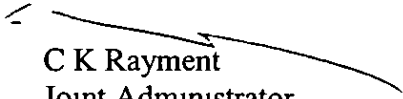
In accordance with Rule 2 48 of the Insolvency Rules 1986, in order for your vote to be counted you must complete and return the form by the specified deadline of 12 00 hours on 4 May 2007 and your form must be accompanied by details of your debt, in writing, should you not have previously provided the same

9 Pension Scheme

The company operated a defined contribution scheme (money purchase) for its employees. There has been some discrepancy in the identity of the trustee as trustees were proposed at the time that Thornycroft (1862) Limited took over the company. However, I have recently been advised that at the date of my appointment as Joint Administrator the company was the corporate trustee of the scheme and that there were no other trustees. Accordingly, on my appointment, the responsibility for the scheme passed to the Administrators. I would advise that my firm BDO Stoy Hayward LLP has an associated company which has experience and knowledge necessary to deal with the winding up of the scheme. I propose, therefore, to refer this matter to them to deal with the administration necessary to effect the winding up. I have agreed with them that they will do so at no cost to the Administration and/or Liquidation and hence their actions will have no benefit or costs to the creditors of the company. Any costs which are incurred will, subject to their agreement, be borne by the scheme members.

Should you have any queries regarding the content of this report, please do not hesitate to contact Stephen Massey at this office

Yours faithfully
for and on behalf of
Saville Tractors Limited



C K Rayment
Joint Administrator

Christopher Kim Rayment is authorised by The Institute of Chartered Accountants in England & Wales to act as an Insolvency Practitioner. The affairs, business and property of the company are being managed by the Joint Administrators. The Joint Administrators act as agents only and without personal liability.

Enc

**Saville Tractors Limited
(In Administration)**

**Summary of Joint Administrators' Abstract Of Receipts And Payments
For The Period From 14 September 2006 To 13 March 2007**

	£	£
FIXED CHARGE RECEIPTS & PAYMENTS		
Book debts	103,703	
HSBC Invoice Finance (UK) Limited	<u>-44,597</u>	
		59,106

FLOATING CHARGE RECEIPTS

Motor Vehicles	4,050	
Office Furniture & Equipment	970	
Vehicle Stock	37,500	
Stock - Plant & Machinery	408,802	
Stock - Spares	138,236	
Sales	4,102	
Domain Name	200	
Insurance refund	11,072	
Cash in Hand	1,115	
VAT payable	10,954	
Sundry Receipts	653	
Bank Interest gross	3,687	
Bank Interest net of tax	<u>55</u>	
		<u>621,396</u>
		<u>680,502</u>

RECEIPTS

FLOATING CHARGE PAYMENTS

Specific bond	528	
Joint Administrators' fees	75000	
Joint Administrators' disbursements	1412	
Agents' Fees	58586	
Payroll Services	1950	
Corporation tax	974	
Repairs	6100	
Telephone and Utilities	2391	
Photocopying, Postage and Stationery	831	
Pension Contributions	5164	
Lease/HP Payments	2537	
Re-Direction of mail	279	
Statutory advertising	718	
Rents payable	6482	
Security	14827	
Wages & Salaries	48485	
PAYE & NIC	24831	
Bank charges	106	
Sundry expenses	<u>2360</u>	
		<u>253,561</u>

BALANCE

426,941

MADE UP AS FOLLOWS

Current Account	11,228	
Deposit Account	5,273	
Money Market	410,304	
Client Account	<u>136</u>	
	<u>426,941</u>	

NOTES

- 1 The company is registered for VAT and the above receipts and payments are shown net of VAT

BDO Stoy Hayward LLP
125 Colmore Row
Birmingham
B3 3SD

C K Rayment
Joint Administrator

Saville Tractors Limited - In Administration

Summary of Time Charged and Rates Applicable for the Period From 14/09/2006 to 13/03/2007

Description	PARTNER		SENIOR MANAGER		MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	AVERAGE RATE
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £		
Steps on Appointment	6.00	2,160.00	-	-	34.75	7,746.75	17.00	2,601.00	66.80	7,094.70	-	-	124.55	157.39
Planning and Strategy	-	-	-	-	1.00	232.00	3.50	535.50	0.70	74.20	-	-	5.20	161.87
General Administration	25.50	9,306.50	-	-	25.75	5,865.50	28.30	4,405.15	74.25	9,257.60	91.55	13,103.10	245.35	41,942.85
Assets Realisation/Dealing	13.00	4,696.50	-	-	85.75	19,071.50	177.95	27,403.85	65.25	8,118.60	-	-	341.95	59,240.45
Trading Related Matters	-	-	-	-	2.50	562.50	-	-	66.25	7,870.60	-	-	68.75	8,433.10
Employee Matters	-	-	-	-	2.00	500.50	26.10	4,030.80	99.50	12,450.00	-	-	127.60	16,981.30
Creditor Claims	-	-	-	-	4.75	1,132.25	19.65	3,034.95	63.05	7,785.35	-	-	87.45	11,952.55
Reporting	7.50	2,722.00	-	-	17.50	3,942.75	-	-	3.50	439.00	-	-	28.50	7,103.75
Investigations	28.20	4,231.75	72.80	11,223.00	20.50	3,066.25	18.85	2,825.62	48.50	7,254.50	-	-	190.65	28,601.00
	80.20	23,116.75	72.80	11,223.00	194.50	42,070.00	291.35	44,336.87	487.80	60,344.55	91.55	13,103.10	1,220.00	194,699.15

Less Amounts already invoiced

75,000.00

Current Timecosts

119,699.15

Notice of conduct of business by correspondence

Name of Company Saville Tractors Limited	Company number 00376443
In the High Court of Justice, Chancery Division [full name of court]	Court case number 6561 of 2006

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

Notice is hereby given by (a) C K Rayment and S Bannon of BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

(b) Insert full name and address of registered office of company

having been appointed administrator(s) of (b) Saville Tractors Limited whose registered office is situated at c/o BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

(c) Insert number of resolutions enclosed

that, pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986, enclosed are (c) 2 resolutions for your consideration. Please indicate below whether you are in favour or against each resolution.

(d) Insert address to which form is to be delivered

This form must be received at (d) BDO Stoy Hayward LLP, 125 Colmore Row, Birmingham, B3 3SD

(e) Insert closing date

by 12 00 hours on (e) 4 May 2007 in order to be counted. It must be accompanied by details in writing of your claim. Failure to do so will lead to your vote(s) being disregarded.

Repeat as necessary for the number of resolutions attached

Resolution (1)

I am *in Favour / Against

Resolution (2)

I am *in Favour / Against

TO BE COMPLETED BY THE CREDITOR WHEN RETURNING FORM

Name of
Creditor

Signature of
Creditor

(If you are signing on behalf of creditor, state capacity e.g. director/solicitor etc)

If you require any further details or clarification prior to returning your votes, please contact me / us at the address above

Signed

[Signature]
Joint/administrator(s)

Dated

12/4/07

**Saville Tractors Limited
- In Administration -**

Proposed Resolutions for Creditors

Resolution 1

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Resolution 2

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