

The Insolvency Act 1986

**Administrator's progress report**

Name of Company Macob (Southern) Limited	Company number 02719531
In the High Court of Justice, Chancery Division, Companies Court <small>(full name of court)</small>	Court case number 1659 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) 4 March 2014

(b) 3 September 2014

Signed

Joint / Administrator(s)

Dated

1/10/14

**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.

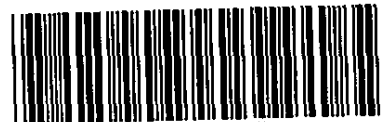
Begbies Traynor (Central) LLP	
3rd Floor, Temple Point, 1 Temple Row, Birmingham B2 5LG	
Fax Number 0121 200 8160	Tel Number 0121 200 8150
	DX Number

Companies House receipt date barcode

When you have completed and signed this form please send to:

Companies House, Crown Way, Cardiff, CF14 3UZ

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03/10/2014

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COMPANIES HOUSE

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 (Southern) Limited (In  
Administration)**

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Progress report pursuant to Rule 2.47 of the  
Insolvency Rules 1986

Period: 4 March 2014 to 3 September 2014

### **Important Notice**

This progress report has been produced to comply with our 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 (Southern) 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" and "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 Insolvency Act 1986

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## 2. COMPANY INFORMATION

Trading name(s)	Not applicable
Date of Incorporation	2 June 1992
Company registered number	02719531
Company registered office	Temple Point, 1 Temple Row, Birmingham, B2 5LG

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Date of administrators' appointment	4 March 2014
Date of administrators' resignation	Not applicable
Court	High Court of Justice, Chancery Division, Companies Court
Court Case Number	1659 of 2014
Person(s) making appointment / application	The directors
Acts of the administrators	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.

## 4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 4 March 2014 to 3 September 2014.

### RECEIPTS

#### Contracts Debts & Retentions

At the date of appointment the book value of the Company's contract debts and retentions totalled £1,136,119. The estimated to realise value in the directors' estimated statement of affairs detailed the value to be 'uncertain' in order to protect the commercial interests of the Company. We instructed specialist quantity surveyors Leslie Keats to assess the debts and assist with the collection process. To date we have recovered £11,825.

#### VAT Refund

At the date of appointment a VAT refund of £54,715.46 was due to the Company. H M Revenue & Customs applied set off against pre appointment CIS tax owed to them and the net balance of £49,987.34 was duly received.

#### Office Equipment & Computers

One of the Company's employees purchased their phone and computer from the joint administrators for the sum of £40

#### Bank Interest

Bank interest totalling £1 22 has been applied to the joint administrators' post appointment bank account

### **PAYMENTS**

#### Other Professionals

The sum of £800 plus VAT was paid to 'Groundwork & Civils Support' for their assistance with completion of the valuations for various contracts. These are now being pursued as outstanding debts.

#### Stationery & Postage

The sum of £120 was paid to the Royal Mail for a postal redirection from the Company's trading premises in Chichester.

#### Transfer to Macob Administration Limited ("Administration")

We retained a small number of staff to assist with bringing the Company's accounts up-to-date, collecting book debts and co-ordinating the recovery of other assets. A payment of £6,750 relates to the cross charge of the gross payroll from this Company to Macob Administration Limited (In Administration) ("Administration").

#### Storage Costs

The sum of £885 30 plus VAT was paid to L & R Storage for the collection and storage of the books and records previously held at the Company's premises in Chichester.

#### Statutory Advertising

The sum of £338 40 was paid to Courts Advertising for advertising the administration of the eight group companies together with the administrators' appointments. Some of this cost will be reallocated to the appropriate group companies in due course.

#### Bank Charges

The sum of £25 was debited from the joint administrators' post appointment bank account as bank charges.

## **5. ESTIMATED OUTCOME FOR CREDITORS**

Details of the sums owed to each class of the Company's creditors were provided in our statement of proposals.

### **Secured creditor**

The Company had granted a fixed and floating charge debenture to Barclays Bank Plc ("Barclays") on 10 July 1992. The Company was part of a wider group and cross guarantees were in place in favour of Barclays. The overall group debt to Barclays at the date of appointment totalled £7,118,357 (before interest and charges) which comprises a loan and overdraft facilities. There was also a further loan of £2,100,000 that was guaranteed across the Group.

An interim distribution of £10,000 was paid to Barclays on 31 July 2014. On present information there will be a further distribution to Barclays although the quantum and timing is uncertain.

### **Preferential creditors**

At the date of appointment the Company did not have any employees. We have recently received a preferential claim from the Redundancy Payments Office ("RPO") totalling £21,982 79. This relates to thirty two employees.

This claim has not yet been reviewed in detail and/or agreed. As indicated above, at the time of our appointment we did not anticipate any claims from employees of this Company because it was understood that all employee claims would be made against Administration. The status of these claims needs to be investigated and reviewed in detail.

Subject to the above, based upon present information there may be a dividend to preferential creditors although the quantum and timing is uncertain.

#### **Unsecured creditors**

Claims of unsecured creditors were estimated at £1,450,670 which includes £685,432.33 of inter-company creditors.

On the basis of realisations to date there will be no return available for the unsecured creditors.

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

Section 176A of the Act provides that, where the company has created a floating charge on or after 15 September 2003, the administrator must make a prescribed part of the Company's net property available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured debts. Net property means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The prescribed part of the Company's net property is calculated by reference to a sliding scale as follows:

- ☐ 50% of the first £10,000 of net property,
- ☐ 20% of net property thereafter,
- ☐ Up to a maximum amount to be made available of £600,000.

An administrator will not be required to set aside the prescribed part of net property if

- ☐ the net property is less than £10,000 and the administrator thinks that the cost of distributing the prescribed part would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ the administrator applies to the court for an order on the grounds that the cost of distributing the prescribed part would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

To the best of our knowledge and belief, there are no unsatisfied floating charges created or registered on or after 15 September 2003 and, consequently, there is no net property as defined in Section 176A(6) of the Act and, therefore, no prescribed part of net property is available for distribution to the unsecured creditors.

## **6 PRE-ADMINISTRATION COSTS**

We have decided not to seek approval of the pre-administration costs that were unpaid at the date of our appointment in the total sum of £151.50 plus VAT.

## **7 REMUNERATION & DISBURSEMENTS**

Our remuneration has been fixed by the secured creditor on 16 June 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

Our time costs for the period from 4 March 2014 to 3 September 2014 amount to £44,359 which represents 153 60 hours at an average rate of £288 79 per hour

The following further information in relation to our time costs and disbursements is set out at Appendix 2

- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 4 March 2014 to 3 September 2014
- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates

To 3 September 2014, we have drawn the total sum of £10,000 on account of our remuneration, against total time costs of £44,359 incurred since the date of our appointment

To 3 September 2014, we have also drawn disbursements in the sum of £292 32

We will be seeking the consent of any preferential creditors for future fees and disbursements, subject to clarification that there are preferential claims against the Company

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 £135 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

## 8. ADMINISTRATORS' EXPENSES

A statement of the expenses incurred during the period of this progress report is attached at Appendix 3

## 9. ASSETS THAT REMAIN TO BE REALISED

Any return from the inter company debtors remain uncertain as it is dependant upon realisations from the other group companies

There are still a number of contract debtors that remain unpaid Discussions remain ongoing in respect of settlement of these final accounts

## 10. 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



### **Investigations completed**

As explained in our Statement of Proposals, we have undertaken an initial assessment of the manner in which the business was conducted prior to the administration of the Company and potential recoveries for the estate in this respect

### **Connected party transactions**

As far as we are aware there have been no connected party transactions

### **Proposed exit route from administration**

It remains uncertain as to the most appropriate method of exit. It will largely depend upon the final recoveries from the contract debtors and also the outcome of the inter company debtors

## **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 as set out in this progress report are excessive or, the basis fixed for our remuneration is inappropriate

## **12. CONCLUSION**

Finally, we are seeking the consent of the secured (and preferential) creditors to our future discharge as administrators by a resolution passed pursuant to Paragraph 98 of Schedule B1 to the Act. We seek the date of our discharge to coincide with the date on which our appointment as administrators ultimately ceases to have effect

We will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner



**Nigel Price**  
Joint Administrator

Dated 1 October 2014

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# ACCOUNT OF RECEIPTS AND PAYMENTS

Period. 4 March 2014 to 3 September 2014

**Macob (Southern) Limited**  
**(In Administration)**  
**Joint Administrators' Abstract of Receipts & Payments**  
**To 03/09/2014**

S of A £		£	£
	<b>ASSET REALISATIONS</b>		
	Office Equipment & Computers	40 00	
Uncertain	Contracts Debts & Retentions	11,825 00	
54,715 46	VAT Refund	49,987 34	
	Bank Interest Gross	1 22	
NIL	Debtor Macob Property Holdings Limit	NIL	
			61,853 56
	<b>COST OF REALISATIONS</b>		
	Office Holders Fees	10,000 00	
	Office Holders Expenses	292 32	
	Other Professionals	800 00	
	Stationery & Postage	120 00	
	Transfer to Macob Administration Limit	6,750 00	
	Storage Costs	885 30	
	Statutory Advertising	338 40	
	Bank Charges	25 00	
			(19,211 02)
	<b>FLOATING CHARGE CREDITORS</b>		
	Distribution to Floating Charge Creditor	10,000 00	
(7,018,357 02)	Barclays Bank Plc	NIL	
			(10,000 00)
	<b>UNSECURED CREDITORS</b>		
(613,917 06)	Trade Creditors	NIL	
(140,122 00)	Subcontractors	NIL	
(6,571 00)	Subcontractors Retentions	NIL	
(4,628 00)	CIS tax	NIL	
(10,193 24)	Macob Limited	NIL	
(78,737 70)	Macob Developments Limited	NIL	
(596,501 39)	Macob Administration Limited	NIL	
			NIL
	<b>DISTRIBUTIONS</b>		
(200,002 00)	Ordinary Shareholders	NIL	
			NIL
(8,614,313 95)			32,642.54
	<b>REPRESENTED BY</b>		
	Bank 1 Current		30,407 02
	Vat Control Account		2,235 52
			32,642.54

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## 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, and
- d Table of time spent and charge-out value for the period from 4 March 2014 to 3 September 2014

## **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 and also where payments are to be made to outside parties in which the office holder or his firm or any associate has an interest. Best practice guidance<sup>2</sup> requires 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 usually 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 incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(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 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,

- *Expenses which should be treated as Category 2 disbursements (approval required)* – in addition to the 2 categories referred to above, best practice guidance indicates that where payments are made to outside parties in which the office holder or his firm or any associate has an interest these should be treated as Category 2 disbursements

(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 1 May 2011 – until further notice 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 (Southern) 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 had carried out ground works on sites across the South of England for residential developers and contractors. It ceased to trade shortly before our appointment.

#### 1.3 Exceptional responsibilities

None

#### 1.4 The office holders' effectiveness

The retained staff brought the financial and accounting records up-to-date which included the contract debtors and retentions. Professional quantity surveyors, Leslie Keats have assisted with the realisation of the contract debtors.

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

The sum of £11,825 has been realised from contract debtors and retentions.

A Pre-appointment VAT refund has realised the sum of £49,987.34

#### 1.6 Anticipated return to creditors

An interim distribution of £10,000 was paid to the floating chargeholder, Barclays Bank Plc ("Barclays") on 31 July 2014. Based on present information there will be a further distribution to Barclays although the quantum and timing is uncertain.

The position for preferential creditors remain uncertain and it is unlikely there will be a dividend available for unsecured creditors.

#### 1.7 Time costs analysis

An analysis of time costs incurred between 4 March 2014 and 3 September 2014 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**

Any queries from creditors have been dealt with in a timely manner

**1 9 Approval of fees**

We have so far obtained the consent of the secured creditor for our fees

We will seek the consent of the preferential creditors as appropriate

**1 10 Approval of Expenses and Disbursements**

We have so far obtained the consent of the secured creditor for our expenses and disbursements

We will seek the consent of the preferential creditors as appropriate

**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

Other amounts paid or payable to the office holder's firm	
Type and purpose	Amount £
Mileage – To and from Chichester	135 50
TOTAL	135 50

**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 cost basis

Leslie Keats were instructed to assist with the contract debtor and retention collection exercise Their fee will be based on a time cost basis as well as an initial set up fee

**2 EXPLANATION OF OFFICE HOLDERS' CHARGING AND DISBURSEMENT RECOVERY POLICIES**

2 1 Begbies Traynor (Central) LLP's policy for charging fees and expenses incurred by office holders is attached at Appendix 2

2 2 The rates charged by the various grades of staff who may work on a case are attached at Appendix 2

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

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

- Dealing with creditor queries,
- Dealing with all statutory duties including preparation of the joint administrators' report and proposals,



- Reviewing correspondence from contract debtors,
- Liaising with Leslie Keats regarding contract debtor realisations,
- Carrying out investigations into the affairs of the Company and preparing the necessary reports,
- Producing update reports for the Bank

**Macob Southern Limited**

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## STATEMENT OF ADMINISTRATORS' EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Subsistence		33 48	33 48	Nil
Bordereau	AUA Insolvency Risk Services	18 00	18 00	Nil
Postage		105 84	105 84	Nil
Mileage		135 00	135 00	Nil