

The Insolvency Act 1986

Notice of result of meeting of creditors

2.23B

Name of Company Borderfields Limited	Company number 05598569
In the High Court of Justice Leeds District Registry	Court case number 147 of 2010

We, Robert Michael Young of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP and Steven John Currie of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP

Business of meeting conducted by correspondence pursuant to paragraph 58 of Schedule B1 to the Insolvency Act 1986 and Rule 2 48 of the Insolvency Rules 1986

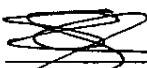
Closing date specified in Form 2 25B 6 April 2010 at which

1 Proposals were approved

5 Other resolutions

- (1) "That the joint administrators' remuneration be fixed by reference to the time properly given by the joint administrators (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the administration "
- (2) "That the joint administrators be authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), in accordance with their firm's policy, details of which accompanied *The Statement of Proposals of the Joint Administrators for Achieving the Purpose of the Administration pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2 33 of the Insolvency Rules 1986* "

A creditors' committee was not formed

Signed 
Joint Administrator

Dated 13 April 2010.

A copy of the original proposals is attached for those who did not receive such documents prior to the meeting

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	
The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP	
	Tel Number 01782 394 500
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COMPANIES HOUSE

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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

WEDNESDAY

Robert Michael Young and Steven John Currie were appointed joint administrators on 21 January 2010

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

Borderfields Limited (In Administration)

Statement of proposals of the joint administrators for achieving the purpose of the administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.33 of the Insolvency Rules 1986

The joint administrators' statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. 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"	Borderfields Limited (In Administration)
"the administration"	The appointment of administrators under Schedule B1 of the Insolvency Act 1986 on 21 January 2010
"the joint administrators"	Robert Michael Young of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP and Steven John Currie of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986
"secured creditor" and "unsecured creditor"	<i>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(a), Insolvency Act 1986)</i>
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security 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(b), Insolvency Act 1986)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

2. STATUTORY INFORMATION

Name of Company	Borderfields Limited	
Date of Incorporation	20 October 2005	
Company registered number	05598569	
Company registered office	The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, Staffordshire, ST3 6HP	
Former registered office	The Press House, Station Road, Belford, Northumberland, NE70 7DT	
Trading address	The Press House, Station Road, Belford, Northumberland, NE70 7DT	
Principal business activities	Manufacturers of food products	
Directors and details of shares held in Company	Name	Shareholding
	Richard Risdon Palmer	406 Ordinary Shares
Auditors	The Hutchinson Partnership, Hereford	
Share capital	1,603 ordinary shares at £1 each	
Shareholders	R Palmer F W Armstrong C Baker-Cresswell B Baker-Cresswell POR Bndgeman and Co P Bndgeman S Bndgeman S Busby & Co A R Busby J McGregor A Odd D Pardoe R C Pardoe T Pardoe P A Robson AG and WR Wailes-Fairbairn A Stevenson CMI Limited J Cresswell JG & RE Hutchinson J I Hutchinson J Jeffreys J Jeffreys C McGregor	

3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of joint administrators	Robert Michael Young, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP and Steven John Currie, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP
Date of administrators' appointment	21 January 2010
Court	High Court of Justice Leeds District Registry
Court Case Number	147 of 2010
Person making appointment	The director of the Company
Acts of the joint administrators	The joint 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	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.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows

- "3 (1) The administrator of a company must perform his functions with the objective of
- (a) rescuing the company as a going concern, or
 - (b) 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), or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors
- (2) Subject to subparagraph (4), the administrator of a company must perform his functions in the interests of the company's creditors as a whole
- (3) The administrator must perform his functions with the objective specified in subparagraph (1)(a) unless he thinks either
- (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in subparagraph (1)(b) would achieve a better result for the company's creditors as a whole
- (4) The administrator may perform his functions with the objective specified in subparagraph (1)(c) only if

- (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in subparagraph (1)(a) and (b), and
- (b) he does not unnecessarily harm the interests of the creditors of the company as a whole "

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF ADMINISTRATORS

Borderfields Limited ("The Company") was incorporated on 20 October 2005 and traded from leasehold premises at The Press House, Station Road, Belford, Northumberland, NE70 7DT

The Company was originally established as a cooperative by various organisations, producing rapeseed throughout the year. Throughout the Company's trading period many of the original directors of the Company relinquished their positions as directors, however they have maintained their position as shareholders. Richard Palmer is now the sole director of the business.

The Company undertakes the extraction of oil from rapeseed through a process of cold pressing rapeseed, sedimentation and filtration. The oil is then decanted into various bottles which in turn are branded under the Company's brands of cold pressed rapeseed oils.

The Company is a supplier to a number of high street supermarket chains, and orders are received on daily or weekly basis. In addition, the Company also supplies into local butchers and delicatessens although this is on a much smaller scale than that supplied to the supermarket chains.

In June 2009 the Company began to experience financial difficulties as a consequence of the general downturn in the economy, resulting in severe cashflow problems, which meant that it was unable to pay its debts as and when they fell due.

This had a knock on effect to the Company creditors, who imposed pressure on the Company for payment, this in turn led to a winding up petition being presented against the Company in September 2009.

The Company was thereafter experiencing extreme cashflow pressure to maintain production at an adequate level to meet the demand of the supermarkets and it was at this point the director commenced discussions with Hammond Food UK Limited ("Hammond") who was providing some assistance to the Company in terms of pressing rapeseed oil.

Hammond undertook a due diligence exercise and it was after this that it became apparent that Hammond would not takeover the Company as it stood due to the amount of outstanding liabilities in excess of their valuation of the business. After various discussions with several professionals it was agreed that the best route forward for the Company and its creditors would be to place the Company into Administration and to agree a pre packaged sale of its business and assets.

5. STATEMENT OF AFFAIRS

As a Statement of Affairs is yet to be received, an Estimated Financial Position as at 21 January 2010 is attached at Appendix 2.

6. THE ADMINISTRATION PERIOD

Receipts and Payments

Attached at Appendix 1 is our account of receipts and payments from the commencement of administration, 21 January 2010 to 12 March 2010 incorporating our projected outcome for creditors

Receipts

Sale of the business and assets

The Joint Administrators agreed a pre packaged sale of the business and its assets for £35,000. To date £25,000 has been received in relation to the sale proceeds and a balance of £10,000 remains outstanding in line with the sale agreement. A breakdown of the funds received is as follows,

Goodwill - £3

Unencumbered Plant and Machinery - £23,000

Office Furniture - £1,995

Business IPR - £1

Encumbered Plant and Equipment - £1

Payments

Agents Fees

Charterfields Limited were employed to prepare a valuation of the assets of the Company and also to advise on the offer received for the assets, in total the sum of £3,726.25 has been paid for their services.

Solicitors Fees

Carrick Read solicitors assisted the Joint Administrators with their appointment as Administrators and they also prepared the sale agreement, the sum of £8,015 has been paid for their services.

Statutory Advertising

The sum of £69.75 has been paid in relation to the costs incurred in advertising the appointment of the Joint Administrators.

Pre-packaged sale of the business and assets

Creditors of the Company have already been provided with information on the pre-packaged sale of the Company's business and assets by letter dated 27 January 2010.

The information previously provided to creditors is as follows:

INFORMATION ABOUT THE COMPANY AND THE PRE-PACKAGED SALE OF THE COMPANY'S ASSETS AND UNDERTAKING ON 21 JANUARY 2010

Background Information

The Administrators' statement of proposals for achieving the purpose of the administration which will be sent to creditors in due course will provide detailed information in relation to the Company. However, to assist creditors who may have a limited understanding of the Company and its affairs to better understand the reasons for the pre-packaged sale, we have provided certain background information at this stage.

The Company was incorporated on 20 October 2005 and traded from the leasehold premises of The Press House, Station Road, Belford, Northumberland, NE70 7DT. The Company was originally established as a cooperative by various organisations producing rapeseed throughout the year. The Company previously traded as North East Products Limited. In May 2006 the Company changed its name to its current entity Borderfields Limited. During the intervening period, many of the original directors of the Company relinquished their positions as directors, however they have maintained their position as shareholders. Richard Palmer is the sole director of the business.

The Company undertakes the extraction of oil from rapeseed through a process of cold pressing rapeseed, sedimentation and filtration. The oil is then decanted into various bottles which in turn are branded under the Company's brands of cold pressed rapeseed oils. These are as follows -

Scottish Cold Pressed Rapeseed Oil
English Cold Pressed Rapeseed Oil
British Cold Pressed Rapeseed Oil

The Company supplies a number of high street supermarket chains, and orders are received on a daily or weekly basis. In each case stock is delivered to various hubs for distribution to the supermarket stores. In addition, the Company also supplies into local butchers and delicatessens although this is on a much smaller scale than that supplied to the supermarket chains.

The reasons for the Company's insolvency

The Company began to experience financial difficulties in June 2009 as a consequence of the general downturn in the economy. The Company suffered from severe cashflow problems, which meant that it was unable to pay its debts as and when they fell due.

This had a knock on effect to the Company creditors, who imposed pressure on the Company for payment, this in turn led to a winding up petition being presented against the Company in September 2009.

The Company was thereafter experiencing extreme cashflow pressure to maintain production at an adequate level to meet the demand of the supermarkets and it was at this point the director commenced discussions with Hammond Food UK Limited ("Hammond") who was providing some assistance to the Company in terms of pressing rapeseed oil.

Hammond undertook a due diligence exercise and it was after this that it became apparent that Hammond would not takeover the Company as it stood due to the amount of outstanding liabilities in excess of their valuation of the business.

The reasons for the pre-packaged sale

It was discussed with the directors and Hammond the possibility of a Company Voluntary Arrangement to secure a better return for the unsecured creditors. However, Hammond did not feel that this was a viable option. It was apparent that as it stood the Company would not be able to make contributions to old creditors and service ongoing cashflow requirements.

The director at this time had exhausted all monies he could obtain from the shareholders and did not have the working capital to allow the Company to continue trading. The Company overdraft facility had also been frozen due to the presentation of the winding up petition which was also being supported by a further creditor of over £50,000. The Company was not in a position to discharge these liabilities, therefore it was looking inevitable that the Company was facing liquidation unless a pre-packaged Administration could be agreed.

Whilst a pre-packaged Administration will not result in a return to unsecured creditors it does have the following benefits -

- the petitioning and supporting creditors' legal costs have been paid,
- Bank of Scotland's position as debenture holder should be improved both in terms of higher asset realisations and debtor collections as there is an ongoing business to supply the customers, there are less likely to be termination, damages or contra claims by aggrieved customers,
- the Asset Finance branch of Bank of Scotland will now have the opportunity to novate the finance agreements on the encumbered assets on which there is an outstanding balance of an estimated £60,000,
- there will be no redundancy costs for the employees who have been taken on by the purchaser, and
- the shareholders have come to a separate agreement with the Hammond for a minority shareholding in the purchaser. The shareholders are mainly the Northern and Scottish farmers who are the major suppliers to the business and are therefore key to its future success

FURTHER INFORMATION IN RELATION TO THE PRE-PACKAGED SALE

Who was the source of Begbies Traynor (Central) LLP's initial introduction to the Company?

A member of the Begbies Traynor staff, Mr Leon Long, identified that a creditor had issued a CCJ against the Company

What was the extent of Robert Michael Young and Steven John Currie, and Begbies Traynor (Central) LLP's involvement with the Company before appointment?

The proposed administrators were introduced by Leon Long to Richard Palmer who is a director of the Company on 8 June 2009, subsequently Begbies Traynor (Central) LLP carried out a review of the Company's business. Neither the proposed Administrators nor their firm have had any prior relationship with the Company or its director

Thereafter, the director was in discussion with Hammond in regard to the due diligence that they were undertaking in hope that the business could be sold as a going concern. During this period the feasibility of a Company Voluntary Arrangement was considered

Prior to their appointment the proposed administrators advised the Company and not the directors on their personal position, the director was encouraged to take independent advice

Please note that negotiations with the Purchaser in relation to the pre-packaged sale were conducted by Robert Michael Young and Steven John Currie prior to their formal appointment as administrators and not by the director of the Company

What marketing of the Company's undertaking and assets was undertaken by the Company?

The company director tried to find an investor in or a buyer for the business from June 2009. During September 2009 the Company sold its Olifera brand to Culinary Oils Limited for the sum of £20,000. At this time, the contribution to turnover of the Olifera brand equated to just over £60,000 out of a total turnover of £240,000. The purpose of this sale was to generate much needed cash for the business as the Company was experiencing severe difficulties in trading due to the level of trade creditors it had amassed during the previous twelve months.

The Company was also in discussion with Hammond in respect of seeking either an investment or in respect of selling the Company as a going concern.

What marketing of the Company's undertaking and assets was undertaken by Robert Michael Young and Steven John Currie?

No marketing of the Company was undertaken due a third party having already made a premium offer for the business and the attempts to sell made by the director as outlined above.

The continued support of the Company shareholders was imperative to the future of the business going forward as these were predominantly the source of raw material supply. Hammond had already agreed with the shareholders of the Company a minority shareholding in the purchaser and therefore guaranteeing their support. It was highly unlikely that this would have been offered by any other Company.

The business was dependant for its survival upon its relationship with major UK supermarkets. If these customers had been made aware that the Company might proceed into liquidation they may have withdrawn their contracts, fatally undermining the value of the business.

What valuations of the Company's undertaking and assets were obtained?

The tangible assets were professionally valued by Ian Maycock BSc MRICS of Charterfields Limited. As you will note, it is clear that realisations on this pre-packaged sale basis are considerably higher than would have been if the Company had been wound up.

<u>Categories of Assets</u>	<u>Valuation £ (going concern basis)</u>	<u>Valuation £ (break-up basis)</u>
Unencumbered Assets		
Office Furniture & Equipment	530	100
Plant & Equipment	4,000	2,000
Stock	1,000	100
Tenants Improvements	10000	0

What alternative courses of action were considered by Robert Michael Young and Steven John Currie?

As already detailed above the option of a Company Voluntary Arrangement was considered. However the potential investor at the time was not prepared to invest in an insolvent Company. As their assistance was already being provided in respect of pressing the rapeseed oil, their support was essential for the continuation of the business. Therefore without their support it was evident that an arrangement was no longer a feasible option.

The option of liquidation was also explored, however as the major customers of the Company are largely blue chip Companies it was likely that if the Company was wound up no further orders would be placed thus decreasing the value of the business

Why was it not appropriate to trade the business during the administration in order to offer it for sale as a going concern?

There were insufficient funds available to trade the Company in Administration. Additionally agents advice confirmed that it was highly unlikely that a better offer would be received than that of Hammond. It was also essential to obtain the support of the Company shareholders and suppliers, this would not have been guaranteed if the Company had been traded in Administration for a period of time.

What requests were made to potential funders to fund working capital requirements during the administration?

Bank of Scotland indicated that they would not be willing to provide funding for trading in Administration.

Company shareholders had also confirmed that they were not prepared to make any further funds available to the Company.

What consultations were made with major creditors?

Consultation took place with the Company's secured creditor Bank of Scotland, who hold a floating charge and have the ability to appoint Administrators. Bank of Scotland confirmed that they would not oppose the appointment.

Consultation also took place with both the petitioning creditor and supporting creditor, two of the major unsecured creditors. Both of these creditors consented to the appointment of administrators on the condition that their legal costs were paid. I can advise that this was agreed and payment made accordingly. The petition was subsequently dismissed.

What was the date of the transaction?

21 January 2010

What were the assets sold and what was the nature of the transaction?

The assets sold within the asset sale agreement are as follows -

- Stock and Work in Progress
- Goodwill
- Unencumbered Plant and Machinery
- Office Furniture
- Encumbered Plant and Machinery

Assets excluded from the asset sale agreement are as follows -

- Debtors
- Any cash in hand, at Bank or cheques
- Benefits of any insurance refunds
- Any interest in the leasehold property

What was the consideration for the sale, including payment terms, and other conditions of the contract that could materially affect the consideration?

The consideration in accordance with the sale agreement amounts to £35,000, the apportionment of which is detailed below -

<u>Categories of Assets</u>	<u>£</u>
Office Furniture & Equipment	1,996
Plant & Equipment	23,000
Stock & Work in Progress	10,000
Goodwill	3
Encumbered Plant & Equipment	1
	35,000

£25,000 was paid upon completion of the sale and a further lump of £10,000 is due to be paid by 22 April 2010

Is the sale part of a wider transaction? If so a description of the other aspects of the transaction

No

Who was the purchaser?

Hammond Food Oils Limited

Is there a connection between the purchaser and the directors, shareholders or secured creditors of the Company?

The joint administrators are not aware of any connection between the purchaser and the directors, shareholders or secured creditors of the Company

However as mentioned above the shareholders of the Company will be given a minority shareholding within the purchasing company

Are any directors, or former directors, of the Company involved in the management or ownership of the purchaser, or of any other entity into which any of the assets have been transferred? If so, who are they?

From information provided by the directors, and the purchaser the joint administrators are not aware of the directors, or former directors of the Company being involved in the management of the purchaser or any other entity into which the assets have been transferred. It is our understanding that the director, Richard Palmer, may be offered a small shareholding in the purchaser but that he will have no part in the running or management of the purchaser.

Had any directors of the Company given guarantees for amounts due from the Company to a prior financier? Is that financier financing the new business?

The directors have informed the joint administrators that they have given no guarantees to a prior financier.

What options, buy-back arrangements or similar conditions are attached to the contract of sale?

None

7. JOINT ADMINISTRATORS' PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

Purpose of the Administration

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

For the reasons set out in our report, we presently consider that it is not reasonably practicable to achieve either of the objectives specified in subparagraph 3(1)(a) and 3(1)(b), and consequently the most appropriate objective to pursue in this case is that specified in subparagraph 3(1)(c), namely realising property in order to make a distribution to one or more secured or preferential creditors. We furthermore consider that pursuing this objective should not unnecessarily harm the interests of the creditors of the Company as a whole

This is because the purchasing company has agreed that they will negotiate directly with Bank of Scotland in order to novate the assets that are under finance with them which will ensure that payment of £60,000 is made to Bank of Scotland by the purchasers and will reduce Bank of Scotland's claim within the Administration. This would not have been an option should the Company have entered into Liquidation

Also, due to the continued assistance from employees of the Company, the likelihood of making a full recovery in respect of the factored book debts is far greater which will also result in Bank of Scotland receiving payment of the funds due to them under the factoring agreement. Should the Company have entered into Liquidation these employees would have been made redundant and the support required would not be available

Exit from Administration

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

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

Section 176A Fund for Unsecured Creditors

Section 176A of the Act provides that, where the company has created a floating charge 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 claims. *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 floating charge holder may not participate in the distribution of the prescribed part of the Company's net property. 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 he thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit, (Section 176A(3)) or
- ☐ he 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))

The joint administrators have estimated, to the best of their knowledge and belief, the Company's net property, as defined in section 176A(6) of the Act, to be £34,997 and the prescribed part of the Company's net property to be nil

Administrators' Remuneration

The joint administrators propose that the basis of their remuneration be fixed under Rule 2.106 of the Rules by reference to the time properly given by them (as administrators) and the various grades of their staff calculated at the prevailing hourly rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration

Appendix 3 sets out the administrators' firm's hourly charge out rates and the time that they and their staff have spent in attending to matters arising in the administration since Joint Administrator

Administrators' disbursements

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

8. CONCLUSION

Pursuant to paragraph 58 of Schedule B1 to the Act, the joint administrators' proposals will be considered at an initial meeting of the Company's creditors conducted by means of a postal resolution in accordance with the Notice of conduct of business by correspondence (Form 2.25B) accompanying this document. Rule 2.48(7) provides that a creditor or creditors of the Company whose debts amount to at least 10% of the total debts of the Company, may requisition a meeting of creditors, rather than the meeting being conducted by correspondence. Any such requisition must be in the prescribed manner in accordance with Rule 2.37 and be made within 5 business days of the date on which the administrators' statement of proposals is sent out.

Subject to the approval of our proposals at the initial creditors' meeting we will report on progress again approximately six months after the commencement of the administration, or at the conclusion of the administration, whichever is the sooner.


R M Young
Joint Administrator

Date 12 March 2010

**JOINT ADMINISTRATORS' ACCOUNT OF
RECEIPTS AND PAYMENTS, INCORPORATING
ESTIMATED OUTCOME FOR CREDITORS**

21 January 2010 to 12 March 2010

Borderfields Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments
To 12/03/2010

S of A £	£	£
SECURED ASSETS		
Goodwill	3 00	3 00
ASSET REALISATIONS		
Unencumbered Plant and Machinery	23,000 00	
Office Furniture	1,995 00	
Business IPR	1 00	
Encumbered Plant and Equipment	1 00	
		24,997 00
COST OF REALISATIONS		
Agents Fees	3,726 25	
Solicitors Fees	11,841 00	
Statutory Advertising	69 75	
		(15,637 00)
		9,363.00
REPRESENTED BY		
Vat Receivable		2,711 10
Bank 1 Current		6,651 90
		9,363.00

**ESTIMATED FINANCIAL POSITION AS AT 21
JANUARY 2010**

Borderfields Limited
Estimated Financial Position as at 21 January 2010

	£	£
ASSETS		
Goodwill	3 00	
Factored Book Debts	101,000 00	
Bank of Scotland	<u>(85,000 00)</u>	
	16,003 00	16,003 00
 Financed Plant & Machinery	 60,000 00	
Bank of Scotland	<u>(60,000 00)</u>	
	NIL	NIL
Unencumbered Plant and Machinery		23,000 00
Office Furniture		1,995 00
Stock and Work in Progress		10,000 00
Business IPR		1 00
Encumbered Plant and Equipment		<u>1 00</u>
		51,000 00
 LIABILITIES		
PREFERENTIAL CREDITORS -		
		<u>NIL</u>
		51,000 00
 Estimated prescribed part of net property where applicable (to carry forward)		<u>NIL</u>
		51,000 00
 DEBTS SECURED BY FLOATING CHARGE		
		<u>NIL</u>
		51,000 00
 Estimated prescribed part of net property where applicable (brought down)		<u>NIL</u>
		51,000 00
 Unsecured non-preferential claims (excluding any shortfall to floating charge holders)		
Trade & Expense Creditors	151,797 00	
HM Revenue & Customs	16,528 00	
		<u>168,325 00</u>
Estimated deficiency/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)		<u>(117,325 00)</u>
		(117,325 00)
 Issued and called up capital		
Ordinary Shareholders	1,573 00	
		<u>1,573 00</u>
TOTAL SURPLUS/(DEFICIENCY)		<u><u>(118,898 00)</u></u>

Begbies Traynor (Central) LLP
Borderfields Limited
B - Company Creditors

Key	Name	Address	£
CA00	ACO Packaging Ltd	14 Crane Mead Business Park, Ware, Herts, SG12 9PZ	0 00
CA01	Alex Stewart Agriculture Ltd	21 Sefton Business Park, Netherpton, Liverpool, Merseyside, L30 1RD	401 93
CA02	Axicon Auto ID	Church Road, Weston on the Green, Oxfordshire, OX25 3QP	14 95
CB00	BDO Stoy Hayward LLP	2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA	575 00
CB01	Borough of Berwick-Upon-Tweed	Finance Unit, Council Offices, Wallace green, Berwick-Upon-Tweed, TD15 1ED	106 50
CB02	TFLY t/a Blunt	20 Brookvale Road, Southampton, SO17 1QP	381 00
CB03	Bank of Scotland	c/o The P & A Partnership, 93 Queen Street, Sheffield, S1 1WF	0 00
CB04	Bank of Scotland	c/o The P & A Partnership, 93 Queen Street, Sheffield, S1 1WF	0 00
CC00	Capital Solutions	Netherdale Industrial Estate, Galashiels, TD1 3EY	375 53
CC01	Chep UK	Weybridge Business Park, Addlestone Road, Addlestone, Surrey, KT15 2UP	217 10
CC02	Coastal Grains Marketing Ltd	Station Road, Belford, Northumberland, NE70 7DT	0 00
CC03	Coastal Grains Ltd	Station Road, Belford, Northumberland, NE70 7DT	3,466 16
CC04	Cornhill House	Cornhill House, Cornhill-on-Tweed, Northumberland, TD12 4UD	2,300 00
CC05	Culinary Oil UK Ltd	New Farm, Redhill, Nottingham, NG5 8PB	1,164 45
CC06	CW Publishing Limited	134 Liverpool Road, Islington, London, NI 1LA	9,000 00
CD00	Dee Carpenter	54 Inner Park Road, London, SW19 6DA	7,833 80
CD01	Drysdales Freight Limited	c/o Andersons Strathern Solicitors, 1 Rutland Court, Edinburgh, EH3 8EY	2,484 00
CE00	Eaton Filtration GmbH	Unit 2 Crown Gate, Wyncolls Road, Colchester, Essex, CO4 9HZ	933 40
CE01	Elmnet	PO Box 235, Blaydon on Tyne, NE21 6WA	7 00
CE02	EP Electrical	Unit 3, North Road Ind Est, Berwick-Upon-Tweed, TD15 1UN	5,169 97
CG00	G B Telecom (Scotland) Ltd	Galamoor House, Netherdale, Galashiels, TD1 3EY	101 59
CG01	Glendale Consultancy	The Cheviot Centre, Padgepool Place, Wooler, Northumberland, NE71 6BL	1,437 50
CG02	Greaves West & Ayre	1/3 Sandgate, Berwick Upon Tweed, Northumberland, TD15 1EW	74 75
CG03	GE Capital Equipment Finance Limited	2630 The Quadrant, Aztec West, Almondsbury, Bristol, BS32 4GQ	0 00
CH00	Hargreaves Elsworth	16, Suite 14, 6 Charlotte Square, Newcastle-upon-Tyne, NE1 4XF	738 25
CH01	The Hutchinson Partnership	The Bull Pen, Amberley Court, Sutton St Nicholas, Hereford, HR1 3BX	5,543 00
CH02	HM Revenue & Customs	Debt Management, Enforcement & Insolvency, Durrington Bridge House, Barrington Road, Worthing, West Sussex BN12 4SE	0 00
CI00	Inland Revenue		0 00
CJ00	J & I McGregor	Coldstream Mains, Coldstream, Berwickshire, TD12 4ES	9,147 05
CK00	Kay & Co	River Bank, Spalding, Lincolnshire, PE11 3AA	26,566 48
CL00	Lycetts Insurance	Milburn House, Dean Street, Newcastle-Upon-Tyne, NE1 1PP	393 75

Begbies Traynor (Central) LLP
Borderfields Limited
B - Company Creditors

Key	Name	Address	£
CM00	Manor Packaging	30-31 Maxwell Road, Woodston, Peterborough, Cambridgeshire, PE27JN	0 32
CM01	MBM Commercial LLP	5th Floor, 7 Castle Street, Edinburgh, EH2 3AH	1,150 00
CM02	Metropolis Business Media	Quality Food Awards, 6th Floor Davis House, 2 Robert Street, Croydon, Surrey, CR0 1QQ	422 31
CN00	Newtec Laboratories Ltd	Belasis Court, Belasis Hall Tech Park, Greenwood Road, Billingham, TS23 4AZ	310 50
CO00	Olivers Transport Ltd	Hassington road, Eccles, Kelso, Roxburghshire, TD5 7QS	690 74
CO01	Orange Payment Processing	SOUTHEND-ON-SEA, SS99 6LU	258 54
CP00	Palletline	DTS Internationala Freight Termi, Nelson Park West, Cramlington, Northumberland, NE23 1WG	695 75
CP01	Parcelforce	Finance Service Centre, Royal Mail House, Farnworth, Bolton, BL4 9XX	1,004 63
CP02	Phoenix Fuels	New Farm, Mansfield Road, Redhill, Nottingham, NG5 8PB	2,151 78
CR00	Rentokil	Rentokil Initial UK Limited, PO Box 4973, Dudley, DY1 9EY	879 01
CV00	Veg Oil Services Ltd	Storwood Manor, Storwood, York, North Yorkshire, YO4 4TG	7,935 00
CV01	The Vegetarian Society	Parkdale, Dunham Rd, Altrincham, Cheshire, WA14 4QG	552 00
CV02	Viking Direct Ltd	Office Depot, Lancer House, Scudamore Road, Leicester, LE3 1UB	718 23
CW00	Weber Marking Systems	Macmerry Industrial Estate, Tranent, East Lothian, EH33 1HD	345 01
CW01	Weilgrain Ltd	Alexander House, 38 Forehill Ely, Cambs, CB7 4ZA	56,250 04
RP00	Richard R Palmer	Cornhill House, Cornhill on Tweed, Northumberland, TD12 4UD	0 00
47 Entries Totalling			151,797.02

ESTIMATED FINANCIAL POSITION

Notes to the Estimated Financial Position

- 1 The factored book debts are under a factoring agreement with Bank of Scotland, following termination charges and administration fees it is anticipated that there will not be a surplus available
- 2 The purchasing company has agreed with Bank of Scotland to novate the finance agreements in place on the plant & machinery that they own
- 3 The tangible assets have been professionally valued by Messrs Charterfields Limited on a forced sale basis
- 4 Section 176A(2) of the Act requires the administrators to set aside the prescribed part of the Company's net property for the satisfaction of unsecured debts "**Net property**" means the amount which would, if it were not for this provision, be available to floating charge holders (i.e. after accounting for preferential debts and the costs of realisation) The **prescribed part** is 50% of the first £10,000 and 20% of the remaining net property (up to a maximum of £600,000)

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

- a The net property is less than £10,000 and he thinks that the cost of distributing the prescribed part would be disproportionate to the benefit,
 - b Or if the net property is more than £10,000, if the provision is disapplied by the court on the application of the administrator on cost-benefit grounds
- 5 Creditors' claims are subject to agreement and will not be prejudiced by omission from the Statement of Affairs or by inclusion in a different amount from that claimed
 - 6 The estimated total deficiency, including the calculation of the prescribed part of the Company's net property, is subject to the costs of administration and distribution for which no provision is made in the statement of affairs

JOINT ADMINISTRATORS' TIME COSTS AND EXPENSES

Remuneration drawn will be notified to any creditors' committee appointed under paragraph 57 of Schedule B1 to the Act. In the absence of a creditors' committee, details of time incurred and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the administrators' licensing bodies.

Total time spent to 12 March 2010 on this assignment amounts to 72.30 hours at an average composite rate of £224.90 per hour resulting in total time costs to 12 March 2010 of £16,261.

To assist creditors in determining this matter, the following further information on time costs and expenses are set out:

- ☐ Begbies Traynor (Central) LLP's policy for re-charging expenses
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value

In addition a copy of *A Creditors' Guide to Administrators' Fees* is available on request. Alternatively, the guide can be downloaded from <http://www.begbies-traynorgroup.com/Files/A%20Creditors'%20Guide%20to%20Administrators'%20Fees.pdf>

POLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

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 make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Required professional practice¹ states that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

DEFINITIONS

Required professional practice classifies expenses into two broad categories

- *Category 1 expenses (approval not required)* – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges,
- *Category 2 expenses (approval required)* – all other items of expenditure
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost, and/or
 - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost

CHARGING POLICY

- *Category 1 expenses (approval not required)* – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred
- *Category 2 expenses (approval required)*
 - (A) The following items of expenditure are re-charged as described
 - Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £100 (London £150) per meeting,
 - Car mileage is re-charged at the rate of 40 pence per mile,
 - Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged at the rate of £5 per box per quarter,
 - (B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge
 - Telephone and facsimile
 - Printing and photocopying
 - Stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*

¹ Statement of Insolvency Practice 9 (SIP 9) effective from 1 July 2008

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 Stoke on Trent office as at the date of this report are as follows:

Grade of staff	Charge-out Rate (£ per hour)
Partner 1	395
Partner 2	350
Director	325
Senior Manager	295
Manager	250
Assistant Manager	195
Senior Administrator	160
Administrator	130
Assistant Administrator	100
Cashier	100
Secretarial	100

Time spent by support staff for carrying out shorter tasks, such as typing or dealing with post, is not charged to cases but is carried as an overhead. Only where a significant amount of time is spent at one time on a case is a charge made for support staff.

Time is recorded in units of 0.10 of an hour (i.e. 6 minute units).

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Borderfields Limited
CASE TYPE	ADMINISTRATION
OFFICE HOLDERS	Robert Michael Young and Steven John Cume
DATE OF APPOINTMENT	21 January 2010

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

The case involved the pre packaged sale of the business and its assets

1 3 Exceptional responsibilities

There were no exceptional responsibilities

1 4 The office holders' effectiveness

The office holders have been effective as the sale has now been completed and the payments of the deferred consideration are being continually monitored

1 5 Nature and value of property dealt with by the office holders'

The total amount which has been received in this case to date is as noted in the body of the report

1 6 Anticipated return to creditors

At this stage of the Administration it is anticipated that unsecured creditors will not receive any dividend payments

1 7 Time costs analysis

An analysis of time costs incurred between 21 January 2010 and 12 March 2010 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

Partner, Manager and Senior Administrator level of staff have been predominately used on this case

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

1 8 The views of the creditors

Creditors have been notified of the appointment of the Joint Administrators by way of a letter dated 21 December 2009. Their views will be sought at a meeting of creditors to be held on 6 April 2010 by correspondence.

1 9 Approval of fees

The Joint Administrators will be seeking approval of their fees at a meeting of creditors to be held on 6 April 2010 by correspondence.

1 10 Approval of Expenses and Disbursements

The Joint Administrators will be seeking approval of their expenses and disbursements at a meeting of creditors to be held on 6 April 2010 by correspondence.

1 11 Other professionals employed & their costs

Charterfields Limited were instructed to provide a valuation of the Company's assets and also to provide advice on the acceptance of the offer made for said assets.

Carrick Read Solicitors had been instructed to assist the administrators with their appointment and also to assist with the completion of the sale contract.

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 set out in a separate accompanying note.

2 2 The rates charged by the various grades of staff who may work on a case are also set out in a separate accompanying note.

3 SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT

3 1 Since the date of our last report, the following work has been carried out:

- Completed all statutory paperwork and investigations
- Completed the sale of the Company's business and assets
- Monitored the collection of the deferred consideration payments in line with the sale agreement

Borderfields Limited

1

Notice of conduct of business by correspondence

Name of Company Borderfields Limited	Company number 05598569
In the High Court of Justice Leeds District Registry <div style="text-align: right;">[full name of court]</div>	Court case number 147 of 2010

Notice is hereby given by Robert Michael Young of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP and Steven John Currie of Begbies Traynor (Central) LLP, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, ST3 6HP

to the creditors of Borderfields Limited, The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, Staffordshire, ST3 6HP

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

This form must be received at The Old Barn, Caverswall Park, Caverswall Lane, Stoke on Trent, Staffordshire, ST3 6HP

by 12 00 hours on 6 April 2010 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

Resolution (1)	I am *in Favour / Against
Resolution (2)	I am *in Favour / Against
Resolution (3)	I am *in Favour / Against

*Delete as appropriate

TO BE COMPLETED BY CREDITOR WHEN RETURNING FORM

Name of creditor _____

Signature of creditor _____
 (If signing on behalf of creditor, state capacity e.g. director / solicitor)

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

Signed 
 Joint Administrator

Dated 12 March 2010

The Insolvency Act 1986

Borderfields Limited (In Administration) ("the Company")
Company Number 05598569

Robert Michael Young and Steven John Currie were appointed joint administrators on 21 January 2010

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

Resolutions

To accompany Notice of conduct of business by correspondence (Form 2 25B)

(Initial Creditors Meeting Pursuant to Paragraph 51 of Schedule B1 to the Insolvency Act 1986, meeting by correspondence pursuant to Paragraph 58 of Schedule B1 to the Insolvency Act 1986 and Rule 2 48 of The Insolvency Rules 1986)

- 1 "That the joint administrators' proposals for achieving the purpose of the administration, as set out in the document entitled *The Statement of Proposals of the Joint Administrators for Achieving the purpose of the Administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2 33 of the Insolvency Rules 1986*, be and hereby are approved "
- 2 *Administrators' remuneration*

"That the joint administrators' remuneration be fixed by reference to the time properly given by the joint administrators (as administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP for attending to matters arising in the administration"
- 3 *Administrators' disbursements*

"That the joint administrators be authorised to draw disbursements, including disbursements for services provided by their firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9), in accordance with their firm's policy, details of which accompanied *The Statement of Proposals of the Joint Administrators for Achieving the Purpose of the Administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2 33 of the Insolvency Rules 1986*