

IN THE MATTER OF THE INSOLVENT PARTNERSHIPS ORDER 1994 (AS AMENDED)

A J BATE BUILDERS

TRADING NAME: WOODTAPPER WOODWORKS

NOTICE OF DECISION PROCEDURE BY VIRTUAL MEETING OF CREDITORS

This Notice is given under Article 3, Schedule 1 of the Insolvent Partnerships Order 1994 and Rule 15.8 of the Insolvency (England & Wales) Rules 2016 ("the Rules"). It is delivered by Jonathan Mark Taylor of T H Financial Recovery, Suite 101 & 102, Empire Way Business Park, Liverpool Road, Burnley BB12 6HH, who was appointed by the above-named partnership to act as Nominee in relation to the partnership's proposal for a Voluntary Arrangement under Schedule 1 of the Insolvent Partnerships Order 1994.

It is proposed that the following decisions be made:

1. The approval of the proposed voluntary arrangement

The virtual meeting will be held via the Join.Me conferencing platform and will be held as follows:

Time: 11:00 am

Date: 27 June 2018

To access the virtual meeting go to: [https://join.me/ 799-919-793](https://join.me/799-919-793)

Please also contact the Nominee or his staff at least one business day before when further details will be provided. The virtual meeting may be suspended or adjourned by the chair of the meeting (and must be adjourned if it is so resolved at the meeting).

Also provided is a proxy form to enable creditors to appoint a proxy-holder to attend on their behalf (note: any creditor who is not an individual must appoint a proxy-holder, if they wish to attend or be represented at the meeting).

All proxy forms, together with a proof of debt if one has not already been submitted, must be completed and returned by one of the methods set out below.

By post to: T H Financial Recovery, 101 Empire Way Business Park, Liverpool Road, Burnley BB12 6HH
By fax to: 01772 452376
By email to: info@thfr.co.uk

Please note that, if you are sending forms by post, you must ensure that you have allowed sufficient time for the forms to be delivered to the address above by the times set out below. An email is treated as delivered at 9am on the next business day after it was sent.

All proofs and proxy forms must be delivered to the convener or chair before they may be used at the meeting. Any creditor whose debt is treated as a small debt in accordance with Rule 14.31(1) of the Rules must still deliver a proof if the creditor wishes to vote.

A creditor who has opted out from receiving notices may nevertheless vote if the creditor also provides a proof by the time set out above.

In a decision relating to a proposed Partnership Voluntary Arrangement "PVA" every creditor, secured or unsecured, who has notice of the decision procedure is entitled to vote in respect of that creditor's debt.

A secured creditor will only be able to vote in respect of their unsecured claim. A creditor may vote for the amount of their claim at the date the partnership went into liquidation or the date the partnership entered into administration (less any payments made to the creditors after that date in respect of the claim) or the decision date.

A decision approving a proposal, or a modification, is made when three-quarters or more (in value) of those voting approve it. The decision is not made if more than half of the total value of the unconnected creditors vote against it.

Creditors who meet one or more of the statutory thresholds listed below may within 5 business days of delivery of the notice request a physical meeting to be held to consider the matters detailed above.

Statutory thresholds to request a meeting:	10% in value of the creditors
	10% in number of the creditors
	10 creditors

If the Threshold is met, the decision procedure will terminate without a virtual meeting being held and a physical meeting shall be convened.

Creditors who have taken all steps necessary to attend the virtual meeting under the arrangements made by the convener but has not enabled them to attend the whole or part of the meeting, may complain under Rule 15.38 of the Rules. A complaint must be made as soon as reasonably practicable and, in any event, no later than 4pm on the business day following the day on which the person was, or appeared to be, excluded; or where an indication is sought under Rule 15.37, the day on which the complainant received the indication.

A creditor may appeal a decision by application to the court in accordance with Rule 15.35 of the Rules. Any such appeal must be made not later than 28 days beginning with the day on which the first of the reports required by section 4(6) or paragraph 30(3) of Schedule A1 was filed with the court.

Modifications may be proposed and submitted with the proxy form for the virtual meeting. The Nominee will then advise the board of partners of the modifications and the board of partners will need to agree to any proposed modifications, if they are to be incorporated into the proposal for the purposes of approval. It may be necessary to adjourn the virtual meeting to consider or amend the modifications proposed.

Dated: 8 June 2018

Signed: 
Jonathan Mark Taylor
Nominee

Note:

The attention of creditors is particularly drawn to the effect of Rule 15.34 regarding requisite majorities, a copy of which is attached to this Notice.

Jonathan Mark Taylor
T H Financial Recovery
Nominee
Dated: 8 June 2018

Statement of rights under Section 325 Companies Act 2006

A member of a partnership is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the partnership.

A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

A proxy need not be a member of the Partnership.

Notes

A proxy form is enclosed for the use of creditors. Completion and return of a proxy form will not preclude a creditor entitled to attend from attending and voting at the Meeting. All voting shall be on a poll.

Creditors' references, where they are known, are shown on the pages attached to the statement of affairs, as appropriate. A copy of the statement of affairs is enclosed with this notice.

A claim form is enclosed (see above) which should be completed and returned to the Nominee at the address shown above. The form will be held pending the appointment of Supervisor(s).

PARTNERSHIP VOLUNTARY ARRANGEMENT
STATEMENT PURSUANT TO RULE 15.34 OF
THE INSOLVENCY (ENGLAND AND WALES) RULES 2016

The following are extracts from the Insolvency (England and Wales) Rules 2016:

Requisite majorities

15.34.

- (1) A decision is made by creditors when a majority (in value) of those voting have voted in favour of the proposed decision, except where this rule provides otherwise.
- (2) In the case of an administration, a decision is not made if those voting against it—
 - (a) include more than half in value of the creditors to whom notice of the decision procedure was delivered; and
 - (b) are not, to the best of the convener or chair's belief, persons connected with the company.
- (3) Each of the following decisions in a proposed CVA is made when three-quarters or more (in value) of those responding vote in favour of it—
 - (a) a decision approving a proposal or a modification;
 - (b) a decision extending or further extending a moratorium; or
 - (c) a decision bringing a moratorium to an end before the end of the period of any extension.
- (4) In a proposed CVA a decision is not made if more than half of the total value of the unconnected creditors vote against it.
- (5) For the purposes of paragraph (4)—
 - (a) a creditor is unconnected unless the convener or chair decides that the creditor is connected with the company;
 - (b) in deciding whether a creditor is connected reliance may be placed on the information provided by the company's statement of affairs or otherwise in accordance with these Rules; and
 - (c) the total value of the unconnected creditors is the total value of those unconnected creditors whose claims have been admitted for voting.
- (6) In a case relating to a proposed IVA—
 - (a) a decision approving a proposal or a modification is made when three-quarters or more (in value) of those responding vote in favour of it;
 - (b) a decision is not made if more than half of the total value of creditors who are not associates of the debtor vote against it.
- (7) For the purposes of paragraph (6)—
 - (a) a creditor is not an associate of the debtor unless the convener or chair decides that the creditor is an associate of the debtor;
 - (b) in deciding whether a creditor is an associate of the debtor, reliance may be placed on the information provided by the debtor's statement of affairs or otherwise in accordance with these Rules; and
 - (c) the total value of the creditors who are not associates of the debtor is the total value of the creditors who are not associates of the debtor whose claims have been admitted for voting.

STATEMENT OF VOTING RIGHTS IN ACCORDANCE WITH
RULE 2.36 OF THE INSOLVENCY (ENGLAND AND WALES) RULES 2016

Requisite majorities of members

2.36.

- (1) A resolution is passed by members by correspondence or at a meeting of the company when a majority (in value) of those voting have voted in favour of it.
- (2) This is subject to any express provision to the contrary in the articles.
- (3) A resolution is not passed by correspondence unless at least one member has voted in favour of it.

OPTING OUT OF RECEIVING DOCUMENTS

The consequences of opting-out

As previously advised, most future documents will not be sent to creditors by post. Nevertheless, the Nominee is required to inform creditors of their rights to opt out of receiving documents.

Creditors have the right to elect to opt out of receiving further documents about the Company Voluntary Arrangement unless:

- (i) the Insolvency Act 1986 requires a document to be delivered to all creditors without expressly excluding opted-out creditors;
- (ii) it is a notice relating to a change in the office-holder or the office-holder's contact details; or
- (iii) it is a notice of a dividend or proposed dividend or a notice which the court orders to be sent to all creditors or all creditors of a particular category to which the creditor belongs.

Opting-out will not affect the creditor's entitlement to receive dividends should any be paid to creditors.

Unless the Insolvency (England & Wales) Rules 2016 provide to the contrary, opting-out will not affect any right the creditor may have to vote in a decision procedure or a participate in a deemed consent procedure in the proceedings although the creditor will not receive notice of it.

A creditor who opts out will be treated as having opted out in respect of any consecutive insolvency proceedings of a different kind in respect of the same company.

How to opt out

A creditor may at any time elect to be an opted-out creditor.

The creditor's election to opt out must be by a notice in writing authenticated and dated by the creditor.

The creditor must deliver the notice to the Nominee (details below).

How to opt back in

The creditor may at any time revoke the election to opt out by a further notice in writing, authenticated and dated by the creditor and delivered to the Nominee or Supervisor (details below).

Contact details

The Nominee's contact details are as follows:

Names of Nominee:	Jonathan Mark Taylor
Address of Nominee:	Suite 101 & 102, Empire Way Business Park, Liverpool Road, Burnley BB12 6HH
Email Address	vmcbrien@thfr.co.uk
Telephone Number	01282 332222

IN THE WORCESTER COUNTY COURT

NO: of 2018

**INSOLVENT PARTNERSHIPS ORDER 1994
INSOLVENCY ACT 1986
INSOLVENCY (ENGLAND AND WALES) RULES 2016**

A J BATE BUILDERS

**PROPOSAL FOR A
PARTNERSHIP
VOLUNTARY ARRANGEMENT**

PRIVATE & CONFIDENTIAL

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A J BATE BUILDERS ("THE PARTNERSHIP")

THE INSOLVENT PARTNERSHIPS ORDER 1994

PARTNERS' PROPOSAL TO CREDITORS AND MEMBERS OF THE PARTNERSHIP FOR A VOLUNTARY ARRANGEMENT IN SATISFACTION OF ITS DEBTS ("THE PROPOSAL")

1 INTRODUCTION

- 1.1 We, Mr Alan John Bate, Mr David Jonathan Bate, Mr Michael John Bate and Mr Paul Alan Bate, the Partners of the partnership, make the following Proposal to the partnership and its creditors for a Partnership Voluntary Arrangement (PVA) in satisfaction of its debts and all other claims of whatsoever nature.
- 1.2 A PVA is a formal procedure under the Insolvent Partnerships Order 1994 which enables a partnership to agree with its creditors, under the supervision of Licensed Insolvency Practitioners, how their debts should be paid and in what proportions.
- 1.3 This Proposal provides for a composition with the partnership's creditors in full and final satisfaction of the partnership's debts.
- 1.4 The Licensed Insolvency Practitioner acting in relation to this Proposal is: -
 - 1.4.1 Nominee - Jonathan Mark Taylor
 - 1.4.2 Proposed Supervisor – Jonathan Mark TaylorThe Nominee and Proposed Supervisor is a Partner of TH Financial Recovery.
- 1.5 If this Proposal is not approved by creditors, as drafted or in a substantively similar form, the partnership will be insolvent on the basis that it will be unable to pay its debts as they fall due.
- 1.6 A winding up petition was issued against the partnership by HM Revenue & Customs on 26 February 2018 and listed for hearing on 18 April 2018. An adjournment of the hearing of this petition was granted to 13 June 2018 so that

the partners could offer a proposal to the partnership's creditors for a Partnership Voluntary Arrangement.

- 1.7 The basis of the proposal was that the partnership would sell one or two properties within 12 months and this would provide sufficient funds to fully repay all creditors plus statutory interest.
- 1.8 The proposal was circulated to the creditors of the partnership on 5 April 2018 with notice of a virtual meeting of creditors to be held on 1 May 2018.
- 1.9 This meeting of creditors was adjourned to 15 May 2018 following receipt of a vote for the rejection of the proposal from HM Revenue & Customs, who are the partnership's largest creditor.
- 1.10 HM Revenue & Customs advised that their reasons for voting for the rejection of the arrangement were as follows: -
 - 1.9.1 Failure of the partnership to lodge 4 VAT returns.
 - 1.9.2 In the absence of IVAs being proposed by the partners, bankruptcy proceedings against the partners will continue and effect the viability of the partnership.
 - 1.9.3 No certainty that the properties will sell during the prescribed time and for the sum anticipated.
- 1.11 The proposal for the PVA had been issued quickly in order to prevent the advertisement of the winding up petition, which could result in the freezing of the business bank account and, in hindsight, this left insufficient time for us to provide the business accountants with the information required to bring all VAT returns up to date and for the IVA proposals to be drafted and issued to creditors.
- 1.12 We hoped that the adjournment of the creditors meeting would be sufficient but, because this could only be for a maximum of 14 days, the only thing that we managed to achieve in that period was the filing of the outstanding VAT returns and even they showed a higher than true liability because we did not have enough time to obtain replacements for a large number of missing purchase invoices. The invoices had originally been received by email but were not printed before the email was deleted.
- 1.13 It was therefore decided that the most appropriate course of action was to allow the original proposal to be rejected so that we could offer a new PVA proposal that addressed the concerns of HM Revenue & Customs, and issue these at exactly the same time as issuing IVA proposals to the partners' creditors.
- 1.14 We now make this further Proposal as we are still of the opinion that a PVA is the most expedient method by which secured and preferential creditors (if any should arise) will be paid in full, and unsecured creditors will receive a quicker dividend compared to a liquidation of the partnership.

- 1.15 The main amendment to the original proposal is that it is now the intention of the partners to re-mortgage, or obtain secured loans against, both their personal and business properties as quickly as possible to enable full repayment of their business and personal creditors at the earliest opportunity.
- 1.16 For this reason, we believe that creditors may reasonably be expected to concur with this Proposal.
- 1.17 During the proposed 12-month term of this proposal, it is likely that the business will sell one or even two properties, producing a combined gross sale proceeds of approximately £625,000, and the net sale proceeds of these properties, after deducting estate agent's fees, legal fees and disbursements, will also be paid into the PVA.
- 1.18 Any surplus funds remaining in the PVA, after fully repaying creditors and interest, will be paid into the IVAs of the 4 partners to ensure that their creditors also receive full repayment plus statutory interest.
- 1.8 References in this Proposal to "the Order", "the Act" and "the Rules" are to the Insolvency Partnerships Order 1994, Insolvency Act 1986 and the Insolvency Rules 2016.

2 SUMMARY OF PROPOSAL

- 2.1 The partners will re-mortgage, or obtain secured loans against, their personal and business properties as quickly as possible to enable full repayment of their business and personal creditors at the earliest opportunity.
- 2.2 The partnership owns 6 properties at Blackstone Farm and Blackstone Barns, which have a combined open market value of approximately £2,800,000 and are subject to a legal charge in favour of Barclays Bank who are presently owed the sum of £187,234 in respect of a bank loan and the business overdraft.
- 2.3 Initially, the partners will try to re-mortgage this property, which should provide sufficient funds to fully repay all business and personal creditors plus statutory interest, after discharging the existing secured borrowings.
- 2.4 The 5 barn conversion properties at Blackstone Barns are rented to tenants who pay combined rental of £5,000 per month and this income will provide evidence to lenders that the loan repayments are affordable. The loan repayments will be funded by the rental receipts.
- 2.5 Until the re-mortgage or secured loan has been obtained, the partnership will make contributions to the Supervisor over 12 months totalling at least £6,000 as follows: -
- 2.1.1 Months 1 to 12 - £500 per month

- 2.6 During the proposed 12-month term of this proposal, it is likely that the business will sell two properties, producing a combined gross sale price of approximately £625,000, and the net sale proceeds of these properties, after deducting estate agent's fees, legal fees and disbursements, will also be paid into the PVA.
- 2.7 All other assets of the partnership are excluded from the PVA; although they are still available to be mortgaged or charged in order to introduce sufficient money into the PVA to ensure that all creditors are paid in full plus statutory interest.
- 2.8 The Supervisor will receive and hold the monthly contributions, the mortgage/loan proceeds and the proceeds of any property sales, agree creditors' claims and pay dividend(s) to creditors out of the funds coming into his possession.
- 2.9 This Proposal is in full and final settlement of all claims by creditors against the partnership.
- 2.10 The PVA will last approximately 1 year, plus any additional time as required by the Supervisor to complete his statutory duties.
- 2.11 Preferential claims, if any arise, will be paid in full.
- 2.12 The estimated dividend to unsecured creditors will be 100 pence in the £, after the costs and expenses of the PVA, plus statutory interest at the rate of 8% per annum pro rata from the date that the PVA is accepted up to the date that the claim is settled. The estimated dividend to unsecured creditors if the partnership is wound up is also 100 pence in the £.

3 BENEFITS TO CREDITORS

- 3.1 We have considered other forms of insolvency procedure, but we are proposing a PVA because: -
 - 3.1.1 Creditors will be paid in full plus statutory interest fairly quickly from a re-mortgage or loan against the partnership's assets. Creditors will still be fully repaid if the partnership is wound up, even though the assets will realise less than their true value, but it will take longer to pay dividends to creditors.
 - 3.1.2 The PVA will provide the partners with the opportunity to bring all of our business and personal financial affairs up to date.
 - 3.1.3 The PVA will preserve the business and the future employment of the partnership's 4 employees and also the jobs and income of the partners.
 - 3.1.4 The continuation of the business will permit regular contributions to be made to the Supervisor out of operational cash flow. If the business

ceases to trade, creditors will not have the opportunity to benefit from future profits,

- 3.2 Accordingly, the Proposal aims to preserve the business of the Partnership.
- 3.3 The Proposal provides for a full repayment of existing unsecured creditors' claims.
- 3.4 The survival of the partnership as a going concern will continue to provide future business for its suppliers.
- 3.5 VAT bad debt relief is available to creditors in the same way as it would be in liquidation.
- 3.6 The rights of secured creditors will not be affected by the PVA.
- 3.7 Finance creditors and creditors under leases and rental agreements (if any) will benefit from receiving continued payments under the finance agreements, leases and rental agreements.
- 3.8 The partnership employs 4 people and the survival of the partnership as a going concern will give employees continuity of employment. There will be no preferential claims from employees for unpaid wages and holiday pay and they will not become unsecured creditors of the partnership in respect of pay in lieu of notice and their accrued redundancy entitlements, as they would if the partnership ceased trading.
- 3.9 The prospects of a more advantageous realisation of the partnership's assets on a winding up are remote, as it is likely that the assets would have to be realised in a piecemeal fashion.
- 3.10 The costs of other forms of insolvency proceedings are relatively high when compared to the typical costs of a PVA.
- 3.11 Unsecured creditors will be likely to also receive full payment in respect of the partnership's debt to them in the event of the partnership being wound up.

4 BACKGROUND INFORMATION

- 4.1 The business was started by Mr Alan John Bate over 40 years ago, originally as a sole trader.
- 4.2 As his sons grew up, they joined the business and in 1998 it became a 4-way partnership with each partner owning 25% of the business.
- 4.3 Similar to the majority of general builders, the business has had its ups and downs and the general recession resulted in a substantial reduction in the number of new build developments and a reduction in general building work.

- 4.4 The downturn in the property market affected the new builds and barn conversions and property was slow to be sold.
- 4.5 The business started to fall behind with the payments to its creditors and in 2016, the business received a winding up petition from HM Revenue & Customs.
- 4.6 The business managed to fully repay the debt, but this had a 'knock-on' effect with other ongoing commitments.
- 4.7 The business fell behind again with the payments to creditors and in March 2018 a winding petition was again served on the business and also bankruptcy petitions against the 4 partners by HM Revenue & Customs.
- 4.8 Inexplicably a lot of the debt shown on this petition was included in the earlier petition that was fully repaid and the business' accountants are investigating this.
- 4.9 The business has 2 of its own building projects in process, in addition to its general building work for other clients, and one property is now ready for sale and the second will be ready for sale in 2-3 months' time.
- 4.10 The proceeds from the sale of these two buildings will be around £557,600 and this will be enough to fully repay the mortgage/loan obtained to pay creditors.
- 4.11 There will also be substantial surplus funds left over to ensure the business has working capital and enough funds to pay its ongoing commitments.
- 4.12 Unfortunately, if the proposed voluntary arrangement is not accepted, the business would be wound up which would greatly reduce the potential proceeds of the properties and incur substantial extra costs.
- 4.13 A summary of financial performance is set out at Appendix 3. The business accountants are presently bringing all of our accounts up to date and we have provided them with all of our records and documentation.

5 REASONS FOR FUTURE SUCCESS

- 5.1 The business has invested time and money in the 2 building projects, but these projects have been completed, or are nearing completion, and this will ensure that the business will return to profitability and liquidity.
- 5.2 We have produced a detailed forecast that indicates that the partnership can generate a reasonable trading profit in the future.
- 5.3 The profit and loss and cash flow forecasts attached at appendix 6 shows a projected profit of £111,935, on projected turnover of £449,000, which includes

rental income of £60,000, and projected payment of contributions out of cash-flow of £500 per month

- 5.4 The monthly drawings of the 4 Partners, which we believe are only sufficient to meet each of their family's domestic needs and pay the income tax and national insurance on the business profits, are as follows: -

	£
Alan J Bate	300
David J Bate	1,515
Michael J Bate	1,515
Paul A Bate	1,948
	<u>5,278</u>

6 PROPOSAL

Continuation of trading

- 6.1 The partnership will continue to trade as building contractors from 3 Stone Barns, Neen Savage, Cleobury Mortimer, Worcestershire DY14 0LF. This address is the home of Michael Bate.
- 6.2 The business will also continue to operate as joinery contractors under the name of 'Woodtappers Woodworks' from rented premises at Unit 1, New House Farm, Cleobury Mortimer, Worcestershire DY14 8RD.
- 6.3 The Partners, will continue to manage the business during the course of the PVA, subject to the terms set out in this Proposal.
- 6.4 The Partners shall be solely responsible for ensuring that the partnership complies in all respects with all relevant statutory requirements.

Contributions

- 6.5 During the PVA the partnership will make payments out of future income to the Supervisor as follows: -

6.4.1 Months 1- 12: £500 per month

- 6.6 The first monthly payment shall be made no later than the month in which the creditors' meeting approving the Proposal is held.
- 6.7 Subsequent payments will be made by standing order and no later than the last banking day of each month.

Other Assets

- 5.1 Within a maximum of one month of the PVA being accepted, the partners will make enquiries to obtain re-mortgages or secured loans against, their personal

and business properties to enable full repayment of their business and personal creditors at the earliest opportunity.

- 5.2 This will include attempts to re-mortgage or obtain secured loans against the 6 properties at Blackstone Farm and Blackstone Barns.
- 5.3 Within a maximum of one month of the PVA being accepted, the partners will instruct estate agents to sell the completed barn conversion property.
- 5.4 Within one month of the completion of the new build property, the partners will instruct estate agents to offer this property for sale.

Dividends

- 6.9 Dividends shall be paid annually, following the agreement of creditor claims, provided there are sufficient funds on hand to distribute a dividend of at least 5p in the £. Distributions are estimated as follows:

Year 1	100 p in £
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- 6.10 Creditors should note that distribution levels and timings will depend on contributions received, any subsequent variations to the arrangement and / or prohibitive modifications.

Interest

- 6.11 Statutory interest at the rate of 8% per annum pro rata will be paid on creditors' claims from the date that the PVA is accepted up to the settlement of creditors' claims.

Duration

- 6.12 The partnership's obligations to make contributions shall be for a maximum of 1 year and the PVA shall continue for this period or for such longer time as is necessary to enable the Supervisor to collect and distribute all assets included in this PVA and discharge any other obligation incumbent upon them under the terms of this Proposal, the Act and the Rules.

Connected parties

- 6.13 The partnership has no creditors who may be deemed to be connected persons within the meaning of Section 249 of the Act.

7 STATEMENT OF AFFAIRS & OUTCOME STATEMENT

- 7.1 All the partnership's assets, with estimates of their respective values, and the extent to which they are charged in favour of creditors, together with full details of the partnership's liabilities are disclosed in the Statement of Affairs at Appendix 4.

- 7.2 The Statement of Affairs has been produced on the basis that the partnership is wound-up.
- 7.3 The assets that the partnership owns are scheduled in the Statement of Affairs and a brief commentary is set out below: -
- 7.3.1 Detached Georgian farm house known as Upper Blackstone Farm, which has an open market value of approximately £900,000.
 - 7.3.2 Five barn conversion properties known as 1-5 Blackstone Barns, which have a combined value of approximately £1,900,000, which are subject to a legal charge in favour of Barclays Bank, who are presently owed the sum of £187,234.
 - 7.3.3A completed barn conversion with an open market value of approximately £275,000.
 - 7.3.4 A new-build property, which should be completed in 2-3 months' time and will then have an open market value of approximately £325,000.
 - 7.3.5 Plant & machinery with a net book value of approximately £5,000.
 - 7.3.6 Office furniture & equipment with a net book value of approximately £200.
 - 7.3.7 Motor vehicles (Vauxhall Vivaro, Ford Transit Connect & Vauxhall Combo) with a combined net book value of approximately £8,440.
 - 7.3.8 Stock with a cost value of approximately £250.
 - 7.3.9 Work in progress, which has been completed but not yet at a stage to be agreed and invoiced, in the sum of approximately £12,950.
 - 7.3.10 Trade debtors with a book value of £34,100.
 - 7.3.11 Cash of £4,705 held in the partnership's bank account with Barclays Bank.
- 7.4 All partnership assets are excluded from the PVA unless otherwise provided in this Proposal.
- 7.5 No assets are to be contributed to the PVA by third parties.
- 7.6 The Statement of Affairs includes a schedule of all of the partnership's creditors, together with amounts recorded as due to each in the partnership's books and records. If, for example, due to timing differences, these amounts differ from creditors' records, claims will be agreed by the Supervisor following approval of the PVA and the formal submission of claims.
- 7.7 The claims of the preferential creditors, if any, will be met in priority to unsecured creditors' claims.

- 7.8 The only debts which retain preferential status following the implementation of the Enterprise Act 2002 are amounts due to employees in respect of accrued pay and holiday pay. On the basis that the Proposal is approved as drafted, no redundancies are planned and therefore no preferential claims should arise.

Estimated Outcome Statement

- 7.9 At Appendix 5 is an estimated outcome statement comparing the likely dividends payable to creditors if the PVA is implemented or alternatively, were the partnership to be compulsorily wound up.
- 7.10 The estimated dividend to unsecured creditors will be 100 pence in the £ after the costs and expenses of the PVA.
- 7.11 The estimated dividend to unsecured creditors if the partnership was wound up is also 100 pence in the £.

8 SECURED CREDITORS

- 8.1 Upper Blackstone Farm and 5 barn conversion properties at Blackstone Farm, Stourport Road, Bewdley, Worcestershire DY12 1PY are charged to Barclays Bank Plc as security for a bank loan and overdraft.
- 8.2 The combined amount owed to Barclays Bank is £187,234 and the partnership will continue to make the loan repayments and pay the interest on the business overdraft from future income.
- 8.3 Any claim in the arrangement by any secured creditor, after taking into account the value or realisation of its security, shall rank as an unsecured claim

9 FINANCE, LEASE AND RENTAL CREDITORS

- 9.1 The partnership's assets, or assets in the partnership's possession subject to hire purchase or chattel leasing agreements or other rental agreements, are required for the partnership's continued business. It is intended that the partnership will maintain its normal periodic payments falling due under those agreements to avoid repossession, and damage to the partnership's business.
- 9.2 In any case where hire purchase, leased or rented assets are no longer required, disposal will be effected on terms to be agreed with the respective creditors. Any resulting balances outstanding following such disposals will be dealt with as unsecured claims pursuant to the terms of the Proposal.

10 EMPLOYEE CLAIMS

- 10.1 No employee claims are expected to rank for dividend.

- 10.2 Accrued holiday pay and wages will be paid to continuing employees in the ordinary course of business.

11 FULL AND FINAL SETTLEMENT

This Proposal is in full and final settlement of all claims by creditors against the partnership.

- 11.1 The issue of a Completion Certificate by the Supervisor as provided for in this Proposal will be accepted by creditors in full and final settlement of their claim, including claims which are liquidated, unliquidated, certain, uncertain or contingent.
- 11.2 Any creditor who has commenced a legal process or other remedy, including any creditor with retention of title, lien, distraint, walking possession and/or garnishee orders shall, upon acceptance of this Proposal by the requisite majority of creditors, be deemed to have waived such a claim and will rank alongside other unsecured creditors bound by the terms of this proposal.
- 11.3 The issue of a Completion Certificate by the Supervisor shall not prevent any person so entitled from recovering or seeking to recover payment from any person (other than the partnership) who may have been or have become liable for payment of any debts of the partnership by way of guarantee, surety or otherwise in the same manner as if this Proposal and approval had not been made and given.
- 11.4 Any unsecured creditor who was not notified of the Proposal shall be bound by the PVA in all respects, thereby ranking for dividend. In order to be considered for a dividend, any such unsecured creditor shall, within 28 days of becoming aware of the PVA and its terms, notify the Supervisor in writing of its claim.
- 11.5 If by the date of such notification payment has already taken place of any dividends to any class of unsecured creditor the unsecured creditor is not entitled to disturb the distribution of the dividend but is entitled to be paid out of any money for the time being available for the payment of any further dividend, any dividend or dividends which it has failed to receive. Upon successful completion of the PVA any payment made to such an unsecured creditor shall be deemed to be made in full and final settlement of that unsecured creditor's claims against the partnership.

12 ANTECEDENT TRANSACTIONS AND CLAIMS

- 12.1 To the best of our knowledge there are no circumstances giving rise to actual or potential claims under the following sections of the Act, in the event of the partnership going into voluntary arrangement:

12.1.1 Section 238 (transactions at an undervalue)

12.1.2 Section 239 (preferences)

12.1.3 Section 244 (extortionate credit transactions)

12.1.4 Section 245 (invalidity of a floating charge)

12.2 In the period between this proposal being received by creditors, and their approval of it, in order to continue trading it may become necessary to pay a supplier to obtain essential goods and services to procure the continuation of the partnership's trade.

13 PREVIOUS FAILURES

13.1 None of the partners have been involved as partners or directors in any corporate insolvency, and none of the partners have been involved in any personal insolvency as individuals.

14 GUARANTEES

14.1 No guarantees or security will be given by the partners or any other person in connection with the PVA.

15 DIVIDENDS

Dividend Entitlement

15.1 Creditors shall not be entitled to receive any payment or dividend under the terms of the Proposal unless they are bound by it and their claim has been admitted by the Supervisor.

Payment of Dividends

15.2 All dividends to be paid under the PVA shall be made by crossed cheque sent by first class post addressed to the relevant creditors at their respective addresses shown in the books of the partnership or on the proof of debt submitted. Neither the Supervisor nor the partnership shall be responsible for any loss in transmission. The encashment of any such cheque shall be a good discharge to the partnership for the monies represented thereby.

Dividend distributions

15.3 Dividends will be paid at the earliest practicable date, where funds allow. The Supervisor is not obliged to pay a dividend to the unsecured creditors until the claims (if any) of the preferential creditors have been paid in full, and thereafter, the Supervisor using his sole discretion shall, subject to the retention of such sums he considers necessary for the expenses of the PVA and creditors' claims

received but not yet agreed, declare and distribute dividends amongst the creditors in respect of their claims which have been admitted.

16 NOMINEE AND SUPERVISOR

- 16.1 The Nominee to the PVA is Jonathan Mark Taylor, a member of TH Financial Recovery, of Suite 101 & 102, Empire Way Business Park, Liverpool Road, Burnley, BB12 6HH.
- 16.2 The proposed Supervisor of the PVA is Jonathan Mark Taylor, a member of TH Financial Recovery, of Suite 101 & 102, Empire Way Business Park, Liverpool Road, Burnley, BB12 6HH.
- 16.3 The Nominee and intended Supervisor is authorised to act as an Insolvency Practitioner by the Insolvency Practitioners Association, and the Nominee and Supervisor has confirmed to the partners that he is qualified to act in relation to the partnership.
- 16.4 Neither the Nominee nor the Supervisor has advised the partners or the partnership prior to discussions concerning our Proposal for a PVA. T H Financial Recovery was referred to the partners by Raven & Co and I understand that Raven & Co will be paid an amount of £2,500 by TH Financial Recovery for their assistance with the preparation of the financials associated with the proposal.
- 16.5 The Nominee is to be paid £5,000 (excluding VAT) by way of remuneration and this includes the aforementioned payment of £2,500 to Raven & Co. The Nominee's remuneration, and any necessary fees and expenses of Solicitors or agents employed by the Nominee, or direct expenses of the Nominee, will be paid first out of monies coming into the PVA.
- 16.6 The Nominee will be entitled to receive further remuneration of £500 plus VAT and disbursements in respect of each and any adjournment to the meetings of members and creditors to consider the Proposal, where that adjournment is to a different day to that of the original meeting(s).
- 16.7 The Supervisor will be entitled to receive remuneration for his services fixed by reference to the time properly given by him and his staff in attending to matters arising in the PVA, at TH Financial Recovery's standard charging rates, together with disbursements (including for the avoidance of doubt legal fees).
- 16.8 The Supervisor shall in any event be entitled to draw on account and from time to time, such sums as they consider appropriate in relation to his accruing costs.
- 16.9 The estimated total fee to be paid to the Supervisor, dealt with in the Estimated Outcome Statement, is £4,000. This estimate is necessarily made on the basis of certain assumptions, the principal of which are: -

- 16.9.1 The Proposal is approved as drafted, or substantively as drafted
- 16.9.2 No circumstances arise under which the Supervisor is obliged to issue a default certificate under the terms of the PVA
- 16.9.3 No circumstances arise under which the Supervisor is obliged to convene meetings of creditors and members to consider a variation to the PVA
- 16.9.4 All contributions into the PVA are received on time
- 16.10 Only expenses and disbursements properly incurred in relation to the case will be re-charged to the PVA. This will include external supplies of incidental expenses specifically identifiable to the PVA (known as "Category 1 disbursements"). This will also include mileage costs (calculated using the HM Revenue and Customs standard mileage rate) which relate specifically to the case and are incurred by the Nominee and the Supervisor and his staff (known as "Category 2 disbursements"), will also be re-chargeable to the PVA.
- 16.11 Notwithstanding any other terms of this Proposal all assets of the partnership together with any assets held by the Supervisor under the terms of this Proposal will be subject to a trust in favour of the Supervisor until full discharge of the Nominee's and Supervisor's fees and expenses, including the expenses of any solicitors, agents or other advisors employed by the Nominee and Supervisor.
- 16.12 A creditors' guide to voluntary arrangement fees is available on the website of the TH Financial Recovery at www.thfr.co.uk/stakeholderlogin or on request from TH Financial Recovery. Details of T H Financial Recovery's charging policy and standard charging rates for fees and disbursements are set out at Appendix 7 to this Proposal.

17 NO WARRANTIES OR REPRESENTATIONS

- 17.1 The Supervisor gives no warranties and makes no representations in relation to the information contained in the Proposal and Appendices 2 to 6.

18 RELEASE OF SUPERVISOR

- 18.1 On the termination of the PVA, the Supervisor is released by each creditor from all liabilities and obligations in respect of acts and omissions of his or otherwise in relation to his conduct as Supervisor. Each creditor shall and hereby does waive all claims or rights which he may have against the Supervisor in respect of such matters. Furthermore, the Supervisor incurs no personal liability in respect of any part of this proposal.

19 CREDITORS COMMITTEE

- 19.1 Where it is resolved that a Creditors Committee will be established, the functions and powers of the Committee will be determined at the time of establishment.

20 VARIATION, MATERIAL FAILURE, IRREGULARITY OR NON-COMPLIANCE

- 20.1 In the event of material failure, irregularity or non-compliance Paragraph 24 Standard Terms & Conditions will apply. However, the supervisor may, if he deems appropriate, utilise a decision procedure to resolve any matter under the arrangement, to seek the views of creditors, or to vary its terms. Creditors must be given at least 28 days' notice of the date on which completed proxies must be received by the supervisor for their votes to be valid. Notice shall be accompanied by a form of proxy detailing each resolution sought, together with for and against options for each resolution. At least one valid proxy must be received for a resolution to be approved (subject to below), and in the case of a resolution varying the terms of the arrangement a majority equal to or in excess of three-quarters in value of those voting by proxy is required to pass the resolution. Any other resolution is deemed passed by a simple majority in value of those voting by proxy.
- 20.2 Any resolution to end the arrangement early may also instruct the supervisor to petition for the partnership's winding up. The supervisor need only do so if there are sufficient funds available from funds not yet distributed within the arrangement, but the supervisor is not required to retain funds specifically for that purpose. If creditors vote to end the arrangement early, with or without instructions to petition, the supervisor will issue a certificate of failure of the arrangement and will then complete his/her administration, including any final distribution.
- 20.3 Whether material failure, irregularity or non-compliance has arisen in connection with the PVA shall be determined by the Supervisor at his sole discretion, and shall include (but not be restricted to) the following circumstances: -
- 20.3.1 Where contributions due become more than two months in arrears.
- 20.3.2 Where the partnership fails to increase contributions, if so requested to do by the Supervisor.
- 20.3.3 Where the partnership fails to reimburse the Supervisor for VAT incurred in the PVA, as provided for in the Proposal.
- 20.3.4 Failure to co-operate with the Supervisor

21 END OF ARRANGEMENT

- 21.1 The PVA shall cease once there are no further funds or assets being held by the partnership or the Supervisor under the terms of the Proposal and the Supervisor has issued a Certificate of Completion.

22 STANDARD CONDITIONS

- 22.1 All conditions set out in the copy of the TH Financial Recovery Company Voluntary Arrangement Standard Conditions (Appendix 1) shall be applicable to this Proposal. Any references to company in these conditions will be interpreted to mean partnership. Where there is a conflict between the Standard Conditions and this proposal, this proposal shall prevail. All references in the Standard Conditions which do not adhere to statutory requirements in the Insolvency Rules 2016, the Insolvency Rules 2016 shall prevail.
- 22.2 Any references in this proposal (including the standard conditions) to creditor's meetings shall mean virtual meetings pursuant to the Insolvency Rules 2016. The Supervisor will have the discretion to utilise any of the decision procedures or the deemed consent procedure (if appropriate) as prescribed in the Insolvency Rules 2016.

23 EC REGULATION

- 23.1 The EC Regulation applies, and these insolvency proceedings are main proceedings as defined by Article 3 of the Regulation.

24 PARTNERS' DECLARATION

- 24.1 As Partners, we confirm that this document fairly sets out the partnership's Proposals to its creditors and members for a PVA.
- 24.2 We confirm that we have disclosed to the Nominee full and complete particulars of all assets and liabilities of the partnership, whether actual or contingent.
- 24.3 We acknowledge that we will commit an offence if we make any false representation to creditors in this Proposal or at any meeting of creditors for the purposes of obtaining the creditors' approval to this Proposal, such offence to be punishable by imprisonment and/or a fine.
- 24.4 We acknowledge that it has been explained to the partners that the Nominee and his Solicitors have a duty to ensure a fair balance between the partnership's interests and the interest of its creditors and any other parties involved. The Nominee has explained to the partners that we have the right to take independent legal advice in relation to this Proposal.

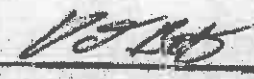
24.5 We have read and understand the contents of this Proposal. We have also received such advice as we consider necessary to enable the partners to understand the nature and effect of the Proposal.

24.6 We acknowledge that although we have received professional assistance in drafting the Proposal, its contents and the accuracy thereof remain our sole responsibility.

24.7 We have included in this Proposal to creditors and members all the information required to be disclosed pursuant to the Act and the Rules. The information and all statements contained herein, and the accompanying Statement of Affairs, are true to the best of our knowledge and belief.

Signed 
Alan John Bate - Partner

Date 8-6-18

Signed 
David Jonathan Bate - Partner

Date 8-6-18

Signed 
Michael John Bate - Partner

Date 8-6-18

Signed 
Paul Alan Bate - Partner

Date 8-6-18

A J BATE BUILDERS

PARTNERSHIP VOLUNTARY ARRANGEMENT

A copy of the Partnership Voluntary Arrangement standard conditions can be obtained on request or viewed on our website at www.thfr.co.uk/cva

References to Company Voluntary Arrangement & CVA should be interpreted as Partnership Voluntary Arrangement & PVA, references to company should be interpreted as partnership and references to director or directors should be interpreted as partner or partners.

A J BATE BUILDERS

PARTNERSHIP VOLUNTARY ARRANGEMENT

GENERAL INFORMATION

Date of Establishment	1998
Head Office	3 Stone Barns Neen Savage Cleobury Mortimer Kidderminster Worcestershire DY14 0LF
Trading Addresses	A J Bates Builders 3 Stone Barns Neen Savage Cleobury Mortimer Kidderminster Worcestershire DY14 0LF Woodtapper Woodworks Unit 1, New House Farm Cleobury Mortimer Kidderminster Worcestershire DY14 8RD
Nature of Business	Building & Joinery Contractors & Property Developers
Partners	Alan John Bate 25 % David Jonathan Bate 25% Michael John Bate 25% Paul Alan Bate 25%
Bankers	Barclays Bank Plc Bank Chambers 313 High Street West Bromwich B70 8LU
Security	Legal charge over 6 properties in favour of Barclays Bank Plc. Created and registered at HM Land Registry on 13 August 2014.

A J BATE BUILDERS

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 5 APRIL 2014

	2014 £	2013 £
PROPERTY SALES	163,000	333,020
WORK DONE	394,866	199,846
COST OF SALES	-385,911	-373,017
	<hr/>	<hr/>
GROSS PROFIT	171,955 30.8%	159,849 30.0%
 ADMINISTRATIVE EXPENSES	 -64,212	 -52,161
	<hr/>	<hr/>
OPERATING PROFIT / LOSS	107,743	107,688
 INTEREST RECEIVED	 0	 0
OTHER INCOME	3,267	0
BANK CHARGES	-2,023	-2,048
BANK INTEREST	-947	-1,125
DEPRECIATION	-2,620	-3,210
	<hr/>	<hr/>
NET PROFIT / (LOSS) FOR YEAR	<u>105,420</u>	<u>101,305</u>

The business' accountants are presently working on the preparation of the outstanding accounts.

A J BATE BUILDERS

BALANCE SHEET AS AT 5 APRIL 2014

	2014	2013
	£	£
FIXED ASSETS		
Intangible assets	1,000	1,000
Plant & machinery	2,785	3,303
Fixtures & fittings	83	110
Motor vehicles	5,503	6,138
TOTAL FIXED ASSETS	9,371	10,551
CURRENT ASSETS		
Stock & work in progress	1,064,458	1,092,968
Trade debtors	48,919	43,249
Other debtors	2,026	2,026
Barn development account	22,492	82,889
Cash at bank & in hand	1,200	1,200
TOTAL ASSETS	1,148,466	1,232,883
CREDITORS due within one year	-180,855	-159,947
NET CURRENT ASSETS / LIABILITIES	967,611	1,072,936
Creditors due after more than one year	0	0
Provision for liabilities	0	0
TOTAL NET ASSETS/LIABILITIES	967,611	1,072,936
CAPITAL ACCOUNTS		
Alan J Bate	866,564	886,953
David J Bate	26,720	55,032
Michael J Bate	44,804	73,116
Paul A Bate	29,523	57,835
PARTNERS FUNDS	967,611	1,072,936

Rule 2.11 and 2.14

Statement of Affairs

Statement as to the affairs of

Name of Partnership

A J BATE BUILDERS

date

as at 31 May 2018

Statement of truth

We believe that the facts stated in this Statement of Affairs are true.

Signed


Alan John Bate

Signed


David Jonathan Bate

Signed


Michael John Bate

Signed


Paul Alan Bate

A J BATE BUILDERS**ESTIMATED STATEMENT OF AFFAIRS AT 31 MAY 2013****A - Summary of Assets**

	Book Value	Estimated to Realise
Assets subject to fixed charges:		
Blackstone Farm & 6 Converted Barns	2,600,000	2,325,000
Barclays Bank	(187,234)	(187,234)
		<u>2,137,766</u>
		2,137,766
Assets:		
New-build Property (incomplete)	285,000	225,000
Plant & Machinery	5,000	2,000
Motor Vehicles (3 vans)	8,440	8,200
Stock	250	50
Work in Progress	12,950	0
Bank Debt	34,100	8,000
Cash at Bank	4,705	4,705
Barn Conversion	275,000	200,000
Office Furniture & Equipment	200	50
Estimated total assets available for preferential creditors		2,583,821

Signature



Date

8-6-13

APPENDIX 4

A1 - Summary of Liabilities

Estimated to Realize

Estimated total assets available for preferential creditors
(carried from page A)

2,583,821

Preferential creditors:

None

0

Total Preferential Claim

0

Estimated surplus as regards preferential creditors:

2,583,821

Unsecured non-preferential claims

HM Revenue & Customs

170,852

Trade Creditor

5,768

(105,420)

Estimated surplus as regards non-preferential creditors

2,353,401

Signature

M. J. B.

Date

8-6-18

B

PARTNERSHIP CREDITORS

Note: You must include all creditors and identify any creditors under hire-purchase, chattel leasing or conditional sale agreements and customers claiming amounts paid in advance of the supply of goods or services and creditors claiming retention of title over property in the partnership's possession.

Name of creditor or claimant	Address (with postcode)	Amount of debt	Details of any security held by creditor	Date security given	Value of security given £
Barclays Bank	Customer Services, Leicester, LE17 2BB	£187,234.14	Legal charge on Blackstone Farm & Blackstone Barns	13/08/2014	187,234
HM Revenue & Customs	The Voluntary Arrangements Service, Dunnington Bridge House, Buntingford Road, Worthing, BN12 4BE	£170,882.96			0
Widborough Reddell	4 The Business Quarter, Bos Port Road, Ludlow, Shropshire, SY8 1FD	£5,708.00			0
Totals		£372,884.48			187,234

Signature

Date 8-6-18

C

PARTNERSHIP MEMBERS

Name of member	Address (with postcode)	Ownership Percentage
Alan John Bate	Upper Blackstone Farm, Stourport Road, Bewdley, Worcestershire, DY12 1PY	25%
David Jonathan Bate	Honeysuckle House, The Hurst, Cleobury Mortimer, Worcestershire, DY14 8EG	25%
Michael John Bate	3 Stone Bams, Catherton Road, Cleobury Mortimer, Shropshire, DY14 0LF	25%
Paul Alan Bate	Upper Penforest, Clyro, Powys, HR3 5JP	25%

A J BATE BUILDERS

ESTIMATED OUTCOME AND COMPARISON WITH LIQUIDATION AS AT 31 MAY 2018

		PVA Estimated Outcome		Liquidation Estimated Outcome	
	Notes	Book Value £	Est. to Realise £	Estimated to Realise £	
Excluded Assets					
Blackstone Farm	1	900,000	-	825,000	
5 Converted Barns	2	1,900,000	-	1,500,000	
Secured borrowings (loan)		-158,588	-	-158,588	
Secured borrowings (overdraft)		-28,646	-	-28,646	
Equity		2,612,766	-		2,137,766
Plant & machinery	3	5,000	-	2,000	
Office furniture & equipment	4	200	-	50	
Motor vehicles (3)	5	8,440	-	6,250	
Stock	6	250	-	50	
Work in progress	7	12,950	-	0	
Debtors	8	34,100	-	8,000	
Cash at bank	9	4,705	-	4,705	21,055
Included Assets					
Re-mortgage of above properties	1+2	-	250,000		
New-build property (incomplete)	10	285,000	315,400	225,000	
Barn Conversion	11	275,000	242,200	200,000	
Voluntary Contributions (£500 per month x 12)	12	-	6,000	-	425,000
		3,238,411			
Estimated Total Assets Available			813,600		2,583,821
Costs					
Nominee's fee		5,000		-	
Supervisor's fees		4,000		-	
Disbursements (insurance bond & land registry fees)		2,399		-	
Secretary of State fees		-		6,000	
Official Receiver's fees		-		5,000	
Liquidator's fees		-		45,000	
Property agent's fees, legal fees & disbursements		-		21,250	
Asset agent's fees & disbursements		-		5,000	
Petition costs	13	875		1,500	
VAT (will be recovered)		0	-12,274	0	-83,750
Available to Creditors			801,326		2,500,071
Preferential Creditors			0		0
Assets available to unsecured creditors			801,326		2,500,071
Liabilities					
Trade & expense		5,768		5,768	
VAT & PAYE (inc. surcharges & interest)	14	179,652		179,652	
Statutory interest	15	14,834	-200,254	14,834	-200,254
Estimated Surplus			601,072		2,299,817
Dividend to Non Preferential Creditors			100.00 p in £		100.00 p in £

A J BATE BUILDERS

Notes to Estimated Outcome Statement

1. Blackstone Farm

On 26 April 2010 the partnership purchased the farmhouse, land and outbuildings at Blackstone Farm, Stourport Road, Bewdley, Worcestershire DY12 1PY for the sum of £635,000.

The partners advise that this property had previously been on the market with an asking price of £1,250,000, albeit at the height of the property market, and this seemed like a good investment from which a profit could be made primarily because it had outbuildings that could be converted into residential accommodation and sold.

The partners advise that approximately £500,000 of the purchase price was funded personally by Alan Bate and most of this money came from the sale of his former residential property (Upper Bayton Farm, Bayton, Worcestershire DY14 9NZ).

It was agreed that, in return, he would then live in the main farmhouse building, which had a paddock and a pond where he could keep his animals (presently comprising 15 chickens, 10 ducks, 8 geese and 30 pigeons).

The main farmhouse and land, also known locally as Upper Blackstone Farm because a neighbouring property is known as Lower Blackstone Farm, was valued by Halls Estate Agents, Gavel House, 137 Franche Road, Kidderminster, Worcestershire DY11 5AP, with an open market value of £900,000 and confirmed in a letter dated 4 May 2018.

Blackstone Farm and the 5 barn conversions are subject to a legal charge dated 13 August 2014 in favour of Barclays Bank, which was registered at HM Land Registry on the same date. This legal charge provides security for all partnership borrowings from Barclays Bank and the sum of £158,588.08 is owed for a loan account according to a statement dated 30 May 2018. The partnership's main bank account is overdrawn in the sum of £28,646.06 according to a statement dated 30 May 2018.

The 3 younger partners do not intend to sell this property and try to relocate their now 80-year-old father, Alan Bate (DOB: 12.08.1937), because of the distress that this will cause.

However, the partners will try to mortgage or obtain a secured loan using this property, and any other properties owned by the partnership, as collateral in order to fully repay the debts of the partnership as soon as possible, but certainly within a maximum of 12 months.

If the partnership went into liquidation, the partners believe that, after their father is eventually evicted, the property would probably be sold fairly quickly in order to avoid deterioration in the empty property and the risk of vandalism, and under these conditions the property may produce the sum of approximately £825,000.

2. 5 Converted Barns

The outbuildings at Blackstone Farm were converted into 6 residential barn conversions, known as 1-6 Blackstone Barns, Stourport Road, Bewdley, Worcestershire DY12 1PY, and the cost was funded by business cashflow and by a bank loan and an overdraft facility provided by Barclays Bank, which was secured on all properties.

One completed barn conversion (6 Blackstone Barns) was sold 19 June 2015 for the sum of £395,000 and the proceeds used to reduce the bank borrowings.

After trying unsuccessfully to sell a second barn conversion (5 Blackstone Barns), it was decided that the market for sales was not right at that time and therefore the remaining 5 barns were rented to tenants.

The partners believe that the 5 barn conversions presently have open market values of £300,000, £300,000, £450,000, £450,000 & £400,000. All 5 barns are all rented to tenants and the business receives rental income of £5,000 per month.

These 5 barn conversions, as well as Blackstone Farm, are subject to a legal charge in favour of Barclays Bank dated 13 August 2014 as security for the partnership's borrowings (refer to paragraph 1).

The partners propose to obtain a mortgage, possibly a buy-to-let mortgage, or obtain a secured loan using the 5 barn conversions and Blackstone Farm as collateral. The rental income will be used to pay the loan instalments and this should enable sufficient funds to be raised to fully repay all creditors of the partnership, plus statutory interest, as soon as possible.

If the partnership went into liquidation, the partners believe that, after the tenants are evicted, the properties would probably be sold fairly quickly in order avoid deterioration in the vacant properties and the risk of vandalism, and under these conditions the properties may produce the combined sum of approximately £1,500,000.

3. Plant & Machinery

The partnership owns plant and machinery, which is mainly woodworking machinery held at the premises of 'Woodtapper Woodworks' at Unit 1, New House Farm, Cleobury Mortimer, Shropshire DY14 8RD.

This plant & equipment has a combined net book value of approximately £5,000 but if the partnership went into liquidation, this plant and equipment would be sold by an agent instructed by the liquidator and, under these conditions, will probably realise no more than the sum of £2,000.

4. Office Furniture & Equipment

The office furniture and equipment owned by the partnership, which comprise a laptop, printer, 1 desk and a chair and have a combined net book value of approximately £200.

If the partnership went into liquidation, this office furniture and equipment will realise no more than the sum of £50, and it may even be decided that they are unlikely to produce any benefit after allowing for the costs of removal and sale.

5. Motor Vehicles

The partnership owns 3 commercial motor vehicles, which are driven by three of the partners in order to undertake work on behalf of the partnership.

These motor vehicles, which are all vans, their net book values and the amounts that they are estimated to realise in a liquidation scenario, are as follows: -

	Date First Registered	Net Book Value £	Liquidation Value (est.) £
Vauxhall Vivaro 2.0 CDTi (BK12 CXN)	26.03 2012	4,400	3,250
Ford Transit Connect 1.8 TDCi (MV07 L XK)	21.03.2007	2,000	1,500
Vauxhall Combo 1.3 CDTi (FE09 VAV)	17.03.2009	2,040	1,500

6. Stock

Most stock is purchased for specific orders and delivered directly to site but the stock held at 'Woodtappers Woodworks' presently has a cost value of approximately £250 and if the partnership went into liquidation, this stock would be sold by an agent instructed by the liquidator and would probably realise no more than the sum of £50.

By continuing to trade the partnership will generate the maximum financial return from the stock, which will enable the partnership to make the future monthly payments into the PVA.

7. Work in Progress

The partnership is presently working on 4 contracts and the value of work undertaken, which is not yet at a stage to be agreed and invoiced, amounts to approximately £12,950.

Whilst a value for the work undertaken by the partnership may subsequently be determined in liquidation, this value is likely to be exceeded by counterclaims for the additional costs of completing the work, penalties and compensation.

8. Debtors

The Partnership is presently owed 3 debts amounting to £34,100, which include 2 invoices on contracts that are still in progress and one invoice for £20,000 for completed new-build work, which has been disputed over alleged claims of incomplete and un-satisfactory workmanship. This is now subject to arbitration with an independent property surveyor.

The partners believe that most of the debts should be fully recoverable if the partnership continues to trade, except for the disputed debt.

However, if the partnership ceased trading, the invoices that have been raised in respect of ongoing contracts are unlikely to be paid. Alternative contractors will be instructed to complete the works at significantly higher costs than that agreed by the partnership in view of their employment at short notice without the opportunity to undergo a full tender process to obtain the most competitive price. There will also be penalties and claims for compensation for delays etc raised against the partnership.

After taking these factors into account, an assessment has been made on the approximate amount that is likely to be recovered if the partnership went into liquidation.

9. Cash at Bank

The partnership has a bank account with Barclays Bank, named 'A J Bate Business Barn Account', and this account presently holds the sum of £4,704.92 according to a statement dated 30 May 2018.

10. New Build Property

The partnership owns land on the south side of Childe Road, Cleobury Mortimer, Shropshire, which it purchased on 21 May 2015 for the sum of £78,000. This is not subject to any mortgage or legal charges.

The partnership is constructing a new-build property on this land and the foundations and walls have been constructed and the roof trusses have been fitted. The next stage is to fit the roof tiles, which are presently on site. Scaffolding is in place to fit the roof tiles and for the installation of the windows, which are due to arrive shortly. Then, when there is a secure and water-tight working area, the internal work will commence including the plumbing, electrical installation, plastering etc. The partners estimate that it will take about 2-3 months to complete the building work.

The completed property will have an open market value of £325,000, according to a letter dated 4 May 2018 from Halls Estate Agents and, as soon as the building work has been completed, the property will be put on the market with an asking price of £325,000. After discussing the value with the estate agent, the partners believe that the property will sell fairly quickly and for the full asking price.

The partners understand that the estate agent will charge a maximum fee of 2% plus VAT and the solicitors will charge approximately £1,500 plus VAT and therefore the net proceeds should amount to approximately £315,400. The VAT will be recovered by the partnership business.

On legal completion of the sale of this property, the whole of the net sale proceeds, after deducting estate agent's fees, legal fees & disbursements, will be paid into the Partnership Voluntary Arrangement "PVA"; if creditors have not already been fully repaid from an earlier re-mortgage or loan.

If the creditors have already been fully repaid, the proceeds will be paid in equal amounts into the IVAs of the 4 partners so that their creditors may be fully repaid plus statutory interest.

Provision will be made for the payment of income tax and national insurance on the profits from the sale of the property, before the remaining funds are distributed to creditors, and the money reserved for the payment of income tax and national insurance, will be held in the IVAs of the 4 partners until payment is due.

The partners estimate that the profit on this development will amount to approximately £140,000 but the partnership's accountants will calculate the actual liability.

If the partnership went into liquidation, the partners believe that the property would probably be sold fairly quickly in order avoid deterioration of the empty property and the risk of vandalism, and under these conditions, and in its un-completed state, the property may produce the sum of approximately £225,000, after deducting the costs of sale.

11. Barn Conversion

The partnership owns a barn, which has been fully converted into residential accommodation and is not subject to any mortgage or legal charges.

The local council has not yet allocated an address to this property and so it is presently known as 'Barn, off The Hurst, Cleobury Mortimer, Shropshire DY14 8EG'. The barn is not far from the home of David Jonathan Bate who resides at Honeysuckle Cottage, The Hurst, Cleobury Mortimer, Shropshire DY14 8EG.

A letter dated 4 May 2018 from Halls Estate Agents, states that in their opinion, this property currently has an open market value of £275,000. The estate agent recommended that the property had a carpet fitted before they took photographs and offer the property for sale with an asking price of £275,000. The carpets were fitted on 30 May 2018 and 31 May 2018 and Halls estate agents have an appointment to take photographs on Monday, 4 June 2018 at 3:00pm.

The partners believe that the property will achieve a sale price of at least £250,000, and have been advised that the estate agent will charge a maximum fee of 2% plus VAT and the solicitors will charge approximately £1,500 plus VAT. The net proceeds should amount to approximately £242,200. The VAT will be recovered by the partnership business.

On legal completion of the sale of this property, the whole of the net sale proceeds, after deducting estate agent's fees, legal fees & disbursements, will be paid into the PVA.

Provision will be made for the payment of income tax and national insurance on the profits from the sale of the property, before the remaining funds are distributed to creditors.

The partners estimate that the profit on this development will amount to approximately £65,000 but the partnership's accountants will calculate the actual liability. The money reserved for the payment of income tax and national insurance, will be paid into the IVAs of the 4 partners for payment as an expense of the IVAs when payment is due.

When the partnership's creditors have received full repayment plus statutory interest, the remaining balance will be paid into the IVAs of the 4 partners, in proportion to their share of the partnership business, so that their debts may be fully repaid, plus statutory interest.

If the partnership went into liquidation, the partners believe that the empty property would probably be sold fairly quickly in order to avoid deterioration of the property and the risk of vandalism, and under these conditions, the property may produce the sum of approximately £200,000, after deducting the costs of sale.

12. Voluntary Contributions

The partners have assessed the partnership's forecasted income and expenses for the next 12 months and believe that the partnership can comfortably afford to pay £500 per month into the proposed PVA; in addition to the partnership making ongoing payments to suppliers and to HM Revenue & Customs for VAT and PAYE.

13. Petition Costs

A winding up petition has been issued against the partnership and, if creditors accept the partners' proposal for a PVA, the costs in connection with the issue of the petition will be paid before any dividends are paid to creditors. The petition states that these costs amount to £875.

14. HM Revenue & Customs

VAT - The partnership's accountants have only recently been instructed to take over the completion and filing of the VAT returns and these have now been brought up to date with the latest return completed and filed being for the quarter ended 31 March 2018. An estimate of the subsequent liability for the period from 1 April 2018 to date has been made based on the return submitted for the quarter ended 30 June 2017.

PAYE - The partnership's accountants calculate the wages and file the monthly PAYE returns and these have been filed up to date by the partnership's accountants with the latest return filed for the month ended 5 May 2018.

Income Tax – The 4 partners are personally liable for income tax and national insurance on their shares of the partnership profits and therefore this is not a partnership liability. The partners propose to make payment of their present personal liabilities via IVAs.

Winding Up Petition – A winding up petition was issued against the partnership on 26 February 2018 and the original hearing scheduled for 18 April 2018 was adjourned until 13 June 2018 so that this proposal may be considered as an alternative to the liquidation of the partnership. The petition states that the debt owed by the partnership amounted to £130,159.13 in respect of VAT up to 30 June 2017 and PAYE up to 5 October 2017, including surcharges, penalties and interest.

HM Revenue & Customs also issued bankruptcy petitions against the 4 partners on 6 March 2018 and the original hearing scheduled for 18 April 2018 was adjourned until 6 June 2018 so that proposals for Individual Voluntary Arrangements may be considered by their creditors as an alternative to them being declared bankrupt. Each of these petitions include the aforementioned amount owed by the partnership in the sum of £130,159.13 plus each partner's self-assessment liabilities for income tax and national insurance.

15. Statutory Interest

Statutory interest at the rate of 8% per annum will be paid on all creditors' claims from the date that the PVA is accepted up to the date that their claims are settled.

16. Surplus PVA Funds

When the partnership's creditors have received full repayment plus statutory interest, any remaining funds will be paid in equal amounts into the Individual Voluntary Arrangements "IVAs" of the 4 partners so that their debts may be fully repaid, plus statutory interest. Each partner owns 25% of the partnership business.

Profit Loss Forecast

A J BATE BUILDERS

	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Total
Sales Turnover	£	£	£	£	£	£	£	£	£	£	£	£	£
Sales	37,000	38,000	39,000	36,000	33,000	30,000	25,000	24,000	27,000	32,000	33,000	35,000	389,000
Rent	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
	42,000	43,000	44,000	41,000	38,000	35,000	30,000	29,000	32,000	37,000	38,000	40,000	449,000
Direct Costs													
Purchases	19,832	20,368	20,904	19,296	17,688	16,080	13,400	12,864	14,472	17,152	17,688	18,760	208,504
Vehicle running costs	1,715	1,762	1,808	1,669	1,530	1,391	1,159	1,113	1,252	1,484	1,530	1,623	18,034
Equipment hire	972	998	1,025	946	867	788	657	631	709	841	867	920	10,221
Total Direct Costs	22,519	23,128	23,737	21,911	20,085	18,259	15,216	14,607	16,433	19,476	20,085	21,302	236,759
Gross Profit	19,481	19,872	20,263	19,089	17,915	16,741	14,784	14,393	15,567	17,524	17,915	18,698	212,241
G P as %	46.38%	46.21%	46.05%	46.56%	47.14%	47.83%	49.28%	49.63%	48.65%	47.36%	47.14%	46.74%	47.27%
Indirect Costs													
Partners' drawings	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	63,336
Employee wages (gross)	4,896	4,896	4,896	4,896	4,896	4,896	4,896	4,896	4,896	4,896	4,896	4,896	58,752
Rent (Unit 1, New House Farm)	541	541	541	541	541	541	541	541	541	541	541	541	6,492
Council tax (email bus amnesty)	0	0	0	0	0	0	0	0	0	0	0	0	0
Water rates (included in rent)	0	0	0	0	0	0	0	0	0	0	0	0	0
Heat and light	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Telephone (4 mobiles)	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Professional/accountancy	833	833	833	833	833	833	833	833	833	833	833	833	9,996
Postage and stationery	20	20	20	20	20	20	20	20	20	20	20	20	240
Insurances	333	333	333	333	333	333	333	333	333	333	333	333	3,996
Advertising	189	189	189	189	189	189	189	189	189	189	189	189	2,268
Bank charges & interest	222	222	222	222	222	222	222	222	222	222	222	222	2,664
Loan interest	584	584	584	584	584	584	584	584	584	584	584	584	7,008
Sundries	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Depreciation	241	241	241	241	241	241	241	241	241	241	241	241	2,890
Total Indirect Costs	13,637	13,637	13,637	13,637	13,637	13,637	13,637	13,637	13,637	13,637	13,637	13,637	163,642
Profit after drawings	5,844	6,235	6,626	5,452	4,278	3,104	1,147	756	1,930	3,887	4,278	5,061	48,599
Add: Partner's Drawings	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	63,336
Profit Before Drawings	11,122	11,513	11,904	10,730	9,556	8,382	6,425	6,034	7,208	9,165	9,556	10,339	111,935
Income tax & NI provision	-1,482	-1,482	-1,482	-1,482	-1,482	-1,482	-1,482	-1,482	-1,482	-1,482	-1,482	-1,482	-17,779
Less: Partner's Drawings	-5,278	-5,278	-5,278	-5,278	-5,278	-5,278	-5,278	-5,278	-5,278	-5,278	-5,278	-5,278	-63,336
Retained Profit	4,362	4,753	5,145	3,971	2,797	1,623	-334	-726	448	2,405	2,797	3,579	30,820

Notes

- 1) Income tax and national insurance on the above profits is payable personally by the 4 partners and provision for this liability is included in their drawings.
- 2) This Profit & Loss projection does not include the net proceeds from the sale of 2 properties which may be sold within the next 12 months

Cash Flow Projections

	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19
Revenue												
Sales	£ 37,000	£ 38,000	£ 39,000	£ 36,000	£ 33,000	£ 30,000	£ 25,000	£ 24,000	£ 27,000	£ 32,000	£ 33,000	£ 35,000
Rent	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Output VAT	7,400	7,600	7,800	7,200	6,600	6,000	5,000	4,800	5,400	6,400	6,600	7,000
Gross Income	49,400	50,600	51,800	48,200	44,600	41,000	35,000	33,800	37,400	43,400	44,600	47,000
Direct Costs												
Purchases	19,832	20,368	20,904	19,296	17,688	16,080	13,400	12,864	14,472	17,152	17,888	18,760
Vehicle running costs	1,715	1,762	1,808	1,669	1,530	1,391	1,159	1,113	1,252	1,484	1,530	1,623
Equipment hire	972	988	1,025	946	867	788	657	631	709	841	867	920
Input VAT	4,504	4,626	4,747	4,382	4,017	3,652	3,043	2,921	3,287	3,895	4,017	4,260
Total Direct Costs	27,023	27,754	28,484	26,293	24,102	21,911	18,259	17,529	19,720	23,372	24,102	25,563
Indirect Costs												
Partners' drawings	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278	5,278
Wages (net)	4,424	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664
Rent (Unit 1, New House Farm)	541	541	541	541	541	541	541	541	541	541	541	541
Council tax (small bus. amnesty)	0	0	0	0	0	0	0	0	0	0	0	0
Water rates (included in rent)	0	0	0	0	0	0	0	0	0	0	0	0
Heat and light	200	200	200	200	200	200	200	200	200	200	200	200
Telephone (4 mobiles)	200	200	200	200	200	200	200	200	200	200	200	200
Professional/accountancy	833	833	833	833	833	833	833	833	833	833	833	833
Postage and stationery	20	20	20	20	20	20	20	20	20	20	20	20
Insurances	333	333	333	333	333	333	333	333	333	333	333	333
Advertising	189	189	189	189	189	189	189	189	189	189	189	189
Bank charges & interest	222	222	222	222	222	222	222	222	222	222	222	222
Bank loan repayments	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771	1,771
Sundries	100	100	100	100	100	100	100	100	100	100	100	100
HM Revenue & Customs (PAYE)	232	232	232	232	232	232	232	232	232	232	232	232
Input VAT	248	248	248	248	248	248	248	248	248	248	248	248
HM Revenue & Customs (VAT)	0	2,648	0	0	8,100	0	0	6,143	0	0	5,751	0
PVA Contributions	500	500	500	500	500	500	500	500	500	500	500	500
Total Indirect Costs	15,091	17,979	15,331	15,331	23,431	15,331	15,331	21,474	15,331	15,331	21,083	15,331
Net Income/Expenditure	7,285	4,867	7,984	6,576	-2,933	3,758	1,410	-5,203	2,349	4,697	-585	6,106
Bank Account												
Opening Balance	4,705	11,990	16,857	24,842	31,417	28,484	32,242	33,652	28,449	30,798	35,495	34,910
Funds Movement	7,285	4,867	7,984	6,576	-2,933	3,758	1,410	-5,203	2,349	4,697	-585	6,106
Closing Balance	11,990	16,857	24,842	31,417	28,484	32,242	33,652	28,449	30,798	35,495	34,910	41,016

Note: Income tax and national insurance on the profits is payable personally by the 4 partners and provision for payment is included in their drawings.

THE FINANCIAL RECOVERY**CHARGE OUT RATES AND DISBURSEMENT POLICY**Effective from 1st April 2018**CHARGE OUT RATES**

Category	£ per hour
Partner / Director	275
Manager	200
Senior Administrator	150
Junior Administrator	90

NB: Time is recorded in six minute units.

CATEGORY 2 DISBURSEMENTS POLICY

Disbursement	£
Mileage expenses incurred specifically relating to the case (up to 10,000 miles – 0.25 per mile thereafter)	0.45 per mile
Money laundering search (per case)	12
Company search (per case)	10
Document storage (per box for the life of the case)	50
Use of Board Room (meeting / virtual meeting)	60

IN THE WORCESTER COUNTY COURT

No of 2018

IN THE MATTER OF THE INSOLVENT PARTNERSHIPS ORDER 1994

AND

IN THE MATTER OF THE INSOLVENCY ACT 1986 (AS AMENDED)

AND IN THE MATTER OF

A J BATE BUILDERS

NOMINEE'S REPORT

I, Jonathan Mark Taylor of T H Financial Recovery

HEREBY REPORT to the Court as follows:

- 1 I am the Nominee under the Proposal of the members of the partnership in respect of a voluntary arrangement with the partnership's creditors under the Insolvent Partnerships Order 1994 in respect of its debts. I am duly qualified to act as an Insolvency Practitioner and Nominee in respect of the proposed voluntary arrangement of the above partnership.

- 2 The partners have previously submitted a proposal for a Partnership Voluntary Arrangement "PVA" and a meeting of creditors to consider the proposal was convened for 1 May 2018. After receiving a rejection vote from HM Revenue & Customs, this meeting was adjourned to 15 May 2018 to provide further time to deal with the reasons for the rejection provided by HM Revenue & Customs.

- 3 This further period of 14 days was insufficient to fully address all of the concerns and it was therefore decided that the only option was to allow the PVA proposal to be rejected so that a further proposal could be offered to the partnership's creditors, which fully addressed all of the concerns of HM Revenue & Customs.
- 4 All 4 partners have finalised proposals for IVAs and a meeting of creditors to consider these proposals has been convened for 27 June 2018 @ at 11:30am. The partners have agreed to have one combined meeting because they have the same creditors and the basis of the proposals is essentially the same.
- 5 The basis of the earlier PVA proposal was that the partnership debts would be fully repaid from the sale of one or two properties but one of the concerns raised by HM Revenue & Customs was that there was no certainty that the properties will sell during the prescribed time and for the sum anticipated.
- 6 The basis of the present proposal is that the partners will obtain a re-mortgage or secured loan against their business and/or personal properties as soon as possible in order to fully repay all creditors plus statutory interest. The partners are aware that the earlier payment can be made to creditors, the less they will have to pay in statutory interest on the creditors' claims, which at 8%, is probably higher than the interest rate on a mortgage.
- 7 As required by Article 2 of the Insolvent Partnerships Order 1994 the Partners have delivered to me a Proposal for a Voluntary Arrangement, together with a Statement of Affairs, copies of which are attached.
- 8 I have considered the Partners' Proposal and Statement of Affairs and I have had the opportunity of discussing these with the Partners.
- 9 My report and comments on the Partners' proposal are set out below.

- 10 I confirm that, as is my standard practice, I have advised the Partners that it is an offence to make a false representation for the purpose of obtaining the approval of the partnership's creditors and members to a proposal for a voluntary arrangement.
- 11 The Partners have co-operated fully with me as Nominee at all times and supplied to me all of the information that I have requested in so far as they have been able in the limited time that has been available.
- 12 This firm was referred to the directors by Raven & Co. Raven & Co will be paid an amount of £2,500 by TH Financial Recovery for their assistance with the preparation of the financials associated with the proposal. Note this will be paid from the Nominee's fee (discussed above) and is not an additional cost. We take this opportunity to advise you that Raven & Co introduces a significant volume of our work, resulting in a substantial proportion of our fee income.
- 13 The main centre of business of the partnership is Cleobury Mortimer, Shropshire and I consider that the EC Regulations on Insolvency Proceedings will apply and that these proceedings will be the main proceedings as defined in Article 3 of the EC Regulation.
- 14 My investigations into the partnership's circumstances comprised a review of the information provided to me by the Partners, namely business accounts, bank statements for two current bank accounts and one secured loan account, creditor paperwork and correspondence/discussions with the partnership's accountants. My office has had many conversations with the partners and exchanged emails and other correspondence.

Basis of FVA Proposal

I was initially advised that the 3 younger partners (David Bate, Michael Bate and Paul Bate) would each obtain re-mortgages against their residential properties to fully repay all business and personal debts. However, after making some initial enquiries, the partners have advised that in the first instance they will now try to

mortgage the 6 properties at Blackstone Farm and Blackstone Barns that are owned by the partnership because that should be a quicker and simpler process.

- 15 The partners advise that the combined value of these properties is approximately £2,800,000 and there are secured bank borrowings of £187,234, which provides more than sufficient equity. It is likely that any new lender will wish to repay the existing secured debt in order to provide them with a first legal charge against the properties. The partners have been advised that it will be easier to prove that a mortgage is affordable because there are 5 tenants paying a combined rental income of £5,000 per month.
- 16 I have undertaken some research on the internet and this shows that there are mortgages available that will provide sufficient funds to fully repay the existing secured borrowings, all business and personal creditors, statutory interest and the costs of the PVA and 4 IVAs with repayments less than £5,000 per month. Until they make the application, the partners will not know what interest rate will be applied and a longer repayment term may be necessary to reduce the monthly repayment cost.
- 17 The partners advise that they are still willing to re-mortgage their residential properties, and will do so, if there are problems with the re-mortgage of the partnership's properties.
- 18 The partnership envisages that it will sell two properties over the next 12 months and, if all PVA and IVA creditors have been fully repaid at the time that any sale is legally completed, the partners will use the proceeds to repay or reduce the mortgage borrowings in order to reduce the monthly repayment commitment. If creditors have not been repaid, then the proceeds must be paid into the PVA and any surplus after the PVA has been finalised, will be paid into the 4 IVAs in equal amounts because each partner owns 25% of the business.
- 19 The final claims should be agreed fairly quickly for the PVA because it will merely require a VAT return completed for the period up to the date that the

PVA is accepted. PAYE returns are always filed on time by the accountants when they calculate the wages at the end of each month.

Partnership Assets

- 20 The partners advise that the partnership's assets presently have a value of approximately £3,425,645 and that the partnership's secured and unsecured liabilities amount to approximately £372,654; leaving net assets of £3,052,991.
- 21 The partnership owns 8 properties which comprise Blackstone Farm, 1-5 Blackstone Barns, a recently completed barn conversion and a new-build property, which has not yet been completed. When this new-build property has been completed in 2-3 months, all 8 properties will have a combined value of approximately £3,400,000 with secured borrowings of no more than £200,000.

Blackstone Farm & Blackstone Barns

- 22 I have obtained searches from HM Land Registry for all properties located at the post code DY12 1PY and this shows that there are 7 properties, as follows: -

Blackstone Farm (Title Number: WR129114)

- 1, Upper Blackstone Barns (Title Number: WR129114)
- 2, Upper Blackstone Barns (Title Number: WR129114)
- 3, Upper Blackstone Barns (Title Number: WR129114)
- 4, Upper Blackstone Barns (Title Number: WR129114)
- 5, Upper Blackstone Barns (Title Number: WR129114)
- 6, Upper Blackstone Barns (Title Number: WR169807)

The first 6 properties are all included under the same title number and show that the registered proprietors are Paul Alan Bate, David Jonathan Bate, Michael John Bate and Alan John Bate. They all state that the purchase price paid on 26 April 2010 was £635,000 and that the properties are subject to a legal charge in favour of Barclays Bank, which was created and registered on 13 August 2014.

I have been provided with a letter dated 4 May 2018 from Halls Estate Agents, which states that in their opinion the current value of Blackstone Farm is approximately £900,000.

The values of the 5 barn conversions at 1-5 Blackstone Barns have been provided by the partners and I have no reason to doubt their assessment of these values given their knowledge of the local property market, their experience as builders and property developers and because they have previously taken advice from Halls Estate Agents, which resulted in one property being sold and one property being placed on the market for sale (refer to following paragraph).

Our further enquiries did find sales particulars on the internet for number 5 Blackstone Barns, produced by Halls Estate Agents, which invited offers of £380,000. This stated that the property had 4 bedrooms, including one downstairs, 1 reception room and 3 bath/shower rooms. It no longer appears to be available for sale.

I have questioned Michael Bate about these sales particulars and he advises that this property was placed on the market a few years ago but it was subsequently decided that the market at that time was not right to conclude a sale at a realistic price and the partners therefore decided to rent the properties until the market had improved.

6 Upper Blackstone Barns was registered in the names on Geoffrey Bull and Patricia Jill Bull on 9 January 2017 and states that they paid the sum of £395,000 on 19 June 2015. There is a note that there was a transfer of the property from Paul Alan Bate, David Jonathan Bate, Michael John Bate and Alan John Bate to Geoffrey Bull and Patricia Jill Bull on 19 June 2015. This property is subject to a legal charge in favour of Santander UK Plc dated 19 June 2015.

I have spoken to Michael Bate who confirms that the partnership sold this property after it had been renovated and he understands that the delay in registration was because a separate title had to be created for the property.

New-Build Property

- 23 I have obtained a search from HM Land Registry (Title Number: SL238918) for this property, which is described as 'Land on the south side of Childe Road, Cleobury Mortimer, Kidderminster'.
- 24 The search states that the property was purchased on 21 May 2015 for the sum of £78,000 and this was registered on 4 April 2016. The proprietor of the property is David Jonathan Bate, Michael John Bate, Alan John Bate and Paul Alan Bate. There are no charges registered against the property.
- 25 I have been provided with a letter dated 4 May 2018 from Halls Estate Agents, which states that when the property has been completed, it will have an open market value of approximately £325,000.
- 26 Halls Estate Agents, Gavel House, 137 Franche Road, Kidderminster, Worcestershire DY11 5AP will be instructed to market this property for sale when it has been completed, with an initial asking price of £325,000.
- 27 The partners will instruct MFG Solicitors, Adam House, Birmingham Road, Kidderminster DY10 2SH to deal with the conveyance and will instruct them to pay the proceeds into the PVA.

Barn Conversion

- 28 The partners advise that the local council has not yet provided an address for this property and therefore it is presently described as "Barn, off The Hurst, Cleobury Mortimer".
- 29 I obtained a list from HM Land Registry of 29 properties at the post code for The Hurst (DY14 8EG) and, after sending this list to the partners, I was advised

that this property is the one described as 'Land at the back of, The Old Telephone Exchange, The Hurst, Cleobury Mortimer, Kidderminster DY14 8EG'.

- 30 I was advised that the partnership previously purchased and demolished The Old Telephone Exchange and built a new-build property that was sold 6-7 years ago. The partners advise that the barn conversion could not originally obtain planning permission for conversion to residential accommodation and this is one of the reasons why they purchased The Old Telephone Exchange and transferred approximately 3 metres of land attached to it to the barn conversion property, which then enabled planning permission to be obtained.
- 31 I have obtained a search from HM Land Registry for the property described as 'Land at the back of, The Old Telephone Exchange, The Hurst, Cleobury Mortimer, Kidderminster DY14 8EG' (Title Number: SL179336) but the actual search shows the address of 'The Old Telephone Exchange, The Hurst, Cleobury Mortimer, Kidderminster DY14 8EG. This may mean that both properties are still on the same title.
- 32 The search shows that the property was purchased for £155,000 on 10 July 2006 and this was registered at HM Land Registry on 15 August 2006. The registered proprietors are Alan John Bate, Paul Alan Bate, Michael John Bate and David Jonathan Bate. There are no charges registered against the property. Michael Bate advises that this is the amount paid for The Old Telephone Exchange and not the amount paid for the barn and land, which was about £90,000.
- 33 I have been provided with a letter dated 4 May 2018 from Halls Estate Agents, which states that this property has an open market value of approximately £275,000.
- 34 Halls Estate Agents, Gavel House, 137 Franche Road, Kidderminster, Worcestershire DY11 5AP have been instructed to market this property for sale with an initial asking price of £275,000. Halls estate agents took photographs of

the property on 4 June 2018 @ 3:00pm in order to produce sales particulars and these are presently awaited. The estate agents have been provided with a key to the property so that they have free access to conduct viewings.

- 35 The partners will instruct MFG Solicitors, Adam House, Birmingham Road, Kidderminster DY10 2SH to deal with the conveyance and will instruct them to pay the proceeds into the PVA.

Motor Vehicles & Other Assets

- 36 The present values of the 3 motor vehicles shown in the PVA proposal have been obtained online from Parkers.co.uk.
- 37 All other assets are shown in the proposal at values attributed to them by the partners and, whilst I have not obtained an independent valuation, I have no reason to doubt their accuracy.

- 38 The partners have provided a schedule of the debts owed to the business and the details and values of the work currently in progress, which is not yet at a stage to be agreed and invoiced.

Secured Creditors

- 39 I have been advised that all borrowings from Barclays Bank are secured on Blackstone Farm and the 5 converted barns and this security has been confirmed by the aforementioned searches at HM Land Registry. I have been provided with recent statements for the loan account and bank overdraft and these confirm the amounts owed of £158,588.08 at 30 May 2018 and £28,646.06 at 30 May 2018.
- 40 The voluntary arrangement cannot alter the rights of any secured creditor without their consent. The partners propose to continue making the loan repayments for the secured loan and the interest payable on the bank overdraft, which is also secured. These payments appear in the profit & loss and cash-flow forecasts.

Profit & Loss Projection

- 41 The Partners propose that the partnership should continue to trade and have prepared a profit & loss projection, which shows that the partnership will be able to generate sufficient profits to make payments into the proposed PVA.
- 42 I have reviewed the Partners' Profit & Loss and Cash-Flow forecasts, and, whilst I have no reason to doubt their accuracy, I have not been unable to substantiate the figures provided.

Value Added Tax

- 43 My office has spoken to the partnership's accountants on a number of occasions and the accountants have confirmed that all outstanding VAT returns for the quarters ended 31 March 2017, 30 June 2017, 30 September 2017, 31 December 2017 and 31 March 2018 were completed and filed by them on 9 May 2018.
- 44 They have provided me with copies of these VAT returns and these figures are included in the liability to HM Revenue & Customs in the estimated Statement of affairs and estimated Outcome Statement that are included with the partners proposal.
- 45 The accountants are instructed to complete and file all future VAT returns, which will not only mean that these are filed on time, but it also means that the accountants will receive the financial records of the partnership every 3 months and this should make the annual accounts easier to prepare.

PAYE

- 46 I have spoken to the partnership's accountants who have confirmed that they have filed all PAYE returns up to 5 June 2018 and they have provided me with a summary of all monthly PAYE returns submitted for 2016/2017, 2017/2018 and 2018/2019.
- 47 The partners advise that they will pay the PAYE for 5 May 2018 and 5 June 2018 on 11 June 2018 and that all future PAYE will be paid on time.

Annual Accounts

- 48 In the absence of recent accounts, I have been unable to substantiate to what degree the business has made profits or losses over recent years. The latest annual accounts prepared for the business were for the year ended 5 April 2014 and these show a pre-tax profit of £105,420 for that year; after depreciation.
- 49 The balance sheet at 5 April 2014 shows assets of £1,148,466 and liabilities of £180,855; leaving net assets of £967,611.
- 50 We have spoken to the partnership's accountants and they confirm that they have been instructed to bring all of the annual accounts up to date and have written to the partners with a list of the missing information and documentation that they require in order to complete these accounts.
- 51 My office has recently spoken to the partnership's accountants to confirm the present position regarding the outstanding accounts and was advised that one of the partners, namely Paul Bate, is due to attend their office on 11 June 2018 to review a list of the information required. The accountants advise that all outstanding accounts are being prepared at the same time and when the partners have provided the missing information, it will only take a couple of weeks to bring all accounts up to date.
- 52 I have stressed to the partners the need for them to finalise the partnership's accounts as quickly as possible and they have advised that all information required by the accountants will be provided before the meeting of creditors to consider the PVA proposal. Michael Bate advises that one of the missing items is a cheque book and he has contacted Barclays Bank and requested copies of the 60 paid cheques and understands that these will arrive in approximately 2 weeks.
- 53 I have advised the partners that it will be the agreement of their personal liabilities for income tax and national insurance that will take the most time and that the claim of HM Revenue & Customs in their IVAs will be for the period up

to the end of the current tax year on 5 April 2019. I have advised the partners that they should file their tax returns for this year at the earliest opportunity rather than wait until the deadline of 31 January 2020.

- 54 Until the accounts have been brought up to date, the accountants have filed the partnership's annual tax return using provisional figures and these same figures have been used in the IVA proposals to estimate the debt owed to HM Revenue & Customs for income tax and national insurance. The accountants advise that a return was not submitted for 2015-2016 and this will be filed with the next 7 days; based on provisional estimates until the accounts have been prepared. HM Revenue & Customs have included the liability for this tax year in the winding up petition based on the self-assessment of tax and/or national insurance for the previous year.

Partnership Liabilities/Creditors

- 55 The partnership debt for which all 4 partners are jointly and severally liable is estimated at £185,420.
- 56 The partners advise that are no creditors will have preferential status under the Insolvency Act.
- 57 HM Revenue and Customs are the majority creditor, however their attitude towards the present revised proposal is presently unknown. HM Revenue & Customs provided reasons why they voted for the rejection of the previous proposal and all of these reasons have now been fully addressed in this revised proposal.
- 58 There are no practical steps I can take to confirm independently that the Partners have disclosed all of the partnership's liabilities, however the schedule of creditors is complete and accurate based on the documentation that the Partners have provided to me.

59 I am not aware of any guarantee or contractual claims, liabilities under property leases (actual or contingent), contingent liabilities, debts for an unliquidated amount. I am advised that there is no rent agreement for the premises occupied by 'Woodtappers Woodworks' at Unit 1, New House Farm, Cleobury Mortimer DY14 8RD and that no rent review is expected. The rent is paid up to date.

60 H M revenue & Customs issued a winding up petition against the partnership on 26 February 2018 and the hearing on 18 April 2018 was adjourned to 13 June 2018. HM Revenue & Customs will be respectfully asked to consent to an adjournment of this hearing so that all creditors may consider the partners' revised proposal for a Partnership Voluntary Arrangement

61 I am not aware of any creditors with special rights e.g. insured claims.

Proposal

62 I am not aware of any claims, including transactions at an undervalue, preferences, extortionate credit transactions or voidable charges, which may be challenged or considered void by an Administrator or a Liquidator.

63 The information and explanations provided to me by the Partners have not been audited. Except where stated in this report, I have necessarily relied on the information and explanations given to me by the Partners.

64 The Proposal and the Statement of Affairs are a fair and reasonable reflection of the facts given to me by the Partners during our discussions, and of the documents provided to me, and to this extent reliance can be placed upon them.

65 I have prepared an Estimated Outcome Statement derived from the Partner's Statement of Affairs which is attached to this report. The Estimated Outcome Statement compares the likely consequences of approval by creditors of the Proposal, as drafted, as compared to that which is likely in the event of the liquidation of the partnership. Under both scenarios, creditors will be fully repaid and receive statutory interest on their claims.

- 66 The Estimated Outcome Statement is prepared after taking into account the expected costs of the proceedings. Specifically, and as provided for at Paragraph 16.5 of the Proposal, £5,000 is proposed to be paid to me for acting as Nominee. This amount may be increased by £500 in the event that it is necessary for any meeting of creditors convened to consider the Proposal to be adjourned.
- 67 The Proposal also provides, at Paragraph 16.9, for the Supervisor to be remunerated on the basis of time costs. The Estimated Outcome Statement includes an estimate of the Supervisor's remuneration of £4,000, plus disbursements and VAT. This estimate is based on the following assumptions: -
- That the partnership pays all contributions due to the Supervisor on a timely basis
 - That financial and other management information will be provided to the Supervisor in accordance with the terms of the Proposal, time being of the essence.
 - The assets / contributions will be realised within 12 months and without any contentious matters arising
 - Creditors' claims are received on a timely basis and are not subject to any significant dispute
 - It is not necessary for the Supervisor to convene a further meeting of creditors with a view to obtaining approval for modifications to the Proposal
- 68 The Estimated Outcome Statement indicates that if the Partners' Proposal is approved as drafted, non-preferential creditors may reasonably expect a dividend of 100 pence in the pound plus statutory interest at the rate of 8% per annum from the date that the PVA is accepted until the claims are fully repaid.

- 69 If creditors reject the Proposal, it is likely that the partnership will suffer alternative insolvency proceedings; particularly in view of the winding up petition that has been issued by HM Revenue & Customs. In the event of liquidation, the Estimated Outcome Statement shows that the dividend for non-preferential creditors will still be 100 pence in the pound.
- 70 The reasons that net asset realisations may be expected to be lower in liquidation are that the partnership would cease to trade, which means that some assets such as work in progress will not be realised and other assets may be sold for less than their true open market value. Additional statutory costs will also be incurred.
- 71 I have advised the Partners of their obligation to make full disclosure in the Proposal of any connected party transactions in the 12-month period prior to my appointment as Nominee, and the partners advise that there is nothing to disclose in this respect.
- 72 The partnership has not previously been subject to any insolvency proceedings, and insofar as I am aware, none of the Partners have previously been an officer of any other partnership or company, which has suffered insolvency proceedings. I have been advised that HM Revenue & Customs previously issued a winding up petition against the partnership in 2016 but this was dismissed after the debt had been settled.
- 73 In addition, insofar as I am aware, none of the Partners has previously been adjudged bankrupt or made an application for an interim order in the last 12 months. Because the partners are also personally liable for the partnership's debts, they have decided to offer proposals to their creditors for Individual Voluntary Arrangements and I have been asked to assist them in this respect. Their creditors will also include their liability for income tax and national insurance on the profits of the partnership.

- 74 I consider that the Partners' Proposal complies in all material respects with the Insolvent Partnerships Order 1994, Insolvency Act 1986 and Insolvency Rules 2016, and that the proposal has a real prospect of being implemented in the way it is to be presented it will be.
- 75 I am not aware of any already-manifest yet unavoidable prospective unfairness.
- 76 For the reasons set out above, I conclude that this is a serious and viable proposal, in that it is feasible, it is fair to creditors, it is fair to the members, it is an acceptable alternative to liquidation, and it is fit to be considered by the creditors and members.
- 77 In my opinion, there is a reasonable prospect of the Proposal being approved by creditors and members and being implemented by the Partners.
- 78 Meetings of creditors and members should therefore be summoned to consider the Proposal, pursuant to Article 3 of the Insolvent Partnerships Order 1994.
- 79 I propose to convene the meetings for 11:00 and 11:15 on Wednesday, 27 June 2018. The creditor meeting to consider the proposal will be via virtual meeting in accordance with the Insolvency Rules 2016. The members meeting to be held at Suite 101, Empire Way Business Park, Liverpool Road, Burnley BB12 6HH.

Dated: 8 June 2018



Jonathan Mark Taylor MIPA, MABRP

(authorised to act as an Insolvency Practitioner in the UK by the Insolvency Practitioners Association)

Nominee

Rule 16.3

Insolvent Partnerships Order 1994

Proxy (Partnership Voluntary Arrangement)

A J BATE BUILDERS

Name of Creditor/Member _____

Address _____

Name of Proxy Holder

1 _____

2 _____

3 _____

Please insert name of person (who must be 18 or over) or the Chairman of the Meeting. If you wish to provide for alternative proxy holders in the circumstances that your first choice is unable to attend please state the name(s) of the alternatives as well

Please delete words in brackets if the proxy holder is only to vote as directed i.e. he has no discretion

I appoint the above person to be my/the creditor's/member's proxy holder at the meeting of creditors/members to be held on 27 June 2018, or at any adjournment of that meeting. The proxy holder is to propose or vote as instructed below (and in respect of any resolution for which no specific instruction is given, may vote or abstain at his/her discretion).

Voting Instructions for resolutions

*Please delete as appropriate

1. For the acceptance/rejection* of the proposed voluntary arrangement (with the following modifications)

Any other resolutions which the proxy-holder is to propose or vote in favour of or against should be set out in numbered paragraphs in the space provided below Paragraph 1. If more room is required please use the other side of this form

This form must be signed

Signature _____ Date _____

Name in CAPITAL LETTERS _____

Only to be completed if the creditor/member has not signed in person

Position with creditor/member or relationship to creditor/member or other authority for signature

Are you the sole member/shareholder of the creditor? ☐ Yes / ☐ No

This proxy may be completed with the name of the person or the chair of the meeting who is to be the proxy-holder.

Remember: there may be resolutions on the other side of this form

DEBT CLAIM FORM

A J Bate Builders

PROPOSED PARTNERSHIP VOLUNTARY ARRANGEMENT

Date of Meeting of Creditors: 27 June 2018

1.	Name of Creditor (if a company, its registered name)	
2.	Address of Creditor (i.e. principal place of business)	
3.	If the Creditor is a registered company: <ul style="list-style-type: none"> For UK companies: its registered number For other companies: the country or territory in which it is incorporated and the number if any under which it is registered The number, if any, under which it is registered as an overseas company under Part 34 of the Companies Act 	
4.	Total amount of claim, including any Value Added Tax, as at the relevant date, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25	£
5.	If the total amount above includes outstanding uncapitalised interest, please state	YES (£) / NO
6.	Particulars of how and when debt incurred	
7.	Particulars of any security held, the value of the security, and the date it was given	
8.	Details of any reservation of title in relation to goods to which the debt relates	
9.	Details of any document by reference to which the debt can be substantiated. [Note the office holder may call for any document or evidence to substantiate the claim at his discretion]	
10.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986	Category Amount(s) claimed as preferential £
AUTHENTICATION		
	Signature of Creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Date	
	If signed by someone other than the Creditor, state your postal address and authority for signing on behalf of the Creditor	
	Are you the sole member of the Creditor?	YES / NO

A J BATE BUILDERS

PROPOSED PARTNERSHIP VOLUNTARY ARRANGEMENT "PVA"

PVA SUMMARY

Dividends to Unsecured Creditors

Dividend in PVA (estimated) 100 pence in the £ plus statutory interest

Dividend in Liquidation (estimated) 100 pence in the £

Meeting of Creditors

Date & Time of Meeting of Creditors Wednesday, 27 June 2018 @ 11.00

Meeting Venue Virtual Meeting (joining instructions in letter)

PVA Summary

Partners' Proposal

The Partners will re-mortgage, or obtain secured loans against, 6 properties owned by the partnership or against their residential properties, as soon as possible in order to fully repay all creditors plus statutory interest. Pending completion of the re-mortgage/secured loan, the partnership will make monthly payments into the PVA.

Number of Jobs Saved 7 (3 full-time, 1 part-time & 3 partners. 1 partner is 80 years old and retired).

Payment by Partnership into PVA £500 per month for 12 months (until re-mortgage)

Total Amount to Be Paid into PVA £256,000 (plus the possibility of the proceeds of 1-2 properties if they sell during the term of the PVA).

Nominee's fee (fixed) £5,000

Supervisor's fees (estimate) £4,000 (over 1 year)

Unsecured Creditors (PVA)

Preferential £0

Non-Preferential £185,420

Legal Proceedings

Winding up Petition Issued 26 February 2018 by HM Revenue & Customs