

Joint administrators' progress report from 14 April 2020 to 13 October 2020

Tomlinson's Dairies Limited

(in administration)

High Court of Justice, Business and Property Courts in
Manchester, Insolvency and Companies List (ChD)

Case no. 1046 of 2019

10 November 2020

Table of contents

Abbreviations and definitions	3
Key messages	5
Overview of what we've done to date	7
Appendix A: Receipts and payments	12
Appendix B: Expenses	14
Appendix C: Remuneration update	16
Appendix D: Pre-administration costs	18
Appendix E: Other information	19

Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
BEIS	Department for Business, Energy & Industrial Strategy
CAPA	CAPA UK
Company	Tomlinson's Dairies Limited
DLA	DLA Piper UK LLP
Firm / PwC	PricewaterhouseCoopers LLP
FWI	Finance Wales Investments (14) Ltd, part of the Development Bank of Wales
Hilco	Hilco Europe
Hilton Baird	Hilton-Baird Group
HMRC	HM Revenue & Customs
HSBC	HSBC Bank Plc, HSBC Invoice Finance (UK) Ltd, HSBC Equipment Finance (UK) Ltd & HSBC Asset Finance (UK) Ltd
HSBCEF	HSBC Equipment Finance (UK) Ltd
HSBCIF	HSBC Invoice Finance (UK) Ltd
IP	Intellectual Property
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
JLL	Jones Lang LaSalle
Joint administrators/we/us/our	Michael Denny and Peter Dickens
ml	1,000,000 litres
PHD	PHD Property Advisory Limited
preferential creditors	Primarily employee claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Proposals	Joint administrators' proposals for achieving the purpose of administration dated 4 December 2019
ROT claims	Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment
RPS	Redundancy Payments Service, part of the Insolvency Service, which is an executive agency sponsored by BEIS, and which authorises and pays the

	statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
secured creditor	A creditor with security in respect of their debt, in accordance with section 248 IA86
SEJ	SEJ Assets Limited
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply.
SIP 2	Statement of Insolvency Practice 2: Investigations by office holders in administrations and insolvent liquidations and the submission of conduct reports by office holders
SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
SIP 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
SoA	Directors' Statement of Affairs dated 14 November 2019
the lenders/secured creditors	HSBC and FWI
unsecured creditors	creditors who are neither secured nor preferential

This report has been prepared by Michael Denny and Peter Dickens as Joint Administrators of the Tomlinson's Dairies Limited, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

*Michael Denny and Peter Dickens have been appointed as Joint Administrators of the Tomlinson's Dairies Limited to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at:
<https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>*

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the administration of Tomlinson's Dairies Limited since our last report dated 12 May 2020.

You can still view our earlier report on our website at www.pwc.co.uk/tomlinsonsdairies. Please get in touch with May Mehdi on uk_creditors_tomlinsons@pwc.com if you need the password to access the reports.

How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)	Distributed to date p/£	Forecast timing
Secured creditors				
HSBC	42-46	42-46	4*	>12 months
FWI	Nil	Nil	Nil	N/A
Preferential creditors	100	100	Nil	6 months
Unsecured creditors		up to 3	Nil	>12 months

**Please note that this figure does not include the HSBCIF recoveries referred to below, as the ledger has not yet been formally assigned to the Company.*

Secured creditors

At the date of our appointment HSBC, the first ranking secured creditor, was owed £15.5m (including amounts owed to HSBCIF and HSBCEF) under fixed and floating charge debentures granted by the Company.

FWI, the second ranking secured creditor, was owed £1.8m under a fixed and floating charge debenture granted by the Company.

Based on information currently available we don't think the secured creditors will be fully repaid their lending. We estimate that HSBC's debt will not be settled in full, and as such due to the order of priority between charge holders, FWI is not expected to recover any of its debt.

Since appointment, we have made distributions totalling £672k to HSBCEF, following the sale of the plant and machinery subject to its security. In addition, HSBCIF recovered book debts totalling c £2.1m, enabling the amount due to them to be settled in full. We have recently made a further distribution to HSBCEF totalling £103k. This transaction will not appear on the receipts and payments account for this period as the funds were not paid until after the end of the reporting period.

Preferential creditors

The Company had 331 employees. Immediately following our appointment, we were required to make 247 staff redundant. The retained employees assisted with the orderly wind down of the Company's activities, safe closure of the site and the sale process. Further redundancies have subsequently been made in stages since our appointment. There currently remain 6 employees who are continuing to assist the administrators.

As HSBC funded the payment of all arrears of wages for the employees, it has a subrogated claim in respect of those arrears up to the statutory limits. The employees will still have preferential claims in relation to their holiday pay and unpaid pension contributions entitlements.

The total preferential claims are currently estimated at £358k. Based on the information currently available, we believe these will be paid in full. We detail below a breakdown of the current preferential claims position. If you have not already, please return your statement of claim to us as soon as possible so we can adjudicate claims.

	Total Admitted	Agreed Nil	To be adjudicated	RPS Claim	HSBC Bank Subrogated claim	Total
Quantity	88	69	180	1	1	339
Received (£)	-	-	53,169	62,760	-	115,929
Admitted (£)	37,096	-	-	-	184,724	221,820
Total received & admitted (£)						337,749

Unsecured creditors

We stated in our Proposals that we believed that there would be no funds to distribute to the unsecured creditors other than by virtue of the prescribed part. The prescribed part fund is subject to a cap of £600k and we currently believe in this case that the prescribed part funds available to unsecured creditors are likely to be in the region of between Nil to £400k, depending on the final level of net floating charge realisations.

Based on the directors' SoA, the Company's unsecured creditors were owed £11.9m and the estimated funds available from the prescribed part of up to £400k, the return to unsecured creditors is currently estimated at up to 3p/£. The final level of dividend paid will depend on the level of realisations, costs in the administration and the total creditor claims received.

This is a brief summary of the possible outcome for creditors based on what we know so far. You shouldn't use it as the main basis of any bad debt provision or debt trading. Please read the rest of this document.

What you need to do

If you have not yet submitted your claim in the administration estate, please do so. A proof of debt form can be downloaded from our website at www.pwc.co.uk/tomlinsonsdairies.

Please note that should you wish to vote in relation to any decision procedure during the administration or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

Overview of what we've done to date

For details of the work we have done to date, please refer to the Proposals and our previous progress report, which can be found on our case website: www.pwc.co.uk/tomlinsonsdairies. If you would prefer a hard copy of any of the reports, please contact May Mehdi by email at uk_creditors_tomlinsons@pwc.com.

When we last reported, the key outstanding matters in the administration were as follows:

- Progressing asset realisations in respect of the freehold properties and plant & machinery;
- Paying future distributions to HSBC;
- Agreeing preferential claims then preparing for and issuing the preferential creditor dividend;
- Agreeing the unsecured creditors claims and preparing and issuing the prescribed part distribution to unsecured creditors;
- Considering the likely extension to the current administration term in light of timescales to conclude asset realisations;
- Concluding statutory matters including tax and VAT matters on the case; and
- Winding down and ultimate dissolution of the Company.

This report provides an update on these key outstanding matters.

Progress since we last reported

Stock, including sales of finished cream & computers

To date, we have invoiced buyers for amounts relating to stock, computers and various other sales of finished cream totalling £150k. Included in this sum are £865 sent to the HSBCIF account in error, credit notes of £1.8k issued due to disputes and £2.8k paid to a third party in respect of stock sold on its behalf. The total amount received is £145k, of which £15k was received in the period. We have concluded realisations in this respect.

Plant, Machinery & Vehicles

Hilco continues to progress the sale of the Company's plant, machinery and vehicles on a break up basis. The following progress has been made during the period of this report:

1. The contractors being used by the buyers to extract the assets were four weeks into the twelve week project when the Government instructed all non-essential businesses to send their staff home as a result of COVID-19. As a result, the site decommissioning was put on hold and only essential safety checks were carried out during this period. We were finally able to reopen the site at the end of July 2020 at which point the contractors returned. We are pleased to confirm that the majority of the plant & machinery decommissioning and removal has now been carried out and the twelve week project ceased at the end of September 2020. We retain six employees to assist with the remaining plant & machinery strip out which we expect to conclude on 11 December.

2. To date, unencumbered plant & machinery sales total £502k and of this amount £64k was received during the period covered by this report. Sales of assets subject to HSBCEF's security total £1.2m and £131.5k was received during the period covered by this report. We have received £1.03m to date and will receive the balance in the next few weeks. Please note that the above figures represent sales agreed by Hilco, however, as payment for certain assets that are still to be collected from site are still in the process of being received, there may be some difference between the above figures and the amounts shown in the receipts and payments account at Appendix A.

3. Hilco continues to liaise with potential interested parties and market the remaining unsold assets with a view to achieving sales which maximise realisations. We hope to be able to conclude all realisations in the coming months.

Property matters

JLL was engaged to sell the properties in which the Company had a freehold interest at the time of our appointment. It should be noted as a result of the impact of the recent COVID19 events we anticipate that this may result in delays to the sale of the properties. See below for a summary per property.

Main Site, Five Crosses, Minera, Wales ("Minera")

The Company holds a freehold interest in a site located to the rear of Five Crosses Industrial Estate. The administrators are in discussions with a number of parties and JLL continues to market the site whilst the removal of the remaining plant and machinery is concluded. We will provide creditors with a further update in our next report.

Units 10 & 11 Vauxhall Industrial Estate, Ruabon, Wales ('Units 10 & 11')

The Company holds a freehold interest in two units at the Vauxhall Industrial Estate, Ruabon, Wrexham. We are pleased to confirm that on 1 October 2020 the sale of Units 10 & 11 was completed for a total consideration of £1,115,000. This receipt will not be shown at Appendix A as it was not received in the period covered by this report.

Minera Farm, Old Road, Bottling Site, Wales ('Old Road')

The Company holds a freehold interest in a site at Old Road. As advised previously, we have an offer to purchase the freehold interest at Old Road but given delays in the prospective buyer progressing this offer we are continuing to market the property. An update on this will be provided in the next report.

Intellectual Property

As advised in our previous report, Hilco was also engaged to sell the Company's IP ("welovemilk" trademark). Following their enquiries minimal interest was shown and a sale of £5k to Freshways was completed. This is shown in the receipt and payments account at Appendix A.

Debtors

As previously advised, the pre-appointment debtor ledger subject to HSBCIF's security showed an outstanding balance of £5.3m. At the date of our appointment, HSBCIF were owed £2.1m plus interest & costs and Hilton Baird were the collection agents instructed to collect these debts on their behalf.

To date, the sum of £2.2m has been collected, however there remains a shortfall to HSBCIF of c.£88k in relation to accrued interest and ongoing collection costs, any shortfall will need to be repaid prior to the ledger being reassigned to the Company. It is our understanding that once HSBCIF has been repaid, the remaining debtors will be caught under HSBC's floating charge.

As previously advised, included within the sales ledger balance are debts of £130k due from insolvent customers, together with certain debts subject to ongoing disputes. Due to the commercial sensitivities and confidential nature around such disputed debts, we are unable to provide you with any update in relation to these debts at present.

Sundry debts & refunds

We have also realised £6.4k in respect of sundry debts and refunds, which consist mainly of metal recycling receipts.

Insurance settlement

We received £3.7k in respect of an insurance settlement for damage caused by a third party to one of the buildings on the Company premises, these funds were utilised directly for the repairs.

Cash in hand

We received £694 from the Company's former lawyers in respect of funds which were being held on their client account on the Company's behalf.

Contribution to Legal Costs

We received £540 during the period from a third party to cover legal costs spent dealing with their queries.

Extension to administration

On 20 July 2020, we called a decision procedure to seek the approval from the secured and preferential creditors that the period of the administration be extended by 12 months to 13 October 2021. The decision date for the procedure was 12 August 2020. I can confirm that the required votes from both groups of creditors were obtained and the extension was granted. We have informed the relevant parties, including Companies House, the Court and the Company's creditors.

Investigations and actions

We have complied with our duties under the Company Directors' Disqualification Act 1986 and SIP2, and three months following our appointment we filed our submission to the Insolvency Service as required. The contents of that submission are confidential. Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 14 April 2020 to 13 October 2020.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

We set out in Appendix C an update on our remuneration which covers our fees, disbursements and other related matters in this case.

Pre-administration costs

You can find in Appendix D information about the approval of the unpaid pre-administration costs previously detailed in our proposals.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by telephoning May Mehdi on 0113 289 4742.

What we still need to do

The following is a summary of the key areas of work which we need to complete before the administration can be concluded:

- Progressing asset realisations in respect of the remaining two freehold properties and plant & machinery;
- Paying future distributions to HSBC;
- Preparing for and issuing the preferential creditor dividend;
- Agreeing the unsecured creditors claims and preparing and issuing the prescribed part distribution to unsecured creditors;
- Concluding statutory matters including Tax and VAT matters on the case; and
- Winding down and ultimate dissolution of the Company.

Next steps

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch with May Mehdi on 0113 289 4742.

Yours faithfully
For and on behalf of the Company



Michael Denny
Joint administrator

Appendix A: Receipts and payments

Directors' statement of affairs (£)	14 October 2019 to 13 April 2020 £	14 April 2020 to 13 October 2020 £	Total to 13 October 2020 £
FIXED CHARGE ACCOUNT			
Receipts			
Plant, Machinery and Vehicles	907,020.00	131,535.20	1,038,555.20
Intellectual Property	-	5,000.00	5,000.00
Bank Interest Gross	8.94	-	8.94
Total Receipts	907,028.94	136,535.20	1,043,564.14
Payments			
Agents' Fees & Disbs-Property & Assets	-	2,500.00	2,500.00
Security	-	21,750.96	21,750.96
Property Expenses	9,470.00	705.00	10,175.00
Total Payments	9,470.00	24,955.96	34,425.96
Distributions			
HSBCEF	672,000.00	-	672,000.00
Total Distributions	672,000.00	-	672,000.00
VAT Control Account	179,510.00	(183,860.19)	(4,350.19)
Balance of funds held	405,068.94	(72,280.95)	332,787.99

Notes

1. All amounts shown exclude VAT unless otherwise stated. The VAT control accounts represent the amount payable / receivable at the period end.
2. The SoA did not include any figures for the estimated to realisable values of the assets as such no comparison to the SoA figures are shown on the receipts and payments account..
3. An exercise to re-allocate the costs incurred between the fixed and floating realisations will be required in due course.
4. Funds are held in interest bearing accounts

**FLOATING CHARGE
ACCOUNT**

Receipts

Sales	90,742.85	15,648.49	106,391.34
Plant & Machinery	437,593.00	64,238.48	501,831.48
Computers	745.83	-	745.83
Stock	40,177.00	(2,225.00)	37,952.00
Pre-Appointment VAT refund	514,662.46	-	514,662.46
Sundry debts & refunds	16,471.83	6,374.82	22,846.65
Third Party Funds	1,777.03	-	1,777.03
Cash in hand	13.96	693.98	707.94
Insurance settlement	-	3,695.00	3,695.00
Contribution to legal costs	-	540.00	540.00
Bank Interest Gross	476.28	-	476.28
Total receipts	1,102,660.24	88,965.77	1,191,626.01

Payments

Agents Fees and Expenses	9,650.00	4,250.00	13,900.00
Professional Fees	2,490.65	470.65	2,961.30
Legal Fees and Expenses	-	40,857.37	40,857.37
Insurance	16,989.24	6,939.25	23,928.49
Consultancy fees	19,190.14	-	19,190.14
Security	191,393.76	100,449.89	291,843.65
Fuel, Utilities, IT & Telephone	144,387.95	18,716.95	163,104.90
Lease/Hire/HP Payments	5,088.45	-	5,088.45
Decommission & maintenance	20,481.51	27,986.43	48,467.94
Wages, PAYE/NI/Pension	463,410.06	58,273.43	521,683.49
Employee expenses	-	232.34	232.34
Statutory advertising	77.00	-	77.00
Storage costs	2,984.75	-	2,984.75
Mail redirection cost	313.00	-	313.00
Irrecoverable VAT	-	3,838.04	3,838.04
Petty Cash	1,000.00	-	1,000.00
Total payments	877,456.51	262,014.35	1,139,470.86

VAT Control Account	26,662.51	(47,148.72)	(20,486.21)
---------------------	-----------	-------------	-------------

Balance of funds held	251,866.24	(220,197.30)	31,668.94
------------------------------	-------------------	---------------------	------------------

Notes

1. All amounts shown exclude VAT unless otherwise stated. The VAT control accounts represent the amount payable / receivable at the period end.
2. The SoA did not include any figures for the estimated to realisable values of the assets as such no comparison to the SoA figures are shown on the receipts and payments account.
3. An exercise to re-allocate the costs incurred between the fixed and floating realisations will be required in due course.
4. Funds are held in interest bearing accounts.
5. A payment was made to a creditor in respect of stock sold on its behalf, hence the credit in this period for Stock.

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period. The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

Nature of expenses	Brought forward from 13 April 2020 (£)	Incurred during period (£)	Total expenses incurred to date (£)	Estimate of future expenses (£)	Total expenses (£)
Consultancy Fees	19,190	-	19,190	420	19,610
Agents' fees and expenses					
IP costs	-	2,500	2,500	-	2,500
Agents' fees and expenses	9,650	20,975	30,625	Uncertain	Uncertain
Property expenses	9,470	705	10,175	-	10,175
Professional fees	2,491	471	2,962	250	3,212
Decommission & maintenance	20,482	27,986	48,468	37,414	85,882
Insurance	16,989	6,939	23,928	15,000	38,928
Legal fees and expenses	59,859	64,390	124,249	Uncertain	Uncertain
Office holders' fees (Note 1)	1,020,549	370,338	1,390,887	406,268	1,797,155
Office holders' disbursements	16,235	1,353	17,588	5,000	22,588
Pre-administration costs	81,427	-	81,427	-	81,427
Security costs	191,394	122,201	313,595	158,350	471,945
Statutory advertising	77	-	77	83	160
Petty cash	1,000	-	1,000	-	1,000
Storage costs	2,985	-	2,985	-	2,985
Fuel, Utilities, IT & Telephone (Note 2)	144,388	187,167	331,555	503,227	834,782
Other property costs	-	-	-	24,000	24,000
Lease/Hire/HP Payments	5,088	-	5,088	-	5,088
Irrecoverable VAT (Note 3)	-	3,838	3,838	Uncertain	Uncertain
Tax liability	-	-	-	261,440	261,440
Mail redirection costs	313	-	313	-	313
Wages & PAYE/NI/Pension Deductions	463,410	58,273	521,683	89,310	610,993
Total expenses	2,064,997	867,136	2,932,133	Uncertain	Uncertain

Notes

- 1) The basis of the Administrators' remuneration is yet to be agreed by secured and preferential creditors. For information, we have provided an estimate based on time costs.
- 2) The future estimate for Fuel, Utilities, IT & Telephone includes a provision for the holding period which is longer than expected now based on the current offer received for Minera.
- 3) As the properties are not Opted To Tax, there are certain costs for which we are unable to recover the VAT. We are in the process of reconciling the Irrecoverable VAT position and updating our R & P. This will be an expense of the administration.
- 4) We are currently liaising with DLA regarding the structure of their future fees and we will provide details on this in our Remuneration Report once agreed.

Appendix C: Remuneration update

Our fees

The basis of our fees has not yet been agreed. Prior to requesting approval for the basis of our fees, we will circulate a remuneration report to creditors setting out further information on work we expect to carry out during the administration, the estimated costs of this work and an estimate of expenses to be incurred, as well as giving details of our time charging and disbursement policy.

In our previous report to creditors, we stated that we had prepared a remuneration report to all creditors, however, due to the uncertainty surrounding COVID19 and the likely impact on future work, we did not issue the report.

We are currently in the process of updating our remuneration report and will be proposing that our fees be based on the time we and our staff spend on the case at our normal charge out rates for this type of work. We will also propose that disbursements for services provided by our firm (defined as “Category 2” disbursements in SIP 9) are charged as per our firm’s policy. Following the publication of our remuneration report it will be uploaded to our website at www.pwc.co.uk/tomlinsonsdairies. As there is no committee, because we’ve said we think the Company doesn’t have enough assets to pay anything to unsecured creditors other than via the prescribed part, we will be seeking approval for the basis of our remuneration and expenses from the secured creditors and preferential creditors.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our work in the period

We have set out earlier in this report details regarding our strategy and work we have done in the period. As stated above, further details will be provided in our remuneration report which will be uploaded to the case website at www.pwc.co.uk/tomlinsonsdairies.

Payments to associates

We have not made any payments to any associates in the period covered by this report.

Disbursements

We don’t need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called “Category 2” disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees. Our expenses policy allows for all properly incurred expenses to be recharged to the administration and has not yet been approved by the secured and preferential creditors. The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	Photocopying – At 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	370
2	Mileage – At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	732
1	All other disbursements reimbursed at cost Postage	252
	Total	1,353

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Professionals and subcontractors

The following table gives details of the professionals and subcontractors used in this administration.

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: Appointment related matters; Advice on ROT claims; Sale of business contracts; Advice on debtor matters; and Property sale contracts.	DLA Piper	Expertise	Time costs
Chattel agents and valuers	Hilco	Expertise	% of asset realisations
Rates refund collection	CAPA	Expertise/cost	% of asset realisations
Property valuation and sale agents	JLL	Expertise	Fixed fee plus % of asset realisations
Payroll services	Hazelwoods	Expertise/cost	Fixed fee
Consultancy services	Faenol Services	Assistance with winding up of Company	Hourly cost
Property marketing agent	SJC	Expertise	Fixed fee
Property management advisory	PHD	Specialist property management advisors regarding the management of utility bills.	Fixed fee

We require all third party professionals to submit time costs analyses and narrative or a schedule of realisations achieved, dependent on their fee basis, in support of invoices rendered. All invoices are reviewed before being approved for payment. We are satisfied that the level of legal and professional costs is appropriate.

Appendix D: Pre-administration costs

As there is no committee, because we've said we think the Company doesn't have enough assets to pay anything to unsecured creditors other than via the prescribed part, we will be seeking approval of our pre-administration costs from the secured creditors and preferential creditors in our remuneration report which will be uploaded in due course.

The following costs incurred before our appointment with a view to the Company going into administration were incurred before our appointment as administrators but with a view to the Company entering administration, further details can be found in the Proposals or our previous progress report.

Nature of costs	Paid amount (£)	Unpaid Amount (£)
Fees charged by the administrators-in-waiting	£72,783.00	£6,250
Expenses incurred by the administrators - DLA	Nil	£75,126.82 plus disbursements of £50
Total	£72,783.00	£81,426.82

Appendix E: Other information

Court details for the administration:	High Court of Justice, Business and Property Courts in Manchester, Insolvency and Companies List (ChD)
Company's registered name:	Tomlinson's Dairies Limited
Trading name:	Tomlinson's
Registered number:	03882919
Registered address:	Level 8, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Date of the joint administrators' appointment:	14 October 2019
Joint administrators' names, addresses and contact details:	Michael Denny, PricewaterhouseCoopers LLP, One Chamberlain Square Birmingham B3 3AX Peter Dickens, PricewaterhouseCoopers LLP, No 1 Spinningfields 1 Hardman Square Manchester M3 3EB Contact details: uk_creditors_tomlinsons@pwc.com
Extension to the initial period of appointment:	Extension of 12 months to 13 October 2021, granted by the secured creditors and preferential creditors.
