

Joint Administrators' progress report from 14 October 2022 to 13 April 2023

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

12 May 2023

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Abbreviations and definitions

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

Abbreviation or definition	Meaning
Bank	HSBC Bank Plc
Company	Tomlinson's Dairies Limited
DBW	DBW Investments (14) Limited, previously Finance Wales Investments (14) Limited, part of the Development of Bank of Wales
DLA	DLA Piper UK LLP
Firm/PwC	PricewaterhouseCoopers LLP
FCRs	Fixed Charge Receivers
Hilco	Hilco Europe
HMRC	HM Revenue & Customs
HSBC	HSBC Bank Plc, HSBC Invoice Finance (UK) Limited, HSBC Equipment Finance (UK) Limited & HSBC Asset Finance (UK) Limited
HSBCEF	HSBC Equipment Finance (UK) Limited
HSBCIF	HSBC Invoice Finance (UK) Limited
IP	Intellectual Property
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
JLL	Jones Lang LaSalle
Joint Administrators/we/us/our	Peter David Dickens and Alison Campbell Grant
Minera	Main Site (Five Crosses Ind Est, Minera, Wales, LL11 3RD)
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
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
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.
SIP2	Statement of Insolvency Practice 2: Investigations by office holders in administrations and insolvent liquidations and the submission of conduct reports by office holders
SIP9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
SoA	Directors' Statement of Affairs dated 14 November 2019
The lenders/secured creditors	HSBC and DBW (until 8 Dec 2022)
Unsecured creditors	Creditors who are neither secured nor preferential

This report has been prepared by Alison Campbell Grant and Peter David Dickens as Joint Administrators of the Company, 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.

Please note you should read this report in conjunction with the Joint Administrators' previous reports issued to the Company's creditors, which can be found at <https://www.pwc.co.uk/tomlinsonsdairies>. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

Alison Grant and Peter Dickens have been appointed as Joint Administrators of the Company 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>

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Key messages

Why we've sent you this report

We're writing to update you on the progress of the administration of the Company in the six month period between 14 October 2022 and 13 April 2023.

You can still view our earlier reports on the case website at <https://www.pwc.co.uk/tomlinsonsdairies>. Please email 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 £)
Secured creditors		
HSBC	48	48
DBW	N/A	Nil
Preferential creditors	100 (paid)	100
Unsecured creditors	<1p	<1p

Secured creditors

As we have advised previously, at the date of our appointment, HSBC, the first ranking secured creditor was owed £15.5m (including amounts owed to the Bank, HSBCIF and HSBCF) under fixed and floating charge debentures granted by the Company.

As you will be aware from previous reports, HSBCIF has also recovered book debts totalling c£2.1m, enabling the amount due to them to be settled in full. HSBCF has received payments totalling £1.34m and to date the Bank has received payments totalling £3.16m. Total repayments to the secured creditor to date are £6.6m.

DBW, was a second ranking secured creditor owed £1.8m under a fixed and floating charge debenture granted by the Company. As HSBC will suffer a shortfall in its lending it was envisaged that DBW, the second ranking secured creditor, would not recover any of its debt via the security. During the period of this report, DBW relinquished its security in order to participate in the prescribed part dividend and is therefore no longer a secured creditor. We have received an unsecured claim from DBW in the sum of £1.8m.

Preferential creditors

As reported previously, we agreed preferential claims of £348.6k and a notice of intended dividend was issued in August 2022. We made a first and final dividend of 100p in the £ to preferential creditors of the Company on 8 November 2022, funds totalling £348.6k were distributed. We also issued a number of catch up dividends, where creditors had changed address or not received cheques, in the weeks following the original dividend date.

Unsecured creditors

Based on the SoA, the Company's unsecured creditors were owed £11.9m. To date we have received claims totalling £15.09m, of which £8.8m have been agreed. The estimated funds available from the Prescribed part are anticipated to be c£86k. The return to unsecured creditors is therefore currently estimated at less than 1p/£.

We anticipate issuing our notice of intended dividend in June 2023, following receipt of awaited HMRC VAT refunds, with a view to paying the dividend within two months thereafter.

This is a brief summary of the possible outcome for creditors. It should not be used 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 haven't already done so, please send your claim to us via email to uk_creditors_tomlinsons@pwc.com so that this can be adjudicated. A claim form can be downloaded from our website at www.pwc.co.uk/tomlinsonsdairies

We may decide that some or all creditors who are owed £1,000 or less by the Company won't be required to submit a proof of debt in order to receive the anticipated dividend payment.

A creditor who we decide is not required to submit a proof of debt will be notified when we deliver notice of our intention to pay a dividend of the amount we'll treat as their admitted debt for the purpose of the dividend, unless the creditor advises us that the amount is incorrect (in which case a proof of debt will be required) or not owed.

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

Full details of the work that has been undertaken since the date of our appointment can be found in our Proposals and earlier reports, 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 email uk_creditors_tomlinsons@pwc.com.

We remain in office mainly because we await the receipt of monies from HMRC in respect of VAT refunds, to make a final distribution to the Bank under its fixed and floating charge and to distribute the Prescribed part dividend to unsecured creditors.

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

- Pay the preferential dividend;
- Obtain tax clearance;
- Agree the unsecured creditors claims and prepare and issue the Prescribed part distribution to unsecured creditors;
- Obtain outstanding VAT refunds;
- Settle any outstanding costs of the administration;
- Wind down and ultimately dissolve the Company.

Progress since we last reported

Insurance claims and refunds

As creditors will recall from previous reports, we submitted insurance claims to recoup losses suffered as a result of the break-in at the Company's Minera site. These insurance claims were concluded in the previous period and we settled the costs associated with the preparation of the insurance claims. As part of our insurance cover, we were able to recover up to £15k in respect of claims preparation costs. This sum has been recovered in the period of this report and is reflected on the receipts and payments account at Appendix A. This concludes matters in respect of insurance claims.

Debtors

As you will be aware from previous reports, the sum of £2.9m was collected in respect of HSBCIF debtors, repaying its principal lending of £2.1m in full, including interest and charges and the ledger was subsequently reassigned to the Company.

Debtor realisations subject to the Bank's floating charge total £687k to date. As previously reported, we have now ceased debt collection efforts after reaching commercial settlements with all but one debtor. As we reported previously, it was concluded that it was no longer commercial to continue the debt collection activities in relation to the one remaining debtor. However, the debtor has continued to make further payments of £10 per month, and in the period covered by this report we have received a further £60. This is reflected on the receipts and payments account at Appendix A.

Statutory and compliance

In the period covered by this report, we issued our progress report to creditors (dated 11 November 2022), and provided an update to the secured lender. We have also issued VAT returns for the periods ended 30 November 2022 and 28 February 2023 and liaised with HMRC in respect of outstanding VAT refunds due to the Company. We have recovered £52k of the outstanding VAT refunds and continue to liaise with HMRC to obtain the balance due to the Company.

In addition, a preferential dividend totalling £348.6k has been declared and paid in the period.

Connected party transactions

No assets of the administration have been disposed of to a director or other connected party.

Investigations and actions

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 SIP2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 14 October 2022 to 13 April 2023 and for the administration as a whole.

The main receipt in the period is in respect of the insurance settlement of £15k in relation to the recovery of claims preparation costs.

Payments in the period include:

- Office holders' fees in the sum of £191.7k
- Office holders' expenses in the sum of £24.5k
- Agents fees and disbursements in the sum of £68.8k
- Legal fees of £13.8k
- Preferential dividend totalling £348.6k

Our expenses

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

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.

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/2021/administration-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by emailing uk_creditors_tomlinsons@pwc.com

Future dividends for creditors

We have provided an estimate of the amount and likely timing of the payment of dividends to unsecured creditors via the Prescribed Part and we have provided details of the outstanding matters in the Key Messages section at the beginning of this report.

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:

- Agree the unsecured creditors' claims and prepare and issue the Prescribed part distribution to unsecured creditors;
- Receive outstanding VAT refunds;
- Settle any outstanding costs of the administration;
- Wind down and ultimately dissolve 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 Alex La Dell at uk_creditors_tomlinsons@pwc.com

Yours faithfully
For and on behalf of the Company



Alison Grant
Joint Administrator

Appendix A: Receipts and payments

Directors' statement of affairs (£)	14 October 2019 to 13 October 2022 £	14 October 2022 to 13 April 2023 £	Total to 13 April 2023 £
FIXED CHARGE ACCOUNT			
Receipts			
Freehold Land & Property	4,814,104.00	-	4,814,104.00
Plant, Machinery and Vehicles	1,612,961.00	-	1,612,961.00
Intellectual Property	5,000.00	-	5,000.00
HSBCIF debtor receipts	2,262,092.13	-	2,262,092.13
Insurance claim settlement	476,273.90	-	476,273.90
Bank Interest Gross	8.69	-	8.69
Total Receipts	9,170,439.72	-	9,170,439.72
Payments			
Office holders' fees (Note 2)	429,937.02	191,653.55	621,590.57
Office holders' expenses	-	24,523.00	24,523.00
Legal fees and disbursements	161,053.50	-	161,053.50
Agents fees and disbursements	95,378.90	35,776.00	131,154.90
Debt collection fees	134,920.09	-	134,920.09
Security	530,496.02	-	530,496.02
Utilities	242,358.11	-	242,358.11
Insurance	62,430.62	-	62,430.62
Finance / Bank Charges (Note 1)	24,297.53	-	24,297.53
Fixed charge receiver fees	24,234.84	-	24,234.84
Property Expenses	144,429.53	-	144,429.53
Total Payments	1,849,536.16	251,952.55	2,101,488.71
Distributions			
HSBCIF (Note 1)	2,102,841.00	-	2,102,841.00
HSBC Bank Plc	3,157,459.00	-	3,157,459.00
HSBCEF	1,340,961.00	-	1,340,961.00
Total Distributions	6,601,261.00	-	6,601,261.00

Directors' statement of affairs (£)	14 October 2019 to 13 October 2022 £	14 October 2022 to 13 April 2023 £	Total to 13 April 2023 £
FLOATING CHARGE ACCOUNT			
Receipts			
Sales	106,391.34	-	106,391.34
Plant & Machinery	930,280.37	-	930,280.37
Computers	745.83	-	745.83
Stock	37,952.00	-	37,952.00
Debtors	686,751.68	60.00	686,811.68
Tax/VAT refunds	651,052.57	-	651,052.57
Sundry Debts & Refunds	35,857.23	-	35,857.23
Cash in hand	707.94	-	707.94
Insurance claims and refunds	128,574.90	15,000.00	143,574.90
Contribution to legal costs	540.00	-	540.00
Bank interest Gross	3,420.81	-	3,420.81
Total receipts	2,582,274.67	15,060.00	2,597,334.67
Payments			
Office holders' fees (Note 2)	834,583.63	-	834,583.63
Agents Fees and Expenses	-	33,024.00	33,024.00
Professional Fees	4,503.65	-	4,503.65
Legal Fees and Expenses	161,054.79	13,754.00	174,808.79
Debt collection fees	24,840.64	-	24,840.64
Insurance	24,320.49	392.00	24,712.49
Consultancy fees	19,190.14	-	19,190.14
Fuel, Utilities, IT & Telephone	11,157.65	-	11,157.65
Lease/HP payments	5,088.45	-	5,088.45
Decommission, repairs and maintenance	5,339.56	-	5,339.56
Wages & PAYE/NI/Pension Deductions	592,112.59	-	592,112.59
Statutory advertising	77.00	-	77.00
Storage costs	2,984.75	-	2,984.75
Mail redirection cost	313.00	-	313.00
Irrecoverable VAT	5,418.44	-	5,418.44
Petty Cash	1,000.00	-	1,000.00
Total payments	1,691,984.78	47,170.00	1,739,154.78

	14 October 2019 to 13 October 2022	14 October 2022 to 13 April 2023	Total to 13 April 2023
	£	£	£
Preferential distribution of 100p in £ (Note 3)	-	348,602.81	348,602.81
Balance of funds held	1,609,932.45	(632,665.36)	977,267.09
Made up as follows			
Barclays Bank Plc Fixed Charge	577,909.24	(326,971.86)	250,937.38
Barclays Bank Plc Floating Charge	971,431.39	(313,231.63)	658,199.76
VAT Receivable	60,591.82	7,538.13	68,129.95
	1,609,932.45	(632,665.36)	977,267.09

1. The brought forward balance paid to HSBCIF has been adjusted as this was incorrectly showing the Finance / Bank charges that were paid in respect of the debtor collections as a distribution. This is now showing as a fixed charge payment.
2. Office holder's fees are on a time cost basis, as approved by the secured and preferential creditors.
3. The preferential dividend was declared and paid on 8 November 2022.
4. The bank balances as at 13 April 2023 are per the receipts and payments account above. There is a cash book difference in the movement in the period, which relates to the agent's fees paid in the period. The payment had both a fixed and floating element, but was paid from the fixed charge bank account and a proportion therefore needs to be reimbursed by the floating charge account. A transfer to reimburse the fixed charge account will be made in order that the split of the payment is reflected in the bank account as well as the cash book.
5. Funds are held in non-interest bearing accounts (as the final tax returns have been submitted).
6. The directors' statement of affairs did not include any figures for the estimated to realise values of the assets and as such no figures are shown on the receipts and payments account.
7. All amounts shown exclude VAT unless otherwise stated. The VAT balances collectively represent the amount payable / receivable at the period end.

Appendix B: Expenses

Expenses are amounts properly payable by us as Joint Administrators from the estate, but excludes our fees and distributions to creditors.

These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Expense	SIP 9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the secured and preferential creditors) also have the responsibility for agreeing the basis for payment of Category 2 expenses.

The rate for services provided by the Joint Administrators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. All other disbursements to be charged at cost.

The following table provides a breakdown of the Category 2 expenses incurred in the period, together with details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case.

Category	Costs incurred by	Policy	Costs incurred £
2	PwC	Postage	271.42
1	PwC	Other expenses reimbursed at cost: Archiving	699.03
Total			970.45
Brought forward from previous periods			24,252.01
Total			25,222.46

The expense policy set out above has been approved by the fee approving body.

The table on the next page provides details of all the expenses incurred in the administration

Nature of expenses	Brought forward from 13 October 2022 (£)	Incurred during period (£)	Total expenses incurred to date (£)	Estimate of future expenses (£)	Total expenses (£)	Initial estimate (£)	Variance (£)
Consultancy Fees	19,190	-	19,190	-	19,190	19,610	(420.00)
Agents' fees and expenses	95,379	68,800	164,179	-	164,179	Uncertain	Uncertain
Debt collection fees	159,761	-	159,761	-	159,761	-	(159,761.00)
Property expenses	145,902	-	145,902	-	145,902	10,175	135,727.00
Receiver's fees	24,235	-	24,235	-	24,235	-	(24,235.00)
Professional fees	3,254	-	3,254	-	3,254	3,212	42.00
Decommission & maintenance	5,340	-	5,340	-	5,340	85,882	(80,542.00)
Insurance	88,359	-1,216	87,143	392	87,535	38,928	48,607.11
Legal fees and expenses	335,474	1,624	337,098	5,000	342,098	Uncertain	Uncertain
Office holders' fees	2,663,109	110,627	2,773,736	131,265	2,905,001	1,833,365	1,071,636.00
Office holders' disbursements	24,252	970	25,222	1,000	26,222	22,915	3,307.45
Pre-administration costs	81,427	-	81,427	-	81,427	81,427	-
Security costs	530,496	-	530,496	-	530,496	471,945	58,551.00
Statutory advertising	77	-	77	90	167	180	(13.00)
Petty cash	1,000	-	1,000	-	1,000	1,000	-
Storage costs	2,985	-	2,985	-	2,985	2,985	-
Fuel, Utilities, IT & Telephone	564,951	-	564,951	-	564,951	834,782	(269,831.00)
Other property costs	-	-	-	-	-	24,000	(24,000.00)
Lease/Hire/HP Payments	5,088	-	5,088	-	5,088	5,088	-
Irrecoverable VAT	5,418	-	5,418	-	5,418	Uncertain	Uncertain
Mail redirection costs	313	-	313	-	313	313	-
Wages & PAYE/NI/Pension Deductions	592,113	-	592,113	-	592,113	610,993	(18,880.00)
Total expenses	5,348,123	180,806	5,528,929	137,747	5,666,676	Uncertain	Uncertain

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.

Our initial total expenses estimate was uncertain, but there are certain categories of expenses that have exceeded the original estimate. This is due in large part to:

- The Covid-19 pandemic and lockdown restrictions which impacted asset realisations and resulted in additional fees and expenses.
- Negotiations with the first interested party of the Minera site which became protracted, and ultimately fell away, requiring remarketing and discussions and negotiations with alternative interested parties. This has resulted in additional time costs and legal expenses.
- A significant amount of time has been incurred in dealing with the consequences of the break-in at the Minera site.
- The break-in also delayed the property sale, resulting in additional holding costs (including security costs), as well as additional legal and agents fees incurred in dealing with plant and machinery, and lengthy negotiations with the prospective purchaser to avoid the property sale from falling away.
- Ongoing delays within HMRC resulting in the need for a further extension to the administration period in order to receive the funds from the tax relief claims, which make up a proportion of the prescribed part funds.
- There are certain expenses, such as the FCR fees which were not anticipated at the time our initial expenses estimate was prepared.

The bought forward figure for Agents' fees and expenses has been amended as the previous future estimate included VAT in error. The bought figure has therefore been amended in order that actual incurred expenses match the receipts and payments account as there are no further agents fees to pay.

There was a slight overestimate in previous periods in relation to insurance costs. An adjustment has been made in the period in order that the expenses incurred to date match the R&P.

The bought forward figure for office holder's fees has been amended as an adjustment has been made in our time reporting software to correct a historical rates error in a prior period. This does not impact the fees that have been taken.

Appendix C: Remuneration update

Our fees were approved on a time costs basis by Secured and Preferential creditors on 22 January 2021. Our time costs have exceeded our initial estimate of £1,833k and are currently £2,773k. We are unable to draw fees in excess of our original fee estimate without prior approval from the fee approving body.

We do not anticipate that we will seek to recover the full amount of costs incurred. To date, we have drawn fees of £1.5m in line with the approval given, as shown on the enclosed receipts and payments account at Appendix A.

The time cost charges incurred in the period covered by this report are £110,627. This amount does not necessarily reflect how much we will eventually draw as fees for this period.

As we have advised previously, the main reasons for exceeding our fee estimate are as follows:

- The Covid-19 pandemic had a significant impact on asset realisations. Local, national and global lockdowns severely impacted the administrators' ability to realise assets. There has also been additional time and expense incurred in ensuring that the decommissioning of the Company's main trading site and any asset realisations were carried out in a Covid-secure manner and in line with government regulations at the time.
- The sale of the Company's main trading facility became protracted and there were a number of unforeseen issues that arose during negotiations with the original prospective purchaser. This entailed lengthy negotiations between the administrators, the prospective purchaser and the Bank in order to try and progress the sale of the property. After several months of negotiations, it unfortunately became apparent that a consensus could not be reached between the parties and this subsequently resulted in the prospective purchaser withdrawing its offer for the property. The protracted dealings in respect of the sale of the property resulted in additional time costs being incurred.
- A significant amount of time was spent dealing with the consequences of the break-in at the Company's site, including liaising with insurers, re-securing the site, liaising with contractors to ascertain the quantum of the damage sustained and in depth discussions with the prospective purchaser and the Bank to prevent the sale from falling through.
- Time has been spent preparing and submitting the insurance claim following the damage to the property and assets at the Minera site. This involved in depth discussions with our insurance broker and collating information required by the insurers.
- Ongoing delays within HMRC resulted in a tax relief claim being received significantly later than anticipated. As a result of the delay in receiving these funds, it was necessary to apply to court for a further extension of the administration period as there was insufficient time to conclude all matters of the administration prior to the expiry of the administration.

We do not anticipate that we will seek to increase the level of our fee approval. However, should we decide to seek to increase the level of fees we will charge, we will write to creditors providing a revised fee estimate in due course and seek creditors' approval of this revised estimate. In addition to providing a revised estimate of our costs for completing the administration, we will set out in more detail the reasons for the increased costs.

Our hours and average rates

SIP9 time cost summary to 13 April 2023

Work type	Partner (Hrs)	Director (Hrs)	Senior Manager (Hrs)	Manager (Hrs)	Senior Associate (Hrs)	Associate (Hrs)	Total (Hrs)	Time cost £	Average hourly rate £	Cumulative cost £	Initial Estimate £
Accounting and treasury	-	-	0.3	2.7	10.15	6.9	20.05	9,760	487	191,780	99,000
Assets	-	-	-	4.8	4.3	-	9.1	5,719	628	732,574	535,000
Creditors	-	-	2	4.4	24.4	2.6	33.4	18,473	553	181,414	125,000
Employees and Pensions	-	-	2.05	6.55	15.65	2.35	26.6	15,276	574	259,332	216,000
Investigations	-	-	-	-	-	-	-	-	-	4,824	4,824
Secured creditors	-	-	-	0.95	13.55	-	14.5	7,672	529	152,252	41,000
Statutory and compliance	1.75	7.25	2.7	12.45	33.1	2.35	59.6	37,896	636	825,977	332,000
Strategy and planning	-	0.1	0.9	1.3	1.75	1	5.05	2,921	578	68,498	289,000
Tax & VAT	-	-	1.25	4.25	13.65	-	19.15	12,911	674	315,152	127,000
Trading	-	-	-	-	-	-	-	-	-	41,472	64,000
Total for the period	1.75	7.35	9.2	37.4	116.55	15.2	187.45	110,627	590	2,773,275*	1,832,824

* Cumulative time costs reported in our previous report were £2,637k. There is therefore a difference between the cumulative time cost figure per the SIP9 table above and the sum of the cumulative time costs per our previous report and the time incurred in the period. This is due to a historical rates error in a prior period that has now been corrected in our time reporting software. This does not impact the fees that have been taken.

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the administration. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the administration (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. Work carried out by our cashiers, support and secretarial staff is charged separately and isn't included in the hourly rates charged by partners or other staff members. Time is charged in six minute units. The minimum time chargeable is three minutes (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the administration.

Grade	From 1 July 2022 / £
Partner	980
Appointment taking director	960
Director (not appointee)	915
Assistant director	900
Senior manager	860
Manager	730
Senior associate	515
Associate	375
Support staff	160
Offshore professionals	375-515

We call on colleagues such as those in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. We may also utilise Technology Specialists from the wider Business Restructuring Services team or other parts of our firm. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	Tax and pensions specialists from 1 April 2022	Technology specialists from 1 July 2022
Partner	1,810	1,175
Director	1,660	1,085
Senior manager	1,310	980
Manager	950	795
Senior associate	690	575
Associate	375	415
Support staff	205	145
Offshore professionals	190	375-515

In common with many professional firms, our scale rates may rise eg to cover annual inflationary cost increases.

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work

Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury		
<ul style="list-style-type: none"> Reconciliation of bank accounts Settling expenses of the administration Accounting for receipts Processing payments and journals 	<ul style="list-style-type: none"> For the proper and secure stewardship of funds 	<ul style="list-style-type: none"> Statutory requirement
Assets		
<ul style="list-style-type: none"> Liaising with insurers to obtain receipt of funds in respect of the insurance claim to recover claims preparation costs Processing of debtor receipts 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors 	<ul style="list-style-type: none"> This work is necessary to realise financial value to the estate
Creditors		
<ul style="list-style-type: none"> Adjudicating unsecured creditor claims Dealing with creditor correspondence Payment of a preferential dividend totalling £348.6k Creating and finalising the preferential dividend calculation on our accounting system Completing internal checklist in respect of the preferential dividend Arranging for cheques and BACS payments in respect of preferential dividend to be made to creditors Cancelling returned cheque payments and re-issuing payments by BACS where necessary 	<ul style="list-style-type: none"> To keep creditors informed of the progress of the administration To ensure creditor claims are properly accounted for To enable distributions to the secured creditor To enable a distribution to the preferential creditors 	<ul style="list-style-type: none"> This work was necessary for administrative purposes and/or complying with statutory requirements.
Employees and pensions		
<ul style="list-style-type: none"> Reviewing and adjudicating preferential claim information 	<ul style="list-style-type: none"> To ensure creditor claims properly accounted for 	<ul style="list-style-type: none"> This work was necessary for administrative purposes and/or complying with statutory requirements.

Statutory and compliance

- Reviewing, allocating and filing case post as appropriate
 - Conducting six monthly file review
 - Issue of previous six monthly progress report
 - Maintenance of the website and uploading creditor updates
 - Filing of documents and dealing with books and records
 - Updating case files and internal systems
- To ensure the efficient management of the administration
 - To keep stakeholders informed of progress
- This work was necessary for administrative purposes and/or complying with statutory requirements.

Strategy and planning

- Case progression meetings
 - Reviewing costs and budgets
 - Appointee case strategy/progressions review
- To ensure the efficient management of the administration
- This work was necessary for administrative purposes and/or complying with statutory requirements.

Tax and VAT

- Completion of VAT returns
 - Chasing up outstanding VAT refunds from HMRC
 - Dealing with queries from HMRC in order for outstanding VAT refunds to be released
 - Following up on tax clearance from HMRC
- To discharge tax and VAT obligations
- This work was necessary for administrative purposes and/or complying with statutory requirements.

Our future work

We still need to do the following work to achieve the purpose of administration.

Work to be undertaken	Estimated cost £	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Accounting and treasury		
<ul style="list-style-type: none"> Process receipts, payments and journals Reconciliation of bank accounts Settle final expenses of the administration Deal with any unbanked dividend cheques 	<ul style="list-style-type: none"> £9,833 	<ul style="list-style-type: none"> For the proper and secure stewardship of funds and to enable distributions to be made to one or more classes of creditors
Assets		
<ul style="list-style-type: none"> Liaise with final remaining debtor to conclude debtor receipts 	<ul style="list-style-type: none"> £515 	
Creditors		
<ul style="list-style-type: none"> Make final distribution to the secured creditor Adjudicate unsecured creditor claims Issue notice of intended dividend and distribute prescribed part dividend 	<ul style="list-style-type: none"> £51,665 	<ul style="list-style-type: none"> To allow a distribution to be made to one or more classes of creditor
Statutory and compliance / case closure		
<ul style="list-style-type: none"> Prepare six monthly and final file reviews Prepare and issue six monthly progress report Issue final report to creditors Deal with books and records Closure of systems Dissolve company 	<ul style="list-style-type: none"> £62,927 	<ul style="list-style-type: none"> Statutory requirement and to ensure correct procedures for wind down and closure of case
Tax and VAT		
<ul style="list-style-type: none"> Completion of final VAT return Receive final VAT refund monies from HMRC Liaise with HMRC to obtain unsecured claim details 	<ul style="list-style-type: none"> £6,325 	<ul style="list-style-type: none"> This work is necessary for administrative purposes and/or complying with statutory requirements

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.

Details of subcontracted work

The following work, which we or our staff would normally do, has been done by subcontractors:

We have engaged the services of Hilton Baird to assist with book debt collections, as it is more cost effective to use the services of a collection agency for the routine debt collections, rather than this work being undertaken in its entirety by our staff.

Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: Appointment related matters; Advice on ROT claims; and Sale of business contracts.	<ul style="list-style-type: none">DLA Piper	<ul style="list-style-type: none">Insolvency knowledge	<ul style="list-style-type: none">Time costs
Chattel agents and valuers	<ul style="list-style-type: none">Hilco	<ul style="list-style-type: none">Expertise	<ul style="list-style-type: none">% of realisations
Debtor collection	<ul style="list-style-type: none">Hilton Baird Ltd	<ul style="list-style-type: none">Expertise	<ul style="list-style-type: none">% of realisations
Property valuation and sale agents	<ul style="list-style-type: none">JLL	<ul style="list-style-type: none">Expertise and industry knowledge	<ul style="list-style-type: none">Fixed fee and % of realisations
Rates refund and collection	<ul style="list-style-type: none">Consultium Property Ltd t/a CAPA	<ul style="list-style-type: none">Expertise	<ul style="list-style-type: none">% of realisations
Payroll services	<ul style="list-style-type: none">Hazlewoods LLP	<ul style="list-style-type: none">Expertise	<ul style="list-style-type: none">Fixed fee
Consultancy Services	<ul style="list-style-type: none">Faenol Services Ltd	<ul style="list-style-type: none">Prior involvement and Company specific knowledge	<ul style="list-style-type: none">Time cost
Property marketing agent	<ul style="list-style-type: none">Staincliffe Jones Commercial Property Consultants	<ul style="list-style-type: none">Expertise and industry sector knowledge	<ul style="list-style-type: none">Fixed fee
Property management advisory	<ul style="list-style-type: none">PHD Property Advisory Ltd	<ul style="list-style-type: none">Specialist property management advisors regarding the management of utility bills	<ul style="list-style-type: none">Fixed fee
Security Services	<ul style="list-style-type: none">GMS Security Services Ltd	<ul style="list-style-type: none">Expertise and industry sector knowledge	<ul style="list-style-type: none">Time cost

Appendix D: Other information

Court details for the administration:	High Court of Justice, Business and Property Courts in Manchester, Insolvency and Companies List (ChD) case number 1046 of 2019
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:	Alison Grant, PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL Peter Dickens, PricewaterhouseCoopers LLP, No 1 Spinningfields 1 Hardman Square Manchester M3 3EB Contact details: uk_creditors_tomlinsons@pwc.com
Extension(s) to the initial period of appointment:	Extension of 12 months to 13 October 2021, granted by the secured creditors and preferential creditors Extension of 12 months to 13 October 2022, granted by the Court Extension of 12 months to 13 October 2023, granted by the Court
