

Joint administrators' final progress report from 14 April 2023 to 12 October 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 October 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 and 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
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 until 8 December 2022 DBW
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 Campbell Grant and Peter David 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 are pleased to report that our work on the administration of Tomlinson's Dairies Limited is now complete and we set out our final report below.

You can 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 any of the reports.

How much creditors have received

The following table summarises the final outcome for creditors.

Class of creditor	Distributed (p in £)	Previous estimate (p in £)
Secured creditors		
HSBC	47.5p/£	48p/£
DBW	N/A	N/A
Preferential creditors	100p/£	100p/£
Unsecured creditors	0.56p/£	<1p/£

Secured creditors

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

As you will be aware from previous reports, HSBCIF recovered book debts totalling c.£2.1m, enabling the amount due to them to be settled in full. HSBCEF received payments totalling £1.34m and the Bank has received payments totalling £3.9m from fixed and floating asset realisations. Overall repayments direct from the estate to the secured creditor total £7.36m.

DBW was a second ranking secured creditor owed £1.8m under a fixed and floating charge debenture granted by the Company. As HSBC suffered a shortfall in its lending DBW, the second ranking secured creditor, could not recover any of its debt via its security. Consequently, DBW relinquished its security in order to participate in the Prescribed Part dividend and was therefore no longer a secured creditor. An unsecured claim was received from DBW in the sum of £1.8m, which was admitted in full.

Preferential creditors

Preferential claims of £348.6k were agreed and a first and final dividend of 100p in the £ to preferential creditors of the Company was distributed on 8 November 2022. 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.

Any dividend cheques that remain outstanding will be paid over to the Insolvency Service's unclaimed monies account. Any creditor who has not yet banked their cheque should therefore contact the Insolvency Service to claim their dividend.

Please note that the Insolvency Service may require creditors to provide proof of ID/confirm their details to claim any amount due to them held in the unclaimed monies account. Creditors can contact The Unclaimed Monies Team at this email address: customerservices.EAS@insolvency.gov.uk.

Unsecured creditors

Based on the directors' SoA, the Company's unsecured creditors were owed c.£11.9m. Claims totalling £15.59m were received, adjudicated and all agreed. Available funds from the Prescribed Part totalled £88.7k, resulting in a return to unsecured creditors of 0.56p, which was paid on 23 August 2023.

Any dividend cheques that remain outstanding will be paid over to the Insolvency Service's unclaimed monies account. Any creditor who has not yet banked their cheque should therefore contact the Insolvency Service to claim their dividend.

Please note that the Insolvency Service may require creditors to provide proof of ID/confirm their details to claim any amount due to them held in the unclaimed monies account. Creditors can contact The Unclaimed Monies Team at this email address: customerservices.EAS@insolvency.gov.uk.

What you need to do

This report is for your information only and no action is required.

What happens next

The administration ends on 13 October 2023 in line with the additional extension to the administration which was approved by the court.

On 12 October 2023 we filed the 'Notice of Move from Administration to Dissolution'. The Company will be dissolved three months after the notice has been registered by the Registrar of Companies. This is the most appropriate exit route in the circumstances as our work has been concluded and there are no further returns to creditors.

We ceased to act on 12 October 2023.

As decided by the Secured and Preferential Creditors we will be discharged from liability in respect of any of our actions as Joint Administrators 14 days after this report is filed by the Registrar of Companies.

Overview of our work

Why we were appointed

You may remember that when we were appointed, the position was as follows:

- The Company was established in 1983 and subsequently incorporated as a limited company on 25 November 1999 by John and Philip Tomlinson. The principal activity consisted of the processing and packing of Welsh, British and Organic milk and dairy products to multiple sectors across the market and it operated from three premises in Wrexham.
- In 2017, the Company was a £50m turnover dairy company and processed c.100 million litres of milk annually. The Company tendered for a three year contract to October 2020 which required it to double its size from a processing capacity of 100 million litres to 200 million litres, which was funded by a mixture of debt, equipment finance, grant and equity. Having won the contract, the Company made very significant trading losses in the ensuing two years. In 2018, the Company identified the need for additional price support to stem losses and as a result the Company's Secured creditors agreed to a capital repayment holiday from spring 2018 and HSBC agreed to a significant increase in the level of the overdraft facility.
- Given the extent of the ongoing trading losses, the Company approached a number of parties for an equity injection which was unsuccessful but did lead to interest in the Company's blowmoulding operations and ultimately concluded in a transaction in May 2019. Some additional price support and a contract extension for two years to July 2021 were also agreed with the Company's main customer and were brought into effect from 1 February 2019. It was forecasted that the Company would return to profitability in the year ending March 2020. However, during the spring of 2019, the Company suffered a reduction in demand alongside maintained milk supply volumes.
- On the basis of these events and financial results of FY18 and FY19, the directors asked the auditors to delay the audit of the FY18 accounts and accelerate the FY19 accounts to show an improving financial performance.
- The audit of the FY19 accounts could not be completed and filed at Companies House. From May 2019 onwards the Company started to experience negative variances against the revised profitable forecasts due to energy prices, commodity cream prices and plastic bottle costs. However, the retendering of key customer contracts over the summer months provided an opportunity for the Company to re-evaluate its costs and forecasts. At the end of August 2019, the Company's management results showed a significant deterioration in financial performance. This put additional strain on the Company's cash flow and, having consulted its legal advisors, the Company carried out a detailed review of the deterioration in trading.
- The Company concluded its management accounts for August and its revised forward projections during the week ending 20 September 2019, including seasonally updated farmer supply volumes for the next six months. The directors then immediately arranged for a series of urgent meetings using the revised data with all of the Company's key stakeholders. The directors also took immediate steps to obtain regular ongoing legal and financial advice on the challenging position the Company faced.
- Despite extensive discussions with all key stakeholders, ultimately sufficient support / funding was not forthcoming. These discussions ended without resolution and the directors immediately planned to cease acceptance of milk deliveries on 12 October 2019 and the Company was put into administration on 14 October 2019.

Asset realisations

Sale of business

Following our appointment, we sought a sale of the Company's business and assets. We contacted 58 prospective buyers and issued a non-disclosure agreement to 39 parties who expressed an interest in receiving further information. An information memorandum was issued to 29 interest parties who returned a fully executed non-disclosure agreement. Following various visits to the premises and extensive discussions with interested parties, we shortlisted a small number of potential buyers who we entered into further discussions with, in expectation of receiving their final offers by 27 November 2019.

Despite positive discussions, regrettably this did not result in any acceptable offers for the Company's business and assets as a whole. As such, we pursued the sale of the Company's property and assets on a break up basis.

Trading and stock

Following our appointment, the Company did not trade other than to complete a limited amount of processing shortly after our appointment. This generated £90k of new sales and also ensured payment in full and without set-off of the net debt position for this customer, totalling £675k. These amounts were paid in full into accounts held by HSBC and directly reduced its debt, and therefore do not appear in the receipts and payments account at Appendix B.

In addition, we invoiced buyers for amounts relating to stock, computers and various other sales of finished cream and £145k was received in this regard. These amounts are reflected on the receipts and payments account at Appendix B as Sales, Stock, and Computers.

Plant and machinery

Hilco was engaged to undertake the sale of the Company's plant, machinery and vehicles on a break up basis and a number of employees were retained for a short period of time to assist with the decommissioning of the site. The retained employees included engineers who were imperative to the installation of the machinery and were therefore best placed to assist Hilco with the removal of the equipment. We also retained the services of a former employee on a consultancy basis to assist with the decommissioning and removal of the plant and machinery once the sale of these items had been completed.

All plant and machinery at the Old Road site was sold by private treaty in January 2020 for £110k plus VAT.

An auction was held for the vehicles at the Ruabon site in January 2020 and resulted in sales of £71k plus VAT. Remaining unsold vehicles were added to the auction at the main Minera facility.

An auction of the assets at the main Minera site was held in February 2020, resulting in sales of £256k plus VAT for floating charge assets and £1.1m plus VAT for fixed charge assets.

The sale of the remaining assets (which included refrigeration units and a large Ektam machine at the Minera site) was impeded by the national lockdown in March 2020 as a result of the Covid-19 pandemic.

Further online auctions and private treaty sales resulted in floating charge realisations of £169k plus VAT and fixed charge realisations of £513k plus VAT

A private treaty sale of the Company's smaller Ektam machine resulted in floating charge realisations of £233k (this sale was to an overseas purchaser and was therefore not subject to VAT).

Following lengthy delays, Hilco had agreed a sale of the Ektam machine to an overseas purchaser and the machine was being dismantled and packaged ready for shipping. Unfortunately, whilst this process was ongoing, the building which housed the machine was broken into and a significant number of parts were stolen from the machine, rendering the machine inoperable. As a result of this, the purchaser withdrew from the sale. Given the damage sustained to the machine, the only remaining option to realise any value from the machine was a sale of its component parts. Two separate sales of the machine's parts were agreed, one for £30k (to an overseas purchaser) and one for £31.5k plus VAT, resulting in a total of £61.5k being received in March 2022.

An insurance claim was made to recover the loss in value of the Ektam machine as a result of the damage sustained to the machine. Insurers agreed to settle the claim that was submitted to recoup the difference between the value that was ultimately achieved for the sale of the component parts and the value that would have been achieved had the damage not occurred and as such £90k was received. This is part of the £143.5k insurance claim recoveries on the receipts and payments account, which is made up as follows:

- £124k insurance settlement for damage to floating charge assets (£90k relating to the Ektam machine)
- £15k settlement received towards the claims preparation costs
- £4k settlement received in respect of a post appointment vehicle damage claim

A sale of the remaining refrigeration equipment was completed in conjunction with the sale of the Minera site (discussed below) and £30k plus VAT was received for this equipment.

A total of £1,612k was realised in respect of plant, machinery and vehicles subject to a fixed charge and £930k was realised in respect of floating charge assets.

Milk Trolleys

The majority of the Company's milk trolleys were subject to asset finance agreements with six finance providers and had no residual equitable value. At the time of our appointment, the trolleys were at a number of locations (e.g. supermarkets and other dairies) and we focussed on recovering as many as possible back to the Company's site to minimise any potential liability under those finance agreements.

There were approximately 18k trolleys, of which we were able to repatriate c.11k trolleys. One finance provider collected their proportion of the repatriated trolleys and the remainder were sold by Hilco to a third party in December 2019 on behalf of the other five finance providers. The sale resulted in proceeds of £319k being realised, and after allowing c.£12k for the costs of dealing with the exercise, the balance was apportioned across the five providers.

The sale of trolleys and the distribution of the proceeds to the finance providers was dealt with by our agents and as such is not reflected on the receipts and payments account at Appendix B.

Intellectual property

Hilco was engaged to sell the Company's IP ("welovemilk" trademark). Minimal interest was received for this asset and a sale was ultimately completed for £5k plus VAT in April 2020.

Property matters

JLL was engaged to sell the Company's freehold properties, which are detailed below:

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

The Company held a freehold interest in Units 10 & 11. A sale of this property was completed on 1 October 2020 for total consideration of £1.1m. This amount forms part of the £4.8m that can be seen on the receipts and payments account at Appendix B.

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

The Company held a freehold interest in the site at Old Road. A sale of this property was completed on 18 February 2021 for £230k. This amount forms part of the £4.8m that can be seen on the receipts and payments account at Appendix B.

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

The Company held a freehold interest in the site at Minera. An offer was initially accepted for the property during the period of our second progress report. After a number of protracted negotiations, this sale did not proceed due to being unable to reach a consensus with the prospective purchaser as to the terms of the sale. This ultimately resulted in the prospective purchaser withdrawing its offer for the property.

JLL continued to market the property and a further offer was received and accepted during the period of our third progress report. Unfortunately, whilst this offer was progressing, the site was subject to a break-in which resulted in a significant amount of damage being sustained to the property, including the site being left without power. This caused a significant delay to the sale of the property. In order to preserve the sale to the purchaser and prevent further deterioration in value of the property, we reached a commercial solution with the prospective purchaser to enable both parties to complete the sale in as short a time as possible, thereby avoiding the loss of the sale and mitigating future holding costs. In order to secure the sale, the purchase price was reduced by £500k (which equated to the estimated cost of the damage sustained to the property).

The Minera site was made up of several plots of land and the directors of the Company personally held a number of freehold titles to three plots of land which made up the Minera site as a whole. In order to achieve a sale of the site, it was necessary to deliver all of the freehold titles to the purchaser and FCRs were therefore appointed by the Bank in May 2021 to facilitate this sale.

Despite the setbacks encountered as a result of the break-in, a sale of the Minera site completed on 19 November 2021 for the sum of £3.47m. This amount also forms part of the £4.8m that can be seen on the receipts and payments account at Appendix B.

In addition, an insurance claim was made in order to try and recoup the reduction in the sales value and insurers settled £470k of the £500k claim. A further £6k was received from insurers in settlement of a claim to recoup other

fixed charge costs that were incurred as a direct result of the break-in, as shown on the receipts and payments account at Appendix B.

Debtors

The total sum of £2.9m was collected in respect of HSBCIF debtors, repaying its principle lend 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, as shown on the receipts and payments account at Appendix B. You will be aware from our progress report dated 11 November 2022 that we ceased all debt collection activities as it had become uncommercial to continue to collect the amounts outstanding on the remaining debtor account. Whilst we notified the remaining debtor and requested that no further amounts be remitted, we have continued to receive regular payments of £10 each month. Once we cease to act, the administration bank accounts will be closed and no further amounts will be received.

Tax/VAT refunds

A total of £667k has been received in respect of tax/VAT refunds. This is made up of:

- a pre-appointment VAT refund of £515k in relation to the period ending September 2019;
- a terminal loss relief claim in the sum of £122k;
- a land remediation tax reclaim in the sum of £14.5k; and
- repayment supplements totalling £16k received from HMRC as a result of the delays in receiving VAT refunds due to the Company.

Sundry debts and refunds

£35.8k has been realised in respect of sundry debts and refunds, the majority of which related to pre-appointment rates refunds. The remainder relates to metal recycling receipts and vehicle tax refunds.

Connected party transactions

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

Other issues

As you will be aware from our previous progress reports, we were experiencing significant delays from HMRC in respect of outstanding VAT refunds that were due to the Company. During the period of this report, a significant amount of time was spent liaising with HMRC to secure the repayment of the outstanding amounts due to the Company to enable the Prescribed Part dividend to be paid.

In the period since our last report, we have received all awaited VAT refunds totalling £46k, we have paid a first and final Prescribed Part dividend of 0.56p in the £ to unsecured creditors on 23 August 2023 totalling £88.7k and have distributed a further £757k to the Bank under its fixed and floating charges.

All matters have now been concluded.

Approval of our proposals

We issued to creditors our Proposals dated 4 December 2019 for achieving the purpose of administration.

We stated in our Proposals that we anticipated that the Company had insufficient assets to pay a dividend to unsecured creditors other than from the Prescribed Part.

This meant that we did not have to seek a decision from creditors regarding the approval of our Proposals and our Proposals would be treated as approved if creditors did not request a decision in the required manner. As creditors did not request a decision be sought, our Proposals were treated as approved on 18 December 2019.

We attach a summary of our proposals at Appendix A.

Investigations and actions

Nothing came to our attention during the administration to suggest that we needed to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Tax clearance

We fulfilled our duties as proper officers for tax during the administration and filed VAT and corporation tax returns for all relevant accounting periods and accounted for PAYE/NI. HMRC has confirmed that it has no objection to the administration ending from a corporation tax perspective.

After liaising with HMRC in relation to outstanding VAT refunds and chasing PAYE clearance, we were notified by HMRC that there was an outstanding amount of £1,176.48 in respect of RTI interest (which we were previously unaware of). This payment has been made in the period and concludes outstanding matters with HMRC.

Our final receipts and payments account

We set out in Appendix B an account of our final receipts and payments in the administration from 14 April 2023 to 11 October 2023.

Receipts in the period comprise:

- Repayment supplements from HMRC totalling £16k (in relation to the late payment of VAT refunds by HMRC)
- Book debts of £60
- VAT refunds of £20.4k

Payments comprise:

- Final legal fees of £5k
- Final administrators' fees of £130k
- Final administrators' expenses of £1.3k
- Final distribution to HSBC of £757k
- Storage costs of £3k in respect of Company books and records
- Statutory advertising of £95
- First and final Prescribed Part distribution of £88.7k (which includes tax and NIC of £317)
- Bank charges of £25.75
- Insurance costs of £1.1k
- PAYE/NI costs of £5.8k - this is made up of £1.18k outstanding RTI interest paid in the period and £4.6k of adjustments from the VAT control account following notification from HMRC that awaited VAT refunds in respect of the 11/19 and 01/20 VAT returns had been offset against the Company's PAYE account.

Our expenses

We set out in Appendix C a statement of the final expenses that we incurred to the date covered by this report.

Our fees

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

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 IR16. 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.

If you've got any questions, please get in touch with Alex La Dell on 0113 289 4000.

All matters in relation to the administration of the Company have now been concluded.

Yours faithfully
For and on behalf of the Company



Alison Grant
Joint Administrator

Appendices

Appendix A: Summary of our proposals

The Joint Administrators pursued objective (b) namely, achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), as it was not reasonably practicable to rescue the Company as a going concern.

The Joint Administrators made the following proposals for achieving the purpose of the administration:

- The administration of the Company led to the redundancy of all employees (except for a small number who were retained for a short period).
- Following our appointment, we progressed a sales process in relation to the Company's business and assets. An information memorandum was issued to 29 interested parties who returned a fully executed non-disclosure agreement. Despite positive discussions, regrettably it did not result in any acceptable offers for the Company's business and assets. Accordingly, the Joint Administrators and their appointed agents sought to realise the Company's plant and machinery and freehold property on a break-up basis.
- The Company ceased trading immediately upon our appointment with the exception of completing a limited amount of processing shortly after our appointment.
- Prior to and following our appointment we were in regular communication with HSBC regarding the funding requirements of the administration. Following the receipt of the pre appointment VAT refund of £515k, we had sufficient funds to meet the costs of completing the minimal trading and holding costs incurred to that date.
- It was anticipated in the proposals that secured creditors would not be repaid in full, sufficient funds would be available to pay the preferential creditors in full and there would only be a Prescribed Part dividend to unsecured creditors.
- Due to the uncertainty over the level of floating charge assets the estimated value of the Prescribed Part fund was between £Nil and £400k. Based on an initial estimate of unsecured creditors as per the directors' Statement of Affairs of c.£11.9m, it was estimated it would give a dividend to unsecured creditors of between Nil to 3p in the £.
- No connected party transactions had occurred and none were expected.
- The Company's assets comprised freehold property, plant and equipment and book debts.
- The Company's debtor book was subject to HSBCIF's lending agreement with the Company. Following our appointment, the Company's debtor book was passed by HSBCIF to Hilton Baird, its collection agents, to collect on its behalf. HSBCIF's total indebtedness at the date of administration was £2.1m against a sales ledger of £5.3m
- It was anticipated that the administration would end by filing a notice with the Registrar of Companies and the Company being dissolved three months later.
- We would be discharged from liability in respect of any of our actions as Joint Administrators at a time set by consent of the appropriate class of creditor, most likely to be the Secured Creditors and Preferential Creditors only, or by an order of the court.

Appendix B: Receipts and payments

Directors' statement of affairs (£)	14 October 2019 to 13 April 2023 £	14 April 2023 to 12 October 2023 £	Total to 12 October 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	621,590.57	-	621,590.57
Office holders' expenses	24,523.00	1,344.36	25,867.36
Legal fees and disbursements	161,053.50	5,034.00	166,087.50
Agents fees and disbursements	131,154.90	-	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	1,169.37	63,599.99
Finance / Bank Charges	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	2,101,488.71	7,547.73	1,857,083.89
Distributions			
HSBCIF	2,102,841.00	-	2,102,841.00
HSBC Bank Plc	3,157,459.00	311,519.60	3,468,978.60
HSBCEF	1,340,961.00	-	1,340,961.00

Total Distributions	6,601,261.00	311,519.60	6,912,780.60
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Directors' statement of affairs (£)	14 October 2022 to 13 April 2023 £	14 April 2023 to 12 October 2023 £	Total to 12 October 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	686,811.68	60.00	686,871.68
Tax/VAT refunds	651,052.57	16,038.82	667,091.39
Sundry Debts & Refunds	35,857.23	-	35,857.23
Cash in hand	707.94	-	707.94
Insurance claims and refunds	143,574.90	-	143,574.90
Contribution to legal costs	540.00	-	540.00
Bank interest Gross	3,420.81	-	3,420.81
Total receipts	2,597,334.67	16,098.82	2,613,433.49
Payments			
Office holders' fees	834,583.63	130,000.00	964,583.63
Agents Fees and Expenses	33,024.00	-	33,024.00
Professional Fees	4,503.65	-	4,503.65
Legal Fees and Expenses	174,808.79	-	174,808.79
Debt collection fees	24,840.64	-	24,840.64
Insurance	24,712.49	392.00	25,104.49
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	5,823.02	597,935.61
Statutory advertising	77.00	95.00	172.00
Storage costs	2,984.75	3,017.15	6,001.90
Mail redirection cost	313.00	-	313.00
Irrecoverable VAT	5,418.44	917.00	6,335.44
Bank charges	-	25.75	25.75
Petty Cash	1,000.00	-	1,000.00

Total payments	1,739,154.78	140,269.92	1,879,424.70
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	14 October 2022 to 13 April 2023	14 April 2023 to 12 October 2023	Total to 12 October 2023
	£	£	£
Preferential distribution of 100p in £ (note 3)	348,602.81	-	348,602.81
Prescribed part distribution to unsecured creditors of 0.56p in £ (note 4)	-	88,739.73	88,739.73
Floating charge distribution to HSBC Bank plc	-	445,288.93	445,288.93
Balance of funds held	977,267.09	(977,267.09)	-
Made up as follows			
Fixed Charge account	250,937.38	(250,937.38)	-
Floating Charge account	658,199.76	(658,199.76)	-
VAT Receivable	68,129.95	(68,129.95)	-
	977,267.09	(977,267.09)	-

Notes to the R&P

1. Amounts shown exclude VAT.
2. Office holder's fees are on a time cost basis, as approved by the Secured and Preferential creditors. The receipts and payments account shows the amounts paid in the period and to date.
3. The preferential dividend of 100p in the £ was declared and paid on 8 November 2022.
4. The Prescribed Part dividend of 0.56p in the £ was declared and paid on 23 August 2023.
5. 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.
6. Funds in the period were held in non-interest bearing accounts as final tax returns had been submitted in a prior period.
7. Included within our expenses is £178 paid in the period and £7,632 paid in total, in relation to 'Category 2' disbursements in accordance with the policy explained in Appendix C.

Appendix C: Expenses

Expenses are amounts properly payable by us as administrators but exclude 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 has 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	Printing	222.00
1	PwC	Other expenses reimbursed at cost: Archiving	468.00
Total			689.00
Brought forward from previous periods			25,222.46
Total			25,911.46

The expense policy set out above has been approved by the fee approving body (in this case the Secured and Preferential creditors).

The table below provides details of all the expenses incurred in the administration.

Nature of expenses	Brought forward from 13 April 2023 (£)	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	164,179	-	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	87,143	1,561.00	88,704	-	88,704	38,928	49,776.11
Legal fees and expenses	337,098	3,798.00	340,896	-	340,896	Uncertain	Uncertain
Office holders' fees	2,775,524	165,763.50	2,941,288	-	2,941,288	1,833,365	1,107,922.50
Office holders' disbursements	25,222	689.00	25,911	-	25,911	22,915	2,996.45
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	95.00	172	-	172	180	(8.00)
Petty cash	1,000	-	1,000	-	1,000	1,000	-
Storage costs	2,985	3,016.90	6,002	-	6,002	2,985	-
Fuel, Utilities, IT & Telephone	564,951	-	564,951	-	564,951	834,782	(269,831.00)
Other property costs	-	-	-	-	0	24,000	(24,000.00)
Bank charges	-	26	26	-	26	-	-
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)

The table should be read in conjunction with the receipts and payments account at Appendix B, 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 was 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 resulted in the need for a further extension to the administration period in order to receive the funds from the tax relief claims, which made 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.

There has been a slight amendment of £1,788 to the brought forward office holders' fees to reflect an adjustment made in our time reporting software to correct a historical rates error. This does not impact the fees that have been taken.

Appendix D: 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 total £2,941k for the whole period since the date of our appointment on 14 October 2019. We are unable to draw fees in excess of our original fee estimate without prior approval from the fee approving body. We took the decision not to revise our fee estimate or seek further approval from the fee approving body in respect of a revised fee estimate.

We have not recovered the full amount of costs incurred and have drawn fees of £1,586k in line with the approval given, as shown on the enclosed receipts and payments account at Appendix B. The remainder of our time costs will be written off.

The time cost charges incurred in the period covered by this report are £165,764.

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

1. 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-19 secure manner and in line with government regulations at the time.
2. 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.
3. 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.
4. Time was 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.
5. 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.
6. Time spent in dealing with HMRC to obtain a number of outstanding VAT refunds due to the Company (including refunds awaited from VAT returns dating back to 2020 VAT periods). The outstanding VAT refunds contributed to the reason that a further extension (as noted above) was required, as these funds were required before the Prescribed Part distribution could be made. In addition, a significant amount of time was spent liaising with HMRC in order to correctly allocate funds received from HMRC (as a number of adjustments were required in respect of repayment supplements and HMRC offsetting VAT refunds against post appointment PAYE).

Our hours and average rates

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	-	0.6	0.5	2.4	9.45	9.4	22.35	11,455	513	203,000	99,000
Assets	-	-	0.3	1.75	1.45	-	3.50	2,301	657	734,875	535,000
Creditors	-	-	7.3	2.25	75.95	1.9	87.40	49,080	562	230,494	125,000
Employees and Pensions	-	-	2.9	-	24.35	-	27.25	16,589	609	275,922	216,000
Investigations	-	-	-	-	0.85	0.2	1.05	270	257	5,390	4,824
Secured creditors	-	-	1.6	4.8	17.35	-	23.75	13,900	585	166,151	41,000
Statutory and compliance/case closure	2.5	6.3	5.8	8.6	38.75	10	71.95	44,068	612	869,751	332,000
Strategy and planning	-	-	1.0	0.25	2.3	1.6	5.15	2,874	558	71,372	289,000
Tax & VAT	-	-	1.2	2.95	39.85	-	44.00	25,227	573	340,378	127,000
Trading	-	-	-	-	-	-	-	-	-	43,957	64,000
Total for the period	2.50	6.9	20.6	23	210.3	23.1	286.40	165,764	579	2,941,288	1,832,824

Our time charging policy and hourly rates

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

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

We set out below the maximum charge-out rates per hour for the grades of our staff who worked on the administration.

Grade	From 1 July 2022 / £	From 1 July 2023 / £
Partner	980	995
Appointment taking director	960	960
Director (not appointee)	915	915
Assistant director	900	900
Senior manager	860	860
Manager	730	730
Senior associate	515	540
Associate	375	395
Support staff	160	160
Offshore professionals	375-515	395-540

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
Partner	1,810
Director	1,660
Senior manager	1,310
Manager	950
Senior associate	690
Associate	375
Support staff	205
Offshore professionals	190

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

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 to be 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"> Processing receipts, payments and journals Reconciliation of bank accounts Settlement of final expenses of the administration Processing of Prescribed Part dividend Dealing with any unbanked dividend cheques Bank account closures 	<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 final remaining debtor to conclude debtor receipts 	<ul style="list-style-type: none"> To maximise realisations for the benefit of creditors 	<ul style="list-style-type: none"> This work was necessary to realise financial value to the estate
Creditors - Secured and unsecured		
<ul style="list-style-type: none"> Making final distributions to the Secured Creditor Adjudicating unsecured creditor claims Issuing notice of intended dividend and distributing the Prescribed Part dividend Dealing with creditors enquiries following issue of Prescribed Part dividend 	<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"> Issuing final pension notices to the Pension Protection Fund, Pension Regulator and NEST Corporation Dealing with queries from NEST Corporation 	<ul style="list-style-type: none"> To comply with statutory requirements 	<ul style="list-style-type: none"> This work was necessary for administrative purposes and/or complying with statutory requirements.

Statutory and compliance / case closure

- Preparing six monthly and final file reviews
- Preparing and issuing six monthly progress report
- Preparing and Issuing final report to creditors
- Filing statutory documents
- Dealing with books and records
- Closure of systems
- Dissolving company
- Filing of case correspondence
- To ensure the efficient management of the administration
- To comply with statutory obligations
- Statutory requirement and to ensure correct procedures for wind down and closure of case

Tax and VAT

- Receiving VAT refund monies from HMRC
- Liaising with HMRC to obtain unsecured claim details
- Completion of final VAT return
- Completion of VAT de-registration documents
- Completion of VAT assignment documents
- To discharge tax and VAT obligations
- This work was necessary for administrative purposes and/or complying with statutory requirements.

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 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 engaged the services of Hilton Baird to assist with book debt collections, as it was 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 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 	<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

- GMS Security Services Ltd
 - Expertise and industry sector knowledge
 - Time cost
-

We require all third party professionals to submit time costs analyses (where their fee basis is time cost) 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.

Appendix E: 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
