

The Insolvency Act 1986

Notice to Registrar of Companies of
Supervisor's Abstract of Receipts and
Payments

R.1.26(2)(b)/

Pursuant to Rule 1 26(2)(b) or Rule
1.54 of the Insolvency Rules 1986

For official use

| | | |
|--|--|--|
| | | |
|--|--|--|

To the Registrar of Companies

Company Number

00727114

Name of Company

(a) Insert full name of
company

(a) Cherryridge Poultry Limited

Insert full name(s)
and address(es)

I/We(b)

Stephen Oldfield
PricewaterhouseCoopers LLP
The Atrium
St Georges Street
Norwich
Norfolk NR3 1AG

MJA Jervis
PricewaterhouseCoopers LLP
Plumtree Court
London
EC4A 4HT

supervisor(s) of a voluntary arrangement taking effect on

(c) Insert date

(c) 09/02/2007

present overleaf my/our abstract of receipts and payments for the period
from

(c) 09/02/2009

to

(c) 08/02/2010

Number of continuation sheets (if any) attached

Signed



Date

25/03/2010

Presenter's name, Chris Burfutt
address and reference PricewaterhouseCoopers LLP
(if any) Plumtree Court
London
EC4A 4HT

TU WEDNESDAY

| | |
|---|------------|
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| *ABI82JC8* | 4 |
| A13 | 21/04/2010 |
| COMPANIES HOUSE | |
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| COMPANIES HOUSE | |
| 249 | |

Supervisor's abstract of receipts and payments

00727114

Insert full name of
company

Cherryridge Poultry Limited[illegible]

Except where otherwise stated all values shown are exclusive of VAT

00727114

Cherryridge Poultry Limited

TO CREDITORS AND MEMBERS

6 April 2010

Our ref SMO/CVA610a

Dear Sirs

Cherryridge Poultry Limited (the "Company") – Company Voluntary Arrangement ("CVA")

**Court reference: 7004 of 2007
Third annual report**

Further to my second annual report to creditors, dated 4 April 2009, I write to update you on the progress of the arrangement. This third annual report relates to the period from 9 February 2009 to 8 February 2010.

Further progress against the Directors' proposal

By way of my first two reports, I was able to update creditors on the progress achieved in the two years to 8 February 2009 against the main terms of the Directors' proposal, as approved on 9 February 2007 and varied later that year. For reasons which I shall explain below, there have been limited developments over the twelve months to 8 February 2010.

Shrublands property

The position reported last year was that the property had, in the summer of 2008, gained outline planning permission for a development of 33 units of which 14 (43%) were required to be affordable. Whilst the permission was conditional upon a buyer incorporating highways improvements within any development, this was not seen as an obstacle to a sale later that year. The only matter preventing an immediate approach to the market was the Supervisors' discussions with the Trustees of the M E Grief Settlement Trust (the "Trust") regarding its portion of the land, comprising c18% by value of the overall site.

However, the timetable towards any sale was disrupted by the intercession of the Credit Crunch, triggered by the demise of Lehman's Bank in mid-September 2008. This gave no time to expose the property to the market and complete a sale even if the Trust discussions had not been required. The impact of the Credit Crunch upon the property market, and therefore upon the range of potential buyers for the site, was immediate and severe. This was soon followed by the UK's entry into a recession which, as creditors will be aware, turned out to be prolonged. Commentators suggest the market has seen a decrease of 40-50% in the value of residential development sites.

As explained in my earlier reports, Barclays Bank PLC ("the Bank") has a fixed charge (similar to a mortgage) over the whole of the site, including the portion owned by the Trust, to secure its outstanding lending to the Company, now standing at nearly £700k before future interest and charges. Given the severity of the recession and concerns about the recoverability of its debt, in

mid-2009 the Bank instructed Messrs Bidwells to value Shrublands Farm against the current market. The outcome they reported was an open market value significantly below their indicative valuation at the time that the directors' proposals were being put forward to creditors, of c£1.3m. The consequence of this valuation is that, on current market conditions, the property's value lies completely with the Bank given that it will be net of the holding costs (insurance etc), the Supervisors' and Bidwells' outstanding costs and future costs through to sale (eg commission and legal fees), all of which are still to be covered out of the proceeds of the property.

The current position is that Bidwells are now in dialogue with North Norfolk District Council ("NNDC") over the site to try and increase its attractiveness and therefore its value to potential developers. However, Bidwells do not have any expectation that this dialogue will lead to an enhanced value high enough to result in any monies available above that due to the Bank, after costs, at the time of the sale. Consequently the Supervisors will be liaising with the Trust to acknowledge its position viz-a-viz the Bank ie the value break is with the Bank (and its land is already charged to them). Once the discussions with NNDC have concluded, which is likely to be next month or the month after, the outline permission will be confirmed as unconditional. The property will then be ready for the Company to take to market, although the final decision on timing will rest with Barclays.

Creditors' claims and dividends

I have not received any preferential claims and am not expecting any given the payment by the Company of all employees prior to the CVA.

I explained in my last report how the level of dividend payable to non-preferential creditors is solely dependent upon the realisation of the Company's interest in the Shrublands property. I also warned creditors last year that the proceeds may not be enough to fully repay the secured creditor, Barclays Bank PLC, after all costs are taken into account.

Regrettably, and as noted above, current market conditions suggest that the value break is entirely with the Bank. Whilst every effort will be made to maximise the value of the property, there is a reality that the market will take time to recover and the Bank will have to take a view, on its unfettered discretion (as it is the mortgage-holder), on when it sells. It will sell when it can see a way of maximising its net recovery. No Bank would hold a property beyond this value. Consequently the only way the creditors could take advantage of a property value above the Bank's debt is to buy it out (ie settle the Bank's debt) – in my experience creditors are never willing to do this and typically each creditor will have different financial constraints in regard to funding such an action, making a "class" buyout very unlikely. Therefore there will be no dividend to be paid to unsecured creditors.

With regard to non-preferential claims, I have received claims totalling £2.91m, of which £2.72m have been agreed. Company records indicate that further balances totalling £0.18m are outstanding for which no claims have been received to date. Given the position on the property, the value break being with the Bank and the consequent non-availability of a dividend, I will be doing no further work on creditor claims as there is no purpose in doing so.

Position of the Supervisors

In light of the non-availability of dividend to non-preferential creditors, explained earlier, the Supervisors have consulted with their lawyers regarding the legal justification for continuing the CVA for the purpose of disposing of the property. Our lawyers' advice supports the Supervisors' decision to remain in office for the purpose of selling Shrublands Farm and distributing its proceeds to the chargeholder(s), notwithstanding the value break being all with the Bank under current market conditions. This position is supported by the Bank's wishes for the property to be sold.

within the CVA and for the holding costs, the Supervisors' and Bidwells' outstanding costs and the costs through to sale, all being covered out of its proceeds

Remuneration

The CVA provides for the joint Supervisors to be remunerated on a time cost basis plus VAT. The directors' proposals estimated that the total fee to be paid to the Supervisors would be £115k plus disbursements and VAT, including £35k plus disbursements and VAT for assistance to the directors in the preparation of the proposals. These figures were based on the Supervisors' estimate of the time likely to be incurred by them and their staff, assuming the terms of the arrangement in its original form were fully complied with. As creditors are aware, following the withdrawal by Bernard Matthews Plc of the original deal in regard to turkey farming, the CVA converted to an asset-sale based arrangement. Since then, the Credit Crunch and subsequent recession have intervened to significantly extend the timetable to sale of Shrublands Farm and the CVA's resulting completion. Furthermore the Bank has required the Supervisors to charge its centrally negotiated (and lower) "panel" insolvency rates given the position it now faces.

To date (21 March 2010), the Supervisors have incurred time costs of £294k at the average hourly rate of £138/hour, against which we have drawn fees of £104k to leave outstanding time costs of c£190k. We have agreed with the Bank to restrict our fees to £182k to the conclusion of the property sale and hence the CVA, notwithstanding the further work necessary to conclude the case. This is in recognition of the likelihood that Barclays will itself suffer a shortfall upon the sale of Shrublands Farm, given that our accrued costs, along with those of Bidwells, will need to be met from its proceeds prior to any distribution to the Bank.

The increase in our total costs from the £261k reported last year reflects primarily our discussions with the Bank regarding the disposal strategy for the Shrublands property. We have also been liaising with Bidwells over the period concerning the updated valuation, as well as assisting the directors in maintaining the upkeep and insurance of the site. However, not all of these costs will be charged given the fee restriction above.

The Supervisors are entitled under the terms of the CVA to draw disbursements as follows:

- 1 Photocopying at 3p per sheet copied (only charged for circulars to creditors or for exceptional amounts of copying),
- 2 Mileage, at a maximum of 57p per mile (cars up to 2,000 cc) or 79p per mile (cars over 2,000 cc),
- 3 All other disbursements to be reimbursed at cost.

It has been the joint Supervisors' policy to delegate the routine administration of the CVA to junior staff in order to maximise the cost effectiveness of the work performed. These members of staff are supervised by senior staff and the Supervisor. Any matters of particular complexity or significance are dealt with by senior staff and the Supervisor.

I have incurred no further disbursements beyond those reported last year. These are scheduled at Appendix B.

A schedule giving details of the costs incurred from 1 January 2007 to date by work category is attached at Appendix C.

Receipts and payments

The majority of Company transactions in the case, including payment of balances to the Bank in respect of realisations of certain assets subject to the Bank's charges, have been made through the Company's accounts. In light of this and the impact of the recession upon the sale process of

Shrublands Farm, the Supervisors' account contains only a few entries. Attached at Appendix A is a receipts and payments account for the period 9 February 2009 to 8 February 2010 detailing the limited number of transactions.

I am currently holding a balance of c£8k in the Supervisors account, although this will be augmented shortly by the Bank's reimbursement of certain Shrublands Farm related costs settled by the Supervisors on the Bank's behalf. In due course, the majority of the funds held by the Supervisors will be utilised to settle residual costs in the CVA, such as accountants' and auditors' fees.

Future of the arrangement

The conclusion of the arrangement requires, firstly, the Supervisors agreeing with the Trust its position viz-a-viz the Bank. The sale of the property will then drive the timetable to the conclusion of the arrangement, at which point the Bank will receive a distribution towards its indebtedness.

In order to keep costs to a minimum it is not my intention to report to creditors further until the sale of Shrublands Farm is achieved, whereupon I will issue a final report, unless there are unforeseen events in the meantime.

If you have any queries or wish to discuss the arrangement, please do not hesitate to contact Adrian Poole at the above address.

Yours faithfully



Stephen Oldfield
Joint Supervisor

Enclosures

- Appendix A Receipts and payments account
- Appendix B Schedule of Supervisors' disbursements
- Appendix C Schedule of Supervisors' time costs

Mr Stephen Mark Oldfield and Mr Michael John Andrew Jervis are licensed to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales and the Institute of Chartered Accountants in England and Wales respectively.

Appendix A

Joint Supervisors' receipts and payments account 9 February 2009 to 8 February 2010

Rules 1.26/1.54

The Insolvency Act 1986

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I/We(b)

Stephen Oldfield
PricewaterhouseCoopers LLP
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St Georges Street
Norwich
Norfolk NR3 1AG

MJA Jervis
PricewaterhouseCoopers LLP
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(c) 09/02/2009

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(c) 08/02/2010

Number of continuation sheets (if any) attached

Signed



Date

25/03/2010

Presenter's name Chris Burfitt
address and reference PricewaterhouseCoopers LLP
(if any) Plumtree Court
London
EC4A 4HT

For Official Use

Liquidation Section

Post Room

Supervisor's abstract of receipts and payments

Company Number

00727114

Company Name

Insert full name of
company

Cherryridge Poultry Limited

ABSTRACT

[illegible]

The receipts and payments must be entered in severally he added in at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the supervisor since he was appointed

Except where otherwise stated all values shown are exclusive of VAT

00727114

Cherryridge Poultry Limited

Appendix B

| Cherryridge Poultry Limited Supervisors disbursements to 22 March 2010 | |
|--|--------------|
| Disbursement element | Total £ |
| Subsistence | 0 |
| Mobile phone | 0 |
| Legal charges | 0 |
| Courier | 0 |
| Photocopying & postage | 0 |
| Total for period 29 March 2009 to 22 March 2010 | 0 |
| Brought forward at 28 March 2009 | 6,441 |
| Total | 6,441 |

Appendix C

| SUMMARY | Category of work | Senior | | | | | Practice Support | Total Hours | Time Costs £ |
|---|--|-------------|-------------|----------------|-----------------------|--------------|------------------|---------------|-------------------------|
| | | Partner | Director | Senior Manager | Associate / Executive | Analyst | | | |
| | Strategy planning & general administration | 0 00 | 0 00 | 7 10 | 0 00 | 0 00 | 0 00 | 7 10 | 1,065 |
| | Asset realisations | 0 00 | 0 00 | 116 80 | 0 00 | 0 00 | 0 00 | 116 80 | 17,520 |
| | - freehold/leasehold property | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 |
| | - plant & machinery | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 |
| | - chattel assets | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 |
| | book debts | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 |
| | - subsidiary company | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 |
| | Investigation | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 |
| | Creditors claims / distributions | 0 00 | 0 00 | 0 00 | 0 00 | 29 50 | 0 00 | 29 50 | 4,125 |
| | Accounting & treasury | 0 00 | 0 00 | 4 50 | 0 00 | 10 66 | 0 00 | 21 26 | 3 189 |
| | Reporting to appointor / committee / creditors | 3 30 | 0 00 | 25 90 | 0 00 | 0 00 | 0 00 | 29 20 | 4,360 |
| | Statutory & compliance | 1 50 | 0 00 | 11 20 | 0 00 | 0 00 | 0 00 | 15 70 | 2,355 |
| | Tax / VAT / Pensions | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 |
| | Other | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 00 | 0 |
| Total for period from 27 March 2009 to 21 March 2010 | | 4 80 | 0 00 | 168 50 | 0 00 | 40 16 | 0 00 | 219 56 | 32,934 |
| Brought forward at 27 March 2009 | | | | | | | | | 1 909 62 261,354 |
| Total | | | | | | | | | 2,129 18 294,288 |
| Average hourly rate | | | | | | | | | £138 22 |