



For further information, please
refer to our guidance at
www.gov.uk/companieshouse

1 Company details

Company number 0 2 6 8 6 9 8 5

Company name in full The Black Sheep Brewery Plc

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Kristian

Surname Shuttleworth

3 Administrator's address

Building name/number The Colmore Building, 20 Colmore Circus

Street Queensway

Post town Birmingham

County/Region

Postcode B 4 6 A T

Country

4 Administrator's name ①

Full forename(s) Clare

Surname Boardman

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number The Colmore Building, 20 Colmore Circus

Street Queensway

Post town Birmingham

County/Region

Postcode B 4 6 A T

Country

② Other administrator

Use this section to tell us about
another administrator.

AM10

Notice of administrator's progress report

6

Period of progress report

From date

^d2^d3^m0^m5^y2^y0^y2^y3

To date

^d2^d2^m1^m1^y2^y0^y2^y3

7

Progress report

☒ I attach a copy of the progress report

8

Sign and date

Administrator's
signature

Signature

X

K. J. Shuttleworth

X

Signature date

^d2^d1^m1^m2^y2^y0^y2^y3

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Vinay Mistry**

Company name **Teneo Financial Advisory Ltd**

Address **The Colmore Building**
20 Colmore Circus Queensway

Post town **Birmingham**

County/Region

Postcode **B 4 6 A T**

Country

DX

Telephone **+44 121 619 0120**

**Checklist**

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

**Important information**

All information on this form will appear on the public record.

**Where to send**

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

**Further information**

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse



The Global CEO Advisory Firm

Court Case No. 000449 of 2023
High Court of Justice, The Business and
Property Courts in Leeds
Company Number: 02686985

Court Case No. 000450 of 2023
High Court of Justice, The Business and
Property Courts in Leeds
Company Number: 11299720

Registered Office: The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

The Black Sheep Brewery Plc (“BSB”) BSB Retail Limited (“Retail”) (both in administration) (“together the Companies”)






Progress report to creditors for the period 23 May 2023 to 22 November 2023 pursuant to rules 18.2 to 18.6
inclusive of the Insolvency (England & Wales) Rules 2016 (“the Rules”)

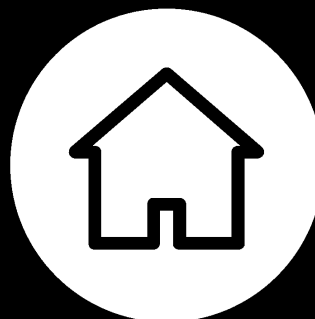
21 December 2023

Kristian Shuttleworth and Clare Boardman (“the Joint Administrators”) were appointed Joint Administrators of The Black Sheep Brewery Plc and BSB Retail Limited on 23 May 2023 by the Directors. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability. All licensed Insolvency Practitioners of Teneo Financial Advisory Limited (“Teneo”) are licensed in the UK to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

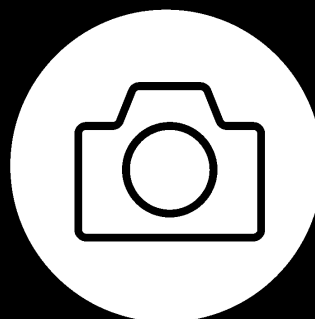
For the purposes of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 (as amended), (“the Act”), the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally. As stated in the administration appointment documents, these are COMI proceedings (i.e. the centre of main interests is in the UK).

In accordance with The Insolvency (Amendment) (EU Exit) Regulations 2019 (the “Regulations”) and as stated in the administration documents these are COMI proceedings (i.e. the centre of main interests is in the UK)

	Contents	1
	Key messages	2
	Progress of the administrations, costs and expenses	5
	Information for creditors	13
	Remuneration and detailed information	18



Key messages



Key messages

Joint Administrators of the Companies

Kristian Shuttleworth

Clare Boardman

Teneo Financial Advisory Limited

The Colmore Building

20 Colmore Circus Queensway

Birmingham

B4 6AT

Contact details

Email: bsb@teneo.com

Website: www.ips-docs.com

Tel: +44 121 619 0149

Purpose of administration	<ul style="list-style-type: none">The purpose of the administrations is to achieve a better result for the Companies' creditors as a whole than liquidations.
Progress of administration	<ul style="list-style-type: none">The Companies ceased trading on 23 May 2023 following the pre-packaged sale of the business and assets. Furthermore, the Companies' business and assets were sold to Black Sheep Brewing Company Ltd ("the Purchaser") on 23 May 2023. <p>BSB</p> <ul style="list-style-type: none">The sale of freehold property realised c.£2.625m in the Transaction.The Purchaser acquired BSB's pre-appointment book debt ledger for £1.611m consideration.BSB's fixed charge plant & machinery was bought by the Purchaser for c.£199k.BSB's floating charge stock and plant & machinery was bought by the Purchaser for c.£274k.The Purchaser paid £320k in relation to BSB's business intellectual property. Please see page 6 for further details.Secured distributions totalling c.£4.5m were completed in the period to Close Brothers Limited ("Close"). <p>Retail</p> <ul style="list-style-type: none">We re-assigned the lease for The Three Legged Mare to the Purchaser on 21 August 2023. The Last Drop Inn's lease was surrendered on 31 October 2023.The keys for Mr Foley's Cask Ale and The Black Sheep Tap & Kitchen have been returned to the landlords, surrenders of the leases have not yet been agreed.Funds of c.£55k have been received from the Purchaser in the period in relation to a licence to occupy fee. Please see page 7 for further details.Funds of c.£9.7k were realised in relation to the sale of certain assets in the Transaction.Cash at bank of c.£9k and book debts of c.£1.8k have been realised in the period.
Costs	<ul style="list-style-type: none">Please note all fees, costs and expenses, unless otherwise stated, are reported net of VAT.Our time costs for the period of the report are £421,668 and £241,570 in BSB and Retail respectively. Please see pages 20 and 21 for further details.Our fees have been fixed on a time costs basis in Retail. Please see page 19 for further details.We have not fixed the basis on which we are to be remunerated in BSB due to ongoing discussions with one of the secured creditors in relation to the Joint Administrators' remuneration. Please see page 19 for further details.We have not incurred any category 1 third party expenses during the report period in either of the Companies.We have incurred Category 1 expenses and disbursements of £220 in both BSB and Retail during the reporting period. Please see page 8 for further details.We have not incurred any Category 2 expenses or disbursements during the report period in either of the Companies.

Key messages

Joint Administrators
of the Companies

Kristian Shuttleworth
Clare Boardman
Teneo Financial Advisory Limited
The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Contact details

Email: bsb@teneo.com
Website: www.ips-docs.com
Tel:+44 121 619 0149

Outstanding matters	<p>BSB</p> <ul style="list-style-type: none">• Ongoing Corporation Tax and VAT matters.• Complete final distribution to Close as secured creditor.• Complete a secondary preferential distribution to HM Revenue & Customs ("HMRC").• Obtain fee approval from the remaining secured creditor.• Statutory closing procedures. <p>Retail</p> <ul style="list-style-type: none">• Negotiate surrenders of the leases for the two remaining leasehold properties.• Ongoing Corporation Tax and VAT matters.• Statutory closing procedures.
Dividend prospects	<ul style="list-style-type: none">• Secured creditors – BSB's secured creditors will not be repaid in full. There will not be any distributions made available to the secured creditors of Retail.• Ordinary Preferential creditors – All employees TUPE transferred to the Purchaser following the sale of the Companies' business and assets. We therefore do not anticipate any ordinary preferential claims.• Secondary Preferential creditor – There will be sufficient floating charge realisations to enable a distribution to be made to HMRC in respect of its secondary preferential claim in BSB. There will be insufficient floating charge realisations to allow a distribution to be made to HMRC in respect of its secondary preferential claim in Retail.• Unsecured creditors – There will not be a distribution for unsecured creditors in either BSB or Retail.
Extension to administration period	<ul style="list-style-type: none">• We do not anticipate that it will be necessary to extend the periods of the administrations, which are due to end on or before 23 May 2024.



Progress of the administration

Summary	6
Receipts and payments	9
Pre-administration costs	12



Progress of the administration Summary

Background

The Black Sheep Brewery Plc ("BSB") was an independent brewery based in Masham, North Yorkshire, established in 1992, brewing a range of classic and modern styles of beers, lagers and ciders.

BSB Retail Limited ("Retail"), an operating subsidiary of BSB, held and operated four leasehold pubs and included the trade from the visitor centre operated from the Masham freehold properties.

The Companies were headquartered in Masham, alongside the brewery and visitor centre, with the four pubs located in Leeds (two) and York (two).

Work done during the report period

Sale of business

As detailed in our SIP 16 Statement dated 23 May 2023, shortly following the Joint Administrators' appointment, the Companies' business and assets were sold to the Purchaser on 23 May 2023 for £5m ("the Transaction").

The Purchaser paid a non-refundable deposit of £0.5m on 16 May 23 in exchange for being granted exclusivity in relation to the Transaction. The balance of the consideration (£4.5m) was settled in full on completion of the Transaction.

Freehold property

BSB's freehold land and property included a brewery, visitor centre and distribution and packaging facility, all located in Masham, North Yorkshire. All of the freehold property was sold in the Transaction for £2.625m.

Stock

As at the date of our appointment, the Companies had raw materials/WIP stock of £489k and finished goods stock of £500k. The Purchaser acquired the raw materials/WIP stock for £73k and finished goods stock of £200k, £3.5k of which relates to bottle stock at Retail, with the balance of £269k realised in BSB.

Others assets

The Purchaser also paid £1 in relation to customer contracts (BSB), £1 in relation to goodwill (50p BSB, 50p Retail) and £1 for transferred records (BSB).

Cash floats

Retail had cash floats at the four pubs totalling £6.2k, which the Purchaser acquired in the Transaction.

Books debts

As at the date of our appointment, BSB's debtor ledger had a gross total of £2.039m. The Purchaser acquired the book debts for £1.611m consideration.

Intellectual property

The Purchaser paid £320k in relation to BSB's business intellectual property; business names, trademarks, know how, domain names, social media accounts and website.

Plant & machinery

As at the date of appointment, BSB owned plant and machinery, fixtures and fittings and motor vehicles. The Purchaser acquired these assets for £203k, £199k of which is caught under Close's fixed charge chattels mortgage, with the balance of £4k being unencumbered.

BSB also had bottling and packaging equipment located at the distribution and packaging facility which had outstanding asset finance of £1.5m due to Lombard Finance Ltd ("Lombard"). The Purchaser is seeking an assignment of Lombard's asset finance agreement following the Transaction.

Progress of the administration Summary

Work done during the report period (continued)

Book debts - Retail

As at the date of our appointment, Retail had a small number of debtors which were excluded from the Transaction. To date, we have realised £1.8k and are continuing to pursue a remaining small balance.

Cash at Bank

BSB

BSB held current accounts with Lloyds Bank Plc ("Lloyds") and HSBC Bank UK Plc ("HSBC"). We anticipate a small balance will be made available to the administration estate from the Lloyds account once Lloyds has settled its exposure via its fixed charge security over cash held in the account. See page 14 for further details. We are awaiting a final statement on the HSBC account and will provide an update in our next report.

Retail

Retail held a current account with National Westminster Bank Plc which had cash at bank of £9.2k on appointment which has been received into the administration estate.

Licence to occupy - Retail

Retail operated from four leasehold properties (four pubs: The Three Legged Mare, York; The Last Drop Inn, York; Mr Foley's Cask Ale House, Leeds; and Black Sheep Tap and Kitchen, Leeds).

We granted the Purchaser a three month licence to occupy for each of the four pubs, whilst the Purchaser entered into negotiations with the landlords in relation to reassigning the leases.

On completion of the Transaction, the Purchaser paid a licence to occupy fee of £55k plus VAT in relation to rent, service charge and insurance costs for the period of occupation, which has consequently been paid by the Administrators to the respective landlords (with a surplus returned to the Purchaser).

The lease for the Three Legged Mare was assigned to the Purchaser on 21 August 2023. The remaining three properties were vacated by the Purchaser on 18 August 2023. The lease for The Last Drop Inn was surrendered by operation of law on 31 October 2023. The keys in respect of Mr Foley's Cask Ale House and Black Sheep Tap and Kitchen have been returned to the landlords, surrenders of the leases have not yet been agreed.

Director Conduct Report

We have complied with our statutory duty to report on the conduct of the Companies' directors and submitted our confidential reports to the Insolvency Service on 22 August 2023.

Investigations

We have reviewed the information available to assess whether there are any matters that might lead to a recovery for the benefit of creditors, such as potential claims that may be brought against parties either connected to, or who have had past dealings with, the Companies.

Having completed these reviews, to date, no further avenues of recovery have been identified.

If you have any information that you feel should be brought to our attention, please contact us in writing using the contact details on the cover page.

Statutory tasks

During the period we have carried out the following tasks which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Case set-up and management actions, including updating the insolvency website/creditor portal for the cases, filing and regular diary reviews to ensure compliance matters are dealt with accordingly;
- Statutory reporting, including the preparation of the Proposals and this progress report;
- Appointment notifications, including notifying the relevant parties of the appointment;
- Confidential reports to the Insolvency Service on the directors' conduct;
- Cashiering functions, including the preparation of monthly bank account reconciliations and various payments and receipts; and
- Interaction with HM Revenue & Customs in respect of VAT and Corporation Tax matters.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors

Progress of the administration Summary

Category 1 expenses - are payments to persons providing the service to which the expense relates and which are neither payment to us, the officeholders, or to an associate of ours. These expenses can be paid out of the estate by us without creditor approval.

Joint Administrators' Category 1 Expenses

Third party costs incurred during the report period

Prior to instructing providers of specialist advice and or services, we have evaluated whether the work/advice is both warranted and also that the cost of the same represents best value for the estate. We review all such arrangements periodically to ensure that best value continues to be obtained.

No third party expenses have been incurred during the report period.

Category 1 expenses - disbursements

Category 1 disbursements are payments to third parties which are initially met by us and then reimbursed to us out of the estate when funds become available, and for which no approval is required. These are summarised in the tables below:

Category 1 Expenses (disbursements) - BSB

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Postage/Couriers	50	-	-	-
Specific Penalty Bond	230	220	-	220
Total expenses	280	220	-	220

Category 1 Expenses (disbursements) - Retail

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Postage/Couriers	25	-	-	-
Specific Penalty Bond	230	220	-	220
Total expenses	255	220	-	220

Any unpaid costs will be settled as and when funds permit.

Joint Administrators' Category 2 Expenses

Category 2 Expenses are payments to us (as officeholder) or to our associates or payments which have an element of shared costs. These expenses require creditor approval in the same manner as our remuneration.

Details of our Category 2 expenses and the position with regard thereto are given below.

Specific approval is required before these costs and expenses can be drawn from the administration estate.

Retail

Approval of these costs was given by secured creditors on 10 August 2023.

BSB

Approval of these costs was given by the preferential creditors on 22 November 2023.

Two secured creditors have approved these costs on 10 August 2023 and 22 November 2023. We are yet to obtain such approval from the third secured creditor.

Mileage was calculated at the prevailing standard mileage rate of up to 45p at the time when the mileage is incurred.

Category 2 Expenses - BSB only

£ (net)	Estimated per Proposals	Incurred in report period	Paid	Unpaid
Mileage	100	-	-	-
Total expenses	100	-	-	-

No category 2 expenses have been incurred in respect of the Companies.

Joint Administrators' Expenses – detailed information

Please see page 22 for further information.

Progress of the administration Receipts and payments

The Black Sheep Brewery Plc (BSB)

The Black Sheep Brewery Plc - In Administration
Joint Administrators' Receipts and Payments Account
23 May 2023 to 22 November 2023

£	Notes	To date
Fixed Charge Assets (Due to Close)		
Fixed Charge Receipts		
Book Debts	A	<u>1,611,050</u>
		<u>1,611,050</u>
Fixed Charge Payments		
Secured Creditor - Close ID	B	<u>(1,237,621)</u>
		<u>(1,237,621)</u>
Fixed Charge Funds in hand		<u>373,430</u>
Fixed Charge Assets (General)		
Fixed Charge Receipts		
Fixed Charge Surplus - Book debts		373,430
Freehold Land & Property	A	2,625,000
Intellectual Property		320,000
Plant & Machinery		199,000
Goodwill		1
Bank Interest Gross		<u>12,753</u>
Total Fixed Charge Receipts		<u>3,530,183</u>
Fixed Charge Payments		
Secured Creditor - Close CBILS/RLS	B	<u>(2,258,510)</u>
Secured Creditor - Close Mortgage	B	<u>(958,920)</u>
Total Fixed Charge Payments		<u>(3,217,430)</u>
Fixed Charge Funds in hand		<u>312,753</u>

	Notes	To date
Floating Charge Receipts		
Plant & Machinery	A	4,000
Stock		269,708
Customer Contracts		1
Transferred Records		1
May-23 Payroll Deductions	C	80,684
Consideration and LTO funds received on behalf of Retail		76,099
Bank Interest Gross	D	1,285
Sundry Refunds		<u>1,007</u>
Total Floating Charge Receipts		<u>432,784</u>
Floating Charge Payments		
Consideration and LTO Funds to Retail		(76,099)
Statutory Advertising		(109)
Insurance of Assets		(179)
Bank Charges		(1)
May-23 Payroll Deductions		<u>(80,684)</u>
Total Floating Charge Payments		<u>(157,071)</u>
Floating Charge Balance		<u>275,713</u>
Total Balance		<u>588,466</u>
Made up of:		
Fixed Charge Deposit A/c	D	312,753
Floating Chge Deposit A/c	D	275,691
Vat Control Account		<u>22</u>
Balance in hand		<u>588,466</u>

Progress of the
administration
Receipts and payments

The Black Sheep
Brewery Plc (BSB)

A receipts and payments account is provided on the previous page, detailing the transactions during the report period and also cumulatively for the entire period of our appointment on 23 May 2023.

Notes to receipts and payments account

A – Sale of assets

BSB's business and certain assets were sold in the Transaction. For further information regarding the sale please refer to the SIP 16 statement.

B – Fixed charge Secured Creditor distributions

Close has received distributions of £958k in relation to its fixed charge property mortgage (repaid in full); £1.24m in relation to its ID facility (repaid in full, including exit fees of £78k); and £2.26m in relation to its Coronavirus Business Interruption Loan Scheme ("CBILS") and Recovery Loan Scheme ("RLS") debt following the Transaction.

C – May 2023 payroll deductions

The Purchaser paid £80k to enable the Administrators to settle payroll deductions to the relevant third parties in relation to BSB's May 2023 payroll, which was processed by BSB pre appointment, with the net payroll payment to BSB paid by the Purchaser post completion of the Transaction.

D - Bank interest

All funds are held in interest bearing accounts. The associated corporation tax on interest received will be accounted for to HMRC.

VAT

All sums shown opposite are shown net of VAT, which is payable and will be accounted for to HM Revenue & Customs in due course.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

Progress of the administration

Receipts and payments

BSB Retail Limited (Retail)

BSB Retail Limited - In Administration
Joint Administrators' Receipts and Payments Account
23 May 2023 to 22 November 2023

£	Notes	To date
Floating Charge Receipts		
Licence to Occupy Fee	A	55,325
Stock		3,500
Cash Floats	B	6,208
Goodwill		1
Book Debts		1,832
Cash at Bank		9,178
Bank Interest Gross	C	328
Sundry Refunds		155
Funds Received for the Purchaser		11,938
Total Floating Charge Receipts		33,139
Floating Charge Payments		
Licence to Occupy Payments	A	(50,806)
Licence to Occupy Refund	A	(4,519)
Statutory Advertising		(109)
Bank Charges	C	(1)
Funds Returned to the Purchaser		(11,938)
Total Floating Charge Payments		(12,048)
Floating Charge Balance		21,091
Made up of:		
Floating Chge Deposit A/c	C	20,188
VAT Receivable	D	904
Balance in hand		21,091

A receipts and payments account is provided opposite, detailing the transactions during the report period and also cumulatively for the entire period of our appointment on 23 May 2023.

Notes to receipts and payments account

A – License to occupy fee

The Purchaser paid a license to occupy ("LTO") fee of c.£55k in relation to rent, service charge and insurance incurred during its three months occupation at the four pubs. These funds were received into BSB and transferred to Retail. These costs have been paid by the Joint Administrators to the respective landlords, in line with the terms of the LTO, with a surplus of c.£4.5k returned to the Purchaser.

The LTO receipts and payments net position, as shown opposite, has had no impact on the administration estate.

B – Sale of assets

Retail's business and certain assets were sold in the Transaction. These funds were received into BSB and transferred to Retail. For further information regarding the sale please refer to the SIP 16 statement per Appendix G.

C – Bank Interest

All funds are held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HMRC.

D – VAT

All sums shown opposite are shown net of VAT, which is payable and will be accounted for to HM Revenue & Customs in due course.

Rounding note

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

Progress of the administration

Pre-administration costs

Pre administration costs

We included the following statement of pre administration costs in our Proposals:

Joint Administrators

- Negotiating with interested parties and the Purchaser to agree and finalise commercial terms of the Transaction and consider previous expressions of interest / offers;
- Liaising with AG in relation to the preparation, agreement and signing of documents required to complete the Transaction;
- Liaising with the Companies' directors and secured creditors in relation to the status of the sale process and the strategy for the administration, including release of security and waiver of notice period;
- Liaising with the Companies' directors and the Purchaser in relation to the Purchaser's brewery licence;
- Analysis of VAT and Tax advice to consider any tax implications of the Transaction;
- Monitoring of the Companies' short term cash flow and funding requirements; and
- Contingency planning in the event that a sale was not achievable.

This work was required to be undertaken pre-appointment to enable the sale to be delivered shortly after our appointment and to enable the maximum and certain value for the business and assets, thus delivering a better outcome for creditors as a whole.

In relation to this work we have incurred time costs of £546k for BSB and £96k for Retail (both plus VAT), since the filing of the first NOI on 2 May 2023. Of this, £46k plus VAT has been recovered and paid pre-administration by BSB. The balance of £500k and £96k, in BSB and Retail respectively, remains unpaid. We will seek to recover £150k plus VAT of BSB's balance from the administration estate. There will be insufficient funds available in Retail to enable payment of Retail's costs.

Legal fees

During planning for the administration, we were assisted by Addleshaw Goddard LLP ("AG") on matters including:

- Drafting documentation, advising and negotiating with potential buyers for the business and assets of the Companies (including a transfer of employees);
- Advising on the security granted by the Companies, together with the impact of intercreditor arrangements, including release of security and contingency planning for the event of release of security not being obtained; and
- Appointment process monitoring for validity of appointment advice.

This work was required to be undertaken pre-appointment to enable the Transaction to be delivered shortly following our appointment.

In respect of this work, AG incurred £95k for BSB and £25k for Retail (both plus VAT), which remains unpaid. We will seek approval for payment of BSB's costs. There will be insufficient funds available in Retail to enable payment of Retail's costs.

The costs set out above and opposite were all incurred on work undertaken to implement the administration strategy and statutory purpose.

Approval of unpaid pre-administration costs

As set out above and opposite, there are total unpaid pre administration costs of £595k and £121k, both plus VAT, for BSB and Retail respectively.

The payment of these unpaid costs as an expense of the administration is subject to approval under Rule 3.52.

BSB

In this regard we have sought approval from the secured and preferential creditors of BSB to decide whether, and to what extent, the unpaid pre-administration costs should be approved for payment in BSB.

The preferential creditors approved our pre-administration costs on 22 November 2023.

Two secured creditors have approved our pre-administration costs on 10 August 2023 and 22 November 2023. We are yet to obtain such approval from the third secured creditor following our request.

Retail

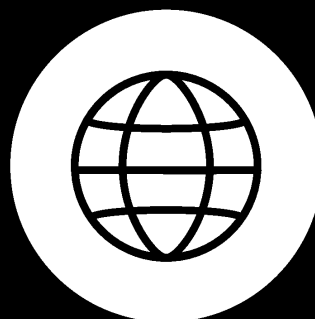
As there will be insufficient funds in Retail to meet these costs, we do not propose to seek approval for these costs from the secured creditor, which have been written off as irrecoverable.





Information for creditors

Outcome	14
Transactions with Connected Parties	16
Statutory information	17



Information for creditors Outcome

Outcome for creditors

Secured creditors

At the date of our appointment, the following amounts were owed to secured creditors:

Close (BSB and Retail)

Close had outstanding debt of £6.3m at the date of our appointment, made up of: mortgage £1.0m; RLS £1.6m; CBILS £2.5m; and ID facility drawn to £1.2m. Close's debt is secured by:

- Legal mortgages against BSB's freehold properties, created on 16 May 2017;
- Chattels mortgage over specific P&M assets in BSB, created on 19 March 2021;
- Debt Purchase Agreement in BSB in relation to trade debtors/ID facility, created on 22 July 2022;
- Intellectual property charge in BSB, created 16 May 2017;
- Fixed and floating debenture security in BSB, created on 16 May 2017;
- Fixed and floating debenture security in Retail, created on 27 August 2020; and
- Cross guarantee between BSB and Retail in relation to BSB's ID debt, created on 22 July 2022.

The RLS and CBILS loans have the benefit of Government backed guarantees up to 70% and 80% of the outstanding balances respectively (i.e. of the remaining outstanding balances due to Close, after Close has been paid from the realisation of assets).

The total of £6.3m due to Close is owed by BSB and Retail. Fixed charge distributions totalling £4.46m have been made to Close following the Transaction, repaying its property mortgage and ID facility in full, and £2.26m towards its RLS/CBILS exposure. Whilst a further distribution may be paid to Close from their floating charge security, Close will not be repaid in full.

Lombard (BSB only)

Lombard provided asset finance with an outstanding balance at the date of our appointment of £1.5m relating to bottling and packaging equipment held by BSB. Lombard had a first ranking chattels mortgage over those specific P&M assets.

The Purchaser will seek to assign Lombard's asset finance agreement and Lombard's position will not be adversely impacted by the Transaction. The P&M subject to the Transaction excludes the Lombard assets.

Lloyds Bank Plc ("Lloyds") (BSB only)

Lloyds provided clearing facilities, corporate/business cards and a VAT bond agreement, secured by a second ranking debenture security in BSB (ranking behind Close) created on 8 November 2017 and a deposit agreement (first ranking over any deposits owed to BSB and held in the Lloyds account), created on 19 January 2022. Lloyds' exposure is c.£10k on the corporate/business cards and £20k on the VAT bond.

Lloyds has confirmed that the cash held at appointment is sufficient to settle its exposure, with a small surplus due to be received into BSB's administration estate shortly.

Dewscope Limited ("Dewscope") (BSB only)

Dewscope provided loan notes of £0.5m, secured by third ranking debenture security ranking behind Close and Lloyds, created on 26 January 2023. There will be no return to Dewscope.

Ordinary Preferential creditors (BSB and Retail)

Ordinary preferential claims consist of amounts owed to employees for arrears of wages/salaries, holiday pay, and pension contributions.

As all of BSB and Retail's employees transferred to the Purchaser following the Transaction, we do not anticipate any ordinary preferential claims will be made.

Secondary Preferential Debts due to HMRC

Secondary preferential debts are debts due to HMRC in respect of deducted taxes, including VAT, PAYE, student loan repayments, employee NICs and CIS deductions.

BSB

We estimate that HMRC will have a secondary preferential claim of £1.2m in BSB and £135k in Retail. On present information we anticipate that sufficient funds will become available to enable a distribution to be made in BSB.

Retail

It is not anticipated that there will be any return to HMRC in Retail.



Information for
creditors
Outcome

Unsecured creditors
Prescribed Part
As detailed in our Proposals, we anticipate the Company will have net property of nil after payment to the secondary preferential creditor and costs of the administrations, therefore a dividend via the Prescribed Part will not be made available to unsecured creditors in either BSB or Retail.

Unsecured creditors
BSB
We have received 40 claims to date for a total of c.£1.4m and which is broadly in line with the statement of affairs.
On present information, it is unlikely that sufficient funds will be realised to enable a distribution to be made to unsecured creditors.

Retail
We have received 27 claims to date for a total of c.£117k and which is broadly in line with the statement of affairs.
On present information, it is unlikely that sufficient funds will be realised to enable a distribution to be made to unsecured creditors.

Claims process
As there is no prospect of a distribution for unsecured creditors in respect of either of the Companies, we do not intend to undertake any work to agree any unsecured creditor claims received.
This work will be performed only once the dividend prospects are certain.
Please note that should you wish to vote in a decision procedure, you will need to submit a proof of debt to us.

Extensions to the administration
We do not anticipate that it will be necessary to extend the periods of the administrations, which are due to end on or before 23 May 2024.

Exit
As detailed in our Proposals, we consider dissolution to be the most appropriate exit route from the administrations, because there will be no available funds to distribute to unsecured creditors.



Information for
creditors
Transactions with
Connected Parties

Transactions with connected parties

During the period covered by the report, and as documented in our SIP 16 Statement regarding the prepackaged sale, all of the Companies' business and assets have been sold to the Purchaser, which is a connected person as Charlene Lyons (director of BSB and Retail), Robert Theakston (director of BSB and Retail) and Jonathan Theakston (director of BSB) all became directors and minority shareholders of the Purchaser.

Prior to undertaking the sale:

- A solvent sale was pursued, which resulted in no offers for the shares being received;
- We were provided with valuations performed by qualified valuers and from which we are satisfied that the values achieved were appropriate;
- Having regard to the uncertainty of a sale by private treaty/auction, we are satisfied that the sale represented the best outcome for the estate; and
- We were provided with a copy of the independent Evaluator's report which contained a statement made by the Evaluator that they are satisfied that the consideration to be provided for the relevant property and the grounds for the substantial disposal are reasonable in the circumstances.

On 23 May 2023, shortly after their appointment, the Joint Administrators completed a sale of the Companies' business and certain assets to the Purchaser.

The Purchaser acquired the business and certain assets of the Companies for £5.0m. The Purchaser paid a non-refundable deposit of £0.5m on 16 May-23 in exchange for being granted exclusivity in relation to the Transaction. The balance of the consideration (£4.5m) was settled in full on completion of the Transaction.

Shareholdings

In the Joint Administrators Proposals, it was reported that the Directors' shareholdings in BSB were as follows:

- Robert Theakston – 0.03%
- Jonathan Theakston – 0.03%

Following receipt of a shareholders register from a former agent of BSB, it was brought to the Joint Administrators attention that these figures were incorrect.

The correct position with regards to the Directors' shareholdings are as follows:

- Robert Theakston – 0.26%
- Jonathan Theakston – 0.45%



Information for
creditors
Statutory information

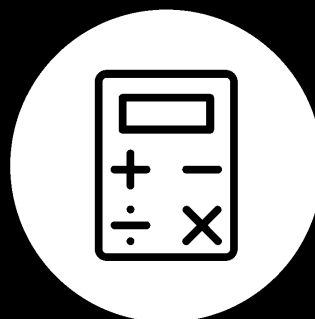
	The Blacksheep Brewery Plc	BSB Retail Limited
Company	02686985	11299720
Registered Office	c/o Teneo Financial Advisory Ltd The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT	c/o Teneo Financial Advisory Ltd The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT
Court	High court of Justice, Business and Property Courts of England & Wales Insolvency and Companies List	High court of Justice, Business and Property Courts of England & Wales Insolvency and Companies List
Court Reference	CR-2023-LDS-000449	CR-2023-LDS-000450





Remuneration and detailed information

Joint Administrators' remuneration	19
Detailed information	22



Remuneration and detailed information

Joint Administrators' remuneration

Joint Administrators' remuneration

"A Creditors' Guide to Remuneration" is available for download at www.ips-docs.com.

Should you require a paper copy, please send your request in writing to us at the address on the cover page and this will be provided to you at no cost.

Basis of remuneration

Retail

The basis of our remuneration was fixed in Retail by the secured creditors on 10 August 2023 by reference to the time properly given by the Joint Administrators and their staff.

BSB

The basis of our remuneration has not yet been fixed in BSB. We have requested that the secured creditors and preferential creditors fix the basis of our remuneration by reference to time properly given by the Joint Administrators and their staff.

Whilst the basis of our remuneration was approved by the preferential creditors on 22 November 2023, and by two of the secured creditors on 10 August 2023 and 22 November 2023. Approval from the remaining secured creditor has not yet been forthcoming.

Should approval not be provided the Joint Administrators would be required to make an application to Court in order to obtain fee approval. An update will be provided in our next progress report.

Fees drawn to date

Time Costs

No fees have been drawn to date in either BSB and Retail.

Time costs - analysis of actual against estimate

Please refer to pages 20 and 21 where we have updated the Fees Estimate to provide details of our actual time costs for the period of the report and for the entire period of our appointments and which we have also summarised here:

Our total time costs to 22 November 2023 in BSB are £421,668 made up of 519 hours at a blended charge out rate of £812 per hour across all grades of staff.

Our total time costs to 22 November 2023 in Retail are £241,570 made up of 228 hours at a blended charge out rate of £1,059 per hour across all grades of staff.

As can be seen on pages 20 and 21, our actual time costs are higher than we initially anticipated, and which can be attributed to the following:

BSB

- Extra support has been provided to employees transferred under TUPE to the Purchaser. This work has to be carried out by specialists from our Employment Rights Act Team.
- Dealing with increased creditor correspondence and informing them that due to the lack of funds in the administration there would be no distribution to unsecured creditors.
- Complexities of separating claims.
- Due to the large number of shareholders there was a very high volume of correspondence requiring detailed explanations from senior staff.
- As this was a pre-pack sale there was the additional requirement to prepare and deliver a SIP 16 statement which, in this case, required input from senior staff (directors and senior managing directors) due to complexities around the sales and the status of BSB's three secured creditors' respective charges and the risks associated with sending such a report in such a tight timeframe.
- Statutory notifications were sent to several hundred creditors and 1,200+ shareholders informing of the commencement of the administrations. Most letters needed to be sent in the first 7 to 14 days after appointment and required review from senior manager/directors for appropriate messaging around the sensitivity of the sale process.
- Higher costs than expected were incurred while carrying out the Directors Conduct Reporting due to reviewing a high number of transactions on the bank statements.

Retail

- More time spent than expected in dealing with property related matters including liaising with landlords and finalising matters with utility companies in each site.
- Additional cashing tasks have been carried out with relation to returning funds to the Purchaser and processing the licences to occupy.
- Complexities of separating claims.



Fees Estimate and Joint Administrators’ time costs for the period of the report for The Black Sheep Brewery Plc

All staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity		Anticipated Time and Costs per Fees Estimate			Actual Time and Costs for Report Period		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)
Administrative activities	Cashiering	26.5	805	21,330	32.4	584	18,888
	Case supervision	33.4	803	26,824	122.2	912	111,501
	Case reviews	10.3	649	6,684	2.5	1,078	2,695
	Case closure matters	16.0	641	10,250	-	-	-
Statutory & compliance	Compliance & IPS diary	15.9	676	10,754	11.1	895	9,887
	Insurance	4.0	935	3,740	2.2	781	1,719
	General reporting	144.0	803	115,690	51.4	837	43,021
	Statutory meetings	-	-	-	39.3	524	20,601
Initial actions	Appointment matters	4.0	1,070	4,280	4.0	1,210	4,840
	Notifications	55.5	701	38,925	71.4	682	48,660
Investigations	CDDA reporting	18.5	662	12,240	48.2	703	33,899
	Investigations	10.0	844	8,440	13.8	1,196	16,511
	Litigation	-	-	-	0.3	720	216
Total of above categories		338.1	767	259,157	398.7	784	312,437
Taxation	Tax	6.0	834	5,005	5.3	786	4,167
	VAT	30.6	511	15,634	8.8	838	7,370
Asset realisations	Third party assets	-	-	-	2.0	1,210	2,420
	Other assets	-	-	-	6.4	571	3,674
	Property	-	-	-	0.5	720	360
	Retention of title	-	-	-	0.5	720	360
Employees	Correspondence	27	900	24,570	35.0	1,193	41,760
	Pensions	0.5	900	450	-	-	-
Correspondence	Creditors	74.6	596	44,482	38.0	840	31,911
	Shareholders	40.5	787	31,860	18.4	812	14,900
	Customers	-	-	-	5.5	420	2,310
Distributions	Secured creditors	10.6	992	10,516	-	-	-
	Preferential creditors	-	-	-	-	-	-
	Secondary preferential creditors	14.5	597	8,655	-	-	-
	Unsecured creditors	-	-	-	-	-	-
Total fees estimate		542.7	738	400,329	519.1	812	421,668

Fees Estimate and Joint Administrators’ time costs for the period of the report for BSB Retail Limited

All staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Activity		Anticipated Time and Costs per Fees Estimate			Actual Time and Costs for Report Period		
		Anticipated hours	Avg Rate £/h	Anticipated fees (£)	Hours incurred in period	Avg Rate £/h	Time costs incurred in period (£)
Administrative activities	Cashiering	9.8	793	7,776	19.7	2,316	45,630
	Case supervision	8.2	801	6,569	36.5	875	31,940
	Case reviews	3.5	710	2,485	1.0	1,980	1,980
	Case closure matters	11.0	605	6,650	-	-	-
Statutory & compliance	Compliance & IPS diary	4.8	705	3,384	1.9	2,653	5,040
	Insurance	4.5	870	3,915	1.2	2,250	2,700
	General reporting	16.9	861	14,543	11.8	496	5,850
	Statutory meetings	-	-	-	3.4	1,482	5,040
Initial actions	Appointment matters	4.0	1,070	4,280	9.9	1,124	11,070
	Notifications	14.5	831	12,055	41.9	329	13,770
Investigations	CDDA reporting	10.7	700	7,493	30.2	709	21,420
	Investigations	4.5	906	4,075	1.1	1,964	2,160
	Litigation	-	-	-	-	-	-
Total of above categories		92.4	792	73,225	158.6	925	146,600
Taxation	Tax	3.5	583	2,040	-	-	-
	VAT	4.5	547	2,460	5.3	1,415	7,500
Asset realisations	Book debts	7.0	926	6,480	8.0	921	7,370
	Other assets	-	-	-	3.3	2,509	8,280
	Property	-	-	-	41.6	1,334	55,410
Employees	Correspondence	6.5	990	6,435	2.5	396	990
Correspondence	Creditors	26.3	610	16,044	8.9	1,742	15,420
	Shareholders	0.5	720	360	-	-	-
Distributions	Secured creditors	2.0	990	1,980	-	-	-
Total fees estimate		142.7	764	109,024	228.1	1,059	241,570



Remuneration and
detailed information

Detailed information

Creditors’ right to request information

Any secured creditor or unsecured creditor (with the support of at least 5% in value of the unsecured creditors or with leave of the Court) may, in writing, request us to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

Creditors’ right to challenge remuneration and/or expenses

Any secured creditor or unsecured creditor (with the support of at least 10% in value of the unsecured creditors or with leave of the Court) may apply to the Court for one or more orders (in accordance with Rule 18.34 of the Rules), reducing the amount or the basis of remuneration which we are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 18.34(3) of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.





This document is confidential and prepared solely for your information. Therefore you should not, without our prior written consent, refer to or use our name or this document for any other purpose, disclose them or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our document for any purpose whatsoever and thus we accept no liability to any other party who is shown or gains access to this document.

Teneo Financial Advisory Limited is registered in England & Wales with registered number 13192958 and its registered office at 11 Pilgrim Street, London, United Kingdom, EC4V6R