

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company

Groundwork Community Forests North
East Development Limited

Company number

03327239

In the
Leeds District Registry
(formerly Durham County Court)

(full name of court)

Court case number

1680 of 2009
(formerly 40 of 2008)(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
John Twizell
Geoffrey Martin & Co
St Andrew House
119-121 The Headrow
Leeds
LS1 5JWGeoffrey Martin
Geoffrey Martin & Co
St Andrew House
119-121 The Headrow
Leeds
LS1 5JW

administrator(s) of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 27 May 2009

(b) 26 November 2009

Signed

Joint / Administrator(s)

Dated

22 December 2009.

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the

John Twizell
Geoffrey Martin & Co
St Andrew House
119-121 The Headrow
Leeds
LS1 5JW

DX Number

0113 2445141
DX ExchangeA84
AOUMKG2G
24/12/2009 10
COMPANIES HOUSE

je

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff



**GEOFFREY
MARTIN
& CO**

*4th Floor
St Andrew House
119 - 121 The Headrow
Leeds LS1 5JW*

*Telephone 0113 244 5141
Fax 0113 242 3851
DX 14072*

*E-Mail: info@geoffreymartin.co.uk
www.geoffreymartin.co.uk*

*when telephoning please
ask for:-*

Dominic Wolski

23 December 2009

Dear Sirs

**Groundwork Community Forests North East Development Limited
(formerly Groundwork Community Forests Development Company Limited,
formerly North East Community Forests Development Company Limited,
formerly Tees Forest Development Company Limited,
formerly Tees Valley Forest Development Company Limited)
("the Company") (In Administration)
Leeds District Registry Court case no: 1680 of 2009
(formerly Durham County Court case no: 40 of 2008)**

I write to provide a further report to creditors on the progress of the Administration pursuant to Rule 2.47 of the Insolvency Rules 1986 ("the Rules").

This report describes the position at 26 November 2009 and covers the key issues in the conduct of the Administration for the period 27 May 2009 to 26 November 2009. I have also provided information on subsequent events up to the date of this report. This report should be read in conjunction with my report prepared pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 ("the Act") dated 19 January 2009, together with my report on the outcome of the Paragraph 51 meeting dated 9 February 2009 and my progress report to creditors prepared pursuant to Rule 2.47 of the Rules dated 25 June 2009.

The information that is required to be disclosed in accordance with Rule 2.47(a) to (d) of the Rules is attached at appendix A.

Executive summary

I have obtained an extension to the original Administration Order for a further twelve months to 26 November 2010, as the purpose of the Administration is not yet complete.

The primary purpose for seeking the extension was to allow me the opportunity to complete the sale of the Company's land-holdings following the Court of Appeal's dismissal of ENTRUST's appeal against the High Court Order confirming that I may sell the Company's land-holdings.

A sale of the Company's land-holdings was completed on 18 December 2009.

The Estimated Outcome Statement ("EOS") updated to 26 November 2009 is attached as appendix B, together with supporting notes.



The EOS shows that there is no prospect of a distribution to unsecured creditors, due predominantly to the significant level of costs I have been obliged to incur in addressing the various Court applications driven by ENTRUST. Indeed, there will be insufficient realisations to cover the professional costs of the Administration in full.

Administrators' proposals

My proposals for achieving the purposes of the Administration, as detailed in my report to creditors dated 19 January 2009, were unanimously accepted by all of the creditors present or represented at the meeting of creditors held in accordance with Paragraph 51 of Schedule B1 of the Insolvency Act 1986 on 3 February 2009. A Creditors Committee was not formed.

I set out below the key developments in the Administration since my last report and highlight the outstanding matters.

1. Land-holdings

The Group's books and records (and affirmed by the directors' Statement of Affairs) indicated that the Company owned two land-holdings at the date of my appointment. The directors attributed a £nil estimated to realise value on these land-holdings to reflect their view of the impact of the various Section 106 agreements, liens, restrictions and covenants against these land-holdings.

I subsequently determined that the Company held legal title to two further land-holdings, following lengthy investigations into the Group's various land-holdings with the assistance of the Company's solicitors, Mincoff Jacksons, my specialist forestry agent and my property agents, GVA Grimley. Prior to my investigations, it was believed that legal title to these two land-holdings was held by another Group company, namely Community Forests North East (Trading) Limited ("Trading").

Accordingly, I concluded that the land-holdings held by, or where the Company had an interest, are known as; Ouston Moor, Redmarshall; Merrybent, Darlington; Red House Farm, Stockton-on-Tees and Skerningham, Darlington. The book value of these four land-holdings as at the date of my appointment was shown to be £348,000.

The Company's land-holdings, together with three "similar in nature" land-holdings owned by Trading, were marketed extensively by GVA Grimley during the Spring of 2009. Best and final offers were requested for 29 May 2009. After clarification of a number of offers received, I accepted the best offer, based on the recommendation by GVA Grimley on 3 June 2009. This best offer was £325,000 for all seven land-holdings, as a package, subject to contract. I instructed Mincoff Jacksons to proceed to exchange contracts and complete a sale within the shortest reasonable timescale given the nature and complexities of the various land-holdings and in an effort to minimise the on-going maintenance costs of the land.

During this time and throughout the Administration, I have been obliged to maintain the Group's land-holdings. Indeed, Rural England specifically brought to my attention the provisions of the Weed Act 1959 in respect of the growth of ragwort on two particular land-holdings.

This maintenance has involved my seeking grant monies from the Rural Payments Agency ("RPA") and the Forestry Commission and engaging external contractors. The grant application process has been tortuous, in particular with the RPA, which has been hindered further due to "incorrect" applications submitted previously by the Group.



The prospective purchaser carried out extensive due diligence lasting several weeks following acceptance of their offer. This due diligence revealed many legal and title issues, which we had in the main anticipated, but specifically included access to three of the land-holdings. The prospective purchaser subsequently reduced their offer to £265,000. There followed further investigations into the issues raised by the purchaser and further negotiations of the consideration. An overall consideration was agreed of £272,500 on 6 August 2009; allocated £149,500 to the Company and £123,000 to Trading. There was an agreed cut-off on the receipt of grant monies and maintenance expenditure incurred. The right to future grant monies represent a significant element of the worth of the land-holdings.

The respective solicitors agreed the terms of the sales contract and both parties were in a position to exchange during the week commencing 10 August 2009, with a proposed completion date of 3 September 2009.

I was unable to exchange contracts due to the legal proceedings described in section 2 below. There followed a significant period where the sale was simply "in limbo".

Following the dismissal of ENTRUST's Appeal by the Court of Appeal on 3 November 2009, I spoke directly to the purchaser and agreed that we should proceed to exchange and complete at the earliest opportunity. The respective solicitors were obliged to revisit the sales contract, given the time that had elapsed since the initial agreement.

We encountered a further delay in obtaining the consent of a third party who has a registered interest in the Merrybent land-holding. However, I am pleased to report that this was satisfactorily resolved and we were finally able to simultaneously exchange and complete a sale of the Company's land-holdings in the sum of £149,500 on the afternoon of Friday 18 December 2009.

2. Berkeley Applegate Order / Court of Appeal

As previously reported, I received a letter from ENTRUST (the regulatory body for the Landfill Community Fund ("LCF")) in January 2009 advising that three of the Company's land-holdings were purchased using donations given to the Company under the Landfill Tax Regulations. This letter confirmed telephone representations made to my team since shortly after my appointment and after ENTRUST had taken legal advice on the impact of administration. In essence, ENTRUST were claiming that the "donators" under the Landfill Tax Regulations may have a proprietary claim over three of the Company's land-holdings, that such assets were held on trust for their benefit and that any proceeds from the sale of the land-holdings must not be distributed to creditors, but be applied for purposes approved by the LCF.

My initial investigations into ENTRUST's claims suggested this was a complex area of law and the lack of relevant available paperwork (because the original purchases were several years ago) indicated that it would be time consuming to clarify the exact nature of these "proprietary" claims. ENTRUST themselves advised that they had never had an instance where an Environmental Body was subject to formal insolvency and this was "ground breaking".

I met with ENTRUST in March 2009 to agree a way forward. It was agreed at that meeting that I would continue to maintain, market and ultimately sell these land-holdings, but hold the net proceeds after costs (as sanctioned at the creditors' meeting) pending resolution of the various parties' claims to these net proceeds.

It was also agreed at that meeting that I would make an application to Court for a Berkeley Applegate type Order to protect the Administration's position on costs. This was also to ensure that I had the ability to apportion costs between "trust" and "non trust" assets, rather than just Company assets, should these proprietary claims prove successful.



The preparation of a Witness Statement in support of the Application involved considerable research and investigation of the Group's affairs. The Application was served on ENTRUST and the four separate "donators" on 11 June 2009. I had hoped, based on my meeting with them, that ENTRUST would provide a simple consent to the Application, but they requested an adjournment to consider their position further. The hearing for the Order was thus re-scheduled for Friday 26 June 2009.

The Court made the requested Berkeley Applegate type Order to protect the position on costs and allocations, but provided the Respondents with a right to apply to vary the Order. CDENT, one of the "donators" made an Application to vary the Order on 4 July 2009; effectively seeking to prevent the sale of the land-holdings and deny the Administrators the ability of taking the costs of maintaining and realising the land-holdings from the sales proceeds. I believe that CDENT may have been encouraged by ENTRUST to make this Application.

I was therefore obliged to make a Cross-Application for directions seeking the ability to exchange and complete the sale of the relevant land-holdings and for the ability to draw the appropriate Administration costs. This application was heard on 3 August 2009.

The Court handed down its judgement on 21 August 2009 as follows:-

- CDENT's application was dismissed;
- the Administrators were authorised to exchange sale contracts for the relevant land-holdings;
- the proceeds of the sale of the land-holdings were to be regarded as an asset of the Company (thus dismissing any proprietary or trust claim); and
- the Administrators' costs may be drawn as an expense of the Administration.

The Court stayed the judgement for seven days giving the Respondents and ENTRUST (who were not represented at the hearing) the opportunity to appeal. ENTRUST appealed the decision to the Court of Appeal.

Due to the lack of funds within the Administration, I was obliged to enter into Conditional Fee Agreements ("CFA") with both my solicitors and Counsel to enable me to address this Appeal. This was a particularly worrying time. I had already incurred significant direct cost in maintaining the land-holdings and professional cost in marketing and agreeing a complex sale of the land-holdings and ENTRUST were directly challenging my right to meet these costs from the realisations. I had no other means of meeting these costs.

An expedited hearing was set for 3 November 2009. ENTRUST's appeal was dismissed by the Court of Appeal verbally on 3 November 2009, with formal judgement handed down on 12 November 2009.

I attach a copy of the formal judgement form as appendix F.

The Court of Appeal awarded indemnity costs against ENTRUST and my solicitors and Counsel are presently negotiating the sums involved.

The judgement may also be of interest to the "donators" concerning any potential claw back claim that ENTRUST or HM Revenue & Customs may seek to bring against them. I believe the judgement effectively removes this prospect and thus any claim they may have against the Company.

3. Inter-Group debtors

The Company's management accounts as at the date of my appointment show that Trading owes £75,759.



The build up of this inter-group balance appears to be through normal trading activities and various recharges. I would emphasise that I have not undertaken a detailed investigation into this balance. However, as Joint Administrator of both the Company and Trading, I am aware of potentially significant misapplications within the Group companies' individual balance sheets, such as the incorrect identification of legal title to two of the land-holdings mentioned above. It is highly likely therefore that a re-allocation exercise would be required to correct these previous misapplications before the inter-group accounts could be confirmed.

Following the sale of Trading's land-holdings on 18 December 2009, it is now clear that there will be no return to creditors from Trading in any event.

I have assumed a £nil dividend from Trading in preparation of the EOS.

4. Investigations into the affairs of the Company and the Group

As reported previously, following a high level review of the Group's financial affairs, a number of corporate governance issues have come to light. For example, it would appear that the Group has not accounted separately for restricted and unrestricted funds. At the date of my appointment, the Group operated one bank account in the name of Developments, which held a little over £750, yet in the Group's previous draft accounts to 31 March 2008 the directors acknowledge holding some £101,510 on behalf of Great Western Community Forest.

In line with the proposals passed at the creditors' meeting, I have collated, and still continue to collate, information from various sources and stakeholders in respect of these issues to enable me to assess whether there are any actions which may be taken to recover monies to the Company.

This information provided a major element of my confidential report to the DTI, under the Company Directors Disqualification Act 1986, which was submitted on 20 July 2009.

I consider that there are a number of potential areas requiring further investigation. However, there are now no funds available in this Administration to meet the costs of such investigations, nor the costs of instigating any potential legal action of recovery.

I would stress that all the issues to which I refer relate to the period before July 2008; namely before the "takeover" by Groundworks.

Should any creditor(s) wish to provide funds to continue these investigations, I would encourage you to contact me directly to discuss the point further. I would also add that before any funds were expended it would be necessary to carry out a commercial appraisal of the benefits of taking any legal action against the risks and costs involved.

5. Receipts and payments account

I attach at appendix C an abstract of the Joint Administrators' receipts and payments account for the period 27 November 2008 to 26 November 2009 and 27 May 2009 to 26 November 2009 in accordance with Rule 2.47(2) of the Rules.

6. Estimated outcome for creditors

The Estimated Outcome Statement ("EOS") updated to 26 November 2009 is attached at appendix B.

6.1 Outcome to preferential creditors and floating chargeholders

There are no preferential creditors or floating charge holders in this Administration.



6.2 Outcome to unsecured creditors

I am obliged to consider setting aside a proportion of funds for the benefit of unsecured creditors ("the Prescribed Part") certain provisions of the Enterprise Act 2003. However, given that there are no floating charge holders, this provision is not applicable.

I regret to advise that there will be no funds available to allow a distribution to unsecured creditors given the level of realisations achieved for the Company's land-holdings and the professional costs of Administration and realisation; including the very significant costs in addressing the various Court applications driven by ENTRUST.

7. Twelve months extension to the Administration Order

The Court granted a twelve months extension to the Administration Order; the end date being 26 November 2010. The extension was obtained so that I may address the outstanding issues in the Administration as outlined in section 9 below and exit the Administration in the appropriate manner. Further details are attached at appendix E.

The Court also granted twelve month extensions for Charity and Trading.

It is clear that there will not now be any surplus funds available for unsecured creditors, subject to my comments above in section 4 with regards to any creditor(s) providing funds with which to undertake further investigation into the affairs of the Company and the Group. Accordingly, I propose that following the resolution of the outstanding matters noted below in section 9, the Administration (and those of Charity and Trading) be brought to a conclusion under Paragraph 84 of Schedule B1 of the Act, effecting a dissolution of the Company.

Any creditor who does not wish the Company to be dissolved following my release should advise me in writing with their explanation within 28 days of this report.

8. Joint Administrators' costs

At the initial meeting of creditors held on 3 February 2009, creditors resolved that my firm's remuneration for acting as Joint Administrators be fixed by reference to time costs incurred and that my firm is authorised to draw disbursements in accordance with the terms of our disbursements policy as circulated.

Details of my firm's time costs to 26 November 2009 total £124,265 and are detailed in appendix D. I provide the information in this format as recommended by the provisions of Statement of Insolvency Practice 9. A detailed guide to fees can be downloaded from the Insolvency Practitioners website at www.insolvency-practitioners.org.uk.

To date I have not raised any invoices in respect of my firm's outstanding time costs.

I shall be obliged to allocate the monies available within the Administration on an equitable basis between the respective professional and realisation agents, namely my solicitors, Jacksons and Gordons, GVA Grimleys, my specialist forestry agent and my firm.

Creditors resolved at the initial meeting that my firm may also draw the sum of £2,086.50 (plus VAT and disbursements) in respect of advice to the Company in the period immediately prior to the Administration. I have not drawn these fees to date due to the limited funds available in the Administration. I intend to draw these fees early in the New Year.



9. Outstanding issues of the Administration

The outstanding issues in the Administration include, but are not limited to, the following:

- (i) agreeing the legal costs following the Court of Appeal decision;
- (ii) agreeing and settling the Administration costs;
- (iii) submission of VAT and Corporation Tax returns to HM Revenue & Customs for the Administration period;
- (iv) continued investigation of the affairs of the Company and the Group prior to my appointment and any actions coming therefrom; and
- (v) continued compliance with the statutory requirements imposed by the Insolvency Act and Rules and insolvency bodies, with a view to concluding the Administration in a timely manner.

.....

Should you have any queries about the contents of this report or any other matter relating to this case, please contact either of my colleagues John Birkinshaw or Dominic Wolski, at the above office.

Yours faithfully
For and on behalf of
Groundwork Community Forests North East Development Limited

John Twizell

Joint Administrator
Acting as agent of the Company
and contracting without personal liability

Encs.

John Twizell is licensed by the Institute of Chartered Accountants of England & Wales
Geoffrey Martin is licensed by the Insolvency Practitioners Association

Appendix A

Groundwork Community Forests North East Development Limited ("the Company") (In Administration)

The information which is required to be disclosed in accordance with Rule 2.47(a) to (d) of the Rules is as follows;

Court details:	The High Court of Justice, Chancery Division, Leeds (formerly Durham County Court)
Court Number:	Leeds District Registry number: 1680 of 2009 (formerly Court case no: 40 of 2008)
Registered office:	St Andrew House, 119-121 The Headrow, Leeds, LS1 5JW
Registered Number:	03327239
Joint Administrator's details:	John Twizell and Geoffrey Martin of Geoffrey Martin & Co, St Andrew House, 119-121 The Headrow, Leeds, LS1 5JW
Date of appointment:	27 November 2008
Appointed by:	The directors
Extension of Administration:	An extension of the original Administration for a further twelve months (being on or before 26 November 2010) was granted by the Court in accordance with Paragraph 76(2)(b) of Schedule B1 of the Act.

In accordance with Paragraph 100(2) to Schedule B1 of the Insolvency Act 1986, the Joint Administrator's confirm that any act required or authorised under any enactment to be done by an Administrator may be done by either of them individually or jointly.

Appendix B

Groundwork Community Forest North East Development Limited (In Administration)

Estimated Outcome Statement as at 26 November 2009

Directors Statement of Affairs				
		Book value 27/11/2008 £'000	Estimated to realise £'000	Estimated Outcome £'000
	Note			
Unencumbered assets				
Land holdings	1	348	0	150
Less: insurance costs		-	-	(3)
Cash at bank	2	2	2	1
Grant monies (after land management costs)	3	-	-	4
Inter-group debtor				
C.F.N.E. (Trading) Limited	4	76	4	0
Total asset realisations		<u>426</u>	<u>6</u>	<u>152</u>
Less: professional & realisation costs	5	<u>-</u>	<u>-</u>	<u>(220)</u>
Available/(shortfall) to unsecured creditors		426	6	(68)
Unsecured creditors				
HMR&C - VAT	6	(4)	(4)	(6)
Inter-group creditor				
G.C.F.N.E Limited (in Admin)	7	<u>(78)</u>	<u>(78)</u>	<u>(78)</u>
Total unsecured creditors		<u>(82)</u>	<u>(82)</u>	<u>(84)</u>
Available/(shortfall) to unsecured creditors		<u>344</u>	<u>(76)</u>	<u>(152)</u>

The above statement should be read in conjunction with the attached notes.

Groundwork Community Forest North East Development Limited (In Administration)

Notes to Estimated Outcome Statement as at 26 November 2009

1 Land-holdings

According to the books and records (and affirmed by the directors' Statement of Affairs) the Company was shown to own two land-holdings with an attributable book value of £220,000. The directors attributed a £nil estimated to realise value on these land-holdings to reflect their view of the various Section 106 agreements, liens, restrictions and covenants against same.

Following my lengthy investigations into the various land-holdings, together with the assistance of the Company's solicitors, Mincoff Jacksons and my valuation and forestry agents, GVA Grimley, I determined that legal title to two further land-holdings are actually held by the Company; prior to my appointment legal title was believed to be held by Community Forests North East (Trading) Limited ("Trading") (In Administration).

The land-holdings held and where interest is held by the Company are plots known as; Ouston Moor, Redmarshall, Stockton-on-Tees; Merrybent, Darlington; Red House Farm, West Stockton and Skerningham, Darlington. The book value of these four land-holdings as at the date of my appointment was shown to be £348,000.

The land-holdings were marketed extensively by GVA Grimley, with best and finals asked for 29 May 2009. Following a recommendation by GVA Grimleys to accept the best offer received in sum of £149,500, I instructed Mincoff Jacksons to proceed to exchange contracts and complete a sale within the shortest reasonable timescale given the nature and complexities of the various land-holdings and the on-going costs and responsibilities of maintenance.

As previously reported, I received proprietary claims from ENTRUST, the regulator of the Landfill Community Fund, on behalf of donors under the Landfill Tax Regulations against three of the land-holdings. ENTRUST initially claimed that the assets are held on trust for the donors benefit. This is a complex area of law and the lack of available paperwork has made matters difficult to clarify. To protect the Administrators' position on costs I applied to Court for a Berkeley Applegate type Order. This was to ensure that costs are properly apportioned to "trust" and "non trust" assets, rather than just Company assets, should such trust claims prove successful. I would refer you to Section 2 of the main body of this report for further details.

2 Cash at bank

At the date of my appointment the Company held cash at bank of £767.46.

3 Grant monies

The Company is entitled to receive grant monies for the maintenance of the land-holdings. The grant monies were received from The Rural Payments Agency ("the RPA") and The Forestry Commission. However, I have received correspondence from the RPA that they may have miscalculated the grant provided and could reclaim a portion of the grant back. To date, I have still not received any finalised calculations from the RPA.

4 Inter-group debtor

According to the Company's management accounts as at the date of my appointment, Trading is shown to owe £75,759.

The build up of the inter-group balance appears to be through normal trading activities and various recharges. I would emphasise that I have not undertaken a detailed investigation into this balance. However, as Joint Administrator of both the Company and Trading, I am aware that legal title holder to two of the land-holdings were incorrectly identified prior to my appointment. Therefore, it is highly likely that a reallocation exercise will be required to correct previous misapplications.

5 Professional & realisation costs

The current estimated professional costs in respect of this Administration may be summarised as follows:

	£'000
Pre-appointment insolvency advice	2.0
Joint Administrators' remuneration	
- time costs to 26 November 2009	124.0
- estimated costs to conclusion	12.5
Legal fees - estimated - solicitors and counsel	50.0
Land and forestry agents - estimated	25.0
Statement of Affairs assistance to directors	3.0
Taxation advice	1.5
Statutory costs & disbursements	1.5
	<u>219.5</u>

I would advise that as a consequence of the investigations into the propriety claims, the Berkeley Applegate application and the subsequent Court of Appeal hearing, the Joint Administrators' time costs are substantially higher than originally anticipated. It should also be noted that solicitors and Counsels fees are also substantial due to the proprietary claims and resulting Court hearings and appeal. It is envisaged that a proportion of the solicitors and Counsel's fees incurred specifically in connection with the appeal by ENTRUST will be met as a cost of ENTRUST.

I would emphasise that at this stage the above are broad brush estimates and the final costs will become clearer following the legal cost assessment attached to the formal judgment of the Court of Appeal.

6 HMR&C - VAT

The Company's books and records (and affirmed by the director's Statement of Affairs) show a balance of £3,584 as being outstanding to HMR&C in respect of VAT.

The Company appears to be the holder of the Group's VAT reference, despite the fact that Trading and Charity appear to be the companies raising VAT sales invoices and suffering VAT purchase invoices.

HMR&C have forwarded a claim to my office in the sum of £6,082.

7 Inter-group creditor

According to the Company's management accounts as at the date of my appointment, Charity is shown to be owed £77,875.

The build up of this inter-group balance appears to be through normal trading activities and various re-charges. I would emphasise that I have not undertaken a detailed investigation into this balance. However, I believe that due to the incorrect identification of the legal title to two of the land-holdings by the Company prior to my appointment, that it is highly likely that a reallocation exercise will be required to correct previous misapplications.

8 General

This EOS takes no account of any corporation tax liability that may become due.

Groundwork Community Forests North East Development Limited
(In Administration)

Appendix C

Joint Administrators' Abstract Of Receipts And Payments
To 26 November 2009

RECEIPTS	Total (£)
Grant re-claim - RPA	5,967.51
Cash at Bank	767.46
Forestry Commission Grant	8,055.45
Sundry Receipts	71.51
Vat Control Account	14.57
	<u>14,876.50</u>

PAYMENTS	
Specific Bond	55.00
VAT Irrecoverable	375.00
Land Management Labour	2,500.00
Storage Costs	7.92
Statutory Advertising	89.19
Insurance of Assets	2,348.32
VAT Receivable	14.57
	<u>5,390.00</u>
Balance	<u>9,486.50</u>

MADE UP AS FOLLOWS

Floating Current A/c	<u>9,486.50</u>
	<u>9,486.50</u>

**Groundwork Community Forests North East Development Limited
(In Administration)**

**Appendix C
(continued)**

Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 27/05/2009 To 26/11/2009	From 27/11/2008 To 26/11/2009
ASSET REALISATIONS		
Grant re-claim - RPA	5,967.51	5,967.51
Cash at Bank	NIL	767.46
Forestry Commission Grant	8,055.45	8,055.45
Sundry Receipts	71.51	71.51
	<u>14,094.47</u>	<u>14,861.93</u>
COST OF REALISATIONS		
Specific Bond	55.00	55.00
VAT Irrecoverable	375.00	375.00
Land Management Labour	2,500.00	2,500.00
Storage Costs	7.92	7.92
Statutory Advertising	NIL	89.19
Insurance of Assets	2,348.32	2,348.32
	<u>(5,286.24)</u>	<u>(5,375.43)</u>
	<u><u>8,808.23</u></u>	<u><u>9,486.50</u></u>
REPRESENTED BY		
Floating Current A/c		<u>9,486.50</u>
		<u><u>9,486.50</u></u>

.....
John Twizell
Joint Administrator

Case Name	Groundwork Community Forests North East Development Limited
Court and Number	Leeds District Registry: No 1680 of 2009
Office Holder	John Twizell and Geoffrey Martin
Firm	Geoffrey Martin & Co
Address	St Andrew House 119-121 The Headrow Leeds LS1 5JW
Telephone	0113 2445141
Reference	GROU002/JT/JB/DW
Type of Appointment	Administration
Date of Appointment	27 November 2008

CHARGING AND DISBURSEMENTS POLICY (Leeds Office)

Time Costs

The firm's hourly charge out rates are revised annually from 1 May. The rates currently in use are within the following bands:

	£
Partner	300
Manager	200 – 260
Senior Administrator	125 – 185
Junior Administrator and Support Staff	60 – 120

Disbursements

A disbursement charge relating to the recovery of overhead costs is levied at the rate of £6.75 per creditor from 1 May 2008. This sum is drawn at the outset of the case and on each anniversary thereafter and covers printing, postage, stationery, photocopying, telephone and fax usage.

Outsourced printing and/or photocopying will be charged at cost in addition to the above.

Travelling expenses are charged at the rate of 40p per mile.

GROU002

Groundwork Community Forests NorthEast Development

23. December 2009

SIP 9 - Time & Cost Summary

Period: 27/11/08..26/11/09

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	15.20	45.70	3.10	98.70	162.70	24,480.50	150.48
Investigations	5.90	12.20	0.20	13.30	31.60	6,153.50	194.73
Realisations of assets	33.70	104.40	0.00	28.60	166.70	36,567.50	219.36
Trading	0.00	0.00	0.00	0.70	0.70	84.00	120.00
Creditors	7.20	27.70	10.70	24.40	70.00	12,669.00	180.99
Case specific matters	101.30	50.80	0.00	14.90	167.00	44,310.00	265.33
Total Hours	163.30	240.80	14.00	180.60	598.70	124,264.50	207.56
Total Fees Claimed							

Groundwork Community Forests North East Development Limited
(formerly Groundwork Community Forests Development Company Limited,
formerly North East Community Forests Development Company Limited,
formerly Tees Forest Development Company Limited,
formerly Tees Valley Forest Development Company Limited)
("the Company") (In Administration)

The above costs have been incurred in dealing with all aspects of the Administration to 26 November 2009.

In addition to the above costs, my firm has incurred time costs totalling £2,086.50 in providing advice to the Company in connection with the making of the appointment.

Overview of Administrators' time spent

I detail below the key areas of work undertaken by the Joint Administrators' and their staff in respect of this matter to date (the list is not exhaustive);

- formalising and implementing the Administration strategy;
- safeguarding the known assets of the Company;
- maintaining and managing the Company's land holdings;
- dealing with insurance related matters;
- various grant applications;
- extensive liaising with the Company's solicitors in relation to the Company's land holdings;
- extensive liaising with my valuation agents in relation to the Company's land holdings;
- developing a strategy for the disposal of assets, specifically the land holdings;
- extensive liaising with my valuation agents in respect of the marketing of the land holdings and reviewing interest;
- evaluating offers received and negotiating optional sales contracts;
- meeting with the Forestry Commission;
- investigating the transferability of grants relating to the land holdings;
- liaising with other stakeholders in the Company's various land holdings;
- communications and meeting with Entrust;
- detailed research for the preparation of a Berkeley Applegate application;
- extensive liaising with my solicitors and counsel in respect of the Berkeley Applegate application;
- extensive liaising with my solicitors and counsel in respect of the Court of Appeal application by Entrust;
- dealing with all classes of creditors, both verbal and written;
- investigations into the affairs of the Company and the Group;
- completion of returns under Company Directors Disqualification Act 1986;
- statutory requirements imposed by the Insolvency Act and Rules 1986 and insolvency bodies.

Other professional costs of the administration

I have engaged the services of solicitors, Mincoff Jacksons and valuation agents, GVA Grimley and solicitors, Gordons

Mincoff Jacksons were instructed to advise on all legal aspects arising prior to and during the Administration and were chosen due to their experienced knowledge of insolvency and property matters. Their charges will be on the basis of time properly spent in advising on the various issues of this matter.

GVA Grimley were instructed to provide valuation advice in respect of the Company's land interests. Their charges will be on the basis of time properly spent in attending to the above issues.

Gordons were instructed to advise specifically on legal aspects arising in respect of section 106 agreements, obtaining a Berkeley Applegate Order and other ancillary issues.