

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 November 2009

(b) 26 May 2010

Signed

Joint / Administrator(s)

Dated

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

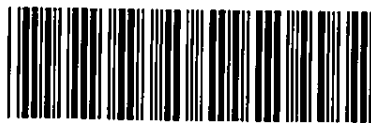
John Twizell
Geoffrey Martin & Co
St Andrew House
119-121 The Headrow
Leeds
LS1 5JW

DX Number

0113 2445141
DX Exchange

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

WEDNESDAY



COMPANIES HOUSE



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

22 June 2010



COMPANIES HOUSE

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 May 2010 and covers the key issues in the conduct of the Administration for the period 27 November 2009 to 26 May 2010. 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 reports to creditors prepared pursuant to Rule 2 47 of the Rules dated 25 June 2009 and 23 December 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

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

The Estimated Outcome Statement ("EOS") updated to 26 May 2010 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.

The key issues presently outstanding in the Administration include, the finalisation of VAT and Corporation Tax returns to HM Revenue & Customs for the Administration period, agreeing the allocation and settling the professional costs of Administration, and then bringing the Administration to a conclusion.

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Administrators' proposals

My proposals for achieving the purposes of the Administration 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 and grants

1.1 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 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.

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, 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.

1.2 Grants

The maintenance of the various land-holdings involved my seeking grant monies from the Rural Payments Agency ("RPA") and the Forestry Commission ("FC"). The grant application process has been tortuous, in particular with the RPA, which was hindered further due to "incorrect" applications submitted previously by the Group. Grant applications relate to both the period prior to and following my appointment as Joint Administrator.

A grant receipt from the RPA amounted to some £5,968.

In addition, the Company has received grant monies totalling £20,403 from the FC, £12,347 of which was received within the last month.

2. Berkeley Appellate Order / Court of Appeal

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 Appellate 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 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.

The Court of Appeal awarded indemnity costs against ENTRUST and my solicitors and Counsel were required to negotiate the sums involved. These negotiations were recently concluded with ENTRUST agreeing to pay a contribution to our legal costs of £72,000. This still leaves a significant shortfall. It should be noted that the indemnity costs award does not cover the Joint Administrators' time costs, nor the legal cost involved with the earlier Court hearings and investigations.

It is clear that there will be significant shortfalls in meeting the respective professional costs of the Company and also Trading, as a result of the ENTRUST failed legal actions.

3. Inter-Group debtors

The Company's management accounts as at the date of my appointment show that Trading owes £75,759. This was discussed in detail in my previous report.

It is now clear that there will be no return to creditors from the Administration of Trading (or indeed the Company and Charity's respective Administrations). Accordingly, I shall not be undertaking any detailed investigations into the account balances.



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

Following a high level review of the Group's financial affairs, a number of corporate governance issues have come to light. I would stress that all issues relate to the period before July 2008, namely before the "takeover" by Groundworks.

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. In my earlier report, I asked if any creditor(s) wished to provide funds to continue these investigations that they should contact me to discuss further. No creditor has contacted me to date.

I have submitted a confidential report to the DTI on the conduct of the directors in accordance with the Insolvent Companies (Reports on Conduct of Directors) Rules 1996 and the Company Directors Disqualification Act 1986.

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 May 2010 and 27 November 2009 to 26 May 2010 in accordance with Rule 2.47(2) of the Rules.

None of the asset realisations dealt with therein (and as described in the preceding sections of this report) arose from sales to any person connected with the Company, or the Group, prior to Administration.

6. Estimated outcome for creditors

The Estimated Outcome Statement ("EOS") updated to 26 May 2010 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

The 'Prescribed Part' provisions of Section 176A of the Act do not apply to the Company as there is no floating chargeholder.

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. Exiting the Administration

It is clear that there will not be any surplus funds available for unsecured creditors. Accordingly, following the resolution of the outstanding issues identified in section 9 of this report and the usual Administration closure processes, I intend that the Administration will be brought to a conclusion under Paragraph 84 of Schedule B1 of the Act, effecting a dissolution of the Company. This is in accordance with my proposals.

I again invite any comments from creditors on this proposed exit route.



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 21 May 2010 total £137,894 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 (click on 'Regulation and Guidance', select 'Creditors Guides to Fees' and choose 'Administration (pre 6 April 2010)' from the England & Wales list

To date, I have not raised any invoices in respect of my firm's outstanding time costs. Indeed, it is apparent that I will suffer a significant shortfall on my firm's time costs.

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

My firm has drawn fees of £2,086.50 (plus VAT) and disbursements in respect of our work undertaken in the period immediately prior to Administration, as detailed in our proposals and agreed by creditors.

9. Outstanding issues of the Administration

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

- (i) agreeing and settling the Administration costs,
- (ii) submission of VAT and Corporation Tax returns to HM Revenue & Customs for the Administration period, and
- (iii) 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 in the United Kingdom by the Institute of Chartered Accountants of England & Wales
Geoffrey Martin is licensed in the United Kingdom 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 Leeds High Court of Justice, Chancery Division, (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
Principal activity	Management of forestry
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 (until 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 May 2010

	Note	Directors Statement of Affairs		
		Book value 27/11/2008 £'000	Estimated to realise £'000	Estimated Outcome £'000
Unencumbered assets				
Land holdings	1 1	348	0	150
Less land management labour (inc irrecoverable VAT) and insurance	1 2	-	-	(5)
Add grant claim monies	1 3			26
Less balance of grant monies paid to land purchaser re maintenance	1 4			(5)
Cash at bank	2	2	2	1
Inter-group debtor				
C F N E (Trading) Limited	3	76	4	0
Total asset realisations		<u>426</u>	<u>6</u>	<u>167</u>
Less professional & realisation costs	4	<u>-</u>	<u>-</u>	<u>(285)</u>
Available/(shortfall) to unsecured creditors		426	6	(118)
Unsecured creditors				
HMR&C - VAT	5	(4)	(4)	(6)
Inter-group creditor				
G C F N E Limited (in Admin)	6	(78)	(78)	(78)
Total unsecured creditors		<u>(82)</u>	<u>(82)</u>	<u>(84)</u>
Available/(shortfall) to unsecured creditors		<u>344</u>	<u>(76)</u>	<u>(202)</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 May 2010

1 Land holdings and associated income and costs

1.1 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 Gnmley, 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 Gnmley, with best and finals asked for 29 May 2009. Following a recommendation by GVA Gnmleys 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

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 and my earlier reports for further details.

1.2 Land management labour and insurance

Throughout the period of Administration up until the sale of the land-holdings was completed, I have been obliged to maintain the land.

With the assistance of my specialist forestry agent, I was obliged to engage the services of external contractors to attend to the required maintenance works. As the land-holdings have not been VAT elected, the VAT element of the contractors' invoices are irrecoverable and must ultimately be borne as a cost of the Administration.

1.3 Grants

Various of the Company's land-holdings are eligible for grants from the Rural Payments Agency and/or the Forestry Commission. The grant application process and addressing overpayment issues has been tortuous. Grants receivable relate to both the periods prior to and following my appointment as Joint Administrator.

Grants totalling £26,370 have been received.

1.4 Balance of grant monies paid to land purchaser

Within the terms of the land-holdings sale agreement, an agreed cut-off on the receipt of grant monies and maintenance expenditure incurred was agreed with the purchaser as been the date of the acceptance of the revised offer; 3 June 2009

At the date the sale was completed, the Company was obliged to pay to the land purchaser £4,655

2 Cash at bank

At the date of my appointment the Company held cash at bank of £767 46

3 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. However, as it is now clear that there will be no return to creditors from any of the group companies' respective Administrations, I shall not be undertaking any detailed investigation into the balances.

4 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 21 May 2010	137 9
- estimated costs to conclusion	7 1
Legal fees - general inc land sale - estimated	*
Land and forestry agents - estimated	*
Legal fees and counsel fees re ENTRUST propriety claim	
- estimated shortfall after ENTRUST's contribution	56 0
Statement of Affairs assistance to directors	3 0
Taxation advice	*
Statutory costs & disbursements	3 5
Irrecoverable VAT	9 0
	<u>285 0</u>

* There will be an element of irrecoverable VAT on those professional fees settled specifically in relation to dealing with the land, which were not VAT elected, a cost which must ultimately be borne by the Administration

As a direct 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. 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, however the balance falls to the Company to be met as a cost of the Administration.

5 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 Chanty 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

6 Inter-group creditor

According to the Company's management accounts as at the date of my appointment, Chanty 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.

7 General

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

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

**Joint Administrators' Abstract Of Receipts And Payments
To 26 May 2010**

RECEIPTS	Total (£)
Land Holdings	149,500 00
Grant re-claim - RPA	5,967 51
Cash at Bank	767 46
Forestry Commission Grant	20,402 81
Vat Control Account	149 15
	<hr/>
	176,786.93
PAYMENTS	
Specific Bond	345 00
Preparation of S of A	800 00
Insolvency advice	2,086 50
Disbursements	347 29
Category 2 Disbursements	589 10
Land Valuation Agent Fees	6,564 58
Forestry Agents Fees	10,312 75
Land Legal Fees	7,500 00
Land Legal Disbursements	165 70
Legal Fees	30,000 00
Taxation Assistance	1,211 50
VAT Irrecoverable	4,135 38
F C Grant Passed to Land Buyer	4,655 45
Land Management Labour	2,500 00
Land Management Agents Costs	625 00
Storage Costs	7 92
Statutory Advertising	209 33
Insurance of Assets	2,489 86
VAT Receivable	5,406 43
	<hr/>
	79,951 79
	<hr/>
Balance	96,835 14
	<hr/>
MADE UP AS FOLLOWS	
Floating Current A/c	96,835 14
	<hr/>
	96,835 14
	<hr/>

Note VAT in respect of transactions relating to the land-holdings is irrecoverable

Groundwork Community Forests North East Development Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 27/11/2009 To 26/05/2010	From 27/11/2008 To 26/05/2010
ASSET REALISATIONS		
Land Holdings	149,500 00	149,500 00
Grant re-claim - RPA	NIL	5,967 51
Cash at Bank	NIL	767 46
Forestry Commission Grant	12,347 36	20,402 81
Sundry Receipts	(71 51)	NIL
	<u>161,775 85</u>	<u>176,637 78</u>
COST OF REALISATIONS		
Specific Bond	290 00	345 00
Preparation of S of A	800 00	800 00
Insolvency advice	2,086 50	2,086 50
Disbursements	347 29	347 29
Category 2 Disbursements	589 10	589 10
Land Valuation Agent Fees	6,564 58	6,564 58
Forestry Agents Fees	10,312 75	10,312 75
Land Legal Fees	7,500 00	7,500 00
Land Legal Disbursements	165 70	165 70
Legal Fees	30,000 00	30,000 00
Taxation Assistance	1,211 50	1,211 50
VAT Irrecoverable	3,760 38	4,135 38
F C Grant Passed to Land Buyer	4,655 45	4,655 45
Land Management Labour	NIL	2,500 00
Land Management Agents Costs	625 00	625 00
Storage Costs	NIL	7 92
Statutory Advertising	120 14	209 33
Insurance of Assets	141 54	2,489 86
	<u>(69,169 93)</u>	<u>(74,545 36)</u>
	<u>92,605.92</u>	<u>102,092.42</u>
REPRESENTED BY		
VAT Receivable		5,257 28
Floating Current A/c		96,835 14
		<u>102,092.42</u>

Note VAT in respect of transactions relating to the land-holdings is irrecoverable

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	325
Senior Consultant	300
Manager	220 – 285
Senior Administrator	140 – 185
Junior Administrator and Support Staff	65 – 110

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.
407c

GROU002 Groundwork Community Forests North

27 May 2010

SIP 9 - Time & Cost Summary

Period 27/11/08 21/05/10

Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & planning	16 80	54 30	3 80	113 60	188 50	28,524 00	151 32
Investigations	8 60	12 50	0 20	13 30	32 60	6,438 00	197 48
Realisations of assets	38 10	120 50	0 00	34 40	191 00	41,875 00	219 24
Trading	0 00	0 00	0 00	0 00	0 00	0 00	0 00
Creditors	8 70	37 30	10 70	26 90	83 60	15,721 00	188 05
Case specific matters	104 40	51 10	0 00	15 10	170 60	45,338 00	265 74
Total Hours	172 60	275 70	14 70	203 30	666 30	137,894 00	206 95
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 21 May 2010

Time categorised as 'Case Specific' refers to time spent in addressing the ENTRUST proprietary claim and the associated protracted legal issues

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,
- extensive liaising with the Rural Payments Agency,
- 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,
- preparing a detailed update report to the Court to obtain an extension of the Administration Order,
- dealing with all classes of creditors, both oral 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

Appendix D (continued)

Other professional costs of the administration

I have engaged the services of solicitors, Mincoff Jacksons, valuation agents, GVA Grimley, a specialist forestry agent, solicitors, Gordons and taxation advisors, Clive Owen & Co

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 matters and property matters. Their charges are 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 are on the basis of time properly spent in attending to the above issues and 2.5% sales commission based on the land sales proceeds.

A specialist forestry agent was instructed to provide specific advice in respect of the Company's land interests, to assist generally in the marketing of the land-holdings, to assist in the ongoing management and control of land-holdings, to assist in grant applications and liaise with the Forestry Commission and the Rural Payments Agency. The forestry agent's charges are 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, monies held in escrow, obtaining the Court extension to the Administration Order and other ancillary issues. Their charges are on the basis of time properly spent in advising on the various issues of this matter.

Clive Owen & Co were instructed to advise on all taxation aspects arising during the Administration. They were also engaged to assist the directors of the Company in the preparation of the Statement of Affairs as at the date of appointment. Their charges are on the basis of the time properly spent in advising and assisting on the various issues of this case.

Category 2 disbursements

These costs can be analysed as follows

	£net of VAT
Postage, stationary and telephones (@ £6.75 per creditor x 2 years annual charges)	270.00
Mileage (@ the rate of 40p per mile)	319.10
	<u>589.10</u>