

AM10

Notice of administrator's progress report



Companies House

TUESDAY



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12/05/2020

#145

COMPANIES HOUSE

1 Company details

Company number 0 3 8 8 2 9 1 9

Company name in full Tomlinson's Dairies Limited

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Michael

Surname Denny

3 Administrator's address

Building name/number PricewaterhouseCoopers LLP

Street One Chamberlain Square

Post town Birmingham

County/Region

Postcode B 3 3 A X

Country

4 Administrator's name ①

Full forename(s) Peter

Surname Dickens

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number PricewaterhouseCoopers LLP

Street 1 Hardman Square

Post town Manchester

County/Region

Postcode M 3 3 E B

Country UK

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	d 1	d 4	m 1	m 0	y 2	y 0	y 1	y 9
To date	d 1	d 3	m 0	m 4	y 2	y 0	y 2	y 0

7 Progress report

☒ I attach a copy of the progress report

8 Sign and date

Administrator's
signature

Signature

X 

X

Signature date	d 1	d 2	m 0	m 5	y 2	y 0	y 2	y 0
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AM10

Notice of administrator's progress report



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 **May Mehdi**

Company name **PwC LLP**

Address **Level 8, Central Square,
29 Wellington Street,**

Post town **Leeds**

County/Region

Postcode **L S 1 4 D L**

Country **UK**

DX

Telephone **0113 289 4742**



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.



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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

Joint administrators' progress report from 14 October 2019 to 13 April 2020

Tomlinson's Dairies Limited

(in administration)

High Court of Justice,
Business and Property Courts in
Manchester, Insolvency and Companies
List (ChD)

Case no. 1046 of 2019

12 May 2020

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
BEIS	Department for Business, Energy & Industrial Strategy
CAPA	CAPA UK
Company	Tomlinson's Dairies Limited
DLA	DLA Piper UK LLP
Firm / PwC	PricewaterhouseCoopers LLP
FWI	Finance Wales Investments (14) Ltd, part of the Development Bank of Wales
Hilco	Hilco Europe
HMRC	HM Revenue & Customs
HSBC	HSBC Bank Plc, HSBC Invoice Finance (UK) Ltd, HSBC Equipment Finance (UK) Ltd & HSBC Asset Finance (UK) Ltd
HSBCEF	HSBC Equipment Finance (UK) Ltd
HSBCIF	HSBC Invoice Finance (UK) Ltd
IP	Intellectual Property
IA86	Insolvency Act 1986
IR16	Insolvency (England and Wales) Rules 2016
JLL	Jones Lang LaSalle
Joint administrators/we/us/our	Michael Denny and Peter Dickens
ml	1,000,000 litres
PHD	PHD Property Advisory Limited
preferential creditors	Primarily employee claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Proposals	Joint administrators' proposals for achieving the purpose of administration dated 4 December 2019
ROT claims	Claims to retention of title over goods supplied to the Company but not paid for before the Administrators' appointment
RPS	Redundancy Payments Service, part of the Insolvency Service, which is an executive agency sponsored by BEIS, and which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996

Sch B1 IA86	Schedule B1 to the Insolvency Act 1986
secured creditor	A creditor with security in respect of their debt, in accordance with section 248 IA86
SIP	Statement of Insolvency Practice. SIPs are issued to insolvency practitioners under procedures agreed between the insolvency regulatory authorities. SIPs set out principles and key compliance standards with which insolvency practitioners are required to comply.
SIP 2	Statement of Insolvency Practice 2: Investigations by office holders in administrations and insolvent liquidations and the submission of conduct reports by office holders
SIP 9	Statement of Insolvency Practice 9: Payments to insolvency office holders and their associates
SIP 13	Statement of Insolvency Practice 13: Disposal of assets to connected parties in an insolvency process
SoA	Directors' Statement of Affairs dated 14 November 2019
the lenders/secured creditors	HSBC and FWI
unsecured creditors	creditors who are neither secured nor preferential

This report has been prepared by Michael Denny and Peter Dickens as Joint Administrators of the Tomlinson's Dairies Limited, solely to comply with the Joint Administrators' statutory duty to report to creditors under IR16 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any persons choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any liability in respect of this report to any such person.

Michael Denny and Peter Dickens have been appointed as Joint Administrators of the Tomlinson's Dairies Limited to manage its affairs, business and property as its agents and act without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The Joint Administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The Joint Administrators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the Joint Administrators.

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the administration of Tomlinson's Dairies Limited in the first six months since our appointment.

How much creditors may receive

The following table summarises the possible outcome for creditors, based on what we currently know.

Class of creditor	Current estimate (p in £)	Distributed to date p/£	Forecast timing
Secured creditors			
HSBC	42 - 46	4	> 12 months
FWI	Nil	Nil	N/A
Preferential creditors	100	Nil	9 - 12 months
Unsecured creditors	up to 3	Nil	> 12 months

Secured creditors

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

FWI, the second ranking secured creditor, was owed £1.8m under a fixed and floating charge debenture provided by the Company.

Based on information currently available we don't think the secured creditors will be fully repaid their lending. We estimate that HSBC's debt will not be settled in full, and as such due to the order of priority between charge holders, FWI is not expected to recover any of its debt.

To date, we have made distributions totalling £672k to HSBCEF, following the sale of the plant and machinery subject to its security. In addition, HSBCIF recovered book debts totalling c £2.1m, enabling the amount due to them to be settled in full.

Preferential creditors

The Company had 331 employees. Immediately following our appointment, we were required to make 247 staff redundant. The retained employees assisted with the orderly wind down of the Company's activities, safe closure of the site and the sale process, and further redundancies have subsequently been made in stages since our appointment. There currently remain 6 employees who are continuing to assist the administrators.

As HSBC funded the payment of all arrears of wages for the employees, it will have a subrogated claim in respect of those arrears up to the statutory limits. The employees will still have preferential claims in relation to their holiday pay and pension contributions entitlements.

The total preferential claims are currently estimated at £355k. Based on the information currently available, we believe these will be paid in full.

Unsecured creditors

We stated in our Proposals that we believe that there would be no funds to distribute to the unsecured creditors other than by virtue of the prescribed part. The prescribed part fund is subject to a cap of £600k and we believe in this case that the prescribed part funds available to unsecured creditors are likely to be in the region of between Nil to £400k.

Based on the directors' SoA, the Company's unsecured creditors were owed £11.9m and the estimated funds available from the prescribed part of up to £400k, the return to unsecured creditors is currently estimated at up to 3p

in the £. The final level of dividend paid will depend on the level of realisations, costs in the administration and the total creditor claims received.

This is a brief summary of the possible outcome for creditors based on what we know so far. You shouldn't use it as the main basis of any bad debt provision or debt trading. Please read the rest of this document.

What you need to do

If you have not yet submitted your claim in the administration estate, please do so. A proof of debt form can be downloaded from our website at www.pwc.co.uk/tomlinsonsdairies.

Please note that should you wish to vote in relation to any decision procedure during the administration or object to a decision sought by deemed consent, you'll need to submit a proof of debt, even if one is not required for dividend purposes.

Background to the administration

Creditors may remember from our Proposals that we explained the background to the Company and reasons for our appointment. We summarise this below.

The Company was established in 1983 and subsequently incorporated as a limited company in 1999. The Company's principal trading activities consisted of the processing and packing of British & Organic milk and dairy products to multiple sectors across the market. The Company operated from a dairy facility near Wrexham, Wales and also had a nearby storage facility and bottling plant, employing a total of 331 staff at the date of the administrators' appointment.

In 2017, Tomlinson's was a c.£50m turnover dairy company. It processed c.100ml of milk annually, c.65% of that volume for its local and regional public sector, wholesale, food service and corner shop customers and, since 2013, the remaining c.35ml for major UK retailers, growing to 50ml annually by 2019.

Having won a large contract in 2017, the Company made very significant trading losses in the ensuing two years. *Operational and financial management changes were made from spring 2017 to improve the operations of the Company.*

In 2018 the Company identified the need for additional financial support to stem losses. As a bridge to provide liquidity whilst seeking to obtain that improvement, the Company's secured creditors agreed to a capital repayment holiday from spring 2018 and HSBC agreed to a significant increase in the level of the overdraft facility (which continued up until administration). Key customers provided some price support albeit not at the level the Company required to restore it to profitability.

From May 2019 onwards the Company started to experience negative variances against the revised profitable forecasts, with adverse variances due to energy prices, commodity cream prices and plastic bottle costs. However, the retendering of key customer contracts over the summer months provided an opportunity for the Company to re-evaluate its costings and forecasts. At the end of August 2019, the Company's management reported draft July trading results which showed a significant deterioration in financial performance. This put additional strain on the Company's cash flow and, having consulted its legal advisors, the Company carried out a detailed review of the deterioration in trading.

The Company concluded its management accounts for August and its revised forward projections during the week ending 20 September, including seasonally updated farmer supply volumes for the next six months. The directors then immediately arranged for a series of urgent meetings using the revised data with all of the Company's key stakeholders. The directors also took immediate steps to obtain regular ongoing legal and financial advice on the challenging position the Company faced.

Despite extensive discussions with all key stakeholders, ultimately sufficient support / funding was not forthcoming. Further intensive discussions took place with all stakeholders to consider providing sufficient liquidity such that the Company could continue trading whilst there was a sale of the business. These discussions ended without resolution and the directors were left with no alternative but to immediately plan to cease acceptance of milk deliveries on Saturday 12 October and to take steps to place the Company into administration. This resulted in Michael Denny and Peter Dickens of PwC being appointed as joint administrators of the Company on 14 October 2019.

We explain in the next section the work we've done since our appointment and our anticipated future work.

Progress since we last reported

Sale of business

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

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

Trading & Stock

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

An additional £45k has been invoiced to other parties for sales of finished milk and cream and £90k for sales of packaging stock and trolleys not subject to finance agreements. The majority of these invoices have been paid in full and we are continuing to pursue payment of the remaining outstanding invoices.

Plant, Machinery & Vehicles

Hilco was engaged to sell the Company's plant, machinery and vehicles on a break up basis. The following progress has been made to date:

1. All plant and machinery at the Old Road site was sold by private treaty in January for £110k plus VAT and the extraction of those assets from site was completed by the purchaser in February 2020.
2. An auction was held for the vehicles at the Ruabon site in January 2020 which resulted in sales of £73k plus VAT. Any unsold vehicles were added to the auction at the main Minera facility.
3. An auction of the assets at the main Minera facility was held in February 2020, resulting in sales of £256k plus VAT for unencumbered assets and sales of £1.1m plus VAT for those assets subject to HSBCEF security. The extraction of those assets from site commenced following their sale, with an originally estimated timescale to complete of twelve weeks, i.e. by May 2020. However, the contractors being used by buyers to extract the assets were four weeks into the twelve week extraction process when the Government instructed all non-essential businesses to send their staff home as a result of COVID-19. Unfortunately, the completion of this exercise is now on hold until the restrictions in place are lifted by the Government.
4. Hilco continues to liaise with potential interested parties and market the remaining unsold assets with a view to achieving sales which maximise realisation. However, the progress of sale of these remaining assets have been delayed as a result of the Government restrictions currently in place.

Please note that the above figures represent sales agreed by our agents, however, as payment for certain assets that are still to be collected from site are still in the process of being received, there may be some difference between the above figures and the amounts shown in the receipts and payments account at Appendix A.

We continue to retain six employees to support with health and safety and provide oversight of the uplift process. Which includes engineers who were imperative to the installation of the machinery and are therefore best placed to assist Hilco and the contractors.

Property matters

JLL was engaged to sell the properties in which the Company had a freehold interest at the time of our appointment. It should be noted as a result of the impact of the recent COVID19 events which we anticipate that this may result in delays to the sale of the properties. See below for a summary per property where the Company had a freehold or leasehold interest at the date of appointment.

Main Site, Five Crosses, Minera, Wales

The Company holds a freehold interest in a site located to the rear of Five Crosses Industrial Estate. JLL has begun marketing the site whilst the plant and machinery is in the process of being removed. Whilst some initial interest has been shown no offers have been received at this stage. We will provide creditors with a further update in our next report.

Units 10 & 11 Ruabon, Vauxhall Industrial Estate, Wales

The Company holds freehold interest in two units at the Vauxhall Industrial Estate. We are currently exploring potential offers for the two sites with JLL, however, those discussions are currently confidential to ensure any sale is not jeopardised. We will provide creditors with a further update in our next report.

Minera Farm, Old Road, Bottling Site, Wales

The Company holds a freehold interest in a site at Old Road. Following the sale of the plant and machinery stored at the site, JLL has now begun marketing the site for sale and received a number of offers, one of which has been accepted. We will provide creditors with a further update in our next report.

Arrowe Commercial Park, Wirral, England

Shortly after our appointment, we were informed that the Company held a leasehold interest in a property in Arrowe Commercial Park. Given that this property was not required for the purpose of the administration and had no value, a consensual surrender was offered to the landlord effective on the date of appointment.

Freehold property maintenance and ongoing work

Since our appointment, we have continued to monitor and review the health and safety requirements for the Company's main sites to ensure we are appropriately managing all risks and are complying with the relevant legislation. In addition to using our internal specialist Health and Safety team, the Company's staff have also assisted with this. This has involved periodic site visits from one of the administrators' team and regular checks carried out on site by the employees, as well as liaising with our insurers to ensure that arrangements in place continue to be suitable, compliant and cost efficient for the administration estate.

Given the ongoing utilities costs for holding the properties to date have been significant, we have engaged the services of PHD to assess the position and liaise with the relevant providers to ensure that the most appropriate contracts are in place.

Debtors

The pre-appointment debtor ledger showed a balance of £5.3m which was subject to HSBCIF's invoice finance lending agreement, and following our appointment Hilton Baird, HSBCIF's collection agents, continued to collect the debts on behalf of HSBCIF.

As at 7 April 2020, £2.1m had been recovered against HSBCIF's exposure of £2.1m. As HSBCIF has recovered its indebtedness in full, we are currently in discussions with HSBCIF to discuss the formalities of re-assigning the remaining debtor ledger to the Company to enable the administrators to pursue recovery. It should be noted that remaining debtors will be caught by HSBC's floating charge.

Included in the remaining debtors ledger are debts of c£130k due from insolvent debtors, for which we will be submitting claims in their estates, and certain debts subject to ongoing disputes. Any progress made in relation to the disputed debts remains confidential given the commercial sensitivities involved.

Third Party Funds

We are holding £1.8k worth of third party funds on account whilst confirmations are made with HSBCIF as to the nature of these.

Intellectual Property

Hilco was also engaged to sell the Company's IP ("welovemilk" trademark). Following their enquiries minimal interest was shown and a sale of £5k to Freshways was completed. This is not shown on the receipt and payments account at Appendix A, as the sale proceeds were received shortly following the period of this report.

Pre-Appointment VAT refund

Following our appointment we recovered a VAT refund of £515k in relation to the period ending September 2019. It is uncertain whether any further pre-appointment VAT recoveries will be received as we believe the amounts will be subject to crown set off.

Milk trolleys

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

There were approximately 18,000 trolleys, and despite extensive efforts we were only able to repatriate c.11,000 trolleys. One finance provider collected their proportion of the repatriated trolleys and the remainder were sold by Hilco to a third party in December 2019 on behalf of the other five finance providers. The sale resulted in proceeds of £319k being realised, and after allowing c£12k for the costs of dealing with the exercise, the balance was apportioned across the five providers. As a result of the above, the finance providers may now submit an unsecured claim for any shortfall which they have suffered should they wish to do so.

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

Sundry debts & refunds

Since appointment, £16,472 has been realised in respect of sundry debts, the majority of which are pre appointment rates refunds. The remaining balance relates to vehicle tax refunds from the DVLA.

Connected party transactions

Pursuant to SIP13, a disclosure of any transaction in the administration must be made if there have been any disposals of assets to a connected party, i.e. a director or other connected party.

We can advise that a Company laptop was sold following our appointment to a former de facto director for £350 plus VAT, the proceeds of which have been received in full. This sale proceeds exceeded our agents valuation of the equipment. There have been no other connected party transactions during the period since our appointment.

Other matters

Employees

As mentioned, the Company had 331 employees, of which 247 staff were made redundant immediately following our appointment. The remaining 84 employees were retained to assist in the orderly wind-down of the Company's activities, safe closure of the site and the sale process. Further redundancies have since been made in stages since our appointment and there currently remain 6 employees who are continuing to assist the joint administrators.

ROT

We believe that the majority of ROT claims received have now been dealt with and we are currently liaising with the relevant suppliers in relation to the remaining two claims, which we anticipate will be resolved shortly.

If any creditor believes that they still have a valid ROT claim please get in touch with May Mehdi at uk_creditors_tomlinsons@pwc.com.

Approval of our proposals

We issued to creditors our proposals for achieving the purpose of administration dated 4 December 2019. We said in our proposals that we thought the Company does not have enough assets to pay a dividend to unsecured creditors other than from the prescribed part. This meant that we did not have to seek a decision from creditors regarding the approval of our proposals and our proposals would be treated as approved if creditors did not request a decision in the required manner. As creditors did not request a decision be sought, our proposals were treated as approved on 18 December 2019.

Investigations and actions

We have complied with our duties under the Company Directors' Disqualification Act 1986 and SIP2, and during the period covered by this report, we have filed our submissions to the Insolvency Service as required. The contents of that submission are confidential.

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

Our receipts and payments account

We set out at Appendix A an account of our receipts and payments in the administration from 14 October 2019 to 13 April 2020.

Pre-administration costs

You can find at Appendix B information about the approval of the unpaid pre-administration costs previously detailed in our proposals.

Our expenses

We set out at Appendix C a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses.

The statement excludes any potential tax liabilities that we may need to pay as an administration expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

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

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge fees and expenses within eight weeks of receiving this report as set out in Rule 18.34. This information can also be found in the guide to fees at:

<https://www.pwc.com/uk/insolvency/creditors-guides/2017-administration-creditors-guide>, 6 April 2017

You can also get a copy free of charge by emailing May Mehdi at uk_tomlinsons_creditors@pwc.com.

What we still need to do

The following is a summary of the key areas of our work which we need to complete before the administration can be concluded:

- Progress asset realisations in respect of the freehold properties and plant & machinery;
- Paying future distributions to HSBC;
- Agreeing preferential claims then preparing for and issuing the preferential creditor dividend;
- Agreeing the unsecured creditors claims and preparing and issuing the prescribed part distribution to unsecured creditors;
- Consider the likely extension to the current administration term in light of timescales to conclude asset realisations;
- Concluding statutory matters including Tax and VAT matters on the case; and
- Winding down and ultimate dissolution of the Company.

Next steps

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner. If you've got any questions, please get in touch with May Mehdi on uk_tomlinsons_creditors@pwc.com.

Yours faithfully

For and on behalf of the Company

A handwritten signature in black ink, appearing to be 'MD' followed by a large, sweeping flourish.

Michael Denny
Joint administrator

Appendix A: Receipts and payments

Fixed Charge Account - Period 14 October 2019 to 13 April 2020

Receipts	£
Plant, Machinery and Vehicles	907,020.00
Bank Interest Gross	8.94
Total Receipts	907,028.94
 Payments	
Property Expenses	9,470.00
Total Payments	9,470.00
 Distributions	
HSBCEF	672,000.00
Total Distributions	672,000.00
 VAT Control Account	179,510.00
 Balance of funds held	405,068.94

Notes

1. All amounts shown exclude VAT unless otherwise stated. The VAT control accounts represent the amount payable / receivable at the period end.
2. The SoA did not include any figures for the estimated to realisable values of the assets and as such no comparison to the SoA figures are shown on the receipts and payments account..
3. An exercise to re-allocate the costs incurred between the fixed and floating realisations will be required in due course.
4. Funds are held in interest bearing accounts

Floating Charge Account - Period 14 October 2019 to 13 April 2020

Receipts	£
Sales	90,742.85
Plant & Machinery	437,593.00
Computers	745.83
Stock	40,177.00
Pre-Appointment VAT refund	514,662.46
Sundry debts & refunds	16,471.83
Third Party Funds	1,777.03
Cash in hand	13.96
Bank Interest Gross	476.28
Total receipts	1,102,660.24
 Payments	
Agents Fees and Expenses	9,650.00
Professional Fees	2,490.65
Insurance	16,989.24
Consultancy fees	19,190.14
Security	191,393.76
Fuel, Utilities, IT & Telephone	144,387.95
Lease/Hire/HP Payments	5,088.45
Decommission and maintenance	20,481.51
Wages and PAYE/NIC	463,410.06
Statutory advertising	77.00
Storage costs	2,984.75
Mail redirection cost	313.00
Petty Cash	1,000.00
Total payments	877,456.51
 VAT Control Account	26,662.51
 Balance of funds held	251,866.24

Notes

1. All amounts shown exclude VAT unless otherwise stated. The VAT control accounts represent the amount payable / receivable at the period end.
2. The SoA did not include any figures for the estimated to realisable values of the assets as such no comparison to the SoA figures are shown on the receipts and payments account..
3. An exercise to re-allocate the costs incurred between the fixed and floating realisations will be required in due course.
4. Funds are held in interest bearing accounts

Appendix B: Pre-administration costs

The table below provides details of costs which were incurred before our appointment as Administrators but with a view to the Company entering administration, further details can be found in the Proposals.

Nature of costs	Paid amount (£)	Unpaid Amount (£)
Fees charged by the administrators-in-waiting	£72,783.00	£6,250
Expenses incurred by the administrators - DLA	Nil	£75,126.82 plus disbursements of £50
Total	£72,783.00	£81,426.82

Our fees as administrators-in-waiting

The pre-administration work we carried out in the lead up to the administration appointments included the following areas:

- Agreeing the strategy for the administrations;
- Considering the funding requirements for the administrations and holding discussions with HSBC;
- Liaising with the secured creditors generally;
- Developing a day one strategy for the joint administrators' team. This included ensuring a presence at the Company's offices immediately following the appointment;
- Reviewing the Company's employee information and preparing communications to the employees;
- Developing strategy for any post appointment processing and the realisation of the Company's key assets;
- Preparing statutory documentation and declarations required for effecting the administration appointments and liaising with our legal advisors in this regard; and
- Completing internal procedures in preparation for accepting the appointments.

Please note that the above is indicative of the key areas of work performed and is not an exhaustive list.

Expenses incurred by us as administrators-in-waiting

Expenses relate to those incurred by our firm and our staff in performing the work, in accordance with our firm's expenses policy.

We did not directly engage with any third parties in this case. Solicitors DLA were engaged by the Company in relation to legal services provided in effecting the appointment of administrator. A summary of the tasks carried out by DLA in connection with effecting the appointment of administrators included:

- Drafting, reviewing and filing the notice of intention to appoint administrators;
- Various communications with the Company's board of directors and PwC in order to prepare for the appointment;
- Drafting and reviewing the appointment documentation and attending court to file these;
- Provided advice on to the administrators on employee matters and issues;
- Assisting the administrators with discussions relating to the ongoing support required post administration; and
- Providing general advice as required in preparation for the administrators' appointment.

Please note that the above is indicative of the key areas of work performed and is not an exhaustive list of work done.

Approval of pre-administration costs

As there is no committee, because we've said we think the Company doesn't have enough assets to pay anything to unsecured creditors other than via the prescribed part, we will be seeking approval of our pre-administration costs from the secured creditor and preferential creditors in due course.

Appendix C: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as administrators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as an administration expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

Nature of expenses	Incurred to 13 April 2020 (£)	Estimate of future expenses (£)	Total expenses (£)
Consultancy Fees	19,190	420	19,610
Agents' fees and expenses (Note 1)	9,650	Uncertain	Uncertain
Property expenses (Note 2)	9,470	Uncertain	Uncertain
Professional fees	2,491	300	2,791
Decommission & maintenance	20,482	47,540	68,022
Insurance	16,989	18,800	35,789
Legal fees and expenses (Note 3)	59,859	Uncertain	Uncertain
Office holders' fees (Note 4)	1,020,549	Uncertain	Uncertain
Office holders' disbursements	16,235	5,000	21,235
Pre-administration costs	81,427	0	81,427
Security costs	191,394	296,782	488,176
Statutory advertising	77	77	154
Petty cash	1,000	0	1,000
Storage costs	2,985	5,162	8,147
Fuel, Utilities, IT & Telephone	144,388	368,168	512,556
Lease/Hire/HP Payments	5,088	0	5,088
Mail redirection costs	313	0	313
Wages & PAYE/NI/Pension Deductions	463,410	88,500	551,910
Total expenses	2,064,996	Uncertain	Uncertain

Notes

- 1) The costs of selling the properties and remaining plant, machinery and vehicles are subject to market conditions and the level of interest received from interested parties. Given the uncertainty of those and the confidential nature of the ongoing discussions with potential interested parties we are unable to provide any further details on the potential future costs that may be incurred at this time.
- 2) The level of costs that will be incurred dealing with the sale of the properties will be determined by the level of offers received, as such it is not possible to quantify the potential future costs that will be incurred at this time.
- 3) The legal costs of assisting the administrators with the sale of the properties, remaining plant, machinery and vehicles and other general matters as required, will depend on the complexity of the sales / other matters requiring assistance, both of which are currently uncertain.
- 4) Administrators' remuneration, the basis of our fees are calculated by reference to our time costs charged at our standard rates however it is yet to be agreed.

Appendix D: Remuneration update

Our fees

The basis of our fees has not yet been agreed. Prior to requesting approval for the basis of our fees, we will circulate a remuneration report to creditors setting out further information on work we expect to carry out during the administration, the estimated costs of this work and an estimate of expenses to be incurred, as well as giving details of our time charging and disbursement policy.

We are currently in the process of preparing our remuneration report and will be proposing that our fees be based on the time we and our staff spend on the case at our normal charge out rates for this type of work. We will also propose that disbursements for services provided by our firm (defined as "Category 2" disbursements in SIP 9) are charged as per our firm's policy. Following the publication of our remuneration report it will be uploaded to our website at www.pwc.co.uk/tomlinsonsdairies. As there is no committee, because we've said we think the Company doesn't have enough assets to pay anything to unsecured creditors other than via the prescribed part, we will be seeking approval for the basis of our remuneration and expenses from the secured creditor and preferential creditors.

Our work in the period

We have set out earlier in this progress report details regarding our strategy and work we have done in the period covered by this report. As stated above, further details regarding this and our future work will be provided in our remuneration report.

Payments to associates

We have not made any payments to associates and we do not intend to.

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees. Our expenses policy allows for all properly incurred expenses to be recharged to the administration but has not yet been approved by the Secured & Preferential creditors where required. The following disbursements arose in the period of this report. The following disbursements arose in the period since the beginning of the administration to 13 April 2020.

Category	Policy	Costs incurred £
2	Photocopying – At 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	1,299
2	Mileage – At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	4,539
1	Travel & subsistence	5,011
1	Postage	1,717
1	Records storage & collection	3,444
1	Specific Bond	225
Total		16,235

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the administration where the relationship could give rise to a conflict of interest.

Professionals and subcontractors

The following table gives details of the professionals and subcontractors used in this administration.

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: Appointment related matters; Advice on ROT claims; and Sale of business contracts.	DLA Piper	Expertise	Time costs
Chattel agents and valuers	Hilco	Expertise	% of asset realisations
Rates refund collection	CAPA	Expertise/cost	% of asset realisations
Property valuation and sale agents	JLL	Expertise	Fixed fee plus % of asset realisations
Payroll services	Hazelwoods	Expertise/cost	Fixed fee
Consultancy services	Faenol Services	Assistance with winding up of Company	Hourly cost
Property marketing agent	SJC	Expertise	Fixed fee
Property management advisory	PHD	Specialist property management advisors regarding the management of utility bills.	Fixed fee

We require all third party professionals to submit time costs analyses and narrative or a schedule of realisations achieved, dependent on their fee basis, in support of invoices rendered. All invoices are reviewed before being approved for payment. We are satisfied that the level of legal and professional costs is appropriate.

Appendix E: Other information

Court details for the administration:	High Court of Justice, Business and Property Courts in Manchester, Insolvency and Companies List (ChD)
Company's registered name:	Tomlinson's Dairies Limited
Trading name:	Tomlinson's
Registered number:	03882919
Registered address:	Five Crosses Industrial Estate, Minera, Wrexham, LL11 3RD
Date of the joint administrators' appointment:	14 October 2019
Joint administrators' names, addresses and contact details:	Michael Denny, PricewaterhouseCoopers LLP, One Chamberlain Square Birmingham B3 3AX Peter Dickens, PricewaterhouseCoopers LLP, No 1 Spinningfields 1 Hardman Square Manchester M3 3EB Contact details: uk_creditors_tomlinsons@pwc.com
Extension to the initial period of appointment:	n/a