

AM10

Notice of administrator's progress report



Companies House

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09/03/2019
COMPANIES HOUSE

1 Company details

Company number 0 5 2 4 7 3 2 7
Company name in full Blackdown Hills Enterprises Limited (t/a "Blackdown
Hills Westcountry Eggs" & "Blackdown Gold")

→ Filling in this form
Please complete in typescript or in
bold black capitals

2 Administrator's name

Full forename(s) Timothy Colin Hamilton
Surname Ball

3 Administrator's address

Building name/number Mazars LLP
Street 90 Victoria Street
Post town Bristol
County/Region
Postcode B S 1 6 D P
Country

4 Administrator's name ①

Full forename(s) Michael Ian
Surname Field

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Mazars LLP
Street 90 Victoria Street
Post town Bristol
County/Region
Postcode B S 1 6 D P
Country

② Other administrator
Use this section to tell us about
another administrator

AM10

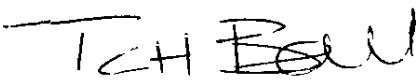
Notice of administrator's progress report

6 Period of progress report

From date	d	1	d	3	m	0	m	8	y	2	y	0	y	1	y	8
To date	d	1	d	2	m	0	m	2	y	2	y	0	y	1	y	9

7 Progress report☒ I attach a copy of the progress report**8** Sign and dateAdministrator's
signature

Signature

X  X

Signature date

d	0	d	7	m	0	m	3	y	2	y	0	y	1	y	9
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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 **Timothy Colin Hamilton Ball**

Company name **Mazars LLP**

Address **90 Victoria Street**

Bristol

Post town **BS1 6DP**

County/Region

Postcode

Country

DX

Telephone **0117 928 1700**



Checklist

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



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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

**Blackdown Hills Enterprises Limited (t/a "Blackdown Hills Westcountry
Eggs" & "Blackdown Gold")
In Administration**

Administrators' progress report covering the period from 13 August 2018 to
12 February 2019

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Blackdown Hills Enterprises Limited (t/a "Blackdown Hills Westcountry Eggs" & "Blackdown Gold") - In Administration

Administrators' progress report covering the period 13 August 2019 to 12 February 2019

To all known creditors

1. Introduction

- 1.1. This report is prepared pursuant to Rule 18.3 and 18.6 of the Insolvency Rules (England and Wales) 2016, the purpose of which is to provide creditors with details of the progress of the Administration covering the six month anniversary of the Administration, being 12 February 2019.
- 1.2. I was appointed Joint Administrator of the Company, together with Mr M I Field, on 13 August 2018. I am authorised to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales and Mr M I Field is authorised in the UK by the Insolvency Practitioners Association
- 1.3. The report should be read in conjunction with the Joint Administrators' proposals issued to creditors on 31 August 2018.
- 1.4. The purpose of the Administration is to achieve a better result of the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- 1.5. Identification details regarding the Company and the Administrators are attached at *Appendix A*.

2. Administrators' Receipts and Payments

- 2.1. A summary of receipts and payments covering the period from 13 August 2018 to 12 February 2019 is attached at *Appendix B*. A comparison of the estimates provided in the directors' statement of affairs to actual realisations made to date is also provided.
- 2.2. There is currently a balance in hand of £93,659, along with a recoverable VAT balance of £23,225, and further details of the realisations and expenses paid is provided below. These funds are held at Svenska Handelsbanken AB (publ) in an interest bearing account.

3. Asset Realisations and Details of Progress

Connected Party Transactions:

- 3.1. In accordance with Statement of Insolvency Practice 13, I would advise you that the following asset was sold to a connected party following my appointment. Further details are provided below:
 - 3.1.1. An ASK Power Generator, financed by Hitachi, was sold on the advice of specialist agents and valuers, Gordon Brothers International LLC t/a Gordon Brothers Europe (“my agents” and “GBE”) to director and shareholder, Deborah Cottey on 27 September 2018.
 - 3.1.2. Payment in full of £2,393 plus VAT, was received by our agents as at the date of sale, which after the settlement of outstanding finance of £1,681, results in a net recovery of £712, before sale costs, to the Administration.
 - 3.1.3. The sale took place prior to the Committee’s constitution on 10 December 2018, so no Committee could be consulted about the proposed sale.
 - 3.1.4. The sale to the connected party was undertaken as the finance company wanted to uplift the asset without delay unless the finance was settled. This would have resulted in no realisation in the Administration, or costs being incurred in order to enforce the moratorium.
 - 3.1.5. The finance was not being paid as the equipment was not required for the ongoing operation of the site, as the Company’s business was not trading.
 - 3.1.6. There were no interested parties we were negotiating with, with regard to a sale of the business, that were in a position to be able to complete a purchase of this asset at that time.
 - 3.1.7. GBE’s estimated that the equity, subject to Hitachi’s finance agreements, was only £608 on an ex-situ basis at the outset of the Administration. Given subsequent charges levied under the agreement, potential equity realisable was likely to be minimal at best on an ex-situ basis.
 - 3.1.8. The sale to the connected party exceeded the estimated ex-situ realisation per the valuation at the outset of the Administration and in light of the offer received, my agents did not look at any other potential sale options which would have been on an ex-situ basis.
 - 3.1.9. This transaction is not shown in the receipts and payments account at **Appendix B** as GBE are yet to account to me, as their work regarding chattel asset realisations as a whole is ongoing.

Unconnected Party Transactions:

Trading

- 3.2. Following our review of the financial position, the Administrators concluded that a period of trading was not viable, based on recent trading performance and taking into account the prior redundancy of the Company’s employees and the trading outlook, which remained unchanged.

It was concluded that any attempt to trade would result in significant trading losses. In addition, there was no material work in progress to complete, even in the short term.

Sale of the Business

- 3.3. Prior to my appointment, the Company's directors attempts at marketing the business had led to a number of parties expressing an interest in purchasing the business as a 'going concern'.
- 3.4. On 13 August 2018, I commenced marketing the business and assets of the Company for sale. It was anticipated given prior levels of interest, that further interest would be generated and that a sale of the business would maximise potential realisations for creditors if it could be achieved.
- 3.5. GBE were also instructed to assist me in formulating a strategy in order to dispose of the Company's assets, should a sale of the Company's business and assets not be forthcoming. Inherent to them undertaking this process and liaising with their contacts, it was hoped that further interest in the business could be generated.
- 3.6. A press release and an insolvent business for sale bulletin were utilised and both the Administrators and GBE sought to advertise and market the Company's assets/ business to their contacts and potential interested parties. The press release reached specialist trade publications and online articles and social media were utilised as part of this process and to generate interest in the business. A certain amount of marketing also continued through my firm's internal network in order to generate interest in the business.
- 3.7. The Administrators were interviewed by both BBC local television and radio, given the current issues being experienced in the egg industry generally, but with specific reference to the Company's position and that interested parties were being sought for the Company's business.
- 3.8. A 'Sales Pack' was prepared in order to provide key information to interested parties.
- 3.9. Significant interest was been received and 40 potentially interested parties have been contacted. Non-disclosure agreements were issued in order to enable further information to be provided, should interested parties wish to follow up their interest and receive financial information.
- 3.10. As a result of the above, discussions took place and multiple offers were received. Site visits and meetings with my staff and, where relevant, the Company's directors, were undertaken, as appropriate.
- 3.11. A sale of the business was, however, complicated by virtue of certain assets being owned by the Company and certain key assets being owned by one of the Company's directors and shareholders, Mr Cottey.
- 3.12. Regrettably, the most viable offer made was subsequently withdrawn in December 2018. This meant that in the absence of any other viable interest, a sale of the business was unable to be achieved.

Buildings

- 3.13. The Company's unaudited financial statements for the year ended 31 October 2017 indicate that the Company's buildings and improvement to buildings cost the Company £1,024,366. Following a revaluation in 2016, this cost was increased by £582,112, to bring the total to £1,606,478. The carrying amount, after depreciation, at 31 October 2017, was some £1.36 million in the unaudited financial statements.
- 3.14. The Company's buildings are built on land at Higher Buckland Farm which is owned by one of the Company's directors and shareholders, Mr Cottey. In addition to not owning the freehold, the Company does not have any formal lease agreements in place either.
- 3.15. Following discussions, the land was initially marketed to be sold in conjunction as part of the business sale, with any sale of the Company's buildings being subject to the consent of both the land owner and charge holder on that land, Lloyds Bank Plc.
- 3.16. As detailed above, a business sale was unable to be achieved. Accordingly, I have sought further specialist advice with regard to the position from professional advisors.
- 3.17. I instructed Chartered Surveyors, Greenslade Taylor Hunt to provide valuation advice, including a reinstatement valuation for insurance purposes. Solicitors, Veale Wasbrough Vizards LLP ("my solicitors" and "VWV") have also been instructed to assist me in securing and establishing the Company's interest in the buildings, and any claims which may arise as a result of the directors' failure to adequately protect the Company's investment; and work in this regard remains ongoing.
- 3.18. In the meantime, Mr Cottey has instructed Symonds & Sampson to market Higher Buckland Farm for sale and access to the Company's buildings is being provided to Symonds & Sampson.
- 3.19. I have sought to protect the Company's position by seeking and obtaining the consent of Mr Cottey to have a restriction placed on the Land Registry title for Higher Buckland Farm to prevent it being sold or additional charges being granted, without the Administrators' written consent. Consent was received and the restriction was put in place in January 2019.
- 3.20. I understand that Symonds & Sampson's marketing has recently commenced. Given the position, it is uncertain as the timing or quantum of realisations being forthcoming to the Company in respect of its buildings in this regard. It is my opinion, however, that the Company has a significant interest in the buildings and will be due a substantial payment upon their sale.

Machinery and Equipment, Motor Vehicles, Office Furniture and IT Equipment, Stock

- 3.21. I instructed GBE to value the Company's chattel assets and formulate a disposal strategy to undertake, on my behalf, should a sale of the business not be achievable.
- 3.22. GBE valued unencumbered assets at £77,500 on an ex-situ basis.

- 3.23. GBE valued encumbered assets, subject to multiple finance agreements at £156,750 on an ex-situ basis. Taking account of the sums owed under the finance agreements, GBE estimated that £86,687 of equity could potentially be generated if the agreements were able to be settled and the assets realised.
- 3.24. The outstanding finance on a Manitou agreement, in the sum of £2,786, was settled in order to obtain clear title to the asset subject to the finance and prevent its uplift, in order that the equity, estimated to amount some £12,800, could later be realised, on the advice of GBE.
- 3.25. Where GBE advised that the Company did not have an interest in financed assets, as there was no equity, GBE oversaw the collection of these assets by the respective third parties, as appropriate.
- 3.26. As no offers for the purchase of the business as a whole were able to be completed, as detailed above, I instructed GBE in December 2018 to seek to dispose of the assets on my behalf, with the primary aim of maximising realisations. This was by a number of means, as follows:
 - a. Private treaty sales, where offers received were in line / in excess of valuations.
 - b. Use of an online auction, to expose the assets to a competitive and international selling environment, potentially made attractive to overseas buyers as a consequence of the current exchange rate.
- 3.27. The online auction ended after the period covered by this report on 14 February 2019, with collections to follow in the weeks thereafter.
- 3.28. In light of the ongoing asset sale process, I am unable to provide any further details at this time. Further details will, however, be provided in subsequent reports.

Book debts

- 3.29. The Company factored its book debts, pursuant to a debt purchase agreement with Hitachi who were also granted a debenture dated 3 August 2016.
- 3.30. You will recall that on the assumption that all of the Company's debtors were caught under Hitachi's agreement, the Company's outstanding debtor ledger had a total book value of £442,509 per the Director's Statement of Affairs and it was estimated that Hitachi was owed some £112,272, as at my appointment.
- 3.31. Notwithstanding termination or other charges that Hitachi would be able to levy under the terms of the agreement, it appeared, almost certain, that Hitachi would be able to collect sufficient debts to enable it to be paid in full and allow the reassignment of the residual debtor ledger to the Company for collection.
- 3.32. I obtained a copy of the agreement from Hitachi and my solicitors were instructed to review it. VWV have since confirmed that the Debt Purchase Agreement has created an assignment of the Debts to the Company in favour of Hitachi and is valid.
- 3.33. Once reassigned, the Administrators would be responsible for approving the debt collection strategy, and deal with the physical receipt and banking of debts, and will ultimately decide on

what further steps should be undertaken to pursue outstanding debtors, such as seeking legal advice, as appropriate. In light of likely reassignment, Hitachi were happy that the Administrators could immediately commence pursuit of the book debts that Hitachi did not fund pursuant to the debt purchase agreement.

- 3.34. Mazars Financial Planning Limited t/a “Mazars Receivables Management” (“MRM”), an associate of Mazars LLP, were instructed to assist with the collection of the Company’s book debts and a Specific Service Agreement was signed on 13 August 2018 in this regard. MRM were engaged on the basis of their experience in dealing with the collection of book debts in an insolvency scenario. Instructing MRM was to minimise costs and free up the Administrators’ staff to deal with other matters arising in the Administration.
- 3.35. MRM obtained the necessary supporting records, met with the relevant director and undertook an initial assessment of the recoverability of the ledger. MRM provided the Administrators with monthly reports on the progress of collections.
- 3.36. In January 2019, Hitachi reassigned the residual debtor ledger back to the Company, having confirmed that it have been fully repaid, having been able to collect sufficient debts to enable this. I have sought details of Hitachi’s charges that it has levied in the period since my appointment to reassignment, in order to be satisfied that they are in accordance with the agreement. Work is ongoing in this regard.
- 3.37. At 12 February 2019, I have recovered £225,557 in relation to debtors. Given the nature of various disputes raised and following MRM receiving no replies to seven day demand letters issued to certain debtors, I have instructed my solicitors to assist me further in this regard.
- 3.38. Given the nature of disputes, it is uncertain whether significant further recoveries will be forthcoming in the future, but work remains ongoing at present.
- 3.39. MRM’s agreed fee is 5% of total collections, plus VAT and disbursements and was approved by a decision of the Creditors’ Committee on 20 December 2018. On the basis of recoveries amounting to £225,557, as per currently realised, total costs for MRM’s services are estimated to be £11,278 plus VAT.

VAT bad debt relief

- 3.40. Given the Company did not charge VAT on income because food is VAT zero-rated, there is no scope on the completion of the book debt collection exercise for any VAT bad debt relief claim in this matter in respect of book debts that have been written off.
- 3.41. No realisations will be forthcoming.

Cash

- 3.42. Following my appointment, I was able to secure and bank £5,615 of cash which was held at the Company’s premises.

Road tax refunds

- 3.43. Following the Company taking vehicles off of the road, I have received road tax refunds from DVLA in the sum of £161.
- 3.44. No further realisations are anticipated to be forthcoming.

VAT refund

- 3.45. A VAT refund of £14,698 was due to the Company with regard to its return for the period ended 31 July 2018, although the Director's Statement of Affairs estimated that £4,698 would be realisable.
- 3.46. I have been successful in recovering £14,698 in full. No further realisations will be forthcoming.

Prepayment

- 3.47. The Company was seeking to recover £23,652 it had part-paid in advance for equipment. The equipment had not been received / installed and as the Company was not going to complete the order, I understood that the supplier had found a new customer and a refund of the pre-payment was sought.
- 3.48. Having awaited receipt of the refund to no avail, the matter was pursued further.
- 3.49. In light of subsequent correspondence received in response to my enquiries, I have sought further information in order to consider the matter further. I am yet to receive a response, despite chasing for this information, and I have consulted my solicitors to assist me further in this regard.
- 3.50. It is uncertain whether any recoveries will be made in this regard.

Severn Crossing refund

- 3.51. A refunds in respect of pre-paid bridge tolls were due to the Company and, having liaised with Severn Bridges Group, £1,741 was recovered.
- 3.52. No further realisations are anticipated to be forthcoming.

Sundry membership refund

- 3.53. The Company held a membership of Somerset Larder and I have successfully recovered a membership fee, in the sum of £600.
- 3.54. No further realisation will be forthcoming.

Rural Payments Agency, Basic Payment Scheme Payment

- 3.55. The Company was due a Basic Payment Scheme payment from the Rural Payments Agency, with regard to an application in 2018.
- 3.56. Following protracted correspondence, I successfully recovered £1,597 in this regard.

- 3.57. No further realisation will be forthcoming.

Solar and Biomass Fee-in Tariffs

- 3.58. The Company is expecting payments from its energy suppliers, further to having solar panels on its buildings and as it utilised a biomass boiler. These were expected in December 2018 and September 2018, respectively.
- 3.59. It was not certain what the level of refunds having liaising with the energy supplier in this regard and after not receiving refunds, I have been engaged in protracted correspondence with Ofgem and the Non-Domestic RHI Verification team.
- 3.60. Given recent correspondence with Ofgem / RHI, it is envisaged that access to the Company's account will be forthcoming and that refunds due to the Company will be able to be ascertained and subsequently received.

4. Assets still to be realised

- 4.1. Assets still to be realised comprise:

Buildings

- 4.2. As detailed above, work remains ongoing with regard to securing and establishing the Company's interest in buildings it built on land at Higher Buckland Farm which is owned by one of the Company's directors and shareholders, Mr Cottey.
- 4.3. Given the position, it is uncertain as the timing or quantum of realisation being forthcoming to the Company in this regard.

Machinery and Equipment, Motor Vehicles, Office Furniture and IT Equipment, Stock

- 4.4. As detailed above, GBE are a significant way through the chattel asset sale process.
- 4.5. Realisations will be forthcoming, but I am unable to provide any further details at this time.

Book debts

- 4.6. As detailed above, MRM and VWV are assisting me with the book debt collection process.
- 4.7. Given the nature of disputes, it is uncertain whether significant further recoveries will be forthcoming in the future.

Prepayment

- 4.8. As detailed above, I have sought further information in order to consider the matter further. I have consulted my solicitors to assist me further in this regard.
- 4.9. It is uncertain whether any recoveries will be made in this regard.

Solar and Biomass Fee-in Tariffs

- 4.10. As detailed above, I am currently engaged in protracted correspondence with Ofgem and the Non-Domestic RHI Verification team concerning refunds the company is expected to be due.
- 4.11. Once refunds due to the Company will be able to be ascertained and subsequently received.
- 4.12. Given recent correspondence with Ofgem / RHI, it is envisaged that access to the Company's account will be forthcoming and that refunds due to the Company will be able to be ascertained and subsequently received.
- 4.13. Once access has been formally granted to the Administrators to the Company's account, it is anticipated that the position will be clearer, the quantum will be able to be established and that realisations will be forthcoming thereafter.

5. Estimated Outcome Statement

- 5.1. As detailed above, significant number of assets remain to be realised. Many potential realisations remain unquantifiable and, particularly with regard to the chattel assets and buildings, which although it is anticipated will result in significant recoveries, the position is currently too uncertain to place any estimate on. Accordingly, at this stage I unable to provide any meaningful estimated outcome statement.
- 5.2. Should significant recoveries be achieved, it is anticipated that there will be sufficient funds available in the Administration to allow a dividend to be paid to unsecured creditors following payment of the costs of the Administration and after allowing for the prior claims of the Company's preferential and secured creditors.
- 5.3. Further details will be provided in subsequent reports.

6. Liabilities

6.1. Secured Creditors

Lloyds Bank Plc ("Lloyds" or the "Bank")

- 6.1.1. The Bank was granted the benefit of a legal debenture, created on 1 July 2013 and registered on 6 July 2013, conveying fixed and floating charges over the undertaking and all property and assets present and future including goodwill, book debts, uncalled capital, buildings, fixtures, fixed plant and machinery. A Deed of Priority was entered into by Lloyds and Hitachi concerning Hitachi's security having priority concerning vesting and non-vesting debts.
- 6.1.2. The director's Statement of Affairs details that the Bank is owed £385,367 in respect of an outstanding loans and an overdraft and the Bank have advised me it was owed £386,251 as at the date of my appointment.

- 6.1.3. My solicitors, VWV, have reviewed the validity of the Bank's debenture in order to confirm whether the security is enforceable against the Company. Subject to a few comments having been raised by VWV, they have confirmed that the Charge has been validly executed by the Company and that the granting of the Charge does not contravene the Company's constitution. VWV have confirmed, therefore, that Lloyds is a secured charge holder in relation to the fixed and floating charge assets.
- 6.1.4. As detailed above, at this stage I am unable to estimate a recovery to the Bank with any certainty at this time, but should a sale of Higher Buckland Farm and the Company's buildings be achieved, it is anticipated that it would receive payment in full. Further details will, however, be provided in subsequent reports.

Hitachi Capital (UK) Plc ("Hitachi")

- 6.1.5. A number of the Company's book debts were assigned to Hitachi under a debt purchase agreement. Hitachi was also granted the benefit of a legal debenture, created on 3 August 2016 and registered on 16 August 2016, conveying fixed and floating charges over the undertaking and all property and assets of the Company. A Deed of Priority was entered into by Lloyds and Hitachi concerning Hitachi's security having priority concerning vesting and non-vesting debts.
- 6.1.6. My solicitors, VWV, have since confirmed that the Debt Purchase Agreement has created an assignment of the Debts to the Company in favour of Hitachi and is valid. Hitachi has not sought to reply on its debenture, so no review of that has been necessary.
- 6.1.7. In January 2019, Hitachi reassigned the residual debtor ledger back to the Company, having confirmed that it have been fully repaid, having been able to collect sufficient debts to enable this. I have sought details of Hitachi's charges that it has levied in the period since my appointment to reassignment, in order to be satisfied that they are in accordance with the agreement. Work is ongoing in this regard.

Lloyds Bank Plc, Hampshire Trust, De Lage Lanen, Hitachi, Manitou and Lombard

- 6.1.8. The Company held machinery and equipment, Motor Vehicles, Office Furniture and IT Equipment which are subject to multiple finance agreements. GBE sought to ascertain whether equity could potentially be generated if agreements were able to be settled, to enable realisations.
- 6.1.9. As detailed above, GBE have settled the finance owed to Hitachi of £1,681, further to the sale of a generator, which resulted in a net recovery of £712, before sale costs, to the Administration, although these have not been accounted to me yet.
- 6.1.10. The outstanding finance on a Manitou agreement, in the sum of £2,786, was settled in order to obtain clear title to the asset subject to the finance and prevent its uplift, in order that the equity, estimated to amount some £12,800, could later be realised, on the advice of GBE.

- 6.1.11. Chattel asset realisation work is ongoing and it is anticipated that further finance companies' interests will be settled on the advice of GBE, in order to generate further surpluses, given equity in agreements.
- 6.1.12. Where GBE advised that the Company does not have a financial interest in various assets, it oversaw the collection of these assets by third parties, as appropriate. It is anticipated that unsecured claims in the Administration will also be received in relation to shortfalls owed to the relevant finance companies.
- 6.2. **Preferential Creditors**
- 6.2.1. Preferential creditors' claims relates to the Company's former employees' unpaid wages (primarily related to commission or overtime and subject to an £800 limit) and holiday pay. Preferential creditors' claims were anticipated to amount to approximately £15,100 per the Director's Statement of Affairs.
- 6.2.2. The former employees have submitted claims under the provisions of the Employment Rights Act 1996 to the Redundancy Payments Service ("RPS") and payments have been made to them by the RPS, up to the relevant statutory limits.
- 6.2.3. The balance (if any) of each employee's preferential claim over and above the RPS's statutory limit, will form a residual preferential claim in the Administration. The value of preferential claims will include the amount due to the RPS.
- 6.2.4. I engaged pension specialists Insol Group Limited to assist me in reviewing the Company's pension affairs and to assist me in submitting applications to the RPS, so that unpaid pre-Administration employee and employer pension contributions could be paid over to the relevant schemes, by the RPS.
- 6.2.5. Sufficient funds have been realised, after the prior costs of the Administration, to allow a dividend to be paid to the Company's preferential creditors, which will settle the preferential claims in full.
- 6.2.6. Having received details of the RPS's payments to former employees, I have calculated the preferential creditors' residual claims and they amount to £17,432.
- 6.2.7. I subsequently wrote to all former employees in this regard, seeking for them to agree, or otherwise, their residual preferential claims.
- 6.2.8. This process is currently ongoing, but I anticipate to agree claims in the very near future and pay a first and final preferential dividend distribution of 100p / £ in the coming weeks.
- 6.3. **Unsecured Creditors**
- 6.3.1. Should significant asset realisations be achieved, it is anticipated that there will be sufficient funds available in the Administration to allow a dividend to be paid to unsecured creditors, following payment of the costs of the Administration and after allowing for the prior claims of the Company's preferential and secured creditors.

- 6.3.2. Under the provisions of the Insolvency Act, the Joint Administrators have limited powers to agree the claims of unsecured non-preferential creditors and make distributions without permission of the Court. Therefore in the event that there are sufficient funds to enable a distribution to such creditors the Joint Administrators may apply to Court pursuant to paragraph 65 of Schedule B1 of The Insolvency Act 1986, for permission to declare and pay a dividend to such creditors, should they consider it to be more beneficial to the creditors than for the Company to proceed into Creditors' Voluntary Liquidation.
- 6.3.3. The level of any such dividend is currently uncertain and will be dependent upon the final total of realisations of the Company's assets, the costs of the Administration and of any subsequent Creditors' Voluntary Liquidation, as appropriate, and the final level of agreed secured, preferential and unsecured creditor claims.
- 6.3.4. The Director's Statement of Affairs estimates that unsecured non-preferential claims will amount to some £965,132.

7. Prescribed Part

- 7.1. In accordance with Section 176A of the Insolvency Act 1986, a proportion of a Company's net assets are to be set aside for the benefit of the Company's unsecured creditors where the Company has granted a floating charge after 15 September 2003. This is calculated as being 50% of the first £10,000 of net property and 20% of net property thereafter subject to a maximum fund of £600,000. Net property is defined as being the realisations from assets subject to the floating charge after costs and after settlement of the preferential creditors' claims.
- 7.2. As the Company granted a floating charges after 15 September 2003 to Lloyds and Hitachi, a prescribed part fund may apply in this matter, depending on assets realisations. Once the outcome of asset realisations becomes clearer, creditors will be advised as to the value, if any, of the prescribed part.

8. Investigations

- 8.1. As advised in the Administrators' proposals, under the Company Directors Disqualification Act 1986, the Joint Administrators are required to investigate the affairs of the Company and the conduct of the directors during the three years prior to the Administration. The Joint Administrators can confirm that this obligation has been complied with and a confidential report was submitted to the Insolvency Service on 1 November 2018.
- 8.2. In accordance with Statement of Insolvency Practice 2, the Joint Administrators also carried out an initial assessment to identify any actions which may lead to recoveries in the Administration and to consider any further investigations which may be required.
- 8.3. As detailed earlier in this report, the Joint Administrators are aware that considerable expenditure has been incurred by the Company, developing buildings on land at Higher

Buckland Farm which is owned by one of the Company's directors and shareholders, Mr Cottey. In addition to not owning the freehold, the Company does not have any formal lease agreements in place either. Accordingly, it is necessary for the Company to receive appropriate value for its investment, either through the sale of the asset, or through claims which may arise as a result of the directors' conduct.

- 8.4. As detailed above, Mr Cottey has instructed Symonds & Sampson to market Higher Buckland Farm for sale and access to the Company's buildings is being provided to Symonds & Sampson.
- 8.5. I have sought to protect the Company's position by seeking and obtaining the consent of Mr Cottey to have a restriction placed on Higher Buckland Farm to prevent it being sold or additional charges being granted, without the Administrators' written consent. Consent was received and the restriction was put in place in January 2019.
- 8.6. Should creditors have any information which they consider may assist the Joint Administrators in carrying out their investigations, or be aware of any matters which they believe should be brought to the attention of the Administrators, please provide details in writing to this office. This request for information forms part of our usual investigation procedures and does not imply that there may be any cause of action lying against any person concerned in the company's affairs.

9. Pre-Administration Costs

- 9.1. The pre-administration costs totalled £19,178 plus VAT as set out below. These costs were incurred before the Company entered administration but with a view to it doing so. Confirmation and approval of the costs was obtained from the Creditors' Committee on 20 December 2018 and they have subsequently been paid in full.

Recipient	Nature of work provided	Amount incurred (£)	Amount paid (£)
Mazars LLP	Fees: Advice to the Company and work required to place the Company in Administration	15,401	15,401
Mazars LLP	Disbursements: Mileage (£169)	169	169
Veale Wasbrough Vizards LLP - Solicitor	Legal Fees: Prepare board minutes, statutory paperwork relating to the appointment of the Administrators, file documents at Court and serve documents on any relevant parties.	3,551	3551



Liaising with various stakeholders concerning the appointment.

Veale	Legal Disbursements:	57	57
Wasbrough			
Vizards LLP –	Court fee (£50)		
Solicitor	Central Index Searches (£7).		

10. Administrators' Remuneration

- 10.1. A resolution was passed by the Creditors Committee at a meeting held on 20 December 2018, enabling the Joint Administrators to draw remuneration by reference to the time properly spent by the Administrators and their staff in dealing with the matters arising during the Administration, subject to the Fees Estimate of £168,000 plus VAT, issued to creditors on 31 August 2018.
- 10.2. Attached at **Appendix D1** is a comparison of the Administrators' Fees Estimate to actual time costs for the six month period 13 August 2018 to 12 February 2019, which total £145,598, representing 584.8 hours at an average hourly rate of £249.
- 10.3. Attached at **Appendix D2** is a narrative summary of the Administrators' time costs, which provides further information on the work carried out during the current reporting period, why the work was necessary and whether the work has provided a financial benefit to creditors.
- 10.4. As at 12 February 2019, an amount of £89,000 plus VAT has been drawn against the Administrators' time costs in respect of the Administration.
- 10.5. Based on time costs incurred to date and expected future work for the completion of the Administration, it is expected that the Administrators' total time costs will be £269,733 plus VAT which exceeds the original Fees Estimate. In accordance with Rule 2.109AB, remuneration taken must not exceed the Fee Estimate, unless approval for a revised fee estimate is obtained.
- 10.6. Accordingly, further fee approval is being sought from the Creditors' Committee, being the body of creditors who approved the basis of the Administrators' remuneration on 20 December 2019. The Administrators' original Fee Estimate is attached at **Appendix D3**, together with a Revised Fees Estimate at **Appendix D4** which includes information on the additional work to be undertaken and the anticipated cost of that work.
- 10.7. Primarily, work associated with the complex issues regarding the realisation of the assets of the Company, has meant that it is estimated that the original fee estimate will be exceeded. It was envisaged that a sale of the business could be achieved, given the level of interest and offers received and that the company's buildings would form part of such as sale. These assets all now have to be realised in a different manner, which was not originally estimated. The company's interest in the buildings is complicated by it not owning the freehold, the Company

does not have any formal lease agreements in place and I have had to seek further specialist advice with regard to the position from professional advisors. I have also had to take steps to protect the Company's position by seeking and obtaining the consent of Mr Cottey to have a restriction placed on Higher Buckland Farm to prevent it being sold or additional charges being granted, without the Administrators' written consent, which were not originally estimated.

- 10.8. Mr Cottey's agents have recently commenced marketing Higher Buckland Farm, and whilst it is uncertain as the timing or quantum of realisations being forthcoming to the Company in respect of its buildings in this regard, it would appear reasonable to now estimate that progress to complete a sale within the next 6-12 months is possible and that as a consequence, it is now estimated that the case will remain open for up to 18 months from the date of my appointment. This is longer than originally estimated and necessitates the Administrators having to formally seek the approval of creditors to extend the Administration past 12 months, for up to a year.
- 10.9. The revised fee estimate assumes that the Administration will be closed within 18 months and that the Administrators will not be required to extend the Administration for a second time, which would have to be via an application to Court. Accordingly, the revised fee estimate now estimates the cost of work preparing and issuing a further six-month report at 12 months, the additional costs that will be incurred seeking decision of creditors to extend the Administration, all of which were not originally envisaged.
- 10.10. My original fee estimate was also prepared on the assumption that creditors would not decide that a Creditors' Committee be formed. This turned out not to be the case, and Creditors passed a decision to form a Creditors' Committee. Further reporting was required, as despite a vote in favour to form a Creditors' Committee, the details of the creditors to sit on the Creditors' Committee was not established. Accordingly, I had to formally seek approval from creditors in the form of a deemed consent procedure to determine the creditors to form the Creditors' Committee, after consulting with the nominations. Formal reporting to the Creditors' Committee is required on an ongoing basis, as appropriate.
- 10.11. Charge out rates are reviewed annually on 1 September and in common with other professional firms, may increase over the period of the administration of a case. The rates are appropriate to the skills and experience of the team members and the work that they perform. All staff that work on the case, including cashiers, support and any secretarial staff charge their time directly to the assignment. Time is recorded in 6 minute units with supporting narrative to explain the work undertaken.
- 10.12. The charge out rates of the team members employed on the assignment during the period covered by this report and details of changes from previous periods are provided below. Specialist departments within our Firm (such as Tax and VAT) have charged time to this case when their expert advice is required. The rate ranges provided incorporate these different rates.

Range (£)	Partner	Director	Manager	Administrator	Cashier	Support Staff
Current charge out rate per hour, effective from 1 September 2018	440 - 500	390	220 - 335	90 - 190	90 - 190	90
Previous charge out rate per hour, effective from 1 September 2017	440 - 500	390	325 - 335	90 - 190	90 - 190	90

11. Administrators' Disbursements

- 11.1. Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds. There are two categories of disbursements, including Category 1 (payments to independent third parties) and Category 2 (costs incurred by the Joint Administrators or the firm that can be allocated to the case on a proper and reasonable basis).
- 11.2. Category 2 disbursements require approval in the same manner as remuneration, and a resolution was passed on 20 December 2019 by the Creditors' Committee in agreement of the anticipated Category 2 disbursements of the Joint Administrators.
- 11.3. Further details of the rates agreed are provided within the Rates and Disbursements policy which was provided in the Joint Administrators' proposals on 31 August 2018 and which is available upon request.

Details of disbursements incurred in the period and whether they constitute Category 1 or Category 2 disbursements, is provided below. Details of disbursements paid during the period is provided within the attached receipts and payments account.

Type of Disbursement	Description	Amount incurred in period (£)
<u>Category 1</u>		
Specific bond	It is a legal requirement that I take out a specific bond in respect of the value of the assets. On the basis the assets recovered are likely to total up to £2,000,000 the bond paid to JLT Specialty Ltd was £743.	743
Subsistence	This expense represents the costs of subsistence to the Administrators' staff.	116

Postage	This expense represents the cost of mailing details of the appointment to creditors and issuing forms P45 to former employees.	84
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	Total Category 1	859
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Category 2

Mileage	This expense represents the costs of travelling in respect of the Office Holders' staff, primarily to and from the Company's premises	94
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Photocopying	This expense represents the cost of mailing details of the appointment to creditors and issuing forms P45 to former employees.	44
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	Total Category 2	138
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Total		1,081
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12. Expenses

- 12.1. Details of all expenses incurred during the period of the report and likely future expenses are provided in the Expenses Statement attached at **Appendix C**. This also includes a comparison to the original Expense Estimate.
- 12.2. Further details of expenses paid during the period of the report are shown in the receipts and payments account at **Appendix B**.
- 12.3. I have reviewed the expenses incurred to date and I am satisfied that they are reasonable in the circumstances of the case.

13. Creditors' Rights

13.1. Further information

- 13.1.1. I would advise you that, pursuant to Rule 18.9 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 5% in value of the unsecured creditors or an unsecured creditor with permission of the Court, may, within 21 days of receipt of this progress report, ask the Administrators for further information about the remuneration and expenses set out in this progress report.

13.2. Apply to Court

13.2.1. Additionally, pursuant to Rule 18.34 of the Insolvency (England and Wales) Rules 2016, a secured creditor or an unsecured creditor with concurrence of at least 10% in value of the unsecured creditors or an unsecured creditor with the permission of the Court may, within 8 weeks of the receipt of this progress report, apply to the Court on one or more of the following grounds:

- a. That the remuneration charged by the Joint Administrators', or
- b. That the basis fixed for the Joint Administrators' remuneration, or
- c. That the expenses incurred by the Joint Administrators',

is in all of the circumstances, excessive or inappropriate.

13.3. Further guidance

Creditors can find additional information on their rights relating to Administrators' fees in a copy of the publication "A creditors guide to Administrators' Fees", which is available to download from

<https://www.r3.org.uk/media/documents/publications/professional/Administration%20Creditor%20Fee%20Guide%20April%202017.pdf> or alternatively will be provided free of charge upon written request to this office.

14. Data protection

14.1. Where the Administrators hold or require personal data from you we will only do so in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

15. Extension of Administration

15.1. Creditors may be aware that the Administration Order will automatically cease to have effect on 12 August 2019. Given that asset realisation work remains ongoing and despite it being uncertain how long it may take, it appears reasonable to now estimate that progress to complete realisations may take between 6-12 months. Given this would be past 12 August 2019, an extension to the Administration appears likely to be necessary.

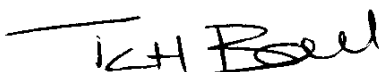
15.2. I deem it prudent and cost effective to seek the consent of secured creditors and unsecured creditors, in accordance with Paragraph 76(2)(b) of Schedule B1 to the Insolvency Act 1986, to extend the Administration to for a period of one year, that is until 12 August 2020, at this time.

15.3. I deem seeking consent of creditors the most cost effective way of obtaining an extension of the Administration, as the alternative would be by making an application to the Court before the automatic end of the Administration.

- 15.4. Should further extensions to the Administration be necessary, an application to Court would be necessary as an Administration may only be extended by consent once.

16. Ending the Administration

- 16.1. As detailed above, asset realisations work is ongoing, but it is hoped that sufficient funds in the Administration will be realised to allow a dividend to be paid to unsecured creditors, following the settlement of the prior claims of the Company's preferential and secured creditors, in full, once work agreeing these claims has been completed, and after payment of the costs of the Administration.
- 16.2. Under the provisions of the Insolvency Act, the Joint Administrators have limited powers to agree the claims of unsecured non-preferential creditors and make distributions without permission of the Court.
- 16.3. Accordingly, it is currently anticipated that the exit route will be by placing the Company into Creditors' Voluntary Liquidation in order to allow a Liquidator to be appointed to agree the claims of the unsecured creditors and to make the dividend payment to them.
- 16.4. If the Company is placed into Creditors' Voluntary Liquidation then T C H Ball of Mazars LLP will be appointed as Liquidator as set out in the Administrators' Proposals and as approved by the Company's creditors by a decision by correspondence, dated 19 September 2018.
- 16.5. Assuming the extension to the Administration to 12 August 2020 being sought from creditors is approved, but that assets realisations may take some 6-12 months, it is anticipated that the exit to Liquidation will be prior to 12 February 2020. On this basis, it is thought that the Administration will not need to be extended again past 12 August 2020, via an application to Court.



T C H Ball
Joint Administrator

Dated 7 March 2019

Authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and bound by the Insolvency Code of Ethics. Where personal data is required to be processed, this will be dealt with in accordance with the Mazars LLP Insolvency Services Privacy Statement which can be accessed at: www.mazars.co.uk/Legal-and-privacy.

*The affairs, business and property of the Company are being managed by the Joint Administrators.
The Joint Administrators act as agents of the Company and without personal liability*

Blackdown Hills Enterprises Limited

In Administration

Identification Details

Details relating to the Company

Company name	Blackdown Hills Enterprises Limited
Previous names	-
Trading name	"Blackdown Hills Westcountry Eggs" & "Blackdown Gold"
Company number	05247327
Registered office	Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP
Previous registered office	Higher Buckland Farm, Buckland St Mary, Chard, Somerset, TA20 3QZ
Trading address	Formerly: Higher Buckland Farm, Buckland St Mary, Chard, Somerset, TA20 3QZ
Court	High Court of Justice, Chancery Division, Companies Court
Court reference	006459 of 2018

Details relating to the Joint Administrators

Date of appointment	13 August 2018
Joint Administrators	T C H Ball and M I Field of Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP IP No(s) 8018 and 9705
Joint Administrators' functions	All acts required to be done by the Joint Administrators, may be done by either or both, acting jointly or alone
Joint Administrators' address	Mazars LLP, 90 Victoria Street, Bristol, BS1 6DP
Appointed by	The Directors
Joint Administrators' contact telephone number	0117 928 1700

Blackdown Hills Enterprises Limited
In Administration

**Summarised Receipts & Payments for the period from 13 August 2018 to
12 February 2019**

	Estimated to realise per Statement of Affairs £	Received / Paid Period from 13 August 2018 to 12 February 2019 £
RECEIPTS		
Surplus of Book Debts subject to Hitachi debt purchase agreement	291,128	225,557
Surplus with regard to Buildings, subject to Lloyds fixed charge security	Nil	-
Surplus with regard to Plant & Machinery, subject to finance	103,674	-
Surplus with regard to General Factory Equipment, subject to finance	20,070	-
Surplus with regard to Solar Panels, subject to finance	Nil	-
Surplus with regard to Tray washer equipment, subject to finance	3,981	-
Surplus with regard to Motor Vehicles, subject to finance	41,803	-
Surplus with regard to Biomass Boiler, subject to finance	31,200	-
Office Equipment	2,000	-
Poultry House Equipment	55,000	-
Stock	10,000	-
Prepayment	18,921	-
VAT Refund	4,698	14,698
Cash	3,723	5,615
Road Tax Refunds	Nil	161
Rural Payments Agency Basic Payment Scheme payment	-	1,597
Severn Crossing refund	-	1,741
Sundry membership refund	-	600
Bank interest (gross)	-	79
	586,198	250,048



PAYMENTS

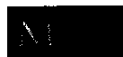
Manitou Finance settlement	2,786
Pre-Administration fee – Mazars LLP	15,401
Pre-Administration disbursement – Mazars LLP	169
Pre-Administration fee – Veale Wasbrough Vizards	3,551
Pre-Administration disbursement – Veale Wasbrough Vizards	57
Administrators' fees	89,000
Administrators' disbursements	338
Agent's (Mazars Receivables Management) fees re. debt collection	7,507
Agent's fees re pension review	300
IT and broadband	970
Bookkeeper's fee re Statement of Affairs	255
Life insurance premiums	158
Mail redirection	204
Statutory advertising	85
Insurance	12,276
Bank charges	77
	<hr/>
	133,134

BALANCE

116,914

REPRESENTED BY:

Funds held in interest bearing accounts	93,659
VAT receivable	23,255
	<hr/>
	116,914



EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
Professional advisors' costs The officeholders' choice of the professional advisors listed below was based on their perception of the advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.					
Legal fees	Veale Wasbrough Vizards LLP ("VWV") were instructed to provide legal advice to the Administrators in relation to various matters arising during the Administration. This firm of lawyers was chosen based on their experience in insolvency matters. In particular, VWV are advising with regard to the validity and extent of Secured Creditors' security. In addition, general legal advice with regard to matters arising concerning the buildings and debtors has been necessary. Their fees have been agreed on a time cost basis, save to certain debt collection work, where fixed fees have been agreed.	4,400 - 6,250 10,000	11,701	Uncertain	<i>Uncertain</i>
Legal disbursements	VWV's disbursements.	<i>Nil</i>	33	Uncertain	<i>Uncertain</i>
Agent's fees re chattel asset valuation	To provide an independent professional valuation of the assets. I instructed Gordon Brothers International LLC t/a Gordon Brothers Europe ("my agents" and "GBE") because of their experience in providing such valuations in an insolvency scenario. Gordon Brothers Europe has confirmed	3,500	2,500	Nil	2,500



EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate (£)	Incurred in current period (£)	Likely future expenses (£)	Revised Expenses estimate (£)
	<p>their independence to this firm and also to the Company.</p> <p>Their fee was agreed on a fixed fee basis.</p>				
Agent's fees re chattel asset disposal	<p>To assist with the disposal of assets, the return of third party goods, undertake site visits and arrange and manage remedial works required I instructed GBE because of their experience in an insolvency scenario.</p> <p>Their fee basis is to be agreed on an agreed fee basis.</p>	<i>Uncertain</i>	10,000	Uncertain	<i>Uncertain</i>
Agent's fees re property valuation	<p>To provide an independent professional valuation advice in respect of the buildings.</p> <p>I instructed Greenslade Taylor Hunt ("GTH") because of their experience in providing such advice.</p> <p>Their fee basis is to be agreed on an agreed fee basis.</p>	-	750	Nil	750
Agent's fees re pension investigation / review	<p>Insol Group Limited were instructed to assist with the review of any pension schemes linked to the insolvent company, and assist with the winding up of such schemes, as well as resolving any issues arising from the schemes found, as appropriate.</p> <p>They were also engaged to assist me in submitting applications to the RPS so that unpaid pre-Administration employee and</p>	-	870	Nil	870

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate	Incurred in current period	Likely future expenses	Revised Expenses estimate
		(£)	(£)	(£)	(£)
	<p>employer pension contributions could be paid over to the relevant schemes, by the RPS</p> <p>They were chosen because of their experience in an insolvency scenario.</p> <p>Their fee was agreed on a fixed fee basis.</p>				
Payments to associated entities of Mazars LLP					
Agents fees re debt collection	<p>Mazars Financial Planning Limited t/a Mazars Receivables Management ("MRM"), an associate of Mazars LLP, was instructed to assist with the collection of the Company's book debts and a specific Service Agreement was signed on 13 August 2018 in this regard. MRM were engaged on the basis of their experience in dealing with the collection of book debts in an insolvency scenario.</p> <p>Instructing MRM will minimise costs and free up the Administrators' staff to deal with other matters arising in the Administration.</p> <p>MRM's agreed fee is 5% of total collections, plus VAT, as approved by a decision of the Creditors' Committee, dated 20 December 2018.</p>	14,556	11,278	Uncertain	Uncertain

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate	Incurred in current period	Likely future expenses	Revised Expenses estimate
		(£)	(£)	(£)	(£)
Agents disbursements re debt collection	MRM estimated that the disbursements relating to the use of enquiry agents, car mileage, use of process servers and company or other searches may need to be incurred.	500	Nil	Uncertain	<i>Uncertain</i>
Other expenses					
Settlement of Manitou's outstanding finance	Settled to obtain clear title to an asset and allow it to be sold in order to realise the equity in the agreement (estimated to amount to £12,800).	-	2,786	Nil	2,786
IT Services and support and broadband	Certain services were retained following my appointment, primarily to assist me in gathering information, secure assets and deal with third party claims.	1,500	970	Nil	970
Accountancy fees re assistance preparing the Statement of Affairs	<p>The Company's directors have a statutory obligation to submit a Statement of Affairs. In accordance with r3.34 of the Insolvency (England and Wales) Rules 2016, the reasonable expenses incurred in making the statement of affairs can be paid as an expense of the Administration.</p> <p>The directors instructed Mrs L Lewis to assist them with the preparation of the Statement of Affairs and following the completion of the work, a fee was agreed, as was considered to be reasonable for this work.</p>	-	255	Nil	255

**MAZARS****Blackdown Hills Enterprises Limited - In Administration****APPENDIX C****EXPENSES STATEMENT**

Type of Expenditure	Who expense incurred by and nature of expense	Original Expense Estimate	Incurred in current period	Likely future expenses	Revised Expenses estimate
		(£)	(£)	(£)	(£)
Life Insurance premiums	Premiums have continued to be paid to prevent a policy from lapsing.	-	158	Uncertain	<i>Uncertain</i>
Mail redirection	A mail redirection has been set up to ensure all mail is received by the Administrators, in particular book debt cheques sent to the Company.	204	204	Nil	204
Corporation tax	It is likely that corporation tax will be payable in respect of the interest accrued whilst surplus funds are held on an interest-bearing deposit account. It is currently uncertain whether any capital gains tax will be payable in respect of the disposal of assets, pending assets being sold.	<i>Uncertain</i>	Uncertain	Uncertain	<i>Uncertain</i>
Statutory Advertising	Costs were paid to Courts Advertising Limited for statutory advertising requirement including London Gazette advertisements for notice of the appointment.	85	85	Nil	85
Specific bond	It is a legal requirement that I take out a specific bond in respect of the value of the assets. On the basis the assets recovered were likely to total £1,000,001 to £2,000,000 the bond premium was £743 and was paid to JLT Specialty Limited. This was paid by my firm as a disbursement.	743	Nil	Nil	<i>Nil</i>
Insurance of assets	Insurance of the Company's assets until they are disposed of.	<i>Uncertain</i>	12,276	6,000	18,276
Bank charges	Charges incurred operating Administration bank account/s.	50	27	100	127
Pre-appointment costs	The pre-administration costs relate to time costs and disbursements of	19,179	19,178	Nil	19,178

EXPENSES STATEMENT

Type of Expenditure	Who expense incurred by and nature of expense	<i>Original Expense Estimate</i> (£)	Incurred in current period (£)	Likely future expenses (£)	<i>Revised Expenses estimate</i> (£)
	<p>both Mazars LLP and VWV, plus VAT, for the period to 13 August 2018.</p> <p>The nature and quantum of these costs were fully detailed in the Proposals and were approved by a decision of the Creditors' Committee, dated 20 December 2018.</p>				
Administrators' remuneration	Management of the Company's affairs in order to achieve the objective of the Administration. Realising and distributing the Company's assets and performing those tasks required as dictated by statute, best practice and ethical requirements.	168,000	145,598	124,135	269,733
Administrators' disbursements	<p>Disbursements are expenses paid by this firm in the first instance and subsequently re-charged to the estate when there are sufficient funds.</p> <p>A further breakdown of the disbursements incurred in the period is provided within the report.</p>	1,500	1,081	419	1,500
Total		<i>Uncertain</i>	219,750	Uncertain	<i>Uncertain</i>

**ADMINISTRATORS' ANALYSIS OF TIME COSTS
AND COMPARISON TO FEES ESTIMATE**

The Administrators' total Fees Estimate as approved by the Creditors' Committee on 20 December 2018 was £168,000 plus VAT.

As detailed in Section 10 of the report, total costs incurred to 12 February 2019 are £148,628 plus VAT.

The following table provides details of the Administrators' actual time costs incurred in the current reporting period, 13 August 2018 to 12 February 2019, compared to the estimated costs in accordance with the Fees Estimate.

Further information on the work undertaken in the current reporting period, including an explanation as to why the various tasks were required and whether the work provides a financial benefit to creditors, is provided within the narrative summary at *Appendix E2*.

Creditors will note that a blended hourly charge-out rate has been provided. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found within the attached report. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.



M A Z A R S

Blackdown Hills Enterprises Limited - In Administration

APPENDIX D1

**ADMINISTRATORS' ANALYSIS OF TIME COSTS
AND COMPARISON TO FEES ESTIMATE**

Description of Work	<i>Fees Estimate dated 31 August 2018 Approved on 20 December 2019</i>			Actual time costs for the period 13 August 2018 to 12 February 2019		
	<i>Total Time (hours)</i>	<i>Total Costs (£)</i>	<i>Blended Hourly Rate (£)</i>	<i>Time incurred (hours)</i>	<i>Total Costs (£)</i>	<i>Blended Hourly Rate (£)</i>
Administration & Planning	20.0	4,500	225	14.6	4,077	279
Taxation	25.0	5,500	220	13.9	3,125	225
Investigations	53.0	11,500	217	61.8	11,684	189
Realisation of Assets	330.0	86,500	262	269.6	73,839	274
Employees	27.0	5,500	204	22.2	5,446	245
Creditors	81.0	18,500	228	66.0	15,794	239
Reporting	85.0	19,500	229	68.8	16,837	245
Distributions	15.0	3,500	233	-	-	-
Cashiering	28.0	5,500	196	37.9	6,994	185
Statutory & Compliance	35.0	7,500	214	30.0	7,802	260
Totals	699.0	168,000	240	584.8	145,598	249

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 13 AUGUST 2018 TO 12 FEBRUARY 2019**

Introduction

The summary provides a proportionate overview of the work carried out in light of the specific circumstances of the case and includes details of the work that has been done during the period, why it was done and whether the work provides a financial benefit to creditors.

This summary should be read together with the Joint Administrators' Time Costs Analysis at *Appendix D1*. The costs incurred in relation to each category are set out in the attached Time Cost Analysis.

Work carried out in the current period
Administration and planning

The Administrators have undertaken the following work:

- Case acceptance and ethical reviews.
- Completing case strategy notes.
- Holding strategy meetings.
- Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system.

The majority of this work derived no financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.

Taxation

The following activities were undertaken in order to ensure the Company is compliant with tax requirements:

- Notifying HM Revenue & Customs ("HMRC") of my appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquires will assist with my own investigations.
- Reviewing the Company's VAT position; finalising the pre-appointment VAT account.
- Preparing post-appointment Corporation Tax and VAT returns (monthly), as required by statute.
- Review of potential Terminal Loss Relief
- Assessment of tax position re. Potential chargeable gains on the sale of assets.

The majority of this work derived no financial benefit for creditors, however, it is required in accordance with tax legislation.

Investigations

Further details of the investigation required to be carried out is provided within the report.

A summary of the work undertaken to date is as follows:

- Securing, listing and boxing the Company's statutory and accounting records.
- Investigating the Company's affairs to include a review of the Company's books and records and in particular, the bank statements to identify any potential transactions that were outside the ordinary course of business.
- Correspondence with directors regarding the reasons for the Company's failure.
- Review of creditor questionnaires and investigation into any matters notified.
- Reporting to the Insolvency Service on the directors' conduct.

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 13 AUGUST 2018 TO 12 FEBRUARY 2019**

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure compliance with statutory duties.

Realisation of Assets

The work undertaken in respect of the realisation of the Company's assets is detailed in the report.

Actions required to realise the Company's assets include:

- Attendance at the Company's premises and securing of assets.
- Obtaining a professional valuation of the Company's assets to ensure the most appropriate offer is accepted and liaising with the agents in respect of their views as to the offers received.
- Marketing the business for sale.
- Preparing and updating a sales information pack for interested parties. Issuing to interested parties and updating position / pursuing interest, as appropriate.
- Negotiations with multiple interested parties and seeking to agree a sale of the business and assets.
- Liaison with third parties concerning offers which encompass third party assets.
- Liaison with agents concerning site visits from multiple interested parties.
- Liaising with insurers re insurance, health & safety, security, etc.
- Liaison with insurers and agents concerning electrical inspection at the buildings and to manage remedial works needed thereafter.
- Instructing agents once a sale of the business was unable to be achieved. Liaising with agents and monitoring the progress of the sale of assets by private treaty and auction.
- Investigating the position concerning the buildings, instructing and liaising with Chartered Surveyors, Greenslade Taylor Hunt regarding valuation advice, including a reinstatement valuation for insurance purposes. Instructing and liaising with my solicitors, to assist me in securing and establishing the Company's interest.
- Liaising with solicitors, review of documentation and seeking and obtaining the consent of Mr Cottey to have a restriction placed on Higher Buckland Farm to prevent it being sold or additional charges being granted, without the Administrators' written consent.
- Reviewing and obtaining any potential refunds on insurance and other policies paid up to a future period by the Company. Arrange ongoing payment of premiums, as appropriate.
- Dealing with Reservation of Title claims, responding to queries which arise and liaison with solicitors and agents, as appropriate.
- Liaising with Hitachi regarding book debts caught by its security and the handover of company records to it, as appropriate.
- Review of reassignment of debtor ledger and Hitachi's termination charges.
- Approving the debt collection strategy re. non-factored debtors, dealing with the physical receipt and banking of debts, decisions on further steps should be undertaken to pursue outstanding debtors on a case by case basis.
- Liaising with Mazars Receivable Management re debt collection and collation of supporting records.
- Investigation of the Company's records further to multiple disputes from debtors.
- Instructing and liaising with solicitors re debt collection and multiple disputed debts.
- Secure, review and banking of cash / petty cash.
- Review and banking of sundry refunds.
- Investigating, seeking and securing pre-paid bridge tolls.
- Investigating prepayments / potential refunds and seeking and obtaining repayments therein. Instructing solicitors to assist further.
- Investigating solar and biomass feed in tariff positions and seeking repayments therein.
- Seeking and recovery of refund of pre-Administration VAT, as set-off was not applied.
- Liaising with the Company's bank regarding potential cash balances held and investigating and ascertaining nature of post-appointment receipts received.
- Liaison with energy companies, Ofgem and the Non-Domestic RHI Verification team concerning Solar and Biomass Feed-in Tariffs and seeking to obtain refunds.

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 13 AUGUST 2018 TO 12 FEBRUARY 2019**

- Liaison with the Rural Payments Agency, seeking a payment of the Basic Payment Scheme payment with regard to an application in 2018.

The work undertaken has added value for the benefit of creditors by enabling the realisation of funds in the estate. The costs associated with the recovery are considered appropriate in the circumstances.

Particularly complex have arisen regarding the potential sale of the business and with regard to the buildings.

Considerable time has been incurred in dealing with these matters in particular and due to the complexity of the issues it was necessary for more senior members of staff to be involved, which is reflected in the Time Cost Analysis.

Employees

The Company employed 18 employees. Further information regarding employees' claims is included within the report. It is expected that a dividend of 100p / £ will be paid to employees during the Administration settling their Preferential claims in full.

Work undertaken in order to ensure that employee claims have been dealt with appropriately includes:

- Gathering information about employees.
- Dealing with queries received from employees.
- Reviewing employee contracts.
- Informing them of their rights and ability to make claims to the Redundancy Payments Service, under the provisions of the Employment Rights Act 1996, as they were made redundant.
- Dealing with pension matters including s120 notifications to the Pension Protection Fund.
- Investigating the potential claims in respect of unpaid pension contributions and instructing and monitoring agents engaged to assist.
- Corresponding with Government agencies, as necessary.
- Complying with statutory obligations in relation to pension schemes.

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, it is expected that a dividend will be paid to preferential and unsecured creditors and in this regard, the work involved in assessing and adjudicating employee claims does have a financial benefit to employees.

Creditors

It is estimated that there are likely to be in the region of 64 unsecured creditor claims, in accordance with the Director's Statement of Affairs. In order to ensure that creditors are dealt with appropriately, the following work has been undertaken:

- Dealing with queries received from creditors, by telephone and in correspondence.
- Collating information regarding unsecured claims from the Company.
- Logging claims on case management systems.
- Dealing with ROT creditors.
- Secured creditors – instructing solicitors to review of the validity and extent of security documents and liaison with secured creditors, as appropriate.
- Preferential creditors – liaising with the Redundancy Payments Service ("RPS") to agree their claim and adjudication of additional employee claims in excess of statutory limits paid out by the RPS;

The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, as it is expected that a dividend will be paid to preferential and should be paid to unsecured creditors (subject to future realisations), work undertaken in dealing with creditor claims does have a financial benefit in enabling the correct adjudication of claims.

**NARRATIVE SUMMARY OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS
FOR THE PERIOD 13 AUGUST 2018 TO 12 FEBRUARY 2019**

Reporting

Reporting requirements during the period as prescribed by statute have included the following:

- The Administrators prepared and issued their proposals and provide creditors with an explanation on the reasons for the failure of the Company, the progress made during the Administration, the expected outcome and the work to be undertaken in order to achieve the objective of the Administration.
- Reporting to Creditors in respect of fee and expenses approvals.
- Reporting the outcome of the Creditors' decision to approve the Proposals.
- Reporting to Creditors that a decision to form a Creditors Committee was voted in favour, but that the details of the creditors to sit on the Creditors Committee was not concluded. Seeking approval from creditors in the form of a deemed consent procedure to determine the creditors forming the Creditors Committee, after consulting with the nominations.
- Preparing a record of the decision and reporting the outcome of the Creditors' decision.
- Convening, preparing for and attending Creditors' Committee meeting. Tabling decisions for fee and expenses approvals. Preparing and circulating minutes of the meeting.

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements.

Cashiering

Cashiering work undertaken includes:

- Establishing set up of case details on our insolvency software system.
- Setting up bank accounts, including deposit accounts as necessary.
- Bank account maintenance, including periodic reconciliations.
- Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions.

The majority of this work derived no financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body.

Statutory and Compliance

The work undertaken as required by statute and our internal procedures involves:

- Preparation and lodgement of statutory appointment documents.
- Initial notices and advertisements following appointment.
- Receipt and filing of Director's Statement of Affairs.
- Considering and resolving issues concerning the formation of the Creditors' Committee.
- Preparation and filing documentation regarding the formation of the Creditors' Committee.
- Case monitoring and statutory compliance, including internal case reviews.
- Case bordereau.

The majority of this work derived no financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements.



M A Z A R S

Blackdown Hills Enterprises Limited – In Administration

APPENDIX D3

THE JOINT ADMINISTRATORS' ORIGINAL FEES ESTIMATE AT 31 AUGUST 2018

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FEES ESTIMATE

My total Fees Estimate as at 31 August 2018 to conclude this matter is £168,000. I have provided below a breakdown of how these costs will be split between the different functions my staff and I are likely to perform on this case.

Description of Work	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)
Administration & Planning	20.00	4,500	225
Taxation	25.00	5,500	220
Investigations	53.00	11,500	217
Realisation of Assets	330.00	86,500	262
Employees	27.00	5,500	204
Creditors	81.00	18,500	228
Reporting	85.00	19,500	229
Distributions	15.00	3,500	233
Cashiering	28.00	5,500	196
Statutory & Compliance	35.00	7,500	214
Total	699.00	168,000	240

Attached to this Fees Estimate is a detailed summary of the work anticipated, together with an explanation as to why the various tasks are required.

Creditors will note that a blended hourly charge-out rate has been provided. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found on the Rates and Disbursements policy attached to this report. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.

Not all of the work which I am required to perform will provide a direct financial benefit to creditors. Some of the work to be undertaken is required because statute dictates that I must perform this task, or because guidance issued by the Insolvency Service or my regulatory body requires such. However, a large proportion of the work will be dealing with securing and realising assets, with a view to maximising the funds available to creditors. On this case, assuming realisations are as anticipated, the above work is likely to provide a financial benefit to both secured, preferential and unsecured creditors who are estimated will receive dividend distributions.

Exceeding the Fees Estimate

The Fees Estimate has been based on previous examples of cases of a similar size and complexity to this case, together with our current knowledge of the case and the work which we anticipate will be necessary.

At the current time, I do not anticipate that it will be necessary to seek approval in respect of an increase in the Fees Estimate. However, the above estimate also assumes that the Administration will remain open for less than 12 months and that the Administration will not require extending.

This Fee Estimate is also based on the assumption that the Company's assets will be limited to those assets detailed in my report and on the assumption that my initial investigations will not lead to further more detailed investigations and/or the pursuit of actions against third parties for the recovery of funds.

Furthermore, this fee estimate does not include the costs associated with a subsequent liquidation, should this become necessary.

In the event that further work is required in respect of the above and / or the Administration extends beyond the estimated timeframe, it is likely that the Fees Estimate will be exceeded, at which point it will be necessary to seek further approval for an increase.

FEES ESTIMATE

The following table provides details of the Joint Administrators' actual time costs incurred in the current reporting period, compared to the estimated costs as per the Fees Estimate.

Description of Work	<i>Fees Estimate</i>			Actual time costs for the period 13 August 2018 to 31 August 2018		
	<i>Total Time (hours)</i>	<i>Total Costs (£)</i>	<i>Blended Hourly Rate (£)</i>	Time incurred (hours)	Total Costs (£)	Blended Hourly Rate (£)
Administration & Planning	20.00	4,500	225	5.40	1,951	361
Taxation	25.00	5,500	220	1.50	425	283
Investigations	53.00	11,500	217	22.10	3,083	140
Realisation of Assets	330.00	86,500	262	58.30	17,907	307
Employees	27.00	5,500	204	8.20	1,703	208
Creditors	81.00	18,500	228	11.10	2,687	242
Reporting	85.00	19,500	229	14.70	2,909	198
Distributions	15.00	3,500	233	0.00	0	0
Cashiering	28.00	5,500	196	6.70	1,097	164
Statutory & Compliance	35.00	7,500	214	6.60	1,544	234
Totals	699.00	168,000	240	134.60	33,306	247

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DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p><u>Administration and Planning</u> This type of work will involve:</p> <ul style="list-style-type: none"> • Case acceptance and ethical reviews. • Completing case strategy notes. • Holding strategy meetings and planning for potential Sale of Business. • Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system. <p>Tasks yet to be completed will include:</p> <ul style="list-style-type: none"> • Managing and maintaining the case on the Firm's client systems and our specialist insolvency software system. <p>This work is necessary to ensure that the case is administered correctly and in line with statutory requirements.</p> <p>The estimate assumes that the case will remain open for less than 12 months, from the date of my appointment.</p> <p>Significant elements in relation to this work have already been undertaken, as shown by the costs incurred at <i>Appendix E1</i>.</p> <p>The majority of the work undertaken has added value for the benefit of creditors by formulating the strategy to enable the realisation of funds in the estate. The costs associated with the recovery are considered appropriate in the circumstances. Due to the complexity of the issues it was necessary for more senior members of staff to be involved, which is reflected in the Time Cost Analysis.</p> <p>Certain work will not result in a direct financial benefit for creditors. However, appropriate case administration and planning ensures that the case is managed coherently and efficiently, with minimisation of costs and avoidance of duplication of work. A clear case strategy and strong internal processes aid to add value through the efficient management of the case. This work is also required in order to appropriately document and record how the case has been administered in accordance with regulatory requirements.</p>	20.0	4,500	225
<p><u>Taxation</u> Taxation work to be completed will include:</p> <ul style="list-style-type: none"> • Notifying HM Revenue & Customs ("HMRC") of my appointment and establishing whether they have any outstanding claims or ongoing investigations. Such enquires will assist with my own investigations. • Reviewing the Company's VAT position; finalising the pre-appointment VAT account • Deregistering the Company for VAT once all of the taxable assets have been sold in line with the VAT regulations. • Preparing post-appointment Corporation Tax and VAT returns, as required by statute. • Review of potential Terminal Loss Relief 	25.0	5,500	220

DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> Assessment of tax position re. Potential chargeable gains on the sale of assets. <p>Tasks yet to be completed will include:</p> <ul style="list-style-type: none"> Reviewing the Company's VAT position. Deregistering the Company for VAT once all of the taxable assets have been sold in line with the VAT regulations. Preparing post-appointment Corporation Tax and VAT returns, as required by statute. Review of potential Terminal Loss Relief Assessment of tax position re. Potential chargeable gains on the sale of assets. <p>The estimate assumes that the case will remain open for less than 12 months, from the date of my appointment.</p> <p>Elements in relation to this work have already been undertaken or commenced, as shown by the costs incurred at Appendix E1.</p> <p>The majority of this work derived no financial benefit for creditors, however, it is required in accordance with tax legislation.</p>			
<p>Investigations</p> <p>Investigations are required in accordance with Statement of Insolvency Practice 2, so as to identify whether any assets have been dissipated and what recoveries can be made so as to enhance the funds available to distribute. They also assist with Joint Administrators' duty under the Company Directors Disqualification Act 1986.</p> <p>A summary of the work to be undertaken in this regard is provided below:</p> <ul style="list-style-type: none"> Securing, listing and boxing the Company's statutory and accounting records. Investigating the Company's affairs to include a review of the Company's books and records and in particular, the bank statements to identify any potential transactions that were outside the ordinary course of business. Correspondence with directors regarding the reasons for the Company's failure. Review of creditor questionnaires and investigation into any matters notified. Reporting to the Insolvency Service on the directors' conduct. <p>A summary of the work yet to be concluded in this regard is provided below:</p> <ul style="list-style-type: none"> Securing, listing and boxing the Company's statutory and accounting records. Investigating the Company's affairs to include a review of the Company's books and records and in particular, the bank statements to identify any potential transactions that were outside the ordinary course of business. Correspondence with directors regarding the reasons for the Company's failure. Review of creditor questionnaires and investigation into any matters notified. 	53.0	11,500	217

DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> Reporting to the Insolvency Service on the directors' conduct. <p>My estimate assumes that there are no adverse findings during my investigations. In the event that investigations reveal possible actions, then these may lead to additional realisations but the costs of pursuing these actions are likely to increase. If this arises, further information will be provided to creditors separately.</p> <p>The estimate assumes that the case will remain open for less than 12 months, from the date of my appointment.</p> <p>In the event that investigations reveal possible actions, then these may lead to additional realisations but the costs of pursuing these actions are likely to increase. If this arises, further information will be provided to creditors separately.</p> <p>The majority of this work derives no financial benefit for creditors. However, it is required in order to ensure compliance with statutory duties.</p>			
<p><u>Realisation of Assets</u></p> <p>The Company's assets comprise those as set out within the body of my Proposals</p> <p>Actions required to realise the Company's assets include</p> <ul style="list-style-type: none"> Attendance at the Company's premises and securing of assets. Obtaining a professional valuation of the Company's assets to ensure the most appropriate offer is accepted and liaising with the agents in respect of their views as to the offers received. Marketing the business for sale. Preparing and updating a sales information pack for interested parties. Negotiations with multiple interested parties and seeking to agree a sale of assets. Liaison with solicitors with regard to a Business and Asset Sale agreement. Liaising with insurers re insurance, health & safety, security, etc. Reviewing and obtaining any potential refunds on insurance policies paid up to a future period by the Company Dealing with Reservation of Title claims, responding to queries which arise and liaison with solicitors and agents, as appropriate. Liaising with Hitachi regarding book debts caught by its security and the handover of company records to it, as appropriate. Review of reassignment of debtor ledger and Hitachi's termination charges. Approving the debt collection strategy re non-factored debtors, dealing with the physical receipt and banking of debts, decisions on further steps should be undertaken to pursue outstanding debtors. Liaising with Mazars Receivable Management re debt collection and collation of supporting records. Secure, review and banking of cash / petty cash. Review and banking of sundry refunds. Investigating prepayments / potential refunds and seeking repayments therein. 	330.0	86,500	262

DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> Investigating solar and biomass feed in tariff positions and seeking repayments therein. Seeking refund of pre-Administration VAT, if set-off not applied. Dealing with assets on hire with third parties and agents. Liaising with the Company's bank regarding potential cash balances held and investigating and ascertaining nature of post-appointment receipts received. <p>Tasks yet to be completed will include:</p> <ul style="list-style-type: none"> Marketing the business for sale. Preparing and updating a sales information pack for interested parties. Negotiations with multiple interested parties and seeking to agree a sale of assets. Liaison with solicitors with regard to a Business and Asset Sale agreement. Liaising with insurers re insurance, health & safety, security, etc. Reviewing and obtaining any potential refunds on insurance policies paid up to a future period by the Company. Dealing with Reservation of Title claims, responding to queries which arise and liaison with solicitors and agents, as appropriate. Liaising with Hitachi regarding book debts caught by its security and the handover of company records to it, as appropriate. Review of reassignment of debtor ledger and Hitachi's termination charges. Approving the debt collection strategy re non-factored debtors, dealing with the physical receipt and banking of debts, decisions on further steps should be undertaken to pursue outstanding debtors. Liaising with Mazars Receivable Management re debt collection and collation of supporting records. Investigating prepayments / potential refunds and seeking repayments therein. Investigating solar and biomass feed in tariff positions and seeking repayments therein. Seeking refund of pre-Administration VAT, if set-off not applied Dealing with assets on hire with third parties and agents Liaising with the Company's bank regarding potential cash balances held and investigating and ascertaining nature of post-appointment receipts received. <p>The estimate assumes that the case will remain open for less than 12 months, from the date of my appointment.</p> <p>Significant elements in relation to this work have already been undertaken, as shown by the costs incurred at <i>Appendix E1</i>, but as detailed in the Proposals, the majority of work relating to assets remains incomplete and ongoing.</p> <p>The estimate assumes that the Company's assets will be limited to those assets already identified.</p>			

DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>It assumes that third party title issues received already are resolved, no further claims are arising and that no further complications arise, delaying the time that such matters could be resolved.</p> <p>This estimate further assumes that litigation will not be required in relation to the recovery of the Company's book debts.</p> <p>The work undertaken has added value for the benefit of creditors by enabling the realisation of funds in the estate. The costs associated with the recovery are considered appropriate in the circumstances. Due to the complexity of the issues it was necessary for more senior members of staff to be involved, which is reflected in the Time Cost Analysis.</p>			
<p>Employees</p> <p>The Company employed 18 employees. Work that has been undertaken in respect of the employees will include:</p> <ul style="list-style-type: none"> • Gathering information about employees • Dealing with queries received from employees • Reviewing employee contracts • Informing them of their rights and ability to make claims to the Redundancy Payments Service, under the provisions of the Employment Rights Act 1996, as they were made redundant. • Investigating pension matters. • Corresponding with Government agencies, as necessary. • Complying with statutory obligations in relation to pension schemes <p>Tasks yet to be completed will include:</p> <ul style="list-style-type: none"> • Dealing with queries received from employees • Investigating pension matters. • Corresponding with Government agencies, as necessary. • Complying with statutory obligations in relation to pension schemes. <p>The above work is required to enable the employees' claims to be dealt with appropriately.</p> <p>The estimate assumes that the case will remain open for less than 12 months, from the date of my appointment.</p> <p>Certain tasks have already been undertaken, as shown by the costs incurred at <i>Appendix E1</i>.</p> <p>The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, it is expected that a dividend will be paid to preferential and unsecured creditors and in this regard, the work involved in assessing and adjudicating employee claims does have a financial benefit to employees.</p>	27.0	5,500	204

COPY
APPENDIX E2

DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>Creditors</p> <p>It is estimated that there are likely to be in the region of 64 unsecured creditor claims, in accordance with the Director's Statement of Affairs.</p> <p>In order to ensure that creditors are dealt with appropriately, the following work will be required:</p> <ul style="list-style-type: none"> • Dealing with queries received from creditors, by telephone and in correspondence. • Collating information regarding unsecured claims from the Company. • Logging claims on case management systems. • Dealing with ROT creditors. • Secured creditors – review of the validity and extent of security and the claims. • Preferential creditors – liaising with the Redundancy Payments Service ("RPS") to agree their claim and adjudication of additional employee claims in excess of statutory limits paid out by the RPS; • Preparing dividend calculations. <p>Tasks yet to be completed will include:</p> <ul style="list-style-type: none"> • Dealing with queries received from creditors, by telephone and in correspondence. • Logging claims on case management systems. • Dealing with ROT creditors. • Secured creditors – review of the validity and extent of security and the claims. • Preferential creditors – liaising with the Redundancy Payments Service ("RPS") to agree their claim and adjudication of additional employee claims in excess of statutory limits paid out by the RPS; • Preparing dividend calculations. <p>My estimate excludes the costs associated with agreeing unsecured creditor claims and dealing with an unsecured dividend. Such costs are anticipated will be agreed with creditors during a subsequent Liquidation. This estimate further assumes that one dividend will be proposed to be paid to Preferential and Secured creditors, and the case will remain open for less than 12 months and that no Creditors' Committee is formed.</p> <p>Elements in relation to this work have already been undertaken, as shown by the costs incurred at <i>Appendix E1</i>.</p> <p>The majority of work in this category is required for statutory purposes and so does not provide a direct financial benefit to creditors. However, as it is expected that a dividend will be paid to secured, preferential and unsecured creditors, work undertaken in dealing with creditor claims does have a financial benefit in enabling the correct adjudication of claims.</p>	810	18,500	228

COPY

DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>Reporting</p> <p>Reporting requirements as prescribed by statute are as follows:</p> <ul style="list-style-type: none"> The Administrators are required to issue their Proposals and provide creditors with an explanation on the reasons for the failure of the Company, the progress made during the Administration, the expected outcome and the work to be undertaken in order to achieve the objective of the Administration. Reporting to Creditors in respect of fee and expenses approvals. Reporting the outcome of any Creditors' decisions. Six-monthly progress reports are required to be issued by The Insolvency Act and Rules to provide creditors with an update of the progress of the Administration. Closure Reporting and converting to Liquidation. The Administrators are required to issue their Proposals and provide creditors with an explanation on the reasons for the failure of the Company, the progress made during the Administration, the expected outcome and the work to be undertaken in order to achieve the objective of the Administration. <p>Tasks yet to be completed will include:</p> <ul style="list-style-type: none"> Drafting the Proposals and associated documents. Reporting to Creditors in respect of fee and expenses approvals. Reporting the outcome of any Creditors' decisions. Six-monthly progress reports are required to be issued by The Insolvency Act and Rules to provide creditors with an update of the progress of the Administration. Closure Reporting and converting to Liquidation. The Administrators are required to issue their Proposals and provide creditors with an explanation on the reasons for the failure of the Company, the progress made during the Administration, the expected outcome and the work to be undertaken in order to achieve the objective of the Administration. <p>My estimate assumes the case will remain open for less than 12 months from the date of my appointment and that, for example, no physical meeting of creditors is requested requiring the redrafting and reissue of reports, or that a Creditors' Committee is formed.</p> <p>It assumes that one six-month progress report would be required to be issued.</p> <p>It is not expected that this work will result in a direct financial benefit for creditors. However, it is required in order to ensure that the case has been administered in line with regulatory requirements.</p>	85.0	19,500	229
<p>Distributions</p> <p>Distributions are anticipated will be paid to Lloyds, Hitachi and preferential creditors in the Administration. The work involved in this regard includes:</p> <ul style="list-style-type: none"> Calculating level of first and final dividend distribution to secured and preferential creditors, processing and issuing of dividend distribution cheques under cover correspondence. 	15.0	3,500	233

DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>Tasks yet to be completed will include:</p> <ul style="list-style-type: none"> Calculating level of first and final dividend distribution to secured and preferential creditors, processing and issuing of dividend distribution cheques under cover correspondence. <p>The estimate assumes that the case will remain open for less than 12 months, from the date of my appointment.</p> <p>No work has been undertaken in this regard, as shown at <i>Appendix E1</i>.</p> <p>My estimate assumes that one dividend distribution will be paid to the secured and preferential creditors and that no payments will be returned, need to be reissued or need to be dealt with as unclaimed dividends. It also assumes that none of the claims will require any substantial verification.</p> <p>The work involved in agreeing and paying the secured and preferential creditors' claim provides a financial benefit though ensuring that the level of claim admitted for dividend purposes is correct and in distributing funds to the secured and preferential creditors.</p>			
<p>Cashiering</p> <p>Cashiering work is required to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body. Work in this regard is likely to involve:</p> <ul style="list-style-type: none"> Establishing set up of case details on our insolvency software system. Setting up bank accounts, as necessary. Bank account maintenance, including periodic reconciliations. Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions. <p>Tasks yet to be completed will include:</p> <ul style="list-style-type: none"> Bank account maintenance, including periodic reconciliations. Issuing payments and banking receipts, and preparing the appropriate paperwork for such transactions. <p>The estimate assumes that the case will remain open for less than 12 months, from the date of my appointment.</p> <p>Elements in relation to this work have already been undertaken, as shown by the costs incurred at <i>Appendix E1</i>.</p> <p>It is not expected that this work will result in a direct financial benefit for creditors. However, it is required in order to ensure that the estate bank account is operated in accordance with guidance issued by my regulatory body.</p>	28.0	5,500	196
<p>Statutory and Compliance</p> <p>Statutory and compliance work as required by statute or our internal procedures involves:</p>	35.0	7,500	214

DETAILED FEES ESTIMATE

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<ul style="list-style-type: none"> • Preparation and lodgement of statutory appointment documents. • Initial notices following appointment. • Case monitoring and statutory compliance, including internal case reviews. • Case bordereau. <p>Tasks yet to be completed will include:</p> <ul style="list-style-type: none"> • Case monitoring and statutory compliance, including internal case reviews. • Case bordereau. <p>The estimate assumes that the case will remain open for less than 12 months, from the date of my appointment.</p> <p>Elements in relation to this work have already been undertaken, as shown by the costs incurred at <i>Appendix E1</i>.</p> <p>It is not expected that this work will result in a direct financial benefit for creditors. However, this work is required in order to ensure that the case has been administered in accordance with regulatory requirements.</p>			
Overall	699.0	168,000	240

**REVISED FEES ESTIMATE
AS AT 7 MARCH 2019**

Attached at *Appendix D3* is a copy of the Administrators' original Fees Estimate dated 31 August 2018, totalling £168,000 plus VAT, which was approved by the Creditors' Committee on 20 December 2018.

This Appendix provides information on the Administrators' Revised Fees Estimate. The Administrators will be seeking further approval for time costs in excess of the original Fee Estimate in the sum of £101,733, plus VAT. The table below provides a summary of the total Revised Fee Estimate, with total costs estimated at £269,733.

Total Revised Fee Estimate			
Description of Work	Total Time (hours)	Total Costs (£)	Blended Hourly Rate (£)
Administration & Planning	20.0	5,580	279
Taxation	43.5	9,750	224
Investigations	70.0	13,200	189
Realisation of Assets	490.0	137,500	281
Employees	27.0	6,500	241
Creditors	110.0	25,080	228
Reporting	159.0	39,000	245
Distributions	15.0	3,500	233
Cashiering	75.8	14,023	185
Statutory & Compliance	60.0	15,600	260
Total	1,070.3	269,733	252

A detailed breakdown of the anticipated future work to be undertaken and the associated costs in excess of the original Fee Estimate is provided below, together with an explanation as to why the estimate has been or is likely to be exceeded.

Creditors will note that in respect of the Revised Fee Estimate, a blended hourly charge-out rate has been provided. This is calculated as the prospective average cost per hour based upon the estimated time to be expended by each grade of staff at their specific charge out rate. Details of the hourly rates of staff anticipated to work on this case can be found within the attached report. Please note that where total costs do not equate to the total time at the blended hourly rate, this is due to rounding.

Not all of the work which I am required to perform will provide a direct financial benefit to creditors. Some of the work to be undertaken is required because statute dictates that I must perform this task, or because guidance issued by the Insolvency Service or my regulatory body requires such. However, a large proportion of the work will be dealing with securing and realising assets, with a view to maximising the funds available to creditors. On this case, assuming realisations are as anticipated, the above work is likely to provide a financial benefit to secured and preferential creditors who would receive payment in full and also unsecured creditors, who may receive a dividend, depending on realisations.

**REVISED FEES ESTIMATE
AS AT 7 MARCH 2019****Further revision of the Fees Estimate**

The Revised Fees Estimate has been based on the expected complexity of the outstanding matters and the work I anticipate will be necessary in order to comply with my statutory reporting requirements.

At the current time, I do not anticipate that it will be necessary to seek approval in respect of an increase in the Fees Estimate. However, the above estimate also assumes that creditors will approve the extension of the Administration until 12 August 2020, but that asset realisation work will be able to be concluded shortly after the Administration has been open 12 months, enabling the Administration to only need to remain open for less than 18 months. On this basis, it assumes that the Administration will not require extending for a second time, which would have to be via an application to Court.

This Fee Estimate is also based on the assumption that the Company's assets will be limited to those assets detailed in my report and on the assumption that any potential pursuit of actions against third parties for the recovery of funds is not required.

Furthermore, this fee estimate does not include the costs associated with a subsequent liquidation, should this become necessary.

In the event that further work is required in respect of the above and / or the Administration extends beyond the estimated timeframe, it is likely that the Revised Fees Estimate (particularly in respect of the Realisation of Assets, Reporting and Statutory & Compliance elements of work) will be exceeded, at which point it will be necessary to seek further approval for an increase.

**REVISED FEES ESTIMATE
AS AT 7 MARCH 2019**

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p><u>Administration and Planning</u></p> <p>I currently estimate that no additional time (hours) will be incurred, when compared to the original fee estimate. The complexity and change of strategy concerning asset realisation made it necessary for more senior members of staff to be involved, which is reflected in an increased cost in the revised fee estimate of £1,080, when compared to the original fee estimate, as a consequence of the increased blended hourly rate.</p>	20.0	5,580	279
<p><u>Taxation</u></p> <p>I currently estimate that an additional 18.5 hours of time will be incurred, at an increased cost of £4,250 in relation to this category of work, when compared to the original fee estimate.</p> <p>This increase is primarily as a result of additional complexities being encountered regarding post Liquidation Corporation Tax returns and the necessity to file monthly VAT returns.</p> <p>It was originally estimated that the case would be open for less than 12 months. It is now estimated that the case will remain open for up to 18 months, hence additional work preparing post-appointment Corporation Tax and VAT returns will be required by statute.</p>	43.5	9,750	224
<p><u>Investigations</u></p> <p>I currently estimate that an additional 17.0 hours of time will be incurred, at an increased cost of £1,700 in relation to this category of work, when compared to the original fee estimate.</p> <p>Investigations will take longer than was originally anticipated, but members of staff involved have been at a lower grade than anticipated, which is reflected in a decreased blended hourly rate, when compared to the original fee estimate.</p>	70.0	13,200	189
<p><u>Realisation of Assets</u></p> <p>I currently estimate that an additional 160.0 hours of time will be incurred, at an increased cost of £51,000 in relation to this category of work, when compared to the original fee estimate.</p> <p>It was originally estimated that the case would be open for less than 12 months and this timescale was based on offers, subject to contract, being received and considered with regard to a sale of the Company's business at that time, and on the estimate that I would be able to proceed to complete a sale within a reasonable timescale thereafter.</p> <p>As detailed in the report, significant interest was received and 40 potentially interested parties had to be dealt with in this matter. This was greater than originally estimated. Regrettably, despite multiple offers being received and</p>	490.0	137,500	281

**REVISED FEES ESTIMATE
AS AT 7 MARCH 2019**

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>site visits and meetings being undertaken, regrettably, the most viable offer made was subsequently withdrawn in December 2018. This meant that in the absence of any other viable interest, a sale of the business was unable to be achieved and alternative methods of sale have subsequently had to be explored. This was not originally estimated.</p> <p>In addition, having been unable to sell the company's business, the company's buildings which it was envisaged would form part of such as sale, now have to be realised in a different manner, which was not originally estimated. The company's interest in the buildings is complicated by it not owning the freehold, the Company also does not have any formal lease agreements in place and I have had to seek further specialist advice with regard to the position from professional advisors.</p> <p>I have taken steps to protect the Company's position by seeking and obtaining the consent of Mr Cottey to have a restriction placed on Higher Buckland Farm to prevent it being sold or additional charges being granted, without the Administrators' written consent. This was not originally estimated.</p> <p>Mr Cottey's agents have recently commenced marketing Higher Buckland Farm, and whilst it is uncertain as the timing or quantum of realisations being forthcoming to the Company in respect of its buildings in this regard, it would appear reasonable to now estimate that progress to complete a sale within the next 6-12 months is possible and that as a consequence, it is now estimated that the case will remain open for up to 18 months.</p> <p>These matters, together with dealing with some additional assets which I have been able to realise, which I was not aware of at the time of my original estimate, has meant that significant further time is needed to be incurred in dealing with asset realisations, than was originally expected. In addition, more senior staff needing to undertake certain work given the complexities involved. Accordingly, the revised estimate assumes that the original estimate in terms of time, costs and blended hourly rate will be significantly exceeded.</p>			
<p><u>Employees</u></p> <p>I currently estimate that no additional time will be incurred, when compared to the original fee estimate. The complexity surrounding queries from employees and pension arrangements made it necessary for more senior members of staff to be involved, which is reflected in an increased cost in the revised fee estimate of £1,000, when compared to the original fee estimate, as a consequence of the increased blended hourly rate.</p>	27.0	6,500	241
<p><u>Creditors</u></p> <p>I currently estimate that an additional 29.0 hours of time will be incurred, at an increased cost of £6,580 in relation to this category of work, when compared to the original fee estimate.</p> <p>To date, I have received more queries from creditors than was originally anticipated.</p>	110.0	25,080	228

**REVISED FEES ESTIMATE
AS AT 7 MARCH 2019**

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p>In addition, it was originally estimated that the case would be open for less than 12 months. It is now estimated that the case will remain open for up to 18 months, hence additional time a cost in this category of work being estimated in the revised fee estimate.</p>			
<p><u>Reporting</u></p> <p>I currently estimate that an additional 74.0 hours of time will be incurred, at an increased cost of £19,500 in relation to this category of work, when compared to the original fee estimate.</p> <p>My original fee estimate was prepared on the assumption that creditors would not decide that a Creditors' Committee be formed. This turned out not to be the case, and Creditors passed a decision to form a Creditors' Committee. Further reporting was required, as despite a vote in favour to form a Creditors' Committee, the details of the creditors to sit on the Creditors' Committee was not established. Accordingly, I had to formally seek approval from creditors in the form of a deemed consent procedure to determine the creditors to form the Creditors' Committee, after consulting with the nominations. A formal meeting with the Creditors Committee had to be convened, prepared for, attended and reported on thereafter.</p> <p>Consequently, the costs under this category of work are already approaching the original fee estimate, without having undertaken work with regard to the six-month and final reports that were also included in the original fee estimate.</p> <p>In addition, it was originally estimated that the case would be open for less than 12 months. It is now estimated that the case will remain open for up to 18 months. Accordingly, the revised fee estimate now estimates the cost of work preparing and issuing a further six-month report at 12 months, the additional costs that will be incurred seeking decision of creditors to extend the Administration and the requirements to consult the Creditors' Committee with regard to the revised fee estimate, all of which were not originally envisaged.</p> <p>The revised fee estimate assumes that the Administration will be closed within 18 months and that the Administrators will not be required to extend the Administration for a second time, which would have to be via an application to Court.</p>	159.0	39,000	245
<p><u>Distributions</u></p> <p>This category of time cost has not altered from my original fees estimate, dated 31 August 2018.</p>	15.0	3,500	233

**REVISED FEES ESTIMATE
AS AT 7 MARCH 2019**

Description of work	Total Time (hours)	Total Cost (£)	Blended Hourly Rate (£)
<p><u>Cashiering</u></p> <p>I currently estimate that an additional 47.8 hours of time will be incurred, at an increased cost of £8,523 in relation to this category of work, when compared to the original fee estimate.</p> <p>To date, a greater number of banking transactions have been needed than that was originally anticipated.</p> <p><i>In addition, it was originally estimated that the case would be open for less than 12 months. It is now estimated that the case will remain open for up to 18 months, hence additional time a cost in this category of work being estimated in the revised fee estimate.</i></p>	75.8	14,023	185
<p><u>Statutory and Compliance</u></p> <p>I currently estimate that an additional 25.0 hours of time will be incurred, at an increased cost of £8,100 in relation to this category of work, when compared to the original fee estimate.</p> <p>To date, a greater number of statutory documents have been needed to be filed, as a consequence of the formation of the Creditors' Committee that was originally not anticipated would be formed.</p> <p><i>In addition, it was originally estimated that the case would be open for less than 12 months. It is now estimated that the case will remain open for up to 18 months, hence additional time a cost in this category of work being estimated in the revised fee estimate as a consequence of preparing and filing papers concerning the Administration's extension and the need to undertake case monitoring and statutory compliance work, including internal case reviews, for an extended period of time.</i></p>	60.0	15,600	260
<u>Overall</u>	1,070.3	269,733	252