

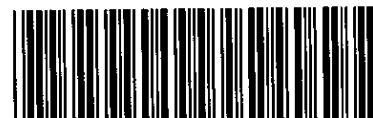
AM03

Notice of administrator's proposals



Companies House

TUESDAY



A21 *A85YA0I0* #98
21/05/2019
COMPANIES HOUSE

1 Company details

Company number 0 7 4 5 7 8 5 6
Company name in full The Grown Up Chocolate Company Limited

→ Filing in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) N A
Surname Bennett

3 Administrator's address

Building name/number Leonard Curtis
Street 5th Floor
Grove House
Post town 248a Marylebone Road
County/Region London
Postcode N W 1 6 B B
Country

4 Administrator's name ①

Full forename(s) A R
Surname John

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

5 Administrator's address ②

Building name/number Leonard Curtis
Street 5th Floor
Grove House
Post town 248a Marylebone Road
County/Region London
Postcode N W 1 6 B B
Country


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

AM03
Notice of Administrator's Proposals

6 Statement of proposals

<input checked="" type="checkbox"/>	I attach a copy of the statement of proposals	
-------------------------------------	---	--

7 Sign and date

Administrator's Signature	Signature X  X																	
Signature date	<table><tr><td>d</td><td>1</td><td>d</td><td>7</td><td>m</td><td>0</td><td>m</td><td>5</td><td>y</td><td>2</td><td>y</td><td>0</td><td>y</td><td>1</td><td>y</td><td>0</td></tr></table>	d	1	d	7	m	0	m	5	y	2	y	0	y	1	y	0	
d	1	d	7	m	0	m	5	y	2	y	0	y	1	y	0			

AM03

Notice of Administrator's Proposals



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	Sam Bellamy
Company name	Leonard Curtis
Address	5th Floor
	Grove House
	248a Marylebone Road
Post town	London
Country/Region	
Postcode	N W 1 6 B B
Country	
DX	
Telephone	020 7535 7000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

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



Important information

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



Where to send

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

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



Further information

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

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



LEONARD CURTIS
BUSINESS RESCUE & RECOVERY

**THE GROWN UP CHOCOLATE COMPANY LIMITED
(IN ADMINISTRATION)**

Registered Number: 07457856

Court Ref: CR-2019-002418

High Court of Justice, Business and Property Courts of England and Wales

**Joint Administrators' Report and Statement of Proposals in accordance
with Para 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of
the Insolvency (England and Wales) Rules 2016**

Report date: 17 May 2019

Date report deemed to be delivered to creditors: 21 May 2019

Leonard Curtis contact details:

5th Floor, Grove House, 248a Marylebone Road,
London NW1 6BB

Tel: 020 7535 7000 Fax: 020 7723 6059

General email: creditors@leonardcurtis.co.uk

Email for requests for a physical meeting: LONDON.meetingreq@leonardcurtis.co.uk

Ref: L/18/SB/GRO08/1040

CONTENTS

- 1 Introduction
- 2 Statutory Information
- 3 Historical Background and Events Leading Up To Administration
- 4 Recent Trading Results and Current Financial Position
- 5 Events Following the Joint Administrators' Appointment
- 6 Achieving the Purpose of Administration
- 7 Joint Administrators' Proposals and Exit Route
- 8 Extension of Administration
- 9 Pre-Administration Costs
- 10 Joint Administrators' Remuneration and Disbursements
- 11 Estimated Outcome for Creditors
- 12 Release of Joint Administrators from Liability
- 13 Conclusion

APPENDICES

- A Joint Administrators' Statement of Proposals
- B Statement of Affairs as at 8 April 2019, accompanying Notes and List of Creditors
- C Summary of Joint Administrators' Receipts and Payments from 8 April 2019 to 17 May 2019
- D Summary of Joint Administrators' Pre-Administration Costs
- E Joint Administrators' Fees Estimate incorporating time incurred to date
- F Joint Administrators' Statement of Likely Expenses
- G Estimated Outcome Statement
- H Leonard Curtis Policy on Fees, Expenses and Disbursements
- I Proof of Debt Form

TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL EMPLOYEES
ALL MEMBERS

1 INTRODUCTION

General information

- 1.1 I refer to the appointment of A R John and I as Joint Administrators ("the Joint Administrators") of The Grown Up Chocolate Company Limited ("the Company") on 8 April 2019 and now write to present the Joint Administrators' proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act").
- 1.2 Para 3 of Schedule B1 to the Act requires the Joint Administrators to perform their functions with the objective of:
- Rescuing the Company as a going concern; or
 - Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration); or
 - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.3 Para 51(1) of Schedule B1 to the Act ordinarily requires the Joint Administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. However, this does not apply where the Joint Administrators state that they think:
- That the Company has sufficient property to enable each creditor of the Company to be paid in full; or
 - That the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of a distribution of the prescribed part fund; or
 - That neither of the objectives specified in 1.2(a) and 1.2(b) above can be achieved.
- 1.4 I can confirm that in this case neither of the objectives specified in 1.2(a) and 1.2(b) can be achieved. As a result, there is no requirement to seek a decision from the Company's general body of creditors as to whether they approve the Proposals.
- 1.5 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the Joint Administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the Joint Administrators within 8 business days of the date on which this report was delivered and comprise the following:
- A statement of the purpose of the proposed decision; and EITHER
 - A statement of the requesting creditor's claim, together with:
 - A list of the creditors concurring with the request and the amount of their respective claims or values; and
 - Confirmation of concurrence from each creditor concurring. OR
 - A statement of the requesting creditor's debt and that that alone is sufficient without the concurrence of other creditors.

The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.

- 1.6 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Insolvency (England and Wales) Rules 2016 ("the Rules"). Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.

2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice, Business and Property Courts of England and Wales under Court reference CR-2019-002418.
- 2.2 During the period in which the Administration is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 The Company's registered office was changed from Lakeview House, 4 Woodbrook Crescent, Billericay, Essex CM12 0EQ, to 5th Floor, Grove House, 248a Marylebone Road, London NW1 6BB on 26 April 2019. The registered number is 07457856. The Company traded as its registered name.
- 2.4 The Company operated from leasehold premises at 3 Capital Place, Lovet Road, Harlow, Essex CM19 5AS.
- 2.5 The Company's directors and secretary are:

Name	Role	Date Appointed
Sandra Buckland	Company secretary	3 December 2010
James Ecclestone	Director	2 December 2010
Jonathan Steinberg	Director	11 September 2015
Simon Bennett	Director	20 February 2014

- 2.6 The Company's authorised share capital is £433.69. The issued share capital comprises of 43,369 ordinary £0.01 shares, which are owned as follows:

Name	Class of Share	No. of Shares	% of Total Owned
James Ecclestone	Ordinary	11,785	27.17
Paul Finger	Ordinary	800	1.84
Andrew Wright	Ordinary	195	0.45
David Brom	Ordinary	60	0.14
Christopher Latilla-Campbell	Ordinary	275	0.63
David Cicurel	Ordinary	147	0.34
Dunstan Pedropillai	Ordinary	370	0.16
David Stanton	Ordinary	450	1.00
Elie Dangoor	Ordinary	1,970	4.54
Frank Lucas	Ordinary	413	0.95
Gavin Burnell	Ordinary	50	0.12
Jeremy Scholl	Ordinary	670	1.54
Julian Sidoli	Ordinary	70	0.16
Jonathan Willis-Richards	Ordinary	140	0.32
Klaudia Trzcielinska	Ordinary	73	0.17
Leslie August	Ordinary	365	0.84
Lenka Lechmanova	Ordinary	510	1.18
John Robotham	Ordinary	40	0.92
Barbara Collison	Ordinary	1,050	2.42
Noel Greenwood	Ordinary	70	0.16
Nigel Taylor	Ordinary	125	0.29
Peter Freeman	Ordinary	123	0.28
Rebecca Stanton	Ordinary	100	0.23

Siward Atkins	Ordinary	150	0.35
Simon Bennett	Ordinary	1,918	4.42
William Armitage	Ordinary	195	0.45
Jonathan Steinberg	Ordinary	400	0.92
Jane Fearnley	Ordinary	30	0.07
Ian McLennan	Ordinary	400	0.92
Peter Lee	Ordinary	4,250	9.80
Anthony Balme	Ordinary	200	0.46
Loeb Aron & Co Ltd	Ordinary	1,350	3.11
Casemir Chocolates Ltd	Ordinary	9,475	21.84
Attwood Emily	Ordinary	500	1.15
David Hardiman	Ordinary	75	0.17
David Colclough	Ordinary	25	0.06
Joe Gloven	Ordinary	25	0.06
Andre Cohen	Ordinary	625	0.14
Phil Bolt	Ordinary	50	0.12
SRJ Accounting Services Ltd	Ordinary	125	0.29
Sharneen Claxton	Ordinary	30	0.07
David Collins	Ordinary	750	0.17
Simon Davis	Ordinary	1,000	2.31
Christian Schaffalitzky	Ordinary	55	0.12
Michael De Villiers	Ordinary	55	0.12
Vestra Wealth (Jersey) Nominees Limited	Ordinary	1,100	2.54
Brian Brom	Ordinary	735	0.17
		43,369	100%

2.7 According to the information registered at Companies House, the Company has the following registered charges:

Chargeholder	Date created	Description	Amount secured £	Assets Charged
HSBC Invoice Finance (UK) Ltd	2 December 2011	Debenture	All liabilities	All assets
Aldermore Bank PLC	26 August 2016	Debenture	All liabilities	All assets

2.8 The EU Regulation on Insolvency Proceedings 2015 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.

3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

3.1 The Company was incorporated in December 2010 under its current name. The Company was formed by James Ecclestone ("JE") who was initially the Company's sole director.

3.2 JE was the owner and operator of another confectionery business, Casimir Chocolates Limited ("CCL"), which at the time had been trading for 22 years and was a specialist provider of confectionery to the hospitality market. JE therefore had significant prior experience in the confectionery sector and access to manufacturing facilities which would allow the economic development and testing of new products prior to the commencement of trading.

3.3 The Company was formed around the idea of recreating classic children's chocolate bars, but as luxury handmade alternatives using all natural ingredients.

- 3.4 The Company did not commence trading immediately following its incorporation, as it was necessary to undertake a period of product development and testing before the business could begin manufacturing and retailing its products. This process was carried out using the manufacturing facilities of CCL.
- 3.5 In September 2011 the Company formally commenced trading from the premises owned and operated by CCL, as the operation was initially of insufficient size to support its own manufacturing facilities.
- 3.6 The Company's business grew steadily over the following two years, however by 2014 sales had begun to increase substantially and the Company required its own manufacturing facilities. The Company carried out a £500,000 fundraising, which was raised through a combination of debt and equity.
- 3.7 Using these funds, the Company moved to premises in Harlow, Essex that were owned by JE, and acquired the necessary equipment to begin manufacturing their products independently of CCL.
- 3.8 In 2014, the year of the move and first round of fund raising, the Company suffered from poor trading results, with turnover of only approximately £140,000. A second round of fundraising was therefore carried out in 2015 to provide the business with additional working capital.
- 3.9 From 2015 onwards the Company's profitability improved, however, the business began to struggle with the cost of servicing the loan notes it had issued, and consequently carried out a third and final round of equity funding in 2017 to repay the loan note holders.
- 3.10 In April 2018 the Company suffered the loss of a major customer, Foodist. This was followed by the loss of a further key customer, Virgin, towards the end of 2018. The loss of these customers had a significant detrimental effect on the Company's short term profitability.
- 3.11 To provide additional working capital to support the business, in November 2018, JE sold the Company's trading premises, which he owned personally, and invested the proceeds of approximately £200,000 into the business. This investment was matched by one of the Company's other equity investors.
- 3.12 Through December 2018 and January 2019 the Company undertook an accelerated M&A exercise to attempt to identify a purchaser for the Company's shares. A number of parties were identified and contacted under this process, but no offers were received for the Company's shares.
- 3.13 Despite this investment the Company continued to generate losses and accrue unpaid liabilities with trade creditors and, specifically, HM Revenue & Customs ("HMRC"). This was attributed to the ongoing effect of the loss of major customers, together with falling exchange rates between the pound and Euro which had impacted on the price of raw materials acquired from other EU member states.
- 3.14 HMRC issued a winding up petition against the Company in November 2018. The petition was initially scheduled to be heard in January 2019, however, the petition hearing was subsequently adjourned until 10 April 2019.
- 3.15 Leonard Curtis were approached by the directors on 7 March 2019, during which they acknowledged that the Company could no longer continue trading and that formal insolvency options should be considered.
- 3.16 Following notification of the winding up petition presented against the Company and other Court judgments, Aldermore Bank PLC ("Aldermore"), as a holder of a qualifying floating charge, filed notice in Court appointing Joint Administrators of the Company on 8 April 2019.

4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4.1 The Company's trading results for the year ending 31 March 2018, period ending 31 March 2017 and year ending 31 December 2015 are detailed below:

Profit & Loss Extracts	Year Ended 31/03/2018	Period from 01/01/2016 to 31/03/2017	Year Ended 31/12/2015
	£	£	£
Turnover	1,907,762	1,521,554	760,935
Cost of Sales	(1,127,838)	(865,331)	(502,554)
Gross Profit	779,924	656,223	258,381
Gross Profit %	40.9	43.1	34.0
Administrative Expenses	(764,768)	(731,759)	(500,508)
Operating Profit / (Loss)	15,156	(75,536)	(242,127)
Interest Received	10	35	-
Interest and Charges Paid	(716)	(19,470)	(15,120)
Profit / (Loss) before Tax	14,450	(94,971)	(257,247)
Taxation	-	-	-
Profit / (Loss) for the Year	14,450	(94,971)	(257,247)
Profit and Loss Reserves b/fwd.	(822,421)	(727,450)	(470,203)
	(807,971)	(822,421)	(727,450)
Dividends	-	-	-
Profit and Loss Reserves c/fwd.	(807,971)	(822,421)	(727,450)

- 4.2 It should be noted that no dividends were paid during any of the above periods.

- 4.3 The balance sheets as at 31 March 2018, 31 March 2017 and 31 December 2015 are detailed below:

Balance Sheet Extracts	Filed Accounts as at 31/03/2018	Filed Accounts as at 31/03/2017	Filed Accounts as at 31/12/2015
	£	£	£
Fixed Assets			
Intangible Assets	245,042	262,550	-
Tangible Assets	238,574	319,394	131,809
	483,616	581,944	131,809
Current Assets			
Stocks	416,257	357,829	209,416
Debtors	817,347	418,195	274,612
Cash at Bank and in Hand	7,079	23,248	13,260
	1,240,683	799,272	497,288
Creditors: Amounts due within One Year	(1,142,913)	(786,446)	(473,784)
Net Current Assets / (Liabilities)	97,770	12,826	23,504
Total Assets less Current Liabilities	581,386	594,770	155,313
Creditors: Amounts due after One Year	(6,843)	(34,677)	(220,000)
Net Assets	574,543	560,093	(64,687)

Represented by:

Called Up Share Capital	434	434	235
Share Premium	1,382,080	1,382,080	662,528
Profit and Loss Reserves	(807,971)	(822,421)	(727,450)
Shareholders' Funds	574,543	560,093	(64,687)

Statement of Affairs

- 4.5 A statement of affairs of the Company as at 8 April 2019 was submitted to me by Jonathan Steinberg. This has not yet been filed with the Registrar of Companies as we are obtaining statements of concurrence from the other directors. A copy is enclosed at Appendix B.

Please note that no provision has been made for costs and expenses of realisation, costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures:

Secured Creditors

- 4.6.1 The Company has two secured creditors, HSBC Invoice Finance (UK) Ltd ("HSBC") and Aldermore.
- 4.6.2 HSBC were granted a debenture on 2 December 2011 securing all liabilities due or falling due to it by way of fixed and floating charges over the Company's assets. HSBC confirmed prior the appointment that there is no liability due to them under their charge and their charge has since been satisfied on Companies House.
- 4.6.3 Aldermore were granted a debenture on 26 August 2016 securing all liabilities due or falling due to it by way of fixed and floating charges over the Company's assets. Aldermore have also taken an assignment of the Company's debtors' ledger under the terms of an invoice discounting facility with the Company.
- 4.6.4 The balance outstanding to Aldermore as at the date of Administration was £203,539 and the estimated realisable value of the debtors' ledger is £219,580. It is therefore anticipated that Aldermore are likely to be repaid in full from debtor recoveries.

Prescribed Part

- 4.7.1 The Insolvency Act 1986 provides that, where a company has created a floating charge after 15 September 2003, the Joint Administrators must make a *prescribed part* of the company's net property available to the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims.
- 4.7.2 The method of calculating the prescribed part and additional notes as regards its application are detailed in the notes at Appendix B.
- 4.7.3 Based upon the information currently available, it is anticipated that Aldermore are likely to be repaid in full from their primary security and therefore there will be no requirement to set aside a prescribed part.

Preferential Claims

- 4.8.1 The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay and certain pension contributions. It is estimated that preferential claims will be in the region of £30,000.
- 4.8.2 It is not anticipated that there will be sufficient funds to pay a dividend to preferential creditors.

Unsecured Claims

- 4.9 At present, it is considered unlikely that there will be sufficient funds available to enable any form of distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act. Creditors should however continue to submit details of their claims using the proof of debt form attached at Appendix I. These claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

Receipts and Payments

- 4.10 A receipts and payments account for the period of Administration to date is enclosed at Appendix C.

5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT

- 5.1 Following the Administration appointment, the Company immediately ceased all trading activities. The Joint Administrators' efforts have therefore been focussed on conducting an orderly wind down of the Company's affairs and disposing of its assets.

Plant and Machinery ("P&M")

- 5.2 Following the Administration, Axia Valuation Services ("Axia"), an independent firm of valuation agents regulated by the National Association of Valuers and Agents, were instructed to provide a valuation of the P&M. Axia were also asked to review the Company's hire purchase agreements to confirm whether the encumbered P&M held any equity.
- 5.3 The review carried out by Axia confirmed that none of the items subject to hire purchase agreements held any equity and the encumbered P&M will therefore be returned to the hire purchase creditors shortly.
- 5.4 Axia valued the remaining unencumbered P&M on an ex situ basis at £26,700.
- 5.5 The limited value of the unencumbered P&M did not support the cost of holding a public auction and a sale by private treaty was therefore considered the preferred option for disposal. It was agreed that Axia would firstly reach out to connected parties to determine their interest, as such parties were likely to offer the greatest value for the unencumbered P&M whilst keeping marketing costs to a minimum.
- 5.6 Various parties have expressed an interest in purchasing the P&M and an offer has been received from An unconnected company who expressed an interest in acquiring the assets 'in situ'. Upon Axia's recommendation, the offer has been accepted and it is likely that the sale will be completed shortly and further details will be provided in our next progress report.

Stock

- 5.7 A valuation of the stock was also undertaken by Axia, which confirmed that minimal stocks were held at the date of Administration and that the stock remaining had little or no realisable value given its perishable nature.
- 5.8 The residual stocks may form part of the sale of the Company's unencumbered P&M. It should be noted that the Joint Administrators can only sell what right and title the Company holds in the stock and any proposed sale does not impact the rights of retention of title ("ROT") creditors that have notified their claims to the Joint Administrators.

Debtors

- 5.9 As previously mentioned, the Company's debtors' ledger was subject to an invoice discounting facility with Aldermore.

- 5.10 The value of the ledger at the date of Administration was £398,966 and Aldermore are currently undertaking a debt collection exercise. A substantial proportion of the debtors' ledger is subject to dispute and is likely to prove irrecoverable, however, it is anticipated that there will be sufficient debtor recoveries to enable Aldermore to be repaid in full.

Professional Advisors and Subcontractors Used

- 5.11 On this assignment the Joint Administrators have used the professional advisors listed below.

Name of Professional Advisor	Service Provided	Basis of Fees
Francis Wilks & Jones	Legal advice	Time costs
Axia Valuation Services	Asset valuation advice	Time costs
Evolve IS	Handling employee claims	Time costs

The work undertaken by Evolve could have been carried out by the Joint Administrators, however, Evolve have greater experience and expertise of dealing with employee claims in insolvency scenarios and carry out these services for a fixed fee. It is likely that the cost of dealing with employee claims would be greater if dealt with by the Joint Administrators on a time cost basis and as such Evolve's instruction is ultimately in the best interest of creditors.

Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix H.

6 ACHIEVING THE PURPOSE OF ADMINISTRATION

- 6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
- (a) rescuing the Company as a going concern, or (if this cannot be achieved);
 - (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or (if (a) and (b) cannot be achieved);
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 The first objective is not capable of being achieved given the extent of historic liabilities.
- 6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). It is considered that this objective is unlikely to be achieved as there is little prospect of a dividend to unsecured creditors.
- 6.4 The third objective is to realise property in order to make a distribution to secured and / or preferential creditors. This objective is likely to be achieved as it is anticipated that Aldermore will be repaid in full from debtor recoveries.

7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE

- 7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A.
- 7.2 Ordinarily the Joint Administrators would seek a decision from the Company's creditors as to whether they approve the Proposals. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors, there is no requirement to seek such a decision from creditors.

- 7.3 Creditors whose debts amount to at least 10% of the total debts of the Company may however request the Joint Administrators to seek a decision from the Company's creditors as to whether they approve the Proposals. Such a request must be delivered to the Joint Administrators within 8 business days of the date on which this report was delivered. The deemed date of delivery of this report is given on the front page of this report. Please note that security must be given for the costs of convening the requisitioned decision.
- 7.4 If such a decision is requisitioned, creditors will again be invited to consider the appointment of a creditors' committee and to vote on the Joint Administrators' Proposals as set out at Appendix A.
- 7.5 In the event that no such request is received, the Proposals will be deemed to have been approved in accordance with Rule 3.38(4) of the Rules 2016. Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the expiry of the period for requisitioning a decision referred to in 1.5 above.
- 7.6 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations.
- 7.7 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved. Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation.

8 EXTENSION OF ADMINISTRATION

- 8.1 The appointment of Joint Administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment.
- 8.2 In certain circumstances it may be necessary to extend the Joint Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding twelve months with the consent of:
- each secured creditor of the Company; and
 - the preferential creditors of the Company (should a dividend become payable to them).
- 8.3 We do not believe that an extension to the Administration will be necessary in this case.

9 PRE-ADMINISTRATION COSTS

- 9.1 Pre-administration costs are defined as:
- Fees charged; and
 - Expenses incurred

by the Joint Administrators, or another person qualified to act as an insolvency practitioner before the Company entered Administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration.

- 9.2 Time charged and expenses incurred by the Joint Administrators and their agents and solicitors in the period prior to their appointment are summarised below:

Charged by	Services provided	Total amount charged £	Amount paid £	Who payments made by	Amount unpaid £
Leonard Curtis	Liaising with the directors, discussing the Administration strategy and preparing the pre-appointment documentation. Dealing with the appointment process and initial steps to secure the Company's tangible assets.	£15,821.00	-	-	£15,821.00
Francis Wilks & Jones	Preparing, filing and serving the Notice of Appointment of Administrators.	£2,885.00	-	-	£2,885.00
Axia Valuation Services	Valuation and marketing of assets.	£5,297.32	-	-	£5,297.32
	Total	£24,003.32	-	-	£24,003.32

- 9.3 Enclosed at Appendix D is an analysis of the Joint Administrators' pre-administration costs. The analysis shows that total pre-administration time costs of £15,534 have been incurred which represents 48.4 hours at a rate of £326.88 per hour.
- 9.4 Appendix D provides further details concerning specific matters dealt with by the Joint Administrators in the pre-administration period.
- 9.5 The incurrence of the above costs prior to the Administration was necessary to ensure that a strategy was determined with a view of maximising asset realisations for the benefit of the creditors as a whole as well as to secure the Company's tangible assets.
- 9.6 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Joint Administrators' Proposals. This approval will be the responsibility of the Creditors' Committee if one is appointed or alternatively will be by a decision of the general body of creditors. In this case, the Joint Administrators will seek the approval of the secured creditors to this resolution.

10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

General

- 10.1 The basis of the Joint Administrators' remuneration may be fixed either as a percentage of the value with which they have to deal ('a percentage basis'), as a set amount, or by reference to the time properly given by the Joint Administrators and their staff in attending to matters as set out in a Fees Estimate. A combination of these bases may be fixed, with different bases being fixed in respect of different things done by the Joint Administrators. Additionally, where a percentage basis is fixed, different percentages may be fixed in respect of different things done by the Joint Administrators.

Approval by appropriate body

- 10.2 The Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors. In such circumstances, responsibility for approving the basis of the Joint Administrators'

remuneration lies with the Creditors' Committee (if there is one); or if none (or the Committee does not make the requisite determination); each secured creditor of the Company; or where the Joint Administrators intend to make a distribution to preferential creditors: each secured creditor of the Company and a decision of the preferential creditors.

- 10.3 In the absence of a Creditors' Committee being established in this case and as it is not anticipated that a dividend will be payable to preferential creditors, approval will be sought from the secured creditor and the outcome will be reported to all creditors in due course.

Information to be given to creditors

- 10.4 The Joint Administrators wish, in this case, to seek the secured and preferential creditors' agreement to their remuneration being fixed by reference to the time properly given by them and their staff in attending to matters as set out in a Fees Estimate. Prior to seeking approval of this basis, the Joint Administrators are required to provide all known creditors with their Fees Estimate and details of the expenses that they consider will be, or are likely to be, incurred during the Administration ("Statement of Likely Expenses").

The Fees Estimate

- 10.5 The Joint Administrators' Fees Estimate for the whole of the Administration is set out at Appendix E. It includes the following:
- Details of the work that the Joint Administrators and their staff propose to undertake;
 - The hourly rate or rates that the Joint Administrators and their staff propose to use; and
 - The time that the Joint Administrators anticipate that each part of the work will take.

Details of the Joint Administrators' time costs to date have also been included for comparison purposes. In summary, time costs of £18,030 have been incurred to date which represents 73.9 hours at an average rate of £243.98 per hour.

- 10.6 The total amount of time costs as set out in the Fees Estimate is £34,500. Once approved by the appropriate body of creditors, the remuneration drawn by the Joint Administrators must not exceed this total amount without prior approval. It should be noted that in some instances payment of these costs will be limited to the amount of realisations available in the Administration.
- 10.7 The Fees Estimate is based upon information currently available to the Joint Administrators. Based upon this information, the Joint Administrators do not anticipate that the Fees Estimate will be exceeded. However should information come to light during the course of the Administration which means that the Joint Administrators will be required to undertake work not envisaged at the time that the Fees Estimate was provided, it may be necessary for the Joint Administrators to revert to the secured creditor for further approval.
- 10.8 Details of the firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix H.
- 10.9 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded using the following link:

<https://www.r3.org.uk/what-we-do/publications/professional/fees>

If you would prefer this to be sent to you in hard copy please email sam.bellamy@leonardcurtis.co.uk or contact Sam Bellamy of this office on 020 7535 7000.

Statement of Likely Expenses

- 10.10 The Joint Administrators' Statement of Likely Expenses is set out for creditor information at Appendix F. To assist creditors' understanding of this information, it has been separated into the following categories:
- (i) Standard Expenses: this category includes expenses payable by virtue of the nature of the Administration process and / or payable in order to comply with legal or regulatory requirements.
 - (ii) Case Specific Expenses: this category includes expenses likely to be payable by the Joint Administrators in carrying out their duties in dealing with issues arising in this particular case. Also included within this category are costs that are directly referable to the Administration but are not paid to an independent third party (and which may include an element of allocated costs). These are known as "Category 2 disbursements" and they may not be drawn without the approval of the secured and preferential creditors in the same way as fees and the secured and preferential creditors will be contacted directly in this respect. The basis of the calculation of their recharge is detailed in Appendix H.

Further Updates

- 10.11 The Joint Administrators will provide creditors with an indication of whether the remuneration anticipated to be charged by them is likely to exceed the Fees Estimate, and if so the reasons for this, in their subsequent reports. Information will also be provided in subsequent reports on whether the expenditure detailed in the Statement of Likely Expenses has been or is likely to be exceeded and the reasons why.

11 ESTIMATED OUTCOME FOR CREDITORS

- 11.1 In order to assist the various classes of creditors in assessing the quantum of any dividend which may or may not be payable to them, we have produced an Estimated Outcome Statement. This is attached at Appendix G.
- 11.2 The Estimated Outcome Statement assumes the following:
- a) That asset realisations are in line with those estimated at Appendix B;
 - b) That the Joint Administrators' Fees Estimate (as detailed at Appendix E) is approved and is not exceeded; and
 - c) That the expenses of the Administration are as set out in the Statement of Likely Expenses at Appendix F and are not exceeded.
- 11.3 In summary:
- Secured creditors – It is expected that Aldermore will be repaid in full.
 - Preferential creditors – It is not anticipated that there will be sufficient realisations to enable a distribution to preferential creditors.
 - Unsecured creditors – It is not anticipated that there will be a distribution to unsecured creditors other than by virtue of the prescribed part.

12 RELEASE OF JOINT ADMINISTRATORS FROM LIABILITY

- 12.1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution.
- 12.2 The appointment of the Joint Administrators will cease as soon as this notice is issued.

- 12.3 It is ordinarily for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. However, as it is considered that there is little prospect of a dividend to unsecured creditors in this case, we are required to obtain approval to this resolution from the secured creditor. The appropriate class of creditor will be contacted directly in this respect.

13 CONCLUSION

- 13.1 It is important that you give careful attention to this report and its Appendices.
- 13.2 Creditors will be advised of the outcome of the decision on the Proposals in due course.

Should you have any queries or require any further clarification please contact Sam Bellamy at my office, **in writing**. Electronic communications should also include a full postal address.

for and on behalf of

THE GROWN UP CHOCOLATE COMPANY LIMITED



N A BENNETT
JOINT ADMINISTRATOR

N A Bennett is authorised to act as an insolvency practitioner in the UK by the Insolvency Practitioners Association under office holder number 9083 and A R John is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales under office holder number 20896

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

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS

It is proposed that:

1. The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration.
2. If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company.
3. If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation. It is further proposed that N A Bennett and A R John be appointed Joint Liquidators of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB. Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
4. Alternatively, if appropriate, the Joint Administrators apply to Court under Para 65 (3) of Schedule B1 to the Insolvency Act 1986 (as amended) for permission to make a distribution to the unsecured creditors within the Administration.
5. In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
6. The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
7. The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that N A Bennett and A R John be appointed Joint Liquidators of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
8. The Joint Administrators shall do all such other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.

APPENDIX B

DIRECTORS' STATEMENT OF AFFAIRS AS AT 8 APRIL 2019

	Notes	Book value £	In Administration £
Assets specifically pledged			
Book Debts	1	396,821	219,580
less: Aldermore Bank PLC	2	(203,539)	(203,539)
Surplus as regards fixed charge holder		<u>193,282</u>	<u>16,041</u>
Assets not specifically pledged			
Surplus from fixed charge holder		193,282	16,041
Goodwill	3	231,911	Nil
Building Works	4	46,357	Nil
Office Furniture and Equipment	5	11,345	Nil
Plant and Machinery	6	115,529	35,000
Stock	7	408,774	5,000
Petty Cash		28	28
		<u>1,007,226</u>	<u>56,069</u>
Preferential creditors (est.)	8	(30,000)	(30,000)
Net property available for prescribed part		<u>977,226</u>	<u>26,069</u>
Prescribed part calculation	9		
50% of first £10,000		(5,000)	(5,000)
20% of balance		(193,445)	(7,614)
Total prescribed part fund available		<u>(198,445)</u>	<u>(12,614)</u>
Available for floating charge creditor		778,781	13,455
Aldermore Bank PLC		-	-
Surplus as regards floating charge holder		<u>778,781</u>	<u>13,455</u>
Add back prescribed part	9	<u>198,445</u>	<u>12,614</u>
Available for unsecured creditors		<u>977,226</u>	<u>26,069</u>
Unsecured creditors			
H M Revenue & Customs – PAYE / NI	10	(113,067)	(113,067)
H M Revenue & Customs - VAT	11	(78,209)	(78,209)
Directors' Loan Accounts	12	(169,251)	(169,251)
Shareholder Loans	13	(200,000)	(200,000)
Employee Claims (est.)	8	(200,000)	(200,000)
Trade and expense creditors	14	(243,749)	(243,749)
Total value of unsecured creditors		<u>(1,004,276)</u>	<u>(1,004,276)</u>
Estimated deficiency as regards unsecured creditors		<u>(27,050)</u>	<u>(978,207)</u>

APPENDIX B

SECURED CREDITORS

Name of Creditor or Claimant	Address -	Post Code	Amount £	Details of Security held by Creditor	Date security given	Value of Security
Secured Creditors						
Aldermore Bank PLC	4th Floor 40 Spring Gardens Manchester	M2 1EN	203,539.00	Debenture	26/06/2016	All assets
Total Secured Creditors			<u>203,539.00</u>			

CONSUMER CREDITORS

APPENDIX B

Name of Creditor or Claimant	Address --	Post Code	Amount £	Details of Security held by Creditor	Date security given	Value of Security
Consumer Creditors						
No Consumer Creditors						
Total Consumer Creditors						

EMPLOYEE CREDITORS					APPENDIX B		
Name of Creditor or Claimant	Address --	Post Code	Amount £	Details of Security held by Creditor	Date security given	Value of Security	

Employee Creditors

Alina Luca			6,655.83	-	-	-	-
Aniela Toma			5,705.80	-	-	-	-
Anna Wiodarz			8,498.89	-	-	-	-
Belavska Lujita				-	-	-	-
David Colclough				-	-	-	-
Georghe Luca			13,890.43	-	-	-	-
Irina Saikale				-	-	-	-
James Ecclestone			51,940.25	-	-	-	-
Judit Vainecsek			13,489.92	-	-	-	-
Kremi Atanasova			12,024.85	-	-	-	-
Lenka Lechmanova			26,492.25	-	-	-	-
Madalina Chelmus			8,350.28	-	-	-	-
Mihaila Dobris			3,965.14	-	-	-	-
Monika Szewak				-	-	-	-
Nicolae Crilic				-	-	-	-
Nikollett Toth			10,914.36	-	-	-	-
Razvan Trifan			7,936.90	-	-	-	-
Sam Collins			11,226.90	-	-	-	-
Sanita Saikale				-	-	-	-
Stefano Ceppi			13,523.05	-	-	-	-

Total Employee Creditors

194,614.85

ORDINARY UNSECURED CREDITORS

Name of Creditor or Claimant	Address ...	Post Code	Amount £	Details of Security held by Creditor	Date security given	Value of Security
Unsecured Trade and Expense Creditors						
A Couriers	Office 36					
Atlas Courier Express UK Ltd	Unit 12 Heron Avenue		1,393.20			
Affinis	The Brambles Station Road		3,341.20			
Barnes & Partners	90 Silver Street		500.00			
Barry Callebaut	Wildemere Road		1,200.00			
Bt A	Unit 5, Wentia Bus Centre		18,867.69			
Brieflogic Ltd t/a Penworth	Empress House		2,900.69			
Bruswick Press Ltd	Units 136-138B		3,629.32			
C&D Fork Trucks Ltd	Plot 4, Unit 1		4,225.30			
Calgill Shokunag UK Ltd	Velocity V1		433.20			
Casalduker Europe Boda	Kortrijksesteenweg 1132		3,526.02			
Casidy Milk Products Ltd	Dean Court		54,779.82			
Cuntherland Packaging	Unit 2 Bay 6		330.00			
Dur'Dgroup UK Ltd t/a DPD	Litigation Department		3,949.33			
Elcott Packaging Ltd	Unit 5A		1,189.45			
El MC Management Consultants Ltd	48 Rochester Gardens		731.96			
Eno Trans GmbH	Weg beim Jaeger 224-226		3,000.00			
Fast Track Couriers Ltd	Unit 14		1,115.57			
GH Coastal Cooling Ltd	Unit 16		606.30			
GWU Ltd	12/13 Capital Place		125.56			
Hargreave	Unit 12 River Walk Business Park		61,012.68			
H&B Ingredients	Cocoa House		952.57			
Honey Chocolate Factory	273 Cricklewood Broadway		5,329.44			
Incremental Capital	Mattfield Grove		1,960.20			
Ink Publishing	Blackburn House		8,698.54			
Jorden Shipping (Midlands) Ltd	High Road		7,400.00			
Kenit Foods Ltd	Albex House Westpoint Business Park		978.00			
Keylink Limited	99 Green Lane		417.50			
Marnot Packaging	2 Rectory Lane		1,002.51			
Metro Cars	13 South Road		1,585.90			
Mintel Group Ltd	11 Pilgrim Street		1,246.32			
Mooreys Ltd	Moorey Street		690.00			
Morgan Fire Protection Ltd	Unit 14-16		660.40			
MSK Ingredients	PO Box 1502		227.52			
Neat Communications Ltd	The Clock House		441.76			
OfficeSupplies.org.uk	Unit 1, Moorside Point		723.53			
Fenrdragon Presentation Packaging Ltd	The Hayfield		132.97			
Pro Print Group Cartons Ltd	Unit 7 Morns Close		4,055.00			
Puratos	Buckingham Industrial Park		14,709.84			
Rapack Ltd	Unit 1 Marston Gate		4,025.00			
Revard Packaging	Unit 41		822.23			
Reitpack Packaging Machinery	Barnard Rd		1,746.40			
Returb & Development Ltd	6 Gibson Gardens		1,983.05			
Sable Trid Ltd	42 Roman Way		3,000.00			
Talfers Ltd	Unit 10		2,069.59			
The Mudd Partnership	Coldratour Pinnacles Estate		905.60			
Tunst Design Consultancy	4 Woodbrook Crescent		7,860.00			
	16 North Bar Street		3,246.00			
Total Unsecured Trade and Expense Creditors			243,749.36			

ORDINARY UNSECURED CREDITORS

Name of Creditor or Claimant	Address --			Post Code	Amount £	Details of Security held by Creditor	Date security given	Value of Security
Other Unsecured Creditors								
HM Revenue & Customs - VAT	Enforcement and Insolvency Service (EIS)	Barrington Road	Worthing	BN12 4SE	78,209.00	None	-	-
HM Revenue & Customs - PAYE/NI	Enforcement and Insolvency Service (EIS)	Barrington Road	Worthing	BN12 4SE	113,067.00	None	-	-
Directors' Loan Accounts	-	-	-	-	169,251.00	None	-	-
Shareholder Loans	-	-	-	-	200,000.00	None	-	-
Employee Claims	-	-	-	-	200,000.00	None	-	-
Total Other Unsecured Creditors					760,527.00			
Total Ordinary Unsecured Creditors					1,004,276.36			

NOTES TO THE DIRECTORS' STATEMENT OF AFFAIRS

All book values have been taken from the Company's latest financial information or from valuations obtained upon Administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the Administration.

1. Book Debts

The book value has been provided by Aldermore, who operated an invoice discounting facility with the Company, as detailed in section 5 of the report. Aldermore have advised that debtors of £219,580 are recoverable.

2. Aldermore Bank

Aldermore have taken an assignment of the Company's book debts in respect of an invoice discounting facility created on 26 August 2016. Aldermore have advised that their liability stood at £203,539 as at the date of Administration. Based on current information, it is anticipated that Aldermore will be repaid in full under their primary security.

3. Goodwill

The book value has been extracted from the Company's management accounts as at 31 March 2019. As the Company has ceased trading and a going concern sale is not achievable, there is no value in the Company's goodwill.

4. Building Works

The book value has been extracted from the Company's management accounts as at 31 March 2019.

5. Office Furniture and Equipment

The book value has been extracted from the Company's management accounts as at 31 March 2019.

6. Plant and Machinery

The Company also owned various plant and machinery. The book value was extracted from the Company's management accounts as at 31 March 2019. As detailed in section 5 of the report, it is expected that a sale of the plant and machinery will be completed shortly and it is estimated to realise £35,000.

7. Stock

The Company also owns stock which is likely to be sold during the Administration. The book value was extracted from the Company's management accounts as at 31 March 2019.

8. Preferential Creditors / Employee Claims

Where applicable, employees will be entitled to make claims (subject to certain limits) under the Employment Rights Act 2006 (ERA'2006) from the government department known as the Redundancy Payments Service ("RPS"). The Employee claims may include arrears of pay, holiday pay, compensation in lieu of notice and redundancy. Where applicable, the RPS will make payments directly to the employees and then the RPS will then lodge a claim against the Company in respect of the payments it has made. Unless otherwise stated, employee claims have been estimated for the purposes of the estimated financial position and are not considered as agreed amounts. Where applicable, a detailed list of these amounts has been provided at Appendix B. We are still awaiting confirmation of some of the employees' preferential and unsecured claims.

9. Prescribed Part

The Act provides that, where a company has created a floating charge after 15 September 2003, a prescribed part of the company's net property must be made available to the unsecured creditors and not be distributed to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. The net property represents the assets available after the costs and expenses of the insolvency procedure and the discharge of preferential creditors' claims in full. No provision has been included within the estimated financial position regarding the costs and expenses of the insolvency procedure.

The method of calculating the prescribed part is given below:

Where the net property does not exceed £10,000 (the prescribed minimum) it may be considered that the cost of making a distribution is disproportionate to the benefits and no prescribed part is required to be set aside.

Where the net property exceeds £10,000 the prescribed part is calculated at a value of 50% of the first £10,000 plus a further 20% of the net property which exceeds £10,000, up to a maximum prescribed part of £600,000.

Based upon the information currently available, it is anticipated that Aldermore are likely to be repaid in full from their primary security and therefore there will be no requirement to set aside a prescribed part.

10. H M Revenue & Customs – PAYE / NI

The liability in relation to PAYE and NI has been extracted from the Company's management accounts as at 31 March 2019.

11. H M Revenue & Customs – VAT

The liability in relation to VAT has been extracted from the Company's management accounts as at 31 March 2019.

12. Directors' Loan Accounts

The liability in relation to directors' loan accounts has been extracted from the Company's management accounts as at 31 March 2019.

13. Shareholder Loans

The liability in relation to shareholder loans has been extracted from the Company's management accounts as at 31 March 2019.

14. Trade and expense creditors

Details of the Company's trade and expense creditors have been extracted from the Company's books and records as provided by the directors. A detailed list of these amounts has been provided at Appendix B. The values shown should not be regarded as agreed amounts.

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM
8 APRIL 2019 TO 17 MAY 2019

	Statement of Affairs £	Received to date £
RECEIPTS		
Surplus from Book Debts	16,041	-
Plant and Machinery	35,000	-
Stock	5,000	-
Petty Cash	28	28
	<u>56,069</u>	<u>28</u>
PAYMENTS		
None		-
		<u>-</u>
BALANCE IN HAND		<u>28</u>

SUMMARY OF JOINT ADMINISTRATORS PRE-ADMINISTRATION COSTS

	Total		Average hourly
	Units	Cost	rate
	No	£	£
Financial assessment	42	1,890.00	450.00
Strategy and purpose evaluation	413	13,196.00	319.52
Preparation of documents	19	285.00	150.00
Chargeholder	10	450.00	450.00
	484	15,821.00	326.88

DETAILED ANALYSIS OF PRE-ADMINISTRATION COSTS

Financial Assessment

- Preparation of the Estimated Outcome Statement for the strategy note.
- Reviewing and assessing financial information provided by the Company.

Strategy and Purpose Evaluation

- Liaising with and meeting the directors to discuss the Administration strategy and planning.
- Circulating a conflict of interest email to all members of LCBSG staff.
- Liaising with Axia regarding valuation and marketing of the Company's tangible assets.
- Preparation of strategy note.

Preparation of Documents

- Conducting the requisite financial conduct authority, Pension Protection Fund, data protection register and individual insolvency searches.
- Conducting anti-money laundering checks in accordance with mandatory requirements.
- Carrying out ethical assessment prior to acceptance of instruction.
- Dealing with appointment documentation and liaising with solicitors and Aldermore.

Chargeholder

- Communications with Aldermore and HSBC regarding appointment strategy and purpose.

APPENDIX E

JOINT ADMINISTRATORS' FEES ESTIMATE INCORPORATING TIME INCURRED TO DATE

	FEES ESTIMATE			INCURRED TO DATE		
	Units	Cost	Average hourly rate	Units	Cost	Average hourly rate
	No	£	£	No	£	£
Statutory & Review	130	3,380.00	260.00	8	120.00	150.00
Receipts & Payments	40	600.00	150.00	6	90.00	150.00
Insurance, Bonding & Pensions	40	600.00	150.00	22	330.00	150.00
Assets	275	7,245.00	263.45	198	5,453.00	275.40
Liabilities	210	4,310.00	205.24	93	1,816.00	195.27
Landlords	50	1,010.00	202.00	8	146.00	182.50
Debenture Holder	66	2,057.00	311.67	39	1,470.00	376.92
General Administration	155	3,830.00	247.10	80	1,975.00	246.88
Appointment	197	4,878.00	247.61	197	4,878.00	247.61
Post-Appointment Creditors' Decisions/Reporting	220	4,530.00	205.91	88	1,752.00	199.09
Investigations	100	2,060.00	206.00	-	-	-
	1,483	34,500.00	232.64	739	18,030.00	243.98

APPENDIX E (CONTINUED)

JOINT ADMINISTRATORS' FEES ESTIMATE

DETAILS OF WORK PROPOSED TO BE UNDERTAKEN

Statutory and Review

This category of activity encompasses work undertaken for both statutory and case management purposes. Whilst this work will not directly result in any monetary value for creditors, it will ensure that the case is managed efficiently and resourced appropriately, which will be of benefit to all creditors. The work to be carried out under this category will comprise the following:

- Case management reviews. These will be carried out periodically throughout the life of the case. In the early stages of the case this will involve a month 1 review to ensure that all statutory and best practice matters have been dealt with appropriately. As the case progresses we will as a minimum carry out three monthly reviews to ensure that the case is progressing as planned;
- Allocation of staff, management of staff, case resourcing and budgeting;
- Review of time costs data to ensure accurate posting of time and to ensure compliance with Statement of Insolvency Practice 9;
- Review of work carried out by more junior members of staff to ensure quality of work and adherence to standards, legislation and best practice;
- The team is required under the Company Directors Disqualification Act 1986 ("CDDA") to review the Company's records and consider information provided by creditors on the conduct of the all directors involved in the Company during the three years leading up to the insolvency. This will result in the preparation and submission of a statutory report on all directors to the Insolvency Service. Evidence of unfit conduct can result in directors being disqualified for periods of up to 15 years;
- Review of directors' statement of affairs and filing of document at Companies House in accordance with statutory requirements; and
- Completion of case closing procedures at the end of the case.

Receipts and Payments

This category of work will not result in a direct financial benefit for creditors. However, close monitoring of case bank accounts is essential to ensure that bank interest is maximised where possible, estate expenses are properly managed and kept to a minimum and amounts payable to creditors are identified and distributed promptly.

- Opening of case bank accounts;
- Management of case bank accounts to ensure compliance with relevant risk management procedures;
- Regular review of case bank accounts by senior member of staff to ensure that fixed and floating charge assets have been properly identified and prescribed part funds have been set aside where appropriate;
- Preparation of periodic receipts and payments accounts for inclusion in statutory reports;
- Timely completion of all post appointment tax and VAT returns; and
- Managing estate expenses.

Insurance, Bonding and Pensions

Insolvency Practitioners are obliged to comply with certain statutory requirements when conducting their cases. Some of these requirements are in place to protect company assets (see insurance and bonding matters below), whilst requirements in respect of company pension schemes are there to protect the pension funds of Company employees. Whilst there is no direct financial benefit to Company creditors in dealing with these, close control of case expenditure is crucial to delivering maximum returns to the appropriate class of creditor.

- Periodic review of insurance requirements over physical assets, to minimise costs to the estate;

- Calculation and request of Joint Administrators' bond in accordance with the Insolvency Practitioners' Regulations 2005. A bond is a legal requirement on all Administrations and is essentially an insurance policy to protect creditors against the fraud or dishonesty of the Insolvency Practitioner. The bond is calculated by reference to the value of assets which are estimated before costs to be available to unsecured creditors;
- Periodic review of bonding requirements to ensure that creditors are appropriately protected. The bond is reviewed upon each large receipt of monies into the case and also at three month intervals in accordance with best practice;
- Completion and submission of statutory notifications under the Pensions Act 2004. This includes liaising with the Company directors to establish the existence of Company pension schemes, making the statutory notifications under s22 and s120 of the pensions legislation; liaising with pensions providers to understand the nature of the scheme, and submitting claims to the Redundancy Payments Service for reimbursement of unpaid contributions to the scheme, if appropriate; and
- Liaising with pension companies to arrange for prompt wind up of schemes.

Assets

- Agreeing strategy for realisation of Company assets – as detailed in section 6 of the report, Axia were instructed to value and market the Company's tangible assets which included plant and machinery and stock. A sale of the assets is still being sought and Axia are in regular discussion with all interested parties.
- Instruction of and liaising with agents as required;
- Realisations of book debts in the event that the book debts are re-assigned to the Company from Aldermore;
- Liaising with Company's bankers re pre-appointment bank accounts;
- Identification and return of third party assets – Axia have identified one piece of machinery at the trading premises that was leased, which will be returned to the leasing company; and
- Identification and dealing with any assets subject to retention of title ("ROT") – A small number of creditors have claimed ROT on certain goods supplied to the Company. Time will be spent liaising with these creditors in order to establish the validity of the ROT claims and, where claims are valid, identify, separate and return the goods, if available.

Liabilities

This category of time includes both statutory and non-statutory matters.

Statutory

- Processing of claims from the Company's creditors - there are estimated to be around 50 unsecured creditors in the Administration. Based upon current information, it is not anticipated that there will be sufficient funds in the Administration to enable a distribution to unsecured creditors and, consequently, claims received are being lodged but not formally adjudicated at this stage; and
- Processing of claims from the Company's employees - there are 20 employees which have been identified and time will be spent liaising with them and our agents, Evolve, to determine the details of their claims and submitting an RP14 and RP14A to the Redundancy Payments Service. It is anticipated that there will be sufficient funds to enable a distribution to preferential creditors.

Non-statutory

- Dealing with enquiries from the Company's creditors; and
- Dealing with enquiries from the Company's employees.

Landlords

- Review of current leases in respect of Company premises. The Company traded from one leasehold premises, which is still being occupied by the Company whilst a sale of the assets is being sought; and
- Liaising with landlords in respect of the premises with a view to view to surrendering the lease.

Debenture Holder

- Liaising with Aldermore with regards to the progress of book debt collections and the possible re-assignment of the debtors' ledger.

General Administration

- General planning matters;
- Setting up and maintaining the Joint Administrators' records;
- Arranging collection and storage of company records; and
- Dealing with general correspondence and communicating with directors and shareholders.

Appointment

- Statutory notifications to creditors and other interested parties following the Joint Administrators' appointment;
- Preparation of case plan; and
- Formulation of case strategy, including recording of any strategic decisions.

Post Appointment Creditors' Decisions/Reporting

- Preparation of Joint Administrators' Proposals for achieving a statutory purpose of the Administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with Rules; and
- Conducting business by correspondence to agree Fees Estimate with appropriate body of creditors;
- Reporting on outcome of voting; and
- Preparation and submission of periodic progress reports to creditors.

Investigations

- Collecting and reviewing the Company's records;
- Conducting initial investigations into the Company's affairs/records to identify the possibility of further realisations and enable the submission of returns due under the CDDA – The work done to identify potential additional assets, if successful, will likely result in a greater prospect of a dividend for creditors. The work done to enable the submission of returns under the CDDA is a statutory requirement and is unlikely to result in any benefit for creditors.

JOINT ADMINISTRATORS' STATEMENT OF LIKELY EXPENSES

Standard Expenses

Type	Description	Amount £
AML Checks	Electronic client verification	10.00
Bond Fee	Insurance bond	135.00
Company Searches	Extraction of company information from Companies House	-
Document Hosting	Hosting of documents for creditors	56.00
Software Licence Fee	Case management system licence fee	87.00
Statutory Advertising	Advertising	85.95
Storage Costs	Storage of books and records	250.00
Post redirection	Redirection of post	303.00
	Total standard expenses	926.95

Case Specific Expenses

Type	Description	Amount £
Agents' Fees	Costs of valuing and realising assets	5,000.00
Debt Collection Fees	Costs of collection of debts	-
Legal Fees	Costs of appointed solicitors	2,500.00
Professional Fees	ERA Claims Specialists	1,000.00
Other Professional Fees	Assistance with preparation of statement of affairs and updating Sage	1,500.00
Staff Mileage	Category 2 disbursement requiring specific creditor / committee approval	-
Other Disbursements	Printing and photocopying	500.00
	Total case specific expenses	10,500.00

Estimated Outcome Statement as at 17 May 2019

	Estimated to Realise £	Notes	Receipts & Payments To Date £	Anticipated Future Receipts & Payment	Total Anticipated Receipts & Payments £
Assets Specifically Pledged					
Book Debts	219,580	1	-	219,580	219,580
Available for Fixed Charge Holders	219,580		0	219,580	219,580
Less: Aldermore Bank PLC	(203,539)		-	(203,539)	(203,539)
Estimated Fixed Charge Surplus/(Shortfall) as regards Aldermore c/d	(203,539)		0	16,041	16,041
Floating Charge Assets					
Surplus From Book Debts	16,041	1	-	16,041	16,041
Plant and Machinery	35,000	2	-	35,000	35,000
Stock	5,000	2	-	5,000	5,000
Petty Cash	28		28	-	28
Estimated Realisations	56,069		28	56,041	56,069
Pre-Administration Costs - Agents			-	(8,182)	(8,182)
Pre-Administration Costs - Leonard Curtis			-	(15,821)	(15,821)
Office Holders' Remuneration - Post Administration			-	(34,500)	(34,500)
Office Holders' Disbursements			-	(1,427)	(1,427)
Agents' Fees			-	(5,000)	(5,000)
Solicitors' Fees			-	(2,500)	(2,500)
ERA Advisors' Fees			-	(1,000)	(1,000)
Other Professional Fees			-	(1,500)	(1,500)
Insurance			-	(500)	(500)
Funds available to preferential creditors			28	(14,389)	(14,361)
Less preferential wages and holiday pay claims (estimated)			-	(30,000)	(30,000)
Estimated Surplus/(Shortfall) available for chargeholders			-	(44,389)	(44,361)
Less: Prescribed Part					-
Available to floating chargeholders:					(44,361)
Less: Aldermore - Fixed Charge Shortfall b/d					-
Funds available to unsecured creditors					(44,361)

Notes

1. The estimated to realise figure in respect of book debts is based on information provided by Aldermore. We understand that Aldermore will be repaid in full from debtor realisations and we anticipate that there will be a surplus of approximately £16,000 available for the Administration.

2. The estimated to realise figures in respect of plant and machinery and stock are based on information provided by Axia Valuation Services.

LEONARD CURTIS POLICY REGARDING FEES, EXPENSES AND DISBURSEMENTS

The following Leonard Curtis policy information is considered to be relevant to creditors:

Staff Allocation and Charge Out Rates

We take an objective and practical approach to each assignment which includes active director involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case. Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters as set out in a fees estimate, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

The following hourly charge out rates apply to all assignments undertaken by Leonard Curtis:

	Standard	Complex
	£	£
Director	450	562
Senior Manager	410	512
Manager 1	365	456
Manager 2	320	400
Administrator 1	260	325
Administrator 2	230	287
Administrator 3	210	262
Administrator 4	150	187
Support	0	0

Office holders' remuneration may include costs incurred by the firm's in-house legal team, who may be used for non-contentious matters pertaining to the insolvency appointment.

Subcontractors

Where we subcontract out work that could otherwise be carried out by the office holder or his/her staff, this will be drawn to the attention of creditors in any report which incorporates a request for approval of the basis upon which remuneration may be charged. An explanation of why the work has been subcontracted out will also be provided.

Professional Advisors

Details of any professional advisor(s) used will be given in reports to creditors. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

Expenses

We are required to provide creditors with an estimate of the expenses we expect to be incurred in respect of an assignment and report back to them on actual expenses incurred and paid in our periodic progress reports. There are two broad categories of expenses: standard expenses and case specific expenses. These are explained in more detail below:

- a) Standard Expenses – this category includes expenses which are payable in order to comply with legal or regulatory requirements and therefore will generally be incurred on every case. They will include:

Type	Description	Amount
AML checks	Electronic client verification in compliance with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	£5.00 plus VAT per individual

The Grown Up Chocolate Company Limited - In Administration

Bond / Bordereau fee	Insurance bond to protect the insolvent entity against and losses suffered as a result of the fraud or dishonesty of the IP	£10.00 to £1,200.00 dependent on value of assets within case																								
Company searches	Extraction of company information from Companies House	£1.00 per document unless document can be accessed via the free service																								
Document hosting	Hosting of documents for creditors/shareholders. Cost per upload.	<table> <tr> <th>Type</th><th>First 100</th><th>Every addtl 10</th></tr> <tr> <td>ADM</td><td>£14.00</td><td>£1.40</td></tr> <tr> <td>CVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>MVL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CPL</td><td>£7.00</td><td>£0.70</td></tr> <tr> <td>CVA</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>BKY</td><td>£10.00</td><td>£1.00</td></tr> <tr> <td>IVA</td><td>£10 p.a. or £25 for life of case</td><td></td></tr> </table>	Type	First 100	Every addtl 10	ADM	£14.00	£1.40	CVL	£7.00	£0.70	MVL	£7.00	£0.70	CPL	£7.00	£0.70	CVA	£10.00	£1.00	BKY	£10.00	£1.00	IVA	£10 p.a. or £25 for life of case	
Type	First 100	Every addtl 10																								
ADM	£14.00	£1.40																								
CVL	£7.00	£0.70																								
MVL	£7.00	£0.70																								
CPL	£7.00	£0.70																								
CVA	£10.00	£1.00																								
BKY	£10.00	£1.00																								
IVA	£10 p.a. or £25 for life of case																									
Post re-direction	Redirection of post from Company's premises to office-holders' address	0-3 months £204.00 3-6 months £303.00 6-12 months £490.00																								
Software Licence fee	Payable to software provider for use of case management system	£87.00 plus VAT per case																								
Statutory advertising	Advertising of appointment, notice of meetings etc. - London Gazette - Other	£85.95 plus VAT per advert Dependent upon advert and publication																								
Storage costs	Costs of storage of case books and records	£5.07 plus VAT per box per annum plus handling charges																								

- b) Case-specific expenses – this category includes expenses (other than office-holders' fees) which are likely to be payable on every case but which will vary depending upon the nature and complexity of the case and the assets to be realised. They will include:

Type	Description	Amount
Agents' fees	Costs of appointed agents in valuing and realising assets	Time costs plus disbursements plus VAT
Debt Collection fees	Costs of appointed debt collectors in realising debts	Generally agreed as a % of realisations plus disbursements plus VAT
Legal fees	Costs of externally appointed solicitors. Will generally comprise advice on validity of appointment, drafting of sale contracts, advice on retention of title issues and advice on any reviewable transactions.	Time costs plus disbursements plus VAT
Other disbursements	See disbursements section below	See disbursements section below

Disbursements

Included within both of the above categories of expenses are disbursements, being amounts paid firstly by Leonard Curtis on behalf of the insolvent entity and then recovered from the entity at a later stage. These are described as Category 1 and Category 2 disbursements.

- a) Category 1 disbursements: These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses (excl. mileage), and equivalent costs reimbursed to the office holder or his or her staff. Category 1 disbursements may be drawn without prior approval.
- b) Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage. In the event of charging for category 2 disbursements the following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (6 years)	£81.25 per box
Business mileage	45p per mile

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration.

Proof of Debt – General Form

Relevant date: 8 April 2019

Name of Company in Administration:

The Grown Up Chocolate Company
Limited

Company registered number:

07457856

1. Name of creditor (if a company, provide
registration number)

2. Correspondence address of creditor (including
email address)

3. Total amount of claim (£) at relevant date (include
any Value Added Tax)

4. If amount in 3 above includes outstanding
uncapitalised interest, state amount (£)

5. Details of how and when the debt was incurred (if
you need more space attach a continuation sheet
to this form)

6. Details of any security held, the value of the
security and the date it was given

7. Details of any reservation of title claimed in respect of goods supplied to which the debt relates

8. Details of any document by reference to which the debt relates

9. Signature of creditor (or person authorised to act on the creditor's behalf)

10. Date of signing:

11. Address of person signing (if different from 2 above)

12. Name in BLOCK LETTERS

13. Position with, or relation to, creditor

Notes:

1. There is no need to attach them now but the office-holder may ask you to produce any document or other evidence which is considered necessary to substantiate the whole or any part of the claim, as may the chairman or convenor of any qualifying decision procedure.
2. This form can be authenticated for submission by email by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office-holder. If completing on behalf of the company, please state your relationship to the company.