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1 Company details

Company number 0 7 9 8 5 8 0 4

Company name in full Brew By Numbers Ltd.

→ Filling in this form

Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Finbarr Thomas

Surname O'Connell

3 Administrator's address

Building name/number 45 Gresham Street

Street

Post town

London

County/Region

Postcode

E C 2 V 7 B G

Country

4 Administrator's name ①

Full forename(s) Colin

Surname Hardman

① Other administrator

Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number 45 Gresham Street

Street

Post town

London

County/Region

Postcode

E C 2 V 7 B G

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

^d1^d4^m0^m6^y2^y0^y2^y3

To date

^d1^d3^m1^m2^y2^y0^y2^y3

7

Progress report

☒ I attach a copy of the progress report

8

Sign and date

Administrator's
signature

Signature

X

Finbarr O'Connell

X

Signature date

^d1^d2^m0^m1^y2^y0^y2^y4

**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 **Beth Quant**

Company name **Evelyn Partners LLP**

Address **45 Gresham Street**

Post town **London**

County/Region

Postcode **E C 2 V 7 B G**

Country

DX

Telephone **020 7131 4000**

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- ☐ 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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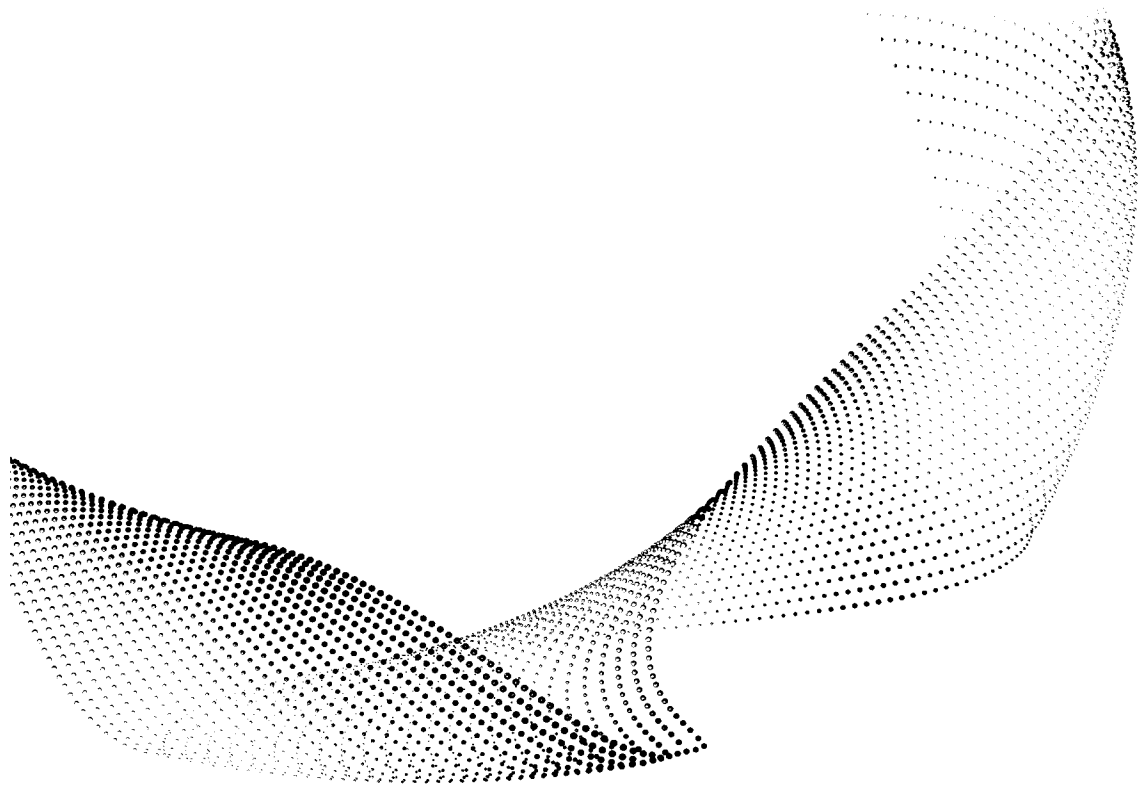
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DX 33050 Cardiff.

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Brew By Numbers Ltd. (in administration)

The joint administrators' progress report for the period from 14 June 2023 to 13 December 2023

12 January 2024

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1. Glossary

Abbreviation	Description
administrators/joint administrators	Finbarr O'Connell and Colin Hardman
Breal	Breal Capital Limited
Company/BBNo	Brew By Numbers Ltd. (Company Registration Number: 07985804)
CVL	Creditors' Voluntary Liquidation
Gowling	Gowling WLG (UK) LLP – the joint administrators' legal advisers
HMRC	His Majesty's Revenue and Customs
IA86	Insolvency Act 1986 If preceded by S this denotes a section number
IR16	Insolvency (England and Wales) Rules 2016 If preceded by R this denotes a rule number
Lloyds	Lloyds Bank Plc
LS	Licensed Solutions Limited
NDA	Non-Disclosure Agreement
NOI	Notice of Intention to appoint administrators
Proposals	Statement of Proposals
Purchasers	BBN Brewing Limited Brick B Limited
QFCH	Qualifying Floating Charge Holder – a secured creditor which has the power to appoint administrators – in this case, Lloyds Bank Plc
RPS	Redundancy Payments Service
RSM UK	RSM UK Restructuring Advisory LLP
Sch B1	Schedule B1 to the Insolvency Act 1986 If preceded by P this denotes a paragraph number
SIA	SIA Group Asset Ingenuity Limited
SIP	Statement of Insolvency Practice
SOA	Statement of Affairs

2. Introduction and Summary

This report provides an update on the progress in the administration of the Company for the six-month period ended 13 December 2023. It should be read in conjunction with the joint administrators' Proposals. By way of reminder, Finbarr O'Connell and Colin Hardman, of Evelyn Partners LLP, 45 Gresham Street, London, EC2V 7BG, were appointed as the joint administrators of the Company on 14 June 2023.

- The administrators continued to trade the Company's business of brewing and selling beer in administration whilst a buyer was sought to acquire the business and assets. A trading loan in the sum of £115,500 was provided to facilitate continued trading. This has been repaid as an expense of the administration using the proceeds of the business sale now that completion has taken place.
- An initial marketing process commenced on 16 March 2023 prior to the administrators' appointment, with a second sales process being undertaken once the Company entered administration. The sale process resulted in the acceptance of an offer on 7 July 2023 with the sale completing on 21 August 2023. The administrators achieved a sale value of £268,968.37, full details of which are set out in section 3.2.
- The administrators' Proposals were issued to creditors on 26 July 2023 and were subsequently deemed to have been approved on 7 August 2023.
- The purpose of the administration is as set out in paragraph 3(1)(b) of Schedule B1 Insolvency Act 1986, namely achieving a better result for the creditors than would have been likely if the Company had been wound up (without first being in administration).
- Based on information currently available, the administrators do not anticipate that there will be sufficient funds available to enable a distribution to the unsecured creditors either directly or by way of the Prescribed Part.
- Presently, we do not expect that realisations will be sufficient to declare a dividend to the ordinary preferential creditors. We will therefore not be taking steps to agree the secondary preferential creditor claims.
- We anticipate that a further distribution will be made to Lloyds under its fixed charge, however, the quantum of this distribution is currently unknown. Lloyds debt will not be fully redeemed due to insufficient fixed and floating charge realisations being achieved in comparison to the costs of realisations in the administration.
- It is currently anticipated that once the joint administrators have filed their notice of ceasing to act with the Registrar of Companies, steps will be taken to dissolve the Company.

3. Progress of the administration

Attached at Appendix I is our receipts and payments account for the period from 14 June 2023 to 13 December 2023.

The receipts and payments account also includes a comparison with the director's SOA values.

3.1 Trading

The administrators continued to trade the Company's business whilst offers for the business were sought, with a view to achieving a going concern sale.

As detailed in the administrators' Proposals, a pre-packaged sale could not be achieved due to complexities with the sale which protracted the administrators' appointment and ability to complete an accelerated business sale process. As a result, the Company was placed into administration to preserve its business value whilst ongoing sale negotiations were finalised.

Full details of the trading income and expenses are set out in the Trading Account section of the administrators' receipts and payments account at Appendix I, however, the trading costs paid during the period primarily relate to:

- Brewing ingredients – £42,906.88
Key components required for the brewing process were purchased in line with agreed brews up until the point of sale.

- Labels and packaging – £48,823.28
Materials were purchased to facilitate beer deliveries to customers under existing wholesale contracts.
- Wages and salaries – £65,892.42 (wages, staff expenses, PAYE/NIC, pensions)
The administrators retained the Company's employees upon appointment who continued to work for the Company in administration up until the date of sale. All employees were subsequently TUPE transferred to the purchaser.
- Tap room contractors – £11,770.63
Contractors were paid for hours worked in the tap room at Morden Wharf.
- Management fees and expenses – £31,888.55
LS were engaged to manage a trading bank account due to the pre-appointment bank account access being restricted. LS also attended the Morden Wharf site to assist with overseeing the daily trading operations.
- H&S compliance – £1,050
The administrators undertook necessary health and safety requirements to ensure the site was compliant.
- Employee expenses – £1,932.24
The Company's employees paid for essential ongoing costs and were reimbursed by the administrators whilst the Company continued to trade.
- Other brewing and property costs – £4,311.56
Other costs relating to the supply of goods such as product imaging, and consumable stock for the tap room.
- Ransom creditors – £6,867.98
Payments for outstanding costs were made to essential suppliers that were required for critical trade. This includes a payment to Novuna Business Finance for pre-appointment arrears owed against leased brewing equipment.
- Haulage & courier – £12,651.96
Logistic courier costs were met to ensure that products were delivered.
- IT costs – £1,650
Essential IT services included internet, telecoms, and the Company's online shopping site.
- Beer duty – £85,437.06
Alcohol duty charged on production was calculated at the applicable rate and paid to HMRC.
- PAYE/NIC – £27,180.12
Employee tax deductions in respect of monthly wages has been paid to HMRC.
- Payment to BBN Brewing Ltd – £87,318.24
Amounts received in respect of invoices raised under existing wholesale contracts following the sale of the business. This amount was received into the administrators' trading account and was subsequently paid to the Purchasers. Further funds are due to the purchaser and payment for this balance will be arranged in due course.

3.2 Business & assets sale

Full details in respect of the pre-appointment sale process were circulated to creditors in the administrators' Proposals. As previously reported, due to the pre-pack sale process being significantly protracted, the Company was placed into administration to enable a second marketing process to be undertaken post-appointment to preserve the value of the business,

On 20 June 2023, interested parties that had previously signed an NDA in the pre-appointment sale process were notified that a subsequent marketing and sale process was being undertaken with the Company in administration. The second sale process generated interest from an additional 15 new interested parties, with 8 signing an NDA. The combined total number of parties that expressed an interest in the acquisition across both marketing and sale processes was 69 and, of those interested parties, 49 signed an NDA.

The joint administrators held various meetings, calls and site visits with interested parties and provided additional information in assisting the parties in formulating their offer proposals. The deadline for best and final offers was 5 July 2023. Following the conclusion of this process, 4 offers were received from unconnected parties and 1 from a connected party.

Significant time was spent conducting a detailed review of each offer which involved detailed discussions and, in some cases, negotiations with those parties. After considering the professional advice of our valuation agents, the joint administrators accepted an offer on 7 July 2023 in the sum of £220,079 from Breal, which represented the best return.

The administrators entered a period of exclusivity with Breal on 11 July 2023 and negotiations continued whilst the Company continued to trade. Whilst the offer was proposed by Breal, two entities were newly incorporated to facilitate the acquisition. BBN Brewing Limited acquired the business and assets, with Brick B Limited acquiring the stock.

Negotiations remained ongoing with the purchaser for several weeks whilst the contract of sale was finalised. The final consideration agreed was £268,968.37 plus VAT, which will be satisfied under the following terms:

- a cash payment on completion.
- Payment of deferred duty refunded 30 days after completion.
- £50,000 as deferred consideration payable 6 months post completion.

The sale of the business and assets completed on 21 August 2023 and the following consideration has been realised following completion of the business and asset sale, apportioned as follows:

	Realisations in the period £	Apportioned anticipated future realisations £	Total £
Beer stock	79,382.40	24,678.62	104,061.02
Customer contracts	1.00	-	1.00
Beer duty	58,133.02	-	58,133.02
Intellectual property rights	30,513.79	9,486.21	40,000.00
IT	1.00	-	1.00
Plant & equipment	32,037.19	9,959.81	41,997.00
Seller's books & records	1.00	-	1.00
Stock & raw materials	18,898.97	5,875.36	24,774.33
Interest	403.81	-	-
Total	219,372.18	50,000	269,372.18

Creditors will note that there is a nominal difference between the total anticipated realisations (in the above table) and the agreed sale consideration being £403.81 of interest. This interest was earned in the joint administrators' solicitors' client account, prior to the funds being transferred to the administration estate bank account.

As noted above, it has been agreed for the remaining consideration to be paid as a deferred payment.

3.3 Cash at bank

Lloyds exercised the right under the terms of its security to retain £3,244.46 held in the Company's bank account pre-appointment, which has been offset against their overall debt. The retained funds are shown in the administrators' receipts and payments account as a payment made to the floating charge holder.

3.4 Book debts

At the date of our appointment the Company's records indicated that there were debtors of £362,988. As outlined at Appendix I, total book debt realisations in the period are £99,191.09.

Pursuant to the sale and purchase agreement, following the sale of the business and assets, the Purchasers would use their reasonable endeavours to collect the Company book debts but without prejudice to the Company's right acting reasonably to take such steps to collect any of the book debts it sees fit. In addition, the Purchasers are entitled to a commission of 5% plus VAT of the book debts collected by the purchaser and remitted to the administrators.

During the period, the Purchasers remitted the sum of £11,640.68 to the Company and was paid £3,158.35 (plus VAT) in commission. The sum of commission is greater than 5% of the sum remitted to the Company as the Purchasers have indicated that this was based on their contribution towards direct book debt payments made to the Company. This is currently being discussed between the joint administrators and the Purchasers.

3.5 License to occupy fee

The sum of £3,477.64 has been paid by the Purchasers for the period of occupation at the Morden Wharf site.

3.6 Deposit

£35,000 was received as part of the business and asset sale in respect of the sale consideration.

3.7 Assets still to be realised

As detailed in section 3.4, the administrators anticipate that there will be further debtor recoveries. The quantum of these realisations is uncertain at this stage; however, further details will be disclosed in the administrators' next progress report.

3.8 The administration strategy

As previously reported, the administrators must 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 ordinary preferential creditors and, if applicable, secondary preferential creditors. In this case, the second objective is being pursued.

The administrators intend to achieve the second objective on the basis that the consideration received from the business sale which concluded shortly after the end of the reporting period will achieve a greater return for creditors than would have been achieved from a liquidation process.

4. Investigations

Under the Company Directors Disqualification Act 1986 we have a duty to make a submission to the Secretary of State for the Department for Business and Trade on the conduct of all those persons who were directors at the date the Company entered administration or who held office at any time during the three years immediately preceding the administration.

We have complied with our duty in this regard. As all submissions are strictly confidential, we are unable to disclose their content.

Additionally, we have a duty to investigate transactions to establish whether there may be any worth pursuing for the creditors' benefit from, for example, legal proceedings. Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to our request to complete an investigation questionnaire. Our investigations revealed the following issues:

- The Company's bank statements and records support concerns that payments have been made to Hire Purchase finance companies in respect of personally guaranteed assets, in priority over other creditors.
- The bank statements also indicate that unapproved transactions have been facilitated prior to the administrators' appointment.

- There has been considerable delay in completing the SOA and Director's Conduct questionnaire.
- The records indicate significant arrears of unpaid student loan and pension contributions.

Consequently, the joint administrators are considering instructing solicitors to advise on potential claims that would give rise to further recoveries for creditors.

5. Pre-administration costs

The pre-administration costs set out in the table below were reported in the administrators' Proposals. Subject to further realisations being made, the administrators will seek approval of their pre-administration costs from the appropriate parties in due course.

Charged by/services provided	Total amount incurred £	Amount paid during the period £	Amount outstanding £
Evelyn Partners Pre-appointment time costs	152,144.63	Nil	152,144.63
Evelyn Partners Pre-appointment disbursements	640	Nil	640
Gowling Pre-appointment fees	123,589.20 (incl. VAT)	Nil	123,589.20
Gowling Pre-appointment disbursements	272.40	Nil	272.40
SIA Valuation and marketing	13,175	Nil	13,175
Total	289,821.23	-	289,821.23

As we believe that the Company has insufficient property to enable a distribution to be made to the unsecured creditors, other than by way of the Prescribed Part, approval for these sums will be sought from the secured and (if applicable) the ordinary and secondary preferential creditors.

6. The joint administrators' remuneration

The joint administrators are not seeking approval for the basis of their remuneration at this time. Subject to further recoveries in the administration, approval will be sought from the appropriate parties in due course.

It is not anticipated that approval will be sought from the general body of creditors as, based on information currently available, it is not anticipated that realisations will be sufficient to enable any distribution to be made to the Company's unsecured creditors (other than by way of the Prescribed Part). Accordingly, approval is likely to be sought from the secured and preferential creditors.

The administrators' time costs are:

Period	Total hours hrs	Total costs £	Average hourly rate £/hr	Feed drawn £
14 June 2023 to 13 December 2023	1,100.90	403,107.56	366	Nil

Attached at Appendix II is a time analysis which provides details of the activity costs incurred by Evelyn Partners LLP staff grade during the period of this report, in respect of the costs fixed by reference to time properly spent by the administrators and their staff in attending to matters arising in the administration. Details of work carried out in the period are also included in the body of this report.

The joint administrators anticipate the future costs to be in the region of £50,000.

A detailed narrative explanation of these costs can be found in the 'Outstanding matters' section of this report.

Please note that this estimate is based on present information and may change due to unforeseen circumstances arising. In the event that the fees estimate is likely to be exceeded, the joint administrators will need to provide an update and seek approval from the appropriate creditors before drawing any additional sums. Fee estimates may be given up to a certain milestone or for a designated period if it is not possible to provide an accurate estimate at any given point.

Creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service and providing information relating to the company and its former officers as required by the Company Directors' Disqualification Act 1986.

A copy of "A creditor's guide to administrator's fees", as produced by R3, is available free on request or can be downloaded from their website as follows:

<https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29113/page1/administration-a-guide-for-creditors-on-insolvency-practitioner-fees/>

As we have foretold, following a change to this firm's financial year-end, we have reviewed our charge-out rates on 1 January 2023. In common with other professional firms, our scale rates rise to cover inflationary cost increases (which readers will be aware have been particularly high of late) and accordingly our rates have risen on average by approximately 5% with effect from 1 January 2023. This increase takes into account that only six months have passed since the date of the last increase to avoid prejudice to creditors and stakeholders. Rate reviews will now revert to being annual.

Details of Evelyn Partners LLP's charge out rates (including any changes during the case) along with the policies in relation to the use of staff are provided at Appendix III.

We have no business or personal relationships with the parties who approve our fees.

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

7. The joint administrators' expenses

The tables in Appendix IV - VII provide details of our expenses. Expenses are amounts properly payable by us as the joint administrators from the estate. The tables exclude distributions to creditors. The tables also exclude any potential tax liabilities that we may need to pay as an administration expense because the amounts becoming due will depend on the position at the end of the tax accounting period.

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

7.1 Subcontractors

The table at Appendix VI provides details of the subcontractors we have engaged in the current period to undertake work that we could otherwise do ourselves.

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

7.2 Professional advisers

As you will be aware, our estimated expenses included the cost of instructing professional advisers and the table at Appendix VII discloses the costs incurred and paid, along with the original estimates.

On this assignment we have used the professional advisers listed in the table at Appendix VII. We have also indicated alongside the basis of our fee arrangement with them, which is subject to review on a regular basis.

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

7.3 The joint administrators' expenses

The table setting out details of the joint administrators' expenses is at Appendix VIII.

Note: Total costs outstanding may include costs incurred in prior periods, but not yet paid.

7.4 Category 2 expenses (See appendix III for an explanation)

Business mileage totalling £45.18 has been incurred during the period and this remains outstanding.

7.5 Policies regarding use of third parties and expense recovery

Appendix III provides details of Evelyn Partners LLP's policies in relation to the use of subcontractors and professional advisers, and the recovery of expenses.

8. Estimated outcome for creditors

The estimated outcome for each class of creditor is set out below.

Please note that, where creditors have submitted claims in foreign currency, they have been converted to £Sterling. If any creditor considers the rate to be unreasonable, they may apply to court for determination.

8.1 Secured creditors

Lloyds holds a fixed and floating charge over the Company's assets. At the date of the administration the indebtedness was estimated at £115,000 to which interest will be added. As detailed in section 3.3 above, the sum of £3,244.46 was retained by Lloyds prior to the administrators' appointment under the terms of its security.

Given the insufficient level of fixed and floating charge realisations achieved to date in comparison to the substantial level of costs of realisations, it is anticipated that there will be a further distribution to Lloyds pursuant to their fixed charge, however, Lloyds debt will not be redeemed in full. The joint administrators will provide further details of the anticipated final fixed charge distribution in the next progress report.

The Company also owned various pieces of plant and equipment subject to HP Agreements with the following lenders:

Financer	Type of agreement	Date of agreement	Amount due £
Novuna Business Finance	Hire purchase	22 September 2020	32,998.40
Quantum Funding Limited	Hire purchase	5 August 2022	318,128.40
Arkle Finance Limited	Hire purchase	TBC	98,401.50
Lloyds	Hire purchase	30 November 2018	177,955.40
Total	-	-	309,673.70

Creditors should note that, separately to the HP agreement, the Company used a leased vehicle held by Novuna Vehicle Solutions which has been collected during the reporting period. We are not aware of any outstanding arrears owed against this asset.

It is understood that some of the Lloyds HP assets had been sold by the Company without permission from Lloyds and this has increased the estimated overall debt.

8.2 Prescribed Part

The Company granted a floating charge to Lloyds name on 24 April 2013. Accordingly, we are required to create a Prescribed Part fund out of the Company's net floating charge property for unsecured creditors.

Based on present information, we do not anticipate there being any Prescribed Part fund available for a distribution to unsecured creditors.

8.3 Ordinary preferential creditors

The joint administrators are aware of preferential claims relating to employees' redundancy entitlements and outstanding pension contribution arrears. However, no claims have been received during the reporting period. Full details will be provided in the administrators' next progress report when details in respect of the relevant claims have been received.

Presently, we do not expect that realisations will be sufficient to declare a dividend to the ordinary preferential creditors. We will therefore not be taking steps to agree the secondary preferential creditor claims.

Ordinary preferential creditors will retain a higher ranking over HMRC and will continue to comprise contributions to occupational pension schemes, wages and holiday pay due to employees, the Redundancy Payments Services and other creditors with subrogated employee claims, levies on coal and steel production, debts owed to the Financial Services Compensation Scheme (FSCS) for deposits falling within the protection of the scheme and amounts due by an individual debtor under the Reserve Forces (Safeguard of Employment) Act 1985, all subject to certain maximum levels of debt.

8.4 Secondary preferential creditors

From 1 December 2020 certain liabilities due to HMRC, that arose after this date, were given secondary preferential status.

These claims which will rank below the ordinary preferential creditors, are in respect of outstanding taxes 'paid' by employees and customers of the business. These include Value Added Tax (VAT), Pay As You Earn (PAYE), employee National Insurance Contributions, student loan deductions and Construction Industry Scheme deductions. It is important to note that there is no cap or time limit on what HMRC can recover in respect of the above.

The secondary preferential creditors will only be entitled to receive a dividend after all the ordinary preferential creditors have been paid in full.

HMRC will continue to be an unsecured creditor for corporation tax and any other taxes owed directly by a company/business.

It is our understanding that HMRC will have a secondary preferential claim in the administration in respect of VAT. However, full details of the amounts owed have not been received. The administrators will continue to liaise with HMRC in ascertaining their claim position.

At present we do not expect that realisations will be sufficient to declare a dividend to the secondary preferential creditors. We will therefore not be taking steps to agree the secondary preferential creditor claims.

8.5 Unsecured creditors

We have received claims totalling £154,174.12 from 25 creditors. Total claims as per the director's SOA were £685,839.

Due to insufficient realisations from the Company's assets, we confirm that no dividend to unsecured creditors will be made in this case.

9. Outstanding matters

The remaining actions to be concluded in the administration are as follows:

- Finalising all matters relating to the business and asset sale and dealing with all post-sale contractual obligations.

- Concluding all trading matters.

- Collection of any outstanding book debts.

- Continuing to progress the investigatory matters referred to in Section 4 of the report.

- Closure of the administration, including preparing and issuing the final report.

As noted in Section 6, we anticipate our future time costs to carry out the above actions will be in the region of £50,000 plus VAT.

The administrators have not yet sought fee approval and as such a detailed fee estimate has not yet been prepared. A detailed fees estimate will be provided to the appropriate parties when fee approval is sought.

On a general note, creditors should be aware that some of the work is required by statute and may not necessarily provide any financial benefit to creditors. Examples would include dealing with former employees' claims through the Redundancy Payments Service and investigating the former officers of the company as required by the Company Directors' Disqualification Act 1986.

10. Privacy and data protection

As part of our role as joint administrators, I would advise you that we may need to access and use data relating to individuals. In doing so, we must abide by data protection requirements. Information about the way that we will use and store personal data in relation to insolvency appointments can be found at www.evelyn.com/rsgdpr.

If you are unable to download this, please contact my office and a hard copy will be provided free of charge.

To the extent that you hold any personal data of the Company's data subjects provided to you by the Company or obtained otherwise, you must process such data in accordance with data protection legislation. Please contact us if you believe this applies.

11. Ending the administration

In accordance with the provisions of IA86, administrations automatically come to an end after one year unless an extension is granted by the court or with the agreement of the creditors.

As detailed in the Proposals, there are several possible exit routes from administration and based on current information, it is considered that dissolution will be the most appropriate exit route.

If there is no further property which might permit a distribution to the Company's creditors, the administrators may file a notice to that effect with the Registrar of Companies and the Company will be dissolved three months later.

The administrators will be discharged from liability under P98(3) of Sch B1 immediately upon their appointment as the joint administrators ceasing to have effect. Based on information currently available, it is anticipated that approval will be sought from the secured creditors at the appropriate time.

12. Creditors' rights

Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors or otherwise with the court's permission) may request in writing that the administrators provide further information about their remuneration or expenses which have been itemised in this report.

Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors or otherwise with the court's permission) may within 8 weeks of receipt of this report make an application to court on the grounds that, in all the circumstances, the basis fixed for the administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred (including any paid) by the administrators, as set out in this report, are excessive.

The above rights apply only to matters which have not been disclosed in previous reports.

On a general note, if you have any comments or concerns in connection with our conduct, please contact Finbarr O'Connell or Colin Hardman in the first instance. If the matter is not resolved to your satisfaction, you may contact our Head of Legal by writing to 45 Gresham Street, London EC2V 7BG or by telephone on 020 7131 4000.

Thereafter, if you wish to take the matter further you may contact the Insolvency Services directly via Insolvency Complaints Gateway. They can be contacted by email, telephone or letter as follows:

i) Email: insolvency.enquiryline@insolvency.gov.uk

ii) Telephone number: +44 300 678 0015

iii) Postal address: The Insolvency Service, IP Complaints, 3rd Floor, 1 City Walk, Leeds LS11 9DA.

13. Next report

We are required to provide a further report on the progress of the administration within one month of the end of the next six-month period of the administration unless we have concluded matters prior to this, in which case we will write to all creditors with our final report.



Finbarr O'Connell and Colin Hardman

The joint administrators

Date: 12 January 2024

Finbarr O'Connell and Colin Hardman have been appointed as the joint administrators of the Company on 14 June 2023.

The affairs, business and property of the company are being managed by the joint administrators as agents and without personal liability.

Both of the joint office-holders are authorised and licensed in the UK by the Institute of Chartered Accountants in England and Wales and are bound by their code of ethics. Further details of their licensing body along with our complaints and compensation procedure can be accessed at: www.evelyn.com/insolvency-licensing-bodies.

The joint administrators may act as controllers of personal data, as defined by the UK data protection law, depending upon the specific processing activities undertaken. Evelyn Partners LLP may act as a processor on the instructions of the joint administrators. Personal data will be kept secure and processed only for matters relating to the joint administrators' appointment.

The Fair Processing Notice in relation to the UK General Data Protection Regulation can be accessed at www.evelyn.com/rsgdpr.

Should you wish to be supplied with a hard copy of any notice, attachment or document relating to a case matter, please contact the staff member dealing with this matter at any time via telephone, email or by post and this will be provided free of charge within five business days of receipt of the request.

The word partner is used to refer to a member of Evelyn Partners LLP. A list of members is available at the registered office.

Evelyn Partners LLP is registered in England at Gresham Street, London EC2V 7BG No OC369631.

Regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities.

Appendices



I Receipts and payments account

Receipts and payments account to 13 December 2023

TRADING RECEIPTS AND PAYMENTS ACCOUNT

From 14/06/2023
To 13/12/2023

TRADING RECEIPTS

Trading Loan	110,000.00
Tap Room Sales	45,653.27
Wholesale	87,805.18
BBN Brewing Ltd Income	91,599.73
Overpayments	12.79
Contribution to Trading Costs	<u>35,000.00</u>
	370,070.97

TRADING PAYMENTS

Brewing Ingredients	(42,906.88)
Labels & Packaging	(48,823.28)
Wages and Salaries	(65,892.42)
Wholesale Costs	(275.00)
Tap Room Contractors	(11,770.63)
Maintenance Costs	(1,538.64)
Management Fees	(27,275.00)
Management Expenses	(4,613.55)
Bank Charges	(2,418.56)
H&S and Compliance	(1,050.00)
Employee Expenses	(1,932.24)
Other Brewing/Property Costs	(4,311.56)
Ransom Creditors	(6,867.98)
Haulage/Courier	(12,651.96)
Waste Removal	(287.50)
IT Costs	(1,650.00)
Utilities	(473.82)
Beer Duty	(85,437.06)
PAYE/Ni	(27,180.12)
Payment to BBN Brewing Ltd	<u>(87,318.24)</u>
	(434,674.44)

TRADING SURPLUS/DEFICIT

(64,603.47)

RECEIPTS AND PAYMENTS ACCOUNT

From 14/06/2023
To 13/12/2023

RECEIPTS

Trading Surplus/(Deficit) (c/f from trading R&P)	(64,603.47)
Book Debts	99,191.09
Bank Interest	808.84
Beer Stock	79,382.40
Cash at Bank	3,244.46
Customer Contracts	1.00
Duty	58,133.02
Intellectual Property Rights	30,513.79
IT	1.00
Plant & Equipment	32,037.19
Seller's Books & Records	1.00
Stock & Raw Materials	18,898.97
Licence to Occupy Fee	3,994.32
	<hr/> 261,603.61

PAYMENTS

Agents/Valuers Fees	(10,000.00)
Agents/Valuers Expenses	(28.74)
Bank Charges	(1.45)
Legal Fees	(60,500.00)
Legal Expenses	(272.40)
Loan Interest	(1,253.42)
Trading Account Expenses Advance	(35,000.00)
Trading Loan Repayment	(115,500.00)
Payment to Floating Charge Holder	(3,244.46)
Data Room Hosting	(790.00)
Employee Claims Support	(325.00)
Debtor Underpayments	(0.05)
Book Debt Collection Commission	(3,158.35)
	<hr/> (230,073.87)

BALANCE IN HAND

31,529.74

Represented By

Agent's Bank Account	2,594.72
Bank Account (Int Bearing)	28,479.94
VAT Payable	(37,716.23)
VAT Receivable	38,171.31

31,529.74

Notes and further information required by SIP 7

- The administrators' remuneration has not yet been approved.
- We have not yet sought approval of or drawn any other costs that would require the same approval as our remuneration.
- SIA has been paid £10,000 for fees and £28.74 for expenses, for work undertaken in respect of valuing the business and assets for sale and advising on offers received.
- Gowling has received payment £60,772.40 in respect of legal fees and expenses incurred for work relating to the formalities of appointment and advice relating to employees.
- The sum of £35,000 was received as part of the sale consideration, which was utilised by the administrators to settle the beer duty owed on the stock sold. This was payable to HMRC shortly after completing the business and asset sale.
- A short-term loan in the sum of £115,500 has been provided by SKAC Ltd to facilitate the trading period, which has been repaid from the sale proceeds.
- The sum of £3,244.46 was retained by Lloyds from funds held in the Company's pre-appointment bank account as payment under its fixed charge.
- The sum of £790 has been paid to iDeals for the virtual data room platform used for the business and asset sale.
- ERA Solutions Limited have been paid £325 for their assistance with employees' pension contributions arrears claim.
- The Purchasers have been paid £3,158.35 in respect of the agreed commission payable on book debt realisations following the sale of business.
- Details of payments made to sub-contractors are shown in the body of our report.
- Information concerning our remuneration and expenses incurred is provided in the body of the report.
- Information concerning the ability to challenge remuneration and expenses of the administration is provided in our report.
- All bank accounts are interest bearing.
- There are no foreign currency holdings.
- All amounts in the receipts and payments account are shown exclusive of any attributable VAT. Where VAT is not recoverable it is shown as irrecoverable VAT.

II Time analysis for the period

From 14 June 2023 to 13 December 2023

Time costs for the period	Partner	Director & Associate Director	Manager	Other Professionals	Total	Cost	Average rate
	Hours	Hours	Hours	Hours	Hours	£	£/hr
Administration & planning							
Statutory & Regulatory	2.00	-	37.67	69.88	109.55	36,755.99	336
Case administration	45.67	1.50	85.60	133.67	266.43	103,036.86	387
Travelling	-	-	2.55	10.50	13.05	3,875.28	297
Sub-total Administration & planning	47.67	1.50	125.82	214.05	389.03	143,668.13	369
Investigations							
Directors	11.00	-	58.70	7.57	77.27	35,652.10	461
Records and investigations	1.50	-	2.93	25.03	29.47	8,954.40	304
Sub-total Investigations	12.50	-	61.63	32.60	106.74	44,606.50	418
Realisation of assets							
Leasehold property assets	-	-	1.80	1.13	2.93	1,126.90	384
Other assets	1.00	-	9.25	45.20	55.45	17,066.03	308
Tax assets	-	-	3.00	0.40	3.40	1,385.28	407
Business sale	8.60	-	140.55	57.20	206.35	81,237.00	394
Legal actions (civil recoveries)	-	-	0.85	0.75	1.60	572.80	358
Leasing and HP assets	-	-	3.40	1.85	5.25	1,984.24	378
Premises clearance	-	-	-	0.48	0.48	136.87	283
Sub-total Realisation of assets	9.60	-	158.85	107.02	275.47	103,509.12	376
Trading							
Trading suppliers and expenses	2.00	-	82.05	48.58	132.63	46,884.19	353
Trading accounting	-	14.50	8.12	54.87	77.48	26,061.89	336
Trading employees	-	-	10.20	23.60	33.80	10,084.43	298
Trading customers	-	-	1.55	5.83	7.38	2,235.47	303
Trading compliance	-	-	1.35	3.48	4.83	1,463.86	303
Trading shutdown/handover	-	-	-	0.50	0.50	141.60	283
Sub-total Trading	2.00	14.50	103.27	136.87	256.63	86,871.44	339
Creditors							
Employees, Pensions & RPS	4.10	-	14.98	16.30	35.38	14,577.16	412
Unsecured creditors (exc. Staff)	1.10	-	3.32	27.07	31.48	7,492.80	238
Sub-total Creditors	5.20	-	18.30	43.37	66.86	22,069.96	330
Shareholders							
Shareholders/members	1.50	-	-	4.67	6.17	2,382.41	386
Sub-total Shareholders	1.50	-	-	4.67	6.17	2,382.41	386
Total of all hours	78.47	16.00	467.87	538.57	1,100.90		
Total of all £	30,032.38	8,998.35	197,118.69	141,498.94		403,107.56	
Average rate	382.72	562.40	421.31	262.73			366

Time undertaken by non insolvency teams

Business Tax Consultancy	1.00	-	2.58	7.00	10.58	3,862.07	364.92
Customs Advisory	-	37.00	-	7.97	44.97	26,637.98	592.39
Forensics	-	-	49.25	-	49.25	19,562.75	397.21
VAT Advisory	-	2.63	-	-	2.63	2,146.14	815.00
Total hours (non insolvency teams)	1.00	39.63	51.83	14.97	107.43		
Total £ (non insolvency teams)	1,050.00	27,777.89	20,867.32	2,513.73		52,208.94	
Average rate £/hr (non insolvency teams)	1,050.00	700.87	402.59	167.95			485.97
Grand total hours	79.47	55.63	519.70	553.53	1,208.33		
Grand total £	31,082.38	36,776.24	217,986.01	144,012.67		455,316.50	
Average rate £/hr (all staff)	391	661	419	260			377

Explanation of major work activities undertaken

Administration & planning

- Statutory duties associated the administrators' appointment, including filing notice of the administrators' appointment at Companies House and arranging for the appointment to be advertised in accordance with statute.
- Issuing initial notification of the administrators' appointment to creditors and stakeholders.
- Maintaining physical case files and electronic case details on the administrators' electronic case management software.
- Opening and maintaining the administration bank account.
- Undertaking a reconciliation of the trading receipts and payments to maintain the administrators' trading account.
- Obtaining open cover insurance policy in respect of the Company's assets and liaising with insurers in respect of assets.
- Engaging appropriate agents in respect of the Company's ongoing trading operations.
- Preparing the administrators' proposals.
- General case planning and administration to include internal team discussions.

Investigations

- Issuing the directors' conduct questionnaire to the Company's director.
- Taking possession of the Company's physical and electronic records.
- Liaising with the director's lawyers in respect of completing the Director Questionnaire and SOA.
- Investigations into potential third-party claims in respect of further recoveries for the estate.
- Review of the Company's bank account statements and events leading to the Company's insolvency.

Realisation of assets

- Correspondence with the landlord of Morden Wharf to discuss ongoing occupation during trading period.
- Liaison with the landlord of Bermondsey in respect of the formal surrender of the lease and charges incurred relating to the trading period.
- Liaising with finance lenders in respect of outstanding balances owed to their HP agreements.

- Monitoring the collection of outstanding debtor balances owed to the Company and reconciling amounts received to reflect in the administrators' cash book.

Business sale

- Maintaining the interested party control schedule.
- Arranging for the signing of NDAs and granting data room access to interested parties.
- Adding relevant and additional information to the data room to assist interested parties in formulating their offers.
- Attending to queries and further information requests from interested parties.
- Arranging calls with Tom Hutchings for interested parties.
- Preparing and issuing process letters to interested parties setting out the proposed timetable and criteria required for any offers.
- Reviewing and analysing all offers received and discussions with agents in respect of offers received.
- Liaising with offerors and requesting additional information.
- Arranging and attending site visits with interested parties.
- Instructing solicitors to prepare sales documentation to execute a sale of the business and assets.
- Ongoing negotiations with the prospective purchaser regarding the sale and purchase agreement and associated contractual documentation.
- Liaison with solicitors and the purchaser to finalise the terms contained within the contract of sale.

Trading

- Managing operations and overseeing the continued trading of the Company.
- On-site presence to obtain information relevant to the administration and overseeing employees' daily operations.
- Reconciling cash receipts and payments with records provided.
- Ongoing discussions with staff and management regarding continued trading.
- Arranging for monthly salary payments to staff, as well as ensuring that appropriate PAYE, NIC and pension deductions are allocated for payment.
- Dealing with customer and suppliers to ensure minimal disruption to operations.
- Arranging for open cover insurances to be maintained over the Company's assets.
- Forecasting weekly cash flows and arranging payment of essential trading invoices.

Creditors

- Dealing with creditor correspondence with via email and telephone.
- Liaising and reporting to secured creditors regarding the administrators' appointment and the Company's HP assets.
- Issuing statutory notifications to creditors and request to submit Proof of Debt forms.
- Maintaining creditor information on the administrators' case management system.

III Staffing, charging, subcontractor and adviser policies and charge out rates

Introduction

Detailed below are:

- Evelyn Partner LLP's policies in relation to:
 - Staff allocation and the use of subcontractors
 - Professional advisers
 - Expense recovery
- Evelyn Partner LLP's current charge out rates

Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner and a partner or director or associate director or consultant as the joint office-holders, a manager, and an administrator or assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. The charge out rate schedule below provides details of all grades of staff and their experience level. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed, and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the case (including our cashiers (which is centralised in London), support and secretarial staff) charge time directly to the assignment and are included in any analysis of time charged. Each grade of staff has an hourly charge-out rate which is reviewed from time to time. Time up to 31 July 2020 is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof. The minimum time chargeable is one minute. We do not charge general or overhead costs.

This case is predominantly being conducted from the London office.

We may use subcontractors to perform work which might ordinarily be carried out by us and our staff where it is cost effective to do so and/or where the specific expertise offered by the subcontractor is required.

Details of any subcontractors' services utilised in the period covered by this report are set out in appendix V.

Any such arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

Use of professional advisers

We select professional advisers such as agents and solicitors on the basis of balancing a number of factors including:

- The industry and/or practice area expertise required to perform the required work.
- The complexity and nature of the assignment.
- The availability of resources to meet the critical deadlines in the case.
- The charge out rates or fee structures that would be applicable to the assignment.
- The extent to which we believe that the advisers in question can add best value and service to the assignment.
- The expertise and experience of the service provider;

- The provider holds appropriate regulatory authorisations; and
- The professional and ethical standards applicable to the service provider.

Arrangements will be reviewed periodically to ensure that best value and service continue to be obtained.

External professional advisers are third party entities. The insolvency practitioners and their firm do not have any association with any external provider of services and therefore they do not fall within the definition of an associate as defined in Section 435 of the Insolvency Act 1986 and in Statement of Insolvency Practice 9. Payments to external professional advisers for the services they provide are therefore not a category 2 expense as defined in Statement of Insolvency Practice 9 and therefore do not require prior approval from the committee or creditors.

Expenses

Category 1 expenses do not require approval by creditors. The type of expenses that may be charged as a Category 1 expense to a case generally comprise external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also, chargeable will be any properly reimbursed expenses incurred by Evelyn Partners LLP personnel in connection with the case.

Category 2 expenses do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

Since 7 July 2012 Evelyn Partners LLP's policy is to recover only one type of Category 2 expense, namely business mileage at HMRC's approved mileage rates at the relevant time. Current mileage rates are 45p per mile plus 5p per passenger per mile. Prior to 7 July 2012 approval may have been obtained to recover other types of Category 2 expenses.

Details of any Category 2 expenses incurred and/or recovered in the period covered by this report are set out in the body of this report.

Charge out rates

A schedule of Evelyn Partners LLP's charge out rates was issued to creditors at the time the basis of the administrators' remuneration was approved.

The rates applicable to this appointment are set out below. Changes to the charge out rates during the period of this report were applied with effect from 1 January 2023.

Evelyn Partners LLP Restructuring & Recovery Services Charge out rates from 1 January 2023	London complex £/hr	London standard £/hr
Partner	870-890	700-720
Director & Associate Director	560-760	440-610
Managers	430-630	340-500
Other professional staff	210-360	160-290
Support & secretarial staff	120-140	100-120

Notes

1. Up to 31 July 2020 time is recorded in units representing 3 minutes or multiples thereof. From 1 August 2020 time is recorded in 1-minute units or multiples thereof.

2. It may be necessary to utilise staff from both regional and London offices, subject to the requirements of individual cases.
3. The firm's cashiering function is centralised and London rates apply. Up to 31 July 2020 the cashiering function time is incorporated within 'Other professional staff' rates. Following a change to our time reporting software, from 1 August 2020 the cashiering function time continues to be reported according to the seniority of staff undertaking the work in our time analyses and is split between 'Other professional staff', 'Managers' and 'Associate Director'.
4. Partner includes a Consultant acting as an office-holder or in an equivalent role.

Evelyn Partners LLP Corporate Tax Charge out rates from 1 January 2022	London office £/hr
Partner / Director	590-950
Associate Director	430-535
Managers	230-460
Other professional staff	105-245
Support & secretarial staff	60-75

IV Subcontractors

Provider / service (s)	Basis of fee arrangement	Initial / revised estimate	B/F from previous period	Costs incurred in current period	Cumulative total	Estimate for future	Anticipated future total	Variance – initial to anticipated	Costs paid in current period	Total costs outstanding at period end
Licensed Solutions Limited	Hourly rate & expenses	N/A	N/A	31,888.55	31,888.55	-	31,888.55	N/A	31,888.55	Nil
ERA Solutions Ltd	Hourly rate	N/A	N/A	325	325	350	675	N/A	325	Nil
Total		-	-	32,213.55	32,213.55	350	32,563.55	-	32,213.55	Nil

V Professional advisers

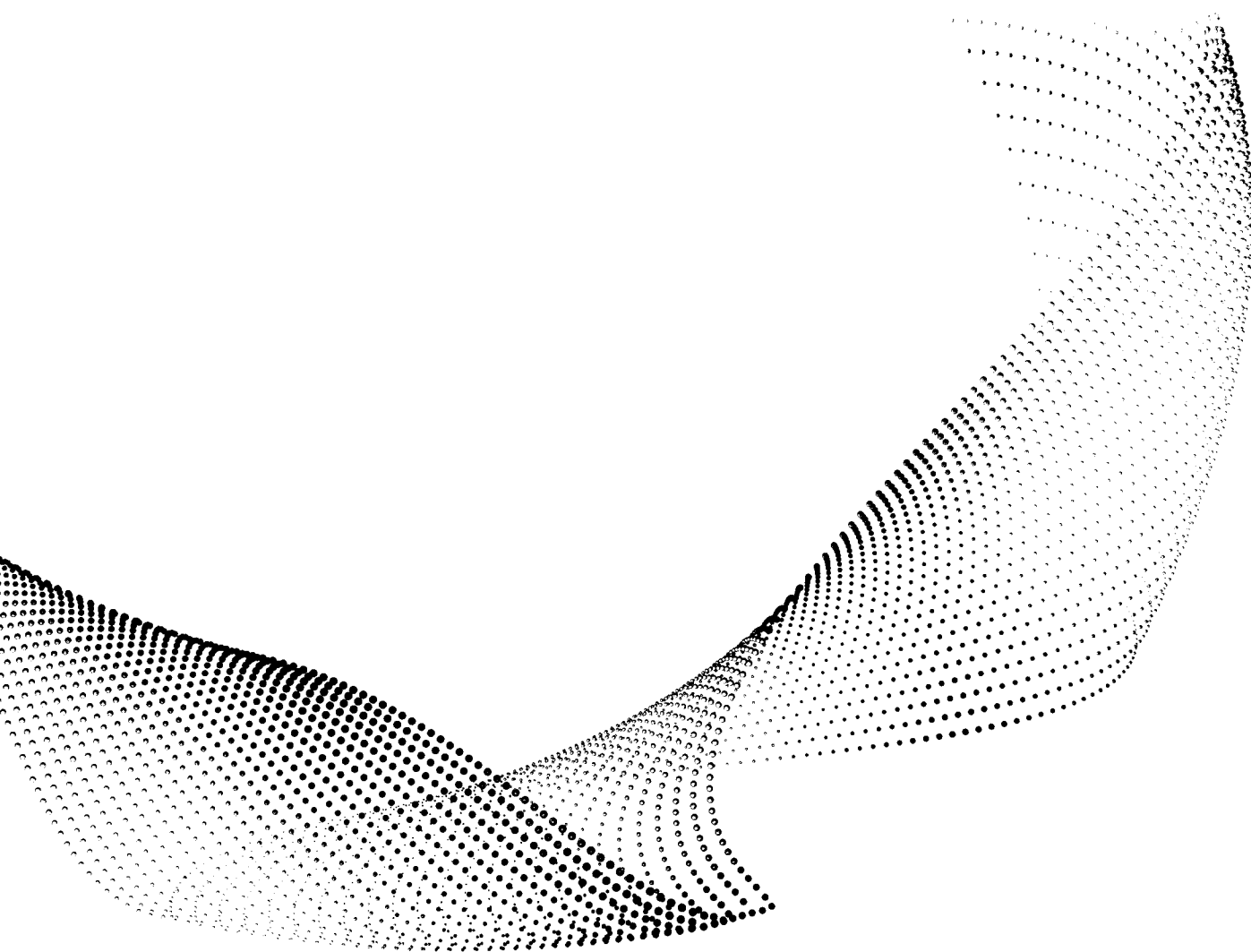
Name of professional adviser	Basis of fee arrangement	Initial / revised estimate £	B/F from previous period £	Costs incurred in current period £	Cumulative total £	Estimate for future £	Anticipated future total £	Variance – initial to anticipated £	Costs paid in current period £	Total costs outstanding at period end £
Gowling Legal advice re sale of business and employees	Hourly rate and expenses	N/A	N/A			Uncertain		N/A	60,772.40	
SIA Business and asset sale valuation	Time costs plus 10% asset sales commission	N/A	N/A	20,028.74	20,028.74	-	20,028.74	N/A	10,028.74	10,000
Total										

VI The joint administrators' expenses

Description	Initial / revised estimate £	B/F from previous period £	Costs incurred in current period £	Cumulative total £	Estimate for future £	Anticipated future total £	Variance – initial to anticipated £	Costs paid in current period £	Total costs outstanding at period end £
Statutory Advertising	N/A	N/A	128.40	128.40	-	128.40	-	Nil	128.40
The joint administrators' bonds	N/A	N/A	140	140	-	140	-	Nil	140
IP Bid advert	N/A	N/A	294	294	-	294	-	Nil	294
Virtual data room hosting	N/A	N/A	790	790	-	790	-	790	Nil
Travel & subsidence	N/A	N/A	80.02	80.02	-	80.02	-	Nil	80.02
Online software licence	N/A	N/A	429.23	429.23	-	429.23	-	Nil	429.23
Category 2 expenses (see next section)	N/A	N/A	45.18	45.18	-	45.18	-	Nil	45.18
Total	-	-	1,906.83	1,906.83	-	1,906.83		790	1,116.83

VII Category 2 expenses

Description	Basis of expenses arrangement	Initial / revised estimate £	B/F from previous period	Costs incurred in current period	Cumulative total £	Estimate for future £	Anticipated future total £	Variance – initial to anticipated £	Costs paid in current period £	Total costs outstanding at period end £
Business Mileage @ HMRC rates	Pence per mile	N/A	N/A	45.18	45.18	Nil	45.18	N/A	45.18	45.18
Total		-	-	45.18	45.18	-	45.18	-	45.18	45.18



www.evelynpartners.com

Principal offices: London, Belfast, Birmingham, Bristol, Cheltenham, Dublin, Glasgow, Guildford, Jersey, Salisbury, and Southampton.

Evelyn Partners LLP is regulated by the Institute of Chartered Accountants in England and Wales for a range of investment business activities and is registered in England at 45 Gresham Street, London, EC2V 7BG. No. OC 369631.

CLA Evelyn Partners Limited is registered to carry on audit work and regulated by the Institute of Chartered Accountants in England and Wales for a range of Investment business activities.

evelyn
PARTNERS