

AM10

Notice of administrator's progress report



Companies House

THURSDAY



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24/10/2019

#266

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

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

2 Administrator's name

Full forename(s) Neil

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) Andrew

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.

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6 Period of progress report

From date	'0	'8	'0	'4	'2	'0	'1	'9	
To date	'0	'7	'1	'0	'2	'0	'1	'9	

7 Progress report

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

8 Sign and date

Administrator's signature	Signature X  X								
Signature date	'2	'3	'1	'0	'2	'0	'1	'9	

AM10

Notice of administrator's progress report



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **Sam Bellamy**

Company name **Leonard Curtis**

Address **5th Floor**

Grove House

248a Marylebone Road

Post town **London**

County/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 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' first progress report in accordance
with Rule 18.3 of the Insolvency (England and Wales) Rules 2016**

**Report period
8 April 2019 to 7 October 2019**

23 October 2019

**Neil Bennett and Andy John - Joint Administrators
Leonard Curtis
5th Floor, Grove House, 248a Marylebone Road, London NW1 6BB
Tel: 020 7535 7000 Fax: 020 7723 6059
General email: creditors@leonardcurtis.co.uk
Ref: LJ/18/SB/GRO08/1010**

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STRICTLY PRIVATE AND CONFIDENTIAL
NOT FOR PUBLICATION

TO: THE REGISTRAR OF COMPANIES
ALL CREDITORS
ALL MEMBERS

1 INTRODUCTION

This report has been produced in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016 (“the Rules”) to provide creditors with an update on the progress of the Administration of The Grown Up Chocolate Company Limited (“the Company”) for the period from 8 April 2019 to 7 October 2019. This is the Joint Administrators’ first progress report to creditors.

2 STATUTORY INFORMATION

- 2.1 Neil Bennett and Andy John were appointed as Joint Administrators of the Company in the jurisdiction of High Court of Justice, Business and Property Courts of England and Wales, under Court reference number CR-2019-002418 on 8 April 2019. The Administration appointment was made by the directors of the Company. The Joint Administrators can confirm that there has been no change in office-holder since the date of Administration.
- 2.2 The Administration is being handled by the London office of Leonard Curtis, which is situated at 5th Floor, Grove House, 248a Marylebone Road, London NW1 6BB.
- 2.3 The principal trading address of the Company was Unit 3, Capital Place, Lovet Road, Harlow, Essex CM19 5AS. The business traded under its registered name.
- 2.4 The registered office address of the Company at the date of the appointment of the Joint Administrators was Lakeview House, 4 Woodbrook Crescent, Billericay, Essex CM12 0EQ. Following the appointment, this was changed to 5th Floor, Grove House, 248a Marylebone Road, London NW1 6BB. The registered number of the Company is 07457856.
- 2.5 For the purposes of Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 (as amended) (“the Act”), it should be noted that during the period in which the Administration is in force, any act or function required or authorised under any enactment to be done by the Joint Administrators may be exercised by all or any of the persons holding that office.
- 2.6 The Company’s main centre of operations is based in the UK. The recast EU Regulation on Insolvency Proceedings (“the Regulation”) applies and the proceedings are main proceedings under the Regulation.

3 JOINT ADMINISTRATORS’ PROPOSALS

- 3.1 Attached at Appendix A is a summary of the Joint Administrators’ approved Proposals for achieving one of the three statutory purposes of Administration.
- 3.2 The Proposals were deemed approved by creditors on 31 May 2019.
- 3.3 There have been no major amendments to, or deviations from, the Proposals during the course of the Administration to date.

- 3.4 The objective of the Administration is to realise property in order to make a distribution to one or more secured or preferential creditors.
- 3.5 The secured creditor, Aldermore Bank Plc (“Aldermore”), have made recoveries in respect of book debts assigned to them under their invoice discounting agreement during the Administration and therefore the objective of the Administration has been achieved.

4 PROGRESS OF THE ADMINISTRATION

- 4.1 Attached at Appendix B is the Joint Administrators' receipts and payments account for the period from 8 April 2019 to 7 October 2019.

Plant and Machinery (“P&M”)

- 4.2 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 advise whether the encumbered P&M held any equity.
- 4.3 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 should therefore be returned to the hire purchase creditors shortly.
- 4.4 Axia valued the remaining unencumbered P&M on an ex situ basis at £26,700.
- 4.5 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.
- 4.6 On 9 May 2019, an offer of £40,000 was received from Cocoba Chocolate (“Cocoba”) for the majority of the Company's available P&M. Cocoba's offer did not include all items of P&M, however, on the recommendation of Axia this offer was accepted and the sale completed on this date.
- 4.7 An offer of £8,500 was subsequently received from Rupert Morley for the residual items of P&M on 17 May 2019 which was also accepted following the recommendation of Axia.
- 4.8 Total realisations in respect of the Company's P&M was £48,500 and the sale consideration has been paid to Axia. Axia are still holding some of the sale consideration pending the calculation of their costs.

Stock

- 4.9 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.
- 4.10 Axia were unable to find a willing buyer of the Company's stock and therefore this stock was abandoned and disposed of.

Office Furniture and Equipment

- 4.11 There was office furniture and equipment located at the Company's trading premises at the date of Administration, however, initial indications suggested that these assets had little or no realisable value and it was not expected that any realisations would be made in this regard.

- 4.12 However, Cocoba expressed an interest in purchasing the office furniture and equipment, which included lockers, sink units, televisions, fridges and IT equipment, following the sale of the P&M and offered £800 for these items. Upon the recommendation of Axia, the offer was accepted and the assets were subsequently sold. The sale consideration has been paid to Axia.

Intellectual Property

- 4.13 As well as marketing the tangible assets for sale, Axia explored the option of marketing and selling the Company's intangible assets, being the business intellectual property and included the trading name, copyrights, domain names other intellectual property rights.
- 4.14 Limited interest was received for the Company's intellectual property, however, on 29 May 2019 Rupert Morley submitted an offer of £7,500 for the intellectual property. Axia advised that this offer would not be matched and the offer was subsequently accepted. The sale consideration has been paid to Axia.

Non-Refundable Deposit

- 4.15 Following my appointment, negotiations were entered into with a party who was interested in acquiring the Company's assets. Both parties agreed for a non-refundable deposit of £2,500 to be paid ahead of the proposed sale, however, negotiations collapsed and a sale was not agreed. This deposit was paid and is currently being held by Axia.

Book debts

- 4.16 The Company's debtors' ledger was subject to an invoice discounting facility with Aldermore. In my previous report it was anticipated that the Company's indebtedness to Aldermore would be repaid in full and that a surplus would be available to the Joint Administrators, subject to any ongoing interest and charges which may be levied.
- 4.17 The value of the ledger at the date of Administration was £398,966 and Aldermore undertook the collection of the outstanding debts following my appointment in order to settle their outstanding liability. Although it was originally anticipated that Aldermore would be repaid in full from book debt recoveries, a substantial proportion of the debtors' ledger was subject to dispute and proved to be irrecoverable for various reasons and Aldermore have advised that only book debts of £89,346 have been recovered.
- 4.18 Furthermore, Aldermore have advised that they have exhausted all recoveries and therefore they have suffered a shortfall against their security as a result.

Cash at Bank

- 4.19 The Company operated two bank accounts with a combined credit balance of £50.26 at the date of appointment. These funds have now been received into the Joint Administrators' bank account.

Petty Cash

- 4.20 Petty cash of £27.92 was recovered from the Company's trading premises.

5 ASSETS STILL TO BE REALISED

There are no assets that are yet to be realised.

6 INVESTIGATIONS

- 6.1 Following their appointment, the Joint Administrators considered the information acquired in the course of appraising and realising the business and assets of the Company, together with information provided by the Company’s directors and its creditors, to identify any further possible realisations for the estate and what further investigations, if any, might be appropriate.
- 6.2 That assessment did not identify any possible further realisations. In addition, the Joint Administrators concluded that no further investigations were required. If, however, any creditor is aware of any particular matters which they consider require investigation, they should please send full details to this office at the address given at the front of this report.
- 6.3 Regardless of the above, the Joint Administrators have complied with their statutory obligations under the Company Directors Disqualification Act 1986 and the appropriate report has been submitted to the relevant authority.

7 JOINT ADMINISTRATORS’ REMUNERATION AND DISBURSEMENTS

Pre-Administration Costs

- 7.1 On 23 May 2019, the secured creditor consented to the following pre-Administration costs and expenses being paid as an expense of the Administration:

Charged by	Services provided	Total amount charged £	Total amount paid £	Total 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	£18,706.00	£5,297.32

Joint Administrators’ Remuneration

- 7.2 On 23 May 2019, the secured creditor agreed that the basis of the Joint Administrators’ remuneration be fixed by reference to time properly spent by them and their staff in attending to matters arising from the Administration for an amount not exceeding £34,500, as set out in a Fees Estimate.
- 7.3 The time charged by the Joint Administrators for the period of this report amounts to £27,458. This represents 121.80 hours at an average rate of £225.44 per hour. A summary of time costs incurred in the period is set out at Appendix C, together with a detailed description of work undertaken in the period, attributable to each category of time costs, and an explanation of why it was necessary for that work to be performed.
- 7.4 Attached, at Appendix D, is a summary of time costs incurred to date compared with time costs as set out in the Joint Administrators’ original Fees Estimate.

- 7.5 You will note that time costs incurred to date do not exceed the time as set out in the Fees Estimate. As demonstrated at Appendix D, costs attributable to each category of time generally fall within those anticipated.
- 7.6 The Administration is not yet complete and it is therefore anticipated that further time costs will be incurred in dealing with this matter. 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. The information provided above is therefore for information purposes only.
- 7.7 Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded from:
<https://www.r3.org.uk/what-we-do/publications/professional/fees>
- 7.8 If you would prefer this to be sent to you in hard copy please contact Sam Bellamy of this office on 020 7535 7000.
- 7.9 The remuneration drawn by the Joint Administrators to date totals £8,000 plus VAT.

8 JOINT ADMINISTRATORS' EXPENSES

- 8.1 Creditors will recall that the Joint Administrators have previously circulated a 'Statement of Likely Expenses' in this matter.

Expenses are 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 a 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 are subject to the approval of the creditors. On 23 May 2019, the secured creditor also approved that category 2 disbursements could be drawn by the Joint Administrators, as detailed at Appendix F.

- 8.2 A copy of the Joint Administrators' statement of likely expenses, together with comparative details of expenses incurred during the current reporting period and confirmation as to whether those amounts are paid or unpaid is set out at Appendix E.
- 8.3 You will note that, in general, the nature and value of expenses incurred to date fall within those anticipated within the original statement of expenses.
- 8.4 During the Administration, the following professional advisors and / or subcontractors have been used:

Name of Professional Advisor	Service Provided	Basis of Fees
Axia Valuation Services	Asset Valuation and Sale	Time Costs
Francis Wilks & Jones	Legal Advice	Time Costs
Evolve IS	Employee Claims Specialists	Time Costs
Lenka Lechmanova	Assistance with preparation of Statement of Affairs and updating Sage	Fixed Fee

- 8.5 Attached at Appendix F is additional information in relation to the firm's policy on staffing, the use of sub-contractors, disbursements and details of our current charge-out rates by staff grade. Please be aware that the firm's charge out rates have been amended with effect from 1 August 2019.
- 8.6 Under Rule 18.9 of the Rules, within 21 days of receipt of this report, a secured creditor, or an unsecured creditor with either the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or with the permission of the court, may make a written request to the Joint Administrators for further information about remuneration or expenses set out in this report.
- 8.7 Under Rule 18.34 of the Rules, any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court, on the grounds that the basis fixed for the Joint Administrators' remuneration is inappropriate, or the remuneration or expenses charged by the Joint Administrators are, in all the circumstances, excessive.
- 8.8 The application must be made no later than eight weeks after receipt of the progress report that first reports the fee basis, the charging of the remuneration or the incurring of the expenses in question.
- 8.9 Unless the court orders otherwise, the costs of the application shall be paid by the applicant and are not payable as an expense of the Administration.

9 ESTIMATED OUTCOME FOR CREDITORS

- 9.1 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.

9.2 Secured Creditors

The Company has two secured creditors, HSBC Invoice Finance (UK) Ltd ("HSBC") and Aldermore.

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 to the appointment that there is no liability due to them under their charge and their charge has since been satisfied on Companies House.

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.

In my previous report I advised that 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. However, further information received following this report indicated that Aldermore's liability was in fact £236,156.

As detailed in paragraph 4.17, book debt recoveries have been significantly lower than originally expected and it is therefore anticipated that Aldermore will suffer a significant shortfall against their security.

9.3 Preferential Claims

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.

It is not anticipated that there will be sufficient funds to pay a dividend to preferential creditors.

9.4 Prescribed Part

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.

Based upon the information currently available, it is not anticipated that there will be sufficient realisations to enable a distribution to either the qualifying floating chargeholder or the preferential creditors and therefore there will be no requirement to set aside a prescribed part.

9.5 Unsecured Non-Preferential Claims

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 H. These claims will be collated and passed to any subsequently appointed Liquidator, should the position change.

From April 2017, the Joint Administrators have had the discretion to admit claims from creditors with claims under £1,000 without receiving a proof of debt. The Joint Administrators confirm that, to date, no claims have been admitted under the small claims provisions.

10 MATTERS STILL TO BE DEALT WITH

Matters still to be dealt with before conclusion of the Administration include the following:

- The realisation of the funds being held by Axia, as detailed in sections 4.8, 4.12, 4.14 and 4.15; and
- The unpaid remuneration and expenses will need to be defrayed.

11 EXTENSIONS TO THE ADMINISTRATION

11.1 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.

11.2 In certain circumstances it may be necessary to extend the Joint Administrators' term of office. In the context of this case, this may be done for a specified period not exceeding twelve months as follows:

- with the consent of each secured creditor of the Company.

11.3 We do not believe that an extension to the Administration will be necessary in this case.

12 NEXT REPORT

The Joint Administrators are required to provide a progress report which must be delivered within one month of the end of the next six months of the Administration or earlier if the Administration has been finalised.

13 DATA PROTECTION

Finally, when submitting details of your claim in the Administration, you may disclose personal data to the Joint Administrators. The processing of personal data is regulated in the UK by the General Data Protection Regulation EU 2016/679 as supplemented by the Data Protection Act 2018, together with other laws which relate to privacy and electronic communications. The Joint Administrators act as Data Controllers in respect of personal data they obtain in relation to this Administration and are therefore responsible for complying with Data Protection Law in respect of any personal data they process. The Joint Administrators' privacy notice, which is attached to this report at Appendix I, explains how they process your personal data. Terms used in this clause bear the same meanings as are ascribed to them in Data Protection Law.

If you wish to discuss the issues raised in this report or require any additional information, please contact this office.

Yours faithfully
for and on behalf of
THE GROWN UP CHOCOLATE COMPANY LIMITED



NEIL BENNETT
JOINT ADMINISTRATOR

Neil Bennett is authorised to act as an insolvency practitioner in the UK by the insolvency Practitioners Association under office holder number 9083 and Andy 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.

SUMMARY OF JOINT ADMINISTRATORS' APPROVED 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.

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT
FOR THE PERIOD FROM 8 APRIL 2019 TO 7 OCTOBER 2019

	Estimated to realise £	Fixed £	Floating £	Cumulative £
RECEIPTS				
Book Debts Surplus	16,041	-	-	-
Plant and Machinery	35,000	-	31,206.00	31,206.00
Stock	5,000	-	-	-
Petty Cash	28	-	27.92	27.92
	<u>56,069</u>	<u>-</u>	<u>31,233.92</u>	<u>31,233.92</u>
Balance at Bank		-	50.26	50.26
Deposit Interest Gross		-	2.64	2.64
			<u>31,286.82</u>	<u>31,286.82</u>
PAYMENTS				
Pre-Administration Costs		-	18,706.00	18,706.00
Joint Administrators' Remuneration		-	8,000.00	8,000.00
Legal Fees		-	677.50	677.50
Statutory Advertising		-	85.95	85.95
Bordereau Fee		-	135.00	135.00
IT Licence Fee		-	87.00	87.00
Other Professional Fees		-	975.00	975.00
Sundry Expenses/Disbursements		-	178.40	178.40
Rent		-	2,000.00	2,000.00
		<u>-</u>	<u>30,844.85</u>	<u>30,844.85</u>
DISTRIBUTIONS				
Amounts Paid to Debenture Holders		-	-	-
Amounts Paid to Preferential Creditors		-	-	-
Amounts Paid to Unsecured Creditors Under the Prescribed Part		-	-	-
Amounts paid to Unsecured Creditors		-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>
Balance in Hand		<u>-</u>	<u>441.96</u>	<u>441.96</u>

SUMMARY OF JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD
FROM 8 APRIL 2019 TO 7 OCTOBER 2019

	Units	Average hourly rate £	Cost £
Statutory & Review	61	209.02	1,275.00
Receipts & Payments	36	225.42	811.50
Insurance, Bonding & Pensions	31	150.00	465.00
Assets	267	243.00	6,488.00
Liabilities	166	187.05	3,105.00
Landlords	53	228.96	1,213.50
Debenture Holder	53	361.13	1,914.00
General Administration	122	234.92	2,866.00
Appointment	197	247.61	4,878.00
Post Appointment Creditor Reporting	118	224.92	2,654.00
Investigations	114	156.84	1,788.00
	1,218	225.44	27,458.00

DESCRIPTION OF TIME SPENT BY CATEGORY

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 carried out under this category comprises 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 involved a month 1 review to ensure that all statutory and best practice matters were dealt with appropriately. As the case has progressed quarterly case reviews have been prepared 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 has been completed and resulted 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; and
- Requests for and review of the directors' statement of affairs.

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 to ensure that fixed and floating charge assets have been properly identified;
- 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; and

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- 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 applicable.

Assets

- Agreeing strategy for realisation of company assets – The assets identified prior to our appointment consisted of book debts, plant and machinery and stock. The strategy undertaken with regards to the book debts involved allowing Aldermore to deal with the collection of the book debts whilst their liability remained outstanding. With regards to the tangible assets on site, Axia were instructed to value the Company's assets and assist with the sale of the unencumbered plant and machinery. Interest was received from multiple parties and significant time was incurred reviewing the offers and negotiating with the interested parties before accepting the offers which represented the best outcome for the Administration;
- Instruction of and liaising with agents as required – Significant time was spent liaising with Axia who were responsible for ensuring the premises and the assets on site were safeguarded and secured at all times. Axia were also heavily involved with the negotiations and sale of the unencumbered plant and machinery and other assets as detailed in section 4 of the report; and
- Liaising with Company's bankers re pre-appointment bank accounts.

Liabilities

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

Statutory

- Processing of claims from the Company's creditors – The number of creditors identified in the Administration is 78. However, as it is not anticipated that there will be sufficient funds to enable a distribution to unsecured creditors, claims received will be logged but not formally adjudicated.
- Processing of claims from the Company's employees – There were 20 employees identified at the date of Administration and Evolve IS were instructed following our appointment to handle employee claims. Preferential claims have been received and logged, however, it is not anticipated that there will be sufficient funds to enable a distribution to preferential creditors; and
- Preparation, review and submission of pre-appointment tax and VAT returns.

Non-statutory

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

Landlords

- Liaising with landlords in respect of premises. As mentioned in the report, the Company's trading premises continued to be occupied for a short period whilst a sale of the assets was sought. The sale of the Company's assets was concluded on 30 May 2019 which was the date that the Joint Administrators vacated the premises. Time was spent liaising with the landlords in respect of handing over the keys to the premises and the liabilities accrued during the period of occupation. Time has also been also spent liaising with the landlord's solicitors in respect of the surrender of the lease.

General Administration

This category of work does not result in a direct financial benefit for creditors; however it is necessary for these tasks to be completed in order to ensure the smooth and efficient progression of the administration:

- General planning matters;
- Setting up and maintaining the Joint Administrators' records;

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- Arranging collection and storage of company records; and
- Dealing with general correspondence and communicating with directors and shareholders.

Appointment

There are certain tasks which the Joint Administrators have a statutory obligation to undertake during the Administration process. Other tasks are completed in order to ensure the Administration is progressed to the benefit of all creditors and stakeholders. Actions completed to date are both statutory and non-statutory and include the following:

- 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 Creditor Reporting

Agreeing and reporting on our Proposals and fee basis is a statutory requirement. Work completed to date includes the following:

- Preparation of Joint Administrators' Report and Proposals for achieving a statutory purpose of the Administration;
- Preparation of Fees Estimate and Statement of Expenses in accordance with the Rules;
- Seeking approval of the Joint Administrators' Fees Estimate from the secured creditor;
- Reporting on outcome of voting; and
- Preparation and submission of periodic progress reports to creditors,

Investigations

- Collecting and reviewing the Company's records; and
- Conducting 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.

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APPENDIX D

SUMMARY OF JOINT ADMINISTRATORS' TOTAL TIME COSTS TO DATE
INCORPORATING A COMPARISON WITH THE JOINT ADMINISTRATORS' APPROVED FEES ESTIMATE

	FEES ESTIMATE			INCURRED TO DATE			VARIANCE	
	Units	Cost £	Average hourly rate £	Units	Cost £	Average hourly rate £	Cost £	
Statutory & Review	130	3,380.00	260.00	61	1,275.00	209.02	(2,105.00)	
Receipts & Payments	40	600.00	150.00	36	811.50	225.42	211.50	
Insurance, Bonding & Pensions	40	600.00	150.00	31	465.00	150.00	(135.00)	
Assets	275	7,245.00	263.45	267	6,488.00	243.00	(757.00)	
Liabilities	210	4,310.00	205.24	166	3,105.00	187.05	(1,205.00)	
Landlords	50	1,010.00	202.00	53	1,213.50	228.96	203.50	
Debenture Holder	66	2,057.00	311.67	53	1,914.00	361.13	(143.00)	
General Administration	155	3,830.00	247.10	122	2,866.00	234.92	(964.00)	
Appointment	197	4,878.00	247.61	197	4,878.00	247.61	-	
Post Appointment Creditor Reporting	220	4,530.00	205.91	118	2,654.00	224.92	(1,876.00)	
Investigations	100	2,060.00	206.00	114	1,788.00	156.84	(272.00)	
	1,483	34,500.00	232.64	1,218	27,458.00	225.44	(7,042.00)	

SUMMARY OF JOINT ADMINISTRATORS' EXPENSES FROM 8 APRIL 2019 TO 7 OCTOBER 2019
INCORPORATING A COMPARISON OF THE JOINT ADMINISTRATORS'
STATEMENT OF LIKELY EXPENSES

Standard Expenses

Type	Charged by	Description	Estimated Amount £	Total Amount Incurred to Date £	Amount Incurred in This Period £	Amount Paid £	Amount Unpaid £
AML Checks	Business Tax Centre	Electronic client verification	10.00	10.00	10.00	10.00	-
Bond Fee	AUA Insolvency Risk Specialists	Insurance bond	135.00	135.00	135.00	135.00	-
Company Searches	-	Extraction of company information from Companies House	-	-	-	-	-
Document Hosting	Pelstar Computing	Hosting of documents for creditors	56.00	28.00	28.00	28.00	-
Software Licence Fee	Pelstar Computing	Case management system licence fee	87.00	87.00	87.00	87.00	-
Statutory Advertising	Courts Advertising	Advertising	85.95	85.95	85.95	85.95	-
Storage Costs	Total Data Management	Storage of books and records	250.00	-	-	-	-
Post Redirection	Royal Mail	Redirection of post	303.00	-	-	-	-
Sundry Expenses/ Disbursements	Leonard Curtis	Sundry Expenses/ Disbursements	-	37.70	37.70	37.70	-
		Total standard expenses	926.95	383.65	383.65	383.65	-

Case Specific Expenses

Type	Charged by	Description	Estimated Amount £	Total Amount Incurred to Date £	Amount Incurred in This Period £	Amount Paid £	Amount Unpaid £
Agents' Fees	Axia Valuation Services	Costs of valuing and realising assets	5,000.00	-	-	-	-
Legal Fees	Francis Wilks & Jones	Costs of appointed solicitors	2,500.00	677.50	677.50	677.50	-
Professional Fees	Evolve IS	ERA Claims Specialists	1,000.00	975.00	975.00	975.00	-
Other Professional Fees	Lenka Lechmanova	Assistance with preparation of statement of affairs and updating Sage	1,500.00	1,500.00	1,500.00	1,500.00	-
Staff Mileage	Leonard Curtis	Category 2 disbursement requiring specific creditor / committee approval	-	34.50	34.50	34.50	-
Other Disbursements	Leonard Curtis	Printing and photocopying	500.00	68.20	68.20	68.20	-
		Total case specific expenses	10,500.00	3,255.20	3,255.20	3,255.20	-

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

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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.	Type		
		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.

ESTIMATED OUTCOME STATEMENT

	Secured	Financed	Preferential	Unsecured
	£	£	£	£
Amount available to class of creditor	7,500	-	-	-
Amount due to creditor per Estimated Financial Position	(146,810)	N/A	(30,000)	(1,004,276)
Estimated dividend rate (as a %)	5%	-%	-%	-%

Proof of Debt – General Form

Relevant date: 8 April 2019

Please e-mail completed form to:

recovery@leonardcurtis.co.uk quoting ref: GRO08/SB/PROOF

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

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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.
3. **Please e-mail completed form to:**

recovery@leonardcurtis.co.uk quoting ref: **GRO08/SB/PROOF**

PRIVACY NOTICE

Information we collect and hold about you

By requesting details of your claim in this insolvency, we may collect Personal Data from you, particularly if you are a consumer creditor, a sole trader or are lodging a claim in your personal capacity.

Personal Data is information relating to a living individual. Whenever Personal Data is processed, collected, recorded, stored or disposed of it must be done within the terms of the General Data Protection Regulation ("the GDPR"). Examples of Personal Data include but may not be limited to your name, address, telephone number and email contact details.

If you do not provide us with the information we require, this may adversely affect our ability to deal with your claim, but we would ask you not to submit more Personal Data than we request from you.

Legal justification for processing your Personal Data

The processing of your Personal Data by us is necessary to enable us to comply with legal obligations under the Insolvency Act 1986 and associated legislation which we are subject to as Insolvency Practitioners.

How we use your information

All information you supply to us is required to enable us to comply with our duties under the Insolvency Act 1986 and associated legislation. It will be used to enable us to assess the extent of the insolvent entity's liabilities, to allow you to vote on any decision procedures, to enable us to communicate with you, to process your claim and to pay any dividends which may be due to you from the insolvent estate.

Who we share your information with

We may be required to share some of your Personal Data with other creditors. The data which will be shared with other creditors will be limited to that specifically required to be disclosed under insolvency legislation.

We may share some of your information with our Data Processors. Data Processors include solicitors, accountants and employment law specialists who assist us with our duties where required. We will only share your information with our Data Processors if we require their specialist advice. All of our Data Processors are subject to written contracts with us to ensure that your Personal Data is processed only in accordance with the GDPR.

How long will we hold your Personal Data for?

We will need to hold your Personal Data for a period of time after the insolvency has been concluded. This is to enable us to deal with any queries which might arise. Our Records Management Policy requires us to destroy our physical files 6 years after closure of the case. Electronic data files will be removed from our Case Management System 6 years after conclusion of the case but may be held on our server for a longer period of time but with restricted access.

Your rights in respect of your Personal Data

You have the right to request access to your Personal Data and to require it to be corrected or erased. You also have the right to request a restriction in the way we process your Personal Data or to object to its processing. You should be aware however that we may not be able to comply with your request if this would affect our ability to comply with our legal obligations.

You have the right to Data Portability. This is a right to have the Personal Data we hold about you to be provided to you in a commonly used and machine-readable format so that you can transfer that Data to another organisation in a way that is not too onerous to upload the Data.

Your right to complain

You have the right to be confident that we are handling your Personal Data responsibly and in line with good practice. If you have a concern about the way we are handling your Personal Data you should contact our Privacy Manager in the first instance.

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If you are unable to resolve your concerns with us, you have the right to complain to the Information Commissioners' Office. The Information Commissioner can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK6 5AF or on 0303 123 1113.

Contacting us

If you have any questions relating to the processing of your Personal Data, please write to our Privacy Manager at Leonard Curtis, 5th Floor, Grove House, 248A Marylebone Road, London NW1 6BB Alternatively our Privacy Manager can be contacted by telephone on 0207 535 7000 or by email: privacy@leonardcurtis.co.uk.

Data Controller: LEONARD CURTIS