

## The Insolvency Act 1986

**2.24B****Administrator's progress report**

Name of Company  Hurstwood Developments Ltd	Company number  01147083
In the High Court of Justice, Chancery Division, Manchester District Registry [full name of court]	Court case number 3509 of 2008

We  
Brian Green  
KPMG LLP  
St James' Square  
Manchester  
M2 6DS  
United Kingdom

David James Costley-Wood  
KPMG LLP  
St James' Square  
Manchester  
M2 6DS  
United Kingdom

Administrators of the above company attach a progress report for the period

from	to
1 February 2013	31 July 2013

Signed



Joint Administrator

Dated

29 August 2013

**Contact Details:**

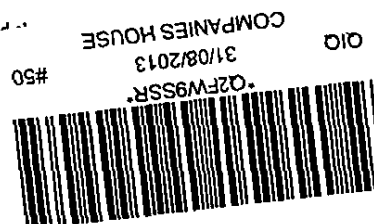
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Hollie Watson  
KPMG LLP  
St James' Square  
Manchester  
M2 6DS  
United Kingdom  
DX Number DX 724620 Manchester 42

Tel 0161 246 4792  
DX 724620

Companies House receipt date barcode

When you have completed and signed this form, please send it to:  
Companies House, Crown Way, 1



SATURDAY



**Hurstwood Developments Limited (in  
Administration)**

**Report to creditors pursuant  
to Rule 2.47 of the  
Insolvency Rules 1986 (as  
amended)**

KPMG LLP

29 August 2013

*This report contains 7 pages*

*Appendices contain 6 pages*

BG/RH/HW



## **Notice: About this Report**

This Report has been prepared by Brian Green and David Costley-Wood, the Joint Administrators of Hurstwood Developments Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Hurstwood Developments Limited or other companies in the same group.

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

Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Brian Green and David Costley-Wood are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators act as agents for Hurstwood Developments Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



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## 1 Executive summary

- This progress report covers the six month period from the end of the Joint Administrators' previous progress report, from 1 February 2013 to 31 July 2013 ("the Period")
- During the Period the Joint Administrators have completed the sale of the Company's ground rent portfolio for £106,350. These funds do not appear in the receipts and payments account for the Period as they are yet to be transferred from Addleshaw Goddard LLP (our "Solicitors"); however, they are expected to be transferred shortly.
- An offer of £135,000 was accepted for the final Linney property during the Period and this sale completed shortly following the end of the Period
- The only assets remaining to be realised are two small garden areas adjacent to the Linney properties. Eddisons Commercial Ltd ("Eddisons") is currently in discussions with an interested party regarding a purchase of the two gardens and a completion deadline has been set for the first week of September 2013
- A further distribution of £260,000 was made to Yorkshire Bank plc during the Period under its fixed charge.
- The Joint Administrators expect to have completed their proposals prior to the end of the Administration on 16 September 2013. Steps will be taken prior to this date to move the Company from administration to dissolution, in accordance with the Statement of Proposals

Brian Green  
*Joint Administrator*



## **2 Statement of Proposals**

The Administrators' Statement of Proposals was circulated on 11 November 2008 together with a notice of an initial meeting of creditors

An initial meeting of creditors was convened on 28 November 2008 at which the Joint Administrators' Statement of Proposals was accepted without modification.

## **3 Progress to date**

### **3.1 Property sales in the Period**

The sale of the Company's ground rent portfolio completed during the Period for a total of £106,350, of which £9,142 is subject to fixed charges and £97,208 is unencumbered. These funds do not appear in the receipts and payment account for the Period as they are currently held by our Solicitors. These funds are due to be transferred shortly.

The Joint Administrators have completed sales of 33 properties in prior periods together with the sale of the freehold title portfolios at Dune Point and Leabank. Total freehold property realisations received since appointment amount to £15,566,655, of which £15,496,655 is subject to fixed charges and £70,000 relates to unencumbered properties.

### **3.2 Remaining properties**

#### **3.2.1 The Linney**

Pearson Ferner and Eddisons Commercial Ltd (our "Agents") reduced the asking price for the final Linney property during the Period and continued to market the property. An offer of £135,000 was received and accepted during the Period, following the recommendation of our Agents. This sale completed shortly after the end of the Period.

Two small gardens remain in the Company's ownership following the sale of the houses on this development. Eddisons are currently in discussions with an interested party regarding a purchase of the two gardens and a completion deadline has been set for the first week of September 2013. An update on this sale will be provided in our next report to creditors.

### **3.3 Extension of the Administration**

The Joint Administrators successfully applied for an order from the court in February 2012 to extend their term of office by six months to 16 September 2013, pursuant to Paragraph 76(2)(a) of Schedule B1 of the Insolvency Act 1986. This was to enable the sales of the final Linney property and the ground rent portfolio to be completed.

The Joint Administrators are required to deal with the following issues before they pursue an exit of the Administration.

- final distributions to the secured creditors,



- sale of the Linney gardens;
- settlement of final professional fees and disbursements; and
- completion of ongoing statutory requirements

It is anticipated that the current extension will provide sufficient time for the Joint Administrators to deal with the remaining matters and to end the Administration. Steps will then be taken to end the Administration via dissolution in accordance with the Joint Administrators' Statement of Proposals.

### 3.4 Creditor correspondence

The Joint Administrators wrote to all known creditors on 19 September 2008 advising them of their appointment.

The Joint Administrators' Statement of Proposals was circulated to all creditors of the Company on 11 November 2008 enclosing a notice of an initial meeting of creditors on 28 November 2008. The Joint Administrators wrote to all known creditors on 1 December 2008 advising them that the Statement of Proposals had been accepted at the meeting without modification.

Progress reports were circulated to all creditors of the Company on 1 April 2009 and approximately every six months thereafter, to inform creditors of the progress of the Administration.

A final progress report will be provided to creditors within the next few weeks when it is anticipated that the Joint Administrators' proposals will have been completed.

### 3.5 Liabilities

#### 3.5.1 Secured creditors

The Royal Bank of Scotland plc, Yorkshire Bank plc, Santander UK plc, The Co-operative Bank plc and The Bank of Ireland ("the Banks") held fixed charge security in respect of the majority of the properties of the Company. Our Solicitors were instructed to assess the validity of each Bank's security following appointment and have confirmed that these are valid. None of the Banks hold a floating charge over Company assets.

Distributions totalling £12,068,780 have been paid to the Banks following the realisation of properties subject to fixed charge security. The composition of these distributions is as follows.

The Royal Bank of Scotland plc	£5,617,467
Yorkshire Bank plc	£4,660,000
Santander UK plc	£475,000
The Co-operative Bank plc	£1,244,015
The Bank of Ireland	£72,298
<b>Total distributions</b>	<b>£12,068,780</b>



### **3.5.2 Preferential creditors**

Preferential creditors would be paid in the event that there are any unencumbered realisations after costs, as there is no qualifying floating charge holder. It is not anticipated that there will be sufficient funds available to enable a distribution to preferential creditors.

### **3.5.3 Unsecured creditors**

Significant progress has been achieved in respect of the realisation of freehold property, but the majority of the properties are subject to fixed charges under the Banks' security. As such it is not anticipated that there will be sufficient funds available to enable a distribution to unsecured creditors.

## **3.6 Expenses for the period**

### **3.6.1 Receipts and payments**

The receipts and payments for the Period are set out in the attached Receipts and Payments Account (see Appendix 2).

### **3.6.2 Office holders' remuneration**

The Joint Administrators' time costs for the Period 1 February 2013 to 31 July 2013 are £45,346 and expenses incurred during the Period total £128. A detailed analysis of time spent, and charge out rates, for each grade of staff for the various areas of work carried out, in accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), is attached at Appendix 3 to this report.

The Joint Administrators' total time costs for the period 19 September 2008 to 31 July 2013 are £2,108,892 and total expenses are £10,617.

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986 (as amended) ("the Rules").

A creditors' guide to Administrators' fees can be found at:

[http://www.r3.org.uk/media/documents/technical\\_library/SIPS/SIP%209%20E&W.pdf](http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf)

However, if you are unable to access this guide and would like a copy please contact Hollie Watson at KPMG LLP, St James' Square, Manchester, M2 6DS.

The Joint Administrators proposed that their remuneration be fixed on the basis of time





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*29 August 2013*

properly given by them and their staff in dealing with matters arising in the Administration at their normal hourly rate of charging

The Joint Administrators have drawn fees of £165,043 during the Period on the basis set out above as agreed by the secured creditors. Total fees drawn by the Joint Administrators to date, including fees drawn during the Period, are £1,242,119.

Under Rule 2.106 of the Rules, where the Administrator has made a statement under Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986 ("the Act") that, on the basis that there will be no surplus available to creditors, there will be no meeting of creditors convened then the proposals relating to Administrators' remuneration shall be taken as passed if passed with the approval of each secured creditor of the Company, and also the approval of the preferential creditors (whose debt amounts to more than 50% of the total preferential debt) where the Administrator intends to make a preferential distribution.

Creditors are reminded that the quantum of office holder remuneration can be challenged by unsecured creditors representing at least 10% by value of total unsecured claims, including that creditor's claim, by making an application to court in accordance with Rule 2.109 of the Rules. The full text of this rule can also be provided on request.

In accordance with Rule 2.48A of the Rules, additional information about the expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities. A request must be made within 21 days of receipt of this report.



## **4 Comments on the Appendices**

### **4.1 Appendix 1: Statutory information**

Information to creditors required by statute is contained in Appendix 1 to this report.

### **4.2 Appendix 2: Receipts & payments account for the Period**

An analysis of receipts and payments for the Period 1 February 2013 to 31 July 2013 is attached at Appendix 2. All receipts and payments detailed below are net of VAT unless otherwise specified

#### **4.2.1 Receipts**

##### **4.2.1.1 Bank interest**

Bank interest of £319 has been received in the Period

##### **4.2.1.2 Irrecoverable VAT**

Input VAT of £3,264 that was previously recorded as irrecoverable has been refunded during the Period.

##### **4.2.1.3 Heat and light**

Electricity payments made in the prior period have been reanalysed during the Period resulting in a decrease in the expense of £48. This has been reallocated as a fixed charge cost

#### **4.2.2 Payments**

##### **4.2.2.1 Administrators' fees**

The Joint Administrators have drawn fees of £165,043 in the Period. Administrators' fees are discussed in more detail in section 3.6 2.

##### **4.2.2.2 Legal fees**

Legal fees and disbursements of £11,809 have been paid in the Period, for legal assistance with the sale of the freehold properties and various statutory matters

##### **4.2.2.3 Bank charges**

Bank charges of £61 have been paid in the Period, largely for payments made by same-day transfer.

##### **4.2.2.4 Property expenses**

A total of £1,203 has been paid in the Period for property expenses including the electricity reallocation discussed in 4.2.1.3 and council tax for the final Linney property



#### **4.2.2.5 Insurance**

A total of £522 has been paid during the Period to insure the final Linney property prior to sale.

#### **4.2.2.6 Fixed charge creditor**

A total of £260,000 has been distributed to Yorkshire Bank plc during the Period, under its fixed charge

#### **4.2.2.7 Storage costs**

A total of £78 has been paid during the Period for the storage of the Company's books and records at an archive facility.

#### **4.2.3 VAT**

VAT receivable and payable has continued to be accounted for during the Period. VAT returns have been prepared on a quarterly basis to recover input VAT from HMRC and to pay across output VAT. A net sum of £15,199 was received from HMRC during the Period. The movement of £21,061 on the temporary VAT control account is a movement of VAT between the Company's bank accounts following refunds from HMRC.

A final VAT 100 was filed for the quarter to 30 April 2013 and the Company was deregistered for VAT with this return.

### **4.3 Appendix 3: Analysis of office holders' time costs**

An analysis of the Joint Administrators' time costs for the Period 1 February 2013 to 31 July 2013 is contained in Appendix 3 to this report.

The Joint Administrators' time costs include time spent on the following activities

- A total of £14,806 in time costs has been spent in realising the assets of the Company, in particular the freehold property
- A total of £5,234 in time costs has been spent in correspondence with both the secured and unsecured creditors. This is inclusive of reporting in accordance with statute and also specific matters brought by creditors, where action was required.
- A total of £16,046 in time costs has been incurred in dealing with the Company's tax affairs, including time spent by our in house VAT and Corporation Tax specialists.
- A total of £6,173 in time costs has been spent in dealing with statutory and regulatory compliance.



## Appendix 1

### Statutory information

Appointment	
Reporting period	1 February 2013 to 31 July 2013
Company name	Hurstwood Developments Ltd
Court details	The Administration Order was made on 19 September 2008 in the High Court of Justice, Chancery Division, court case number 3509 of 2008 by application of the Directors
Date of appointment	19 September 2008
Extensions obtained	Six month extension to 18 March 2010 with the consent of the secured creditors, three 12 month extensions to 16 March 2011, 16 March 2012 and 16 March 2013 and a six month extension to 16 September 2013, each by application to court
Office holder details	Brian Green and David James Costley-Wood were appointed on 19 September 2008 and are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales
Registered number	01147083
Present registered office	c/o KPMG LLP, St James Square, Manchester M2 6DS



## Appendix 2

### Joint Administrators' receipts and payments account for the Period 1 February 2013 to 31 July 2013

ABSTRACT OF RECEIPTS AND PAYMENTS - 01/02/2013 to 31/07/2013      Appendix to Form 2.24  
 Hurstwood Developments Ltd      Page 1

RECEIPTS		£
Brought forward from previous Abstract (if Any)		18,776,493.42
Bank interest gross		0.01
Bank interest, net of tax		169.94
Irrecoverable VAT		2,931.45
Bank interest, net of tax		149.04
Irrecoverable VAT		332.88
Heat & light		47.75
Fixed charge VAT rec'dable		43.20
Fixed charge VAT control		15,198.61
Temporary VAT Control		21,061.37
Carried forward to * continuation sheet / next abstract		18,816,427.67
PAYMENTS		£
Brought forward from previous Abstract (if Any)		17,991,558.95
Administrators' fees		15,042.73
Bank charges		41.31
Property expenses		1,203.44
Insurance		522.06
Fixed charge creditor		260,000.00
Administrators' fees		150,000.00
Legal fees		11,700.00
Legal fees (Expenses and Disbursements)		109.21
Storage costs		78.00
Bank charges		19.53
Floating ch VAT rec'dable		4.69
Carried forward to * continuation sheet / next abstract		18,430,279.92



**Hurstwood Developments Limited (in Administration)**  
**Report to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended)**  
**KPMG LLP**  
**29 August 2013**

**Hurstwood Developments Ltd**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 01/02/2013 To 31/07/2013	From 19/09/2008 To 31/07/2013
(7,161,096.00)		
<b>FIXED CHARGE ASSETS</b>		
Freehold property	NIL	15,496,654.87
Freehold reversion	NIL	2,100.00
Contributions to property service charges	NIL	2,268.30
Fixtures and fittings	NIL	2,000.00
Rent	NIL	393,338.29
Insurance refund	NIL	2,647.22
Bank interest gross	0.01	897.95
Bank interest net of tax	169.94	2,225.70
Ground Rents	NIL	5,871.09
Service Charge	NIL	464.17
	169.95	15,908,467.59
<b>FIXED CHARGE COSTS</b>		
Administrators' fees	15,042.73	792,119.28
Legal fees	NIL	258,536.96
Demolition	NIL	37,346.80
Agents'/Valuers' fees	NIL	348,549.30
Planning Costs	NIL	40,416.19
Management Company Charges	NIL	48,249.46
Planning renewal fees	NIL	61,065.00
Bank charges	41.31	82,383.79
Property expenses	1,203.44	449,962.26
Security	NIL	162,849.56
Holding Costs & Health and Safety	NIL	31,209.96
New Hall Hey completion costs	NIL	1,098,327.97
Irrecoverable VAT	(2,931.45)	43,126.72
Surplus from Fixed Charge	NIL	91,821.13
Insurance	522.06	19,850.18
	(13,878.09)	(3,565,814.56)
<b>FIXED CHARGE CREDITOR</b>		
Fixed charge creditor	260,000.00	12,068,779.89
	(260,000.00)	(12,068,779.89)
<b>HP/LEASING</b>		
HP/Leasing asset	NIL	69,235.80
Lombard Asset Finance	NIL	(69,235.80)
HP/Leasing asset (2)	NIL	3,000.00
GMG Asset Management	NIL	(3,000.00)
	NIL	NIL
<b>ASSET REALISATIONS</b>		
Surplus from Co-op Account	NIL	91,821.13
105,000.00 Plant & machinery	NIL	136,473.40
15,000.00 Furniture & equipment	NIL	7,530.00
130,000.00 Motor vehicles	NIL	11,000.00
98,206.00 Book debts	NIL	107,157.48
5,000.00 Shares and investments	NIL	5,000.00
Intercompany debts	NIL	148,009.00
Insurance refund	NIL	11,495.70
Third Party Contributions	NIL	2,319.32
	NIL	520,806.03



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**KPMG LLP**  
**29 August 2013**

**Hurstwood Developments Ltd**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 01/02/2013 To 31/07/2013	From 19/09/2008 To 31/07/2013
	<b>OTHER REALISATIONS</b>	
	Bank interest, gross	1 098 71
	Bank interest, net of tax	758 54
300 000 00	Ground rents	15 626 66
	Sundry refunds	331 19
	Uncharged freehold property	70 000 00
	Council Tax Refunds	7 556 13
	Insurance Claim	53 500 00
	Utility Refunds	280 21
	Inter-Company Debts	71 000 00
	Freehold reversions	22 075 00
	<b>149 04</b>	<b>242 226 44</b>
	<b>COST OF REALISATIONS</b>	
	Non-specific Property Consultant	186 00
	Administrators' fees	450 000 00
	Creditors Meeting	269 15
	Irrecoverable VAT	791 58
	Agents'/Valuers' fees/Auction Costs	52 944 22
	Books and Records Collection Costs	2 050 00
	Legal fees	122 143 54
	Legal fees (Expenses and Disbursements)	4 511 79
	Heat & light	954 97
	Storage costs	521 06
	Statutory advertising	393 57
	Insurance of assets	9 964 56
	Bank charges	205 51
	<b>(161 526 11)</b>	<b>(644 935 95)</b>
<b>(6,507,890 00)</b>	<b>(435 085 21)</b>	<b>391,969 66</b>
	<b>REPRESENTED BY</b>	
	Floating ch VAT rec'able	84 076 59
	Fixed charge current - RBS	307 942 80
	Fixed charge current - YB 90k o/d	58 893 71
	Fixed charge current - BOI 60k o/d	0 02
	Floating charge current	112 009 15
	Fixed charge current - Co-op 40k o/d	854 81
	Fixed Charge Current - A&L 80k o/d	(93 552 74)
	Fixed charge VAT rec'able	410 931 77
	Fixed charge VAT payable	(1 625 322 83)
	Floating ch VAT payable	(43 893 54)
	Floating ch VAT control	(44 113 70)
	Fixed charge VAT control	1 224 143 62
		<b>391,969 66</b>



**Hurstwood Developments Limited (in Administration)**  
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**29 August 2013**

## Appendix 3

### Joint Administrators' time costs and expenses for the Period 1 February 2013 to 31 July 2013

01/02/2013 to 31/07/2013

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
<b>Administration &amp; planning</b>							
Cashflowing							
General (Cashflowing)			12.50	1.00	13.50	£2,456.00	£184.15
Reconciliation (RIPs accounting review)			1.90		1.90	£416.50	£219.21
General							
Books and records			0.60		0.60	£111.00	£185.00
Fees and WIP			0.10		0.10	£16.50	£165.00
Statutory and compliance							
Appointment and related formalities			5.20		5.20	£962.00	£185.00
Closure and related formalities		8.00	4.80		12.80	£4,553.00	£355.70
Statutory receipts and payments accounts			2.20		2.20	£433.00	£190.82
Strategy documents		0.50			0.50	£225.00	£450.00
Tax							
Post appointment corporation tax		14.80			14.80	£5,438.50	£365.00
Post appointment VAT		12.50	32.55		45.05	£10,807.25	£234.16
Creditors							
Creditors and claims							
General correspondence		2.00	3.20		5.20	£1,482.00	£288.02
Payment of dividends			0.30		0.30	£55.50	£185.00
General creditors			2.00		2.00	£500.00	£250.00
Statutory reports	1.10	2.00	9.00		12.10	£3,186.50	£263.35
Investigation							
Disputes							
Correspondence with directors							
Realisation of assets			0.30		0.30	£55.50	£185.00
Asset Realisation							
Freehold property	0.50	15.00	37.60		53.10	£14,788.50	£278.13
Open cover insurance			0.20		0.20	£37.00	£185.00
Total in period					<b>169.95</b>	<b>£45,345.75</b>	<b>£266.82</b>

Fees drawn

Hours/Costs to date

B/F	£1,077,076.55	8,735.45	£2,063,545.95	£236.23
In the period	£175,042.73	169.95	£45,345.75	£266.82
C/f	£1,252,119.28	8,905.40	£2,108,891.70	£236.81





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Category 1 expenses	
	£
Printing and mail distribution	128.29
Category 1 expenses in the Period	128.29
Expenses b/f	10,488.41
Total expenses	10,616.70

Charge out rates from 1 October 2010 to 30 September 2012	
	£
Partner/director	460 to 535
Management	345 to 425
Administrators	175 to 240
Support	110

Charge out rates from 1 October 2012	
	£
Partner/director	485 to 565
Management	365 to 450
Administrators	185 to 250
Support	115