Rule 2 118 Form 2 35B

The Insolvency Act 1986

# Notice of move from administration to dissolution

# 2.35B

| Name of Company | Company Number |
|---|---|
| Propan Properties Limited. | 01400735 |

| In the | Court case number |
|---|---|
| High Court of Justice, Chancery Division | 10359 of 2009 |

(a) Insert name(s) and address(es) of administrator(s)

We Ian Oakley-Smith and Edward Mark Shires of 7 More London Riverside, London, SE1 2RT and Karen Lesley Dukes of PricewaterhouseCoopers LLP, First Point, Buckingham Gate, Gatwick RH6 0PP

(b) Insert name and address of registered office of company

having been appointed administrator(s) of (b) Propan Properties Limited of 7 More London Riverside SE1 2RT ("the company")

(c) Insert date of appointment

on (c) 23 January 2009

(d) Insert name of applicant / appointor

by (d) The Royal Bank of Scotland PLC, Global Restructuring Group

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

I attach a copy of the final progress report

Signed ____________

Joint Administrator

Dated 21 JULY 2011

**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

| | |
|---|---|
| Jenna Wise | |
| PricewaterhouseCoopers LLP 7 More London Riverside SE1 2RT | |
| | Tel 020 7213 2164 |
| DX Number | DX Exchange |

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

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COMPANIES HOUSE

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# Propan Properties Limited – in Administration
# High Court of Justice, Chancery Division, Companies Court
# Case No. 10359 of 2009

## Joint Administrators' final progress report

## 21 July 2011

*PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT*
*T +44 (0) 20 7583 5000, F +44 (0) 20 7212 7500, www pwc.co uk*

## Contents

# 1. The Joint Administrators' final progress report

## Introduction

The Joint Administrators ("the Administrators") previously reported on 11 February 2011 and are pleased to provide their final progress report on the Administration of Propan Properties Limited ("the Company") pursuant to Rules 2 47 and 2 110 of the Insolvency Rules 1986 ("IR86")

The Administrators are required to provide certain statutory information pursuant to Rule 2.47(1)(a) to (d) IR86, which is shown in Section 2 to this report. The Administrators are also required to provide a summary of their proposals, which is shown at Section 3

Details of the steps taken during the Administration and the outcome of the Administration are set out below

## Steps taken during the Administration

The Company is a member of the Oakdene Homes group, of which Oakdene Homes Plc is the parent The business of the Company was property development, primarily focusing on a development in the Isle of Wight

The Administrators' appointment arose as a consequence of the Group's inability to fund the significant cash requirement to support ongoing trading The Royal Bank of Scotland Plc, as qualifying floating charge holder, appointed Administrators to Oakdene Homes Plc, Oakdene Estate Management Limited and Propan Properties Limited (together the "Administration Companies") on 23 January 2009

Following an initial review, the Administrators concluded that the most appropriate strategy was to permit the Company to continue to trade on a limited basis whilst the Administrators identified and secured the assets of the Company and explored the strategic options available for dealing with the Company's assets

Immediately following their appointment, the Administrators took steps to protect and preserve the Company's assets which comprised of -

- Interests in freehold properties;
- Potential tax refunds,
- Book debts (retentions), and
- Intercompany claims

## Trading activities and sale / disposal of the assets

The primary asset of the Company was the Isle of Wight development site, where construction was continued until the date of sale in December 2009 Whilst the bulk of the sale was completed at this point, a legal issue arose regarding the transfer of certain plots within the development which was only resolved in January 2011

The Administration Companies' properties were widely marketed, with 216 information memoranda issued, 61 non-disclosure agreements signed and four bids for the majority of the property portfolio being received. All four bids were closely examined and the offer from West Register (Realisations) Limited ("West Register") provided the best outcome for the Group

The total payable by West Register was apportioned to arrive at an agreed sale price for each property This method of apportionment was approved by the Administrators' valuers Given the overall shortfall to the Bank, the method of apportionment between the Group's companies has no impact on the outcome to unsecured creditors

The Administrators formalised an agreement with West Register for the phased sale of the majority of properties over several months
Whilst the majority of properties have been sold to West Register, there have been some sales to third parties This has primarily arisen from properties subject to Section 5 (Landlord and Tenant Act 1987) right to buy terms, whereby long leaseholders must be provided with the opportunity to buy the freehold of a property before it is sold to another party

A total of £2,619,302 has been realised in property sales

# 1. The Joint Administrators' final progress report

### Other issues

**VAT** – HM Revenue & Customs ("HMRC") raised a number of queries relating to the VAT returns submitted, which has been complicated by the Administration Companies' partial exemption position This has now been resolved and an overall repayment of £60,136 made to the Company

**Corporation Tax** – Tax computations relating to the Company's pre-administration period were submitted to HMRC in order to try recover corporation tax paid in respect of the 36 month period prior to the appointment date There was considerable challenge by the inspector given the lack of 'key' information Given the potential difficulties and costs of securing a repayment from HMRC and the potential set-off against other amounts due by the Group to HMRC, that might be applied to any amount repaid, the Administrators decided that it was not in the best interest of creditors to pursue this claim

### Changes in officeholder

On 30 November 2010 CMT Haig resigned from office as Administrator of the Company and was replaced by I Oakley-Smith

### Final receipts and payments account

An account of the final receipts and payments in the Administration for the period 23 January 2009 to 21 July 2011 is set out in Section 4 to this report

### Extensions to the Administration

The 12 month duration of the Administration was extended on two occasions by order of the court

The current extension will come to an end on 23 January 2012

### Outcome for creditors

The secured creditor has recovered £25,924,432 under its fixed charge security of which £1,574,919 was recovered from the Company's assets The secured creditor will suffer a significant shortfall on its lending even after the final amounts have been reclaimed

As previously reported, there are insufficient funds available to enable a dividend to be paid to unsecured creditors

### Administrators' remuneration

The Administrators' remuneration has been approved by the secured creditor, Royal Bank of Scotland PLC in accordance with Rule 2.106 (5A) of the Rules

Remuneration of £185,140 (£214,706 gross) and disbursements of £698 (£803 gross) have been drawn to date, in respect of the time costs and disbursements up to 14 January 2011 This comprises 676 9 hours at an average hourly rate of £273 51

The Administrators do not intend to draw any further remuneration

### Exit route from Administration

The Administrators consider that it is appropriate for the Administration to cease and for the Company to be dissolved

Notice under Paragraph 84(1) Sch B1 IA86 (Form 2 35B) will be filed with the Registrar of Companies and the Company will be dissolved three months after the filing of this form

# 1. The Joint Administrators' final progress report

**Discharge**

In accordance with a resolution of the secured creditor the Administrators shall be discharged from liability pursuant to Paragraph 98(1) of Schedule B1 to the Insolvency Act 1986 in respect of any action of theirs as Administrators The discharge will take place 14 days after the cessation of the Administration

Ian Oakley-Smith
Joint Administrator
Propan Properties Limited

*EM Shires, I Oakley-Smith and KL Dukes were appointed as Joint Administrators of Propan Properties Limited to manage its affairs, business and property as agents and without personal liability EM Shires, I Oakley-Smith and KL Dukes are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales*

## 2. Statutory and other information

| | |
|---|---|
| **Court details for the Administration:** | High Court of Justice, Chancery Division, Companies Court, Court number 10359 of 2009 |
| **Full name:** | Propan Properties Limited |
| **Trading name:** | Propan Properties Limited |
| **Registered number:** | 01400735 |
| **Registered address:** | 7 More London Riverside, London, SE1 2RT |
| **Company directors:** | Carl Stephen Turpin, George Robert Boot (both now resigned) |
| **Company secretary:** | George Robert Boot (resigned) |
| **Shareholdings held by the directors and secretary:** | None |
| **Date of the Administration appointment:** | 23 January 2009 |
| **Administrators' names and addresses:** | I Oakley-Smith and EM Shires of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT and KL Dukes of PricewaterhouseCoopers LLP, First Point, Buckingham Gate, Gatwick, RH6 0PP |
| **Changes in office holder:** | I Oakley-Smith replaced CMT Haig on 30 November 2010 |
| **Appointor's / applicant's name and address:** | The Royal Bank of Scotland PLC, Global Restructuring Group, 10th Floor, 280 Bishopsgate, London EC2M 4RB |
| **Objective being pursued by the Administrators:** | 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) |
| **Division of the Administrators' responsibilities:** | In relation to paragraph 100(2) Sch B1 IA86, during the period for which the Company is in Administration any act required or authorised under any enactment to be done by the Administrators may be done by all or any of the persons for the time being holding that office |
| **Extensions to the period of the Administration:** | The Court has granted an extension of the Administration to 23 January 2012 |
| **End of the Administration:** | Dissolution |
| **Estimated dividend for unsecured creditors:** | Nil |
| **Estimated values of the prescribed part and the company's net property:** | N/A |
| **Whether and why the Administrators intended to apply to court under Section 176A(5) IA86:** | N/A |
| **The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):** | The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings |

# 3. Summary of the Joint Administrators' proposals

## b. Proposals for achieving the purpose of the Administration

The Administrators make the following proposals for achieving the purpose of administration.

i) The Administrators will continue to manage and finance the Company's business, affairs and property from trading revenues / asset realisations / other in such manner as they consider expedient with a view to 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)

ii) The Administrators may investigate and, if appropriate, pursue any claims that the Company may have under the Companies Act 1985 or IA86 or otherwise In addition, the Administrators shall do all such other things and generally exercise all their powers as Administrators as they in their discretion consider desirable in order to achieve the purpose of the Administration or to protect and preserve the assets of the Company or to maximise their realisations or for any other purpose incidental to these proposals

iii) If the Administrators think that funds will become available for unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator and that the costs of so doing be met out of the prescribed part as costs associated with the prescribed part

iv) The Administrators may at their discretion make an application to court for permission to make distributions to unsecured creditors under Paragraph 65(3) Sch.B1 IA86

v) If the Administrators think that an extension to the statutory duration of one year is considered advantageous, the Administrators shall either apply to the court or seek consent from the appropriate classes of creditors for an extension

vi) The Administrators may use any or a combination of "exit route" strategies in order to bring the Administration to an end, but in this particular instance the Administrators are likely to wish to pursue the following options as being the most cost effective and practical in the present circumstances.

(a) Once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will file a notice under Paragraph 84(1) Sch B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later

(b) Once all of the assets have been realised and the Administrators have concluded all work within the Administration, the Administrators will apply to court under Paragraph 79 Sch B1 for the Administration to be ended and for the Company to be placed into compulsory liquidation

(c) Once asset disposals are complete, the Administrators will place the Company into creditors' voluntary liquidation In these circumstances, it is proposed that CMT Haig and EM Shires be appointed as Joint Liquidators and any act required or authorised to be done by the Joint Liquidators may be done by either or both of them In accordance with Paragraph 83(7) Sch B1 IA86 and Rule 2 117(3) IR86, creditors may nominate alternative liquidators, provided that the nomination is made after the receipt of these proposals and before they are approved

# 3. Summary of the Joint Administrators' proposals

vii) The Administrators shall be discharged from liability pursuant to Paragraph 98(1) Sch B1 IA86 in respect of any action of theirs as Administrators at a time resolved by the secured creditor(s), or if a distribution has been or may be made to the preferential creditors, at a time resolved by the secured and preferential creditors or in any case at a time determined by the court

viii) It is proposed that the Administrators' fees be fixed under Rule 2 106 of the Insolvency Rules 1986 by reference to the time properly given by the Administrators and the various grades of their staff according to their firm's usual charge out rates for work of this nature and that disbursements for services provided by the Administrators' own firm (defined as Category 2 disbursements in Statement of Insolvency Practice No 9) be charged in accordance with the Administrators' firm's policy As the Administrators have stated that they think that the Company has insufficient property to enable a distribution to be made to non-preferential unsecured creditors other than by virtue of Section 176A IA86], it will be for the secured creditor and preferential creditors to determine these instead

# 4. Final receipts and payments account

**Abstract of the Joint Administrators' receipts and payments for the period 23 January 2009 to 21 July 2011**

| | Fixed as at 21 July 2011 £ | Floating as at 21 July 2011 £ | Total as at 21 July 2011 £ | Total as at 22 January 2011 £ | Movement £ |
|---|---|---|---|---|---|
| **Receipts** | | | | | |
| Interest received gross | 5,122 | - | 5,122 | 4,255 | 867 |
| Freehold property | 2,619,302 | - | 2,619,302 | 2,619,302 | - |
| Ground rent | 19,598 | - | 19,598 | 19,598 | - |
| Loan from Oakdene Homes Plc | 29,605 | - | 29,605 | 15,020 | 14,585 |
| Refunds | 4,444 | 885 | 5,329 | 3,904 | 1,425 |
| Property cost reimbursement | 14,023 | - | 14,023 | 14,023 | - |
| Rental income | 18,471 | - | 18,471 | 18,471 | - |
| Service charge | 7,701 | - | 7,701 | 7,701 | - |
| VAT receipt | 60,136 | - | 60,136 | - | 60,136 |
| **Total Receipts** | 2,778,402 | 885 | 2,779,287 | 2,702,274 | 77,013 |
| | | | | | |
| **Payments** | | | | | |
| Agents' fees | 40,215 | - | 40,215 | 40,215 | - |
| Bank charges | 250 | - | 250 | 165 | 85 |
| Administrators' fees | 213,931 | 775 | 214,706 | 179,235 | 35,471 |
| Administrators' disbursements | 803 | - | 803 | 784 | 19 |
| Construction Industry Scheme Tax | 14,585 | - | 14,585 | - | 14,585 |
| Distribution to Bank | 1,574,919 | - | 1,574,919 | 1,184,000 | 390,919 |
| Insurance | 24,970 | - | 24,970 | 24,970 | - |
| Property costs | 28,659 | - | 28,659 | 28,659 | - |
| Lease/hire charges | 15,046 | - | 15,046 | 15,046 | - |
| Legal fees | 312,375 | - | 312,375 | 295,799 | 16,576 |
| Legal settlement | 170,000 | - | 170,000 | 170,000 | - |
| Rent & rental refunds | 1,188 | - | 1,188 | 1,188 | - |
| Repairs & maintenance | 1,639 | - | 1,639 | 1,639 | - |
| Security | 187,309 | - | 187,309 | 187,309 | - |
| Statutory advertising | - | 110 | 110 | 110 | - |
| Subcontractors costs | 149,765 | - | 149,765 | 149,765 | - |
| Telephone & fax | 714 | - | 714 | 714 | - |
| Utilities | 21,940 | - | 21,940 | 20,293 | 1,647 |
| Zurich warranty insurance | 20,094 | - | 20,094 | 20,094 | - |
| **Total Payments** | 2,778,402 | 885 | 2,779,287 | 2,319,985 | 459,302 |
| **Cash in hand** | - | - | - | 382,289 | (382,289) |