

The Insolvency Act 1986

**Statement of administrator's proposals**

Name of Company <b>Mar City Developments Limited</b>	Company number <b>01813280</b>
In the <b>High Court of Justice, Chancery Division</b> <small>[full name of court]</small>	Court case number <b>2847 of 2016</b>

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

We (a) Shay Bannon and Sarah Megan Rayment of BDO LLP, 55 Baker Street, London, W1U 7EU

\*Delete as applicable

attach a copy of ~~\*my~~ / our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 15 July 2016

Signed

Joint Administrator(s)

Dated

15 July 2016.

**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.

BDO LLP, 55 Baker Street, London, W1U 7EU	
Our Ref	Tel 020 7893 3562
DX Number	DX Exchange

u have completed and signed this form please send it to the Registrar of Companies at  
ies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

A07 08/08/2016 #39  
COMPANIES HOUSE

MONDAY

**Mar City Developments Limited**  
**In Administration**

Statement to Creditors pursuant to Rule 2.33  
of the Insolvency Rules 1986 and Statement of  
Proposals under Paragraph 49 of Schedule B1  
of the Insolvency Act 1986



---

## TABLE OF CONTENTS

Section	Page
1 INTRODUCTION	1
2 EVENTS LEADING UP TO THE APPOINTMENT OF THE JOINT ADMINISTRATORS	1
3 STATEMENT OF AFFAIRS AND STATUTORY INFORMATION	2
4 PRESCRIBED PART	2
5 ACHIEVING THE PURPOSE OF THE ADMINISTRATION	2
6 MANAGEMENT OF THE COMPANY'S AFFAIRS SINCE THE JOINT ADMINISTRATORS' APPOINTMENT	3
7 CREDITOR'S CLAIMS	4
8 INVESTIGATIONS	4
9 OTHER MATTERS	4
10 EC REGULATIONS ON INSOLVENCY PROCEEDINGS	5
11 PRE-ADMINISTRATION COSTS	5
12 JOINT ADMINISTRATORS' REMUNERATION	5
13 JOINT ADMINISTRATORS' DISBURSEMENTS	6
14 POSSIBLE OUTCOMES FOR THE COMPANY AND CREDITORS	6
15 STATEMENT OF PROPOSALS UNDER PARAGRAPH 49 OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986	6

Appendix 1	Statutory Information
Appendix 2	Estimated Statement of Financial Position
Appendix 3	Summary of the Joint Administrators' Receipts and Payments
Appendix 4	Summaries of the Joint Administrators' Time Costs and Estimated Total Costs for Entire Period of Administration
Appendix 5	Summary of the Joint Administrators' Proposals
Appendix 6	A Creditors' Guide to Joint Administrators' Fees, BDO LLP Policy on Fees
Appendix 7	Proof of Debt form
Appendix 8	Form 2.21B; Creditor's Request for a Meeting

## MAR CITY DEVELOPMENTS LIMITED - IN ADMINISTRATION

Registered Number: 01813280

Registered office situated at: c/o BDO LLP, 55 Baker Street, London, W1U 7EU

In the High Court of Justice, Chancery Division, Court case number: 2847 of 2016

### 1 Introduction

This report is addressed to the creditors of Mar City Developments Limited ('the Company') and incorporates the Joint Administrators' proposals. As provided by Paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986 we do not propose to call a meeting of creditors to consider the proposals because there will be insufficient assets to enable us to make any distribution to unsecured creditors, other than by way of the prescribed part further details of which is provided in section 4

Under Paragraph 52 of Schedule B1 to the Insolvency Act 1986 if at least 10% of creditors require us to call a meeting they must notify us using form 2.21B (attached) by 29 July 2016. Please note that before such a meeting can be held we will require a deposit towards the cost of convening the meeting. Such deposit may be repaid subject to approval of the other creditors. Where no creditors' meeting is held to consider the Joint Administrators' proposals, the proposals will have been deemed to be approved on 29 July 2016.

Creditors may approve the proposals with or without modifications subject to the Joint Administrators' agreement to any such modifications. If the creditors reject the Joint Administrators' proposals a report will be sent to the High Court of Justice Chancery Division, confirming that the creditors have rejected the proposals. The Court may then discharge the Administration and make consequential directions. Alternatively, it may adjourn the hearing or make some other Order as it thinks fit.

If the Joint Administrators' proposals are approved, the Joint Administrators will continue to control the business of the Company to the extent that it has not been transferred. The Joint Administrators would at some later date arrange for the Company to exit from the Administration, as agreed by the creditors. Based on the information presently available and the current situation, the Joint Administrators' proposal is that the Company will be dissolved once the Administration has been completed.

The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment. A copy of the code is at <http://www.icaew.com/en/members/regulations-standards-and-guidance/ethics/code-of-ethics-d>. Creditors can also access information that sets out creditors' rights in respect of the approval of Joint Administrators' remuneration at <https://www.r3.org.uk/what-we-do/publications/professional/fees>

### 2 Events leading up to the Appointment of the Joint Administrators

The Company is privately owned by Tony and Maggie Ryan, via its immediate holding company Mar 50 Limited.

The Company has two fully owned subsidiaries, South Staffs Group Limited ('SSGL') and Terngate Limited ('TL'). SSGL owns a development site in Colindale, North West London together with an investment/development property near Dudley, West Midlands. TL owns a non-operational quarry outside of Wolverhampton.

Due to uncertainties surrounding the working capital position of the Company, SSGL and TL, together with the accrued liability position, HSBC Bank Plc ('Bank' or 'the Secured Creditor') sought a detailed business plan from the directors.

The Company engaged a firm of accountants in February 2016 to provide it with support in finalising the plan. On receipt of the plan, the Bank was not in a position to provide any



additional support in respect of the Company or to TL to enable the quarry to become operational.

Formal demands were served on the Company by the Bank on 24 May 2016 in respect of an outstanding term loan of £1m and guarantee liability totalling £9.3m.

Shay Bannon and Sarah Megan Rayment were appointed Joint Administrators of the Company on 24 May 2016 by the Bank as the Qualifying Floating Charge Holder pursuant to Paragraph 14 of Schedule B1 to the Insolvency Act 1986.

Under the provisions of paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the Joint Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.

At Appendix 1 is a record of the Company officeholders and shareholders

### **3 Statement of Affairs and Statutory Information**

We have enclosed at Appendix 2 a summary of the Company's estimated financial position as at the date of our appointment together with a schedule showing details of creditors' claims received. We have received a draft Statement of Affairs from the directors and understand that the final statement will be provided shortly.

The estimated financial position has been based upon the records and information available together with professional valuations obtained by the Joint Administrators. The Joint Administrators will review the final Statement of Affairs but will not carry out any audit or detailed verification work

### **4 Prescribed Part**

Under the provisions of Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the prescribed part. This provision only applies where a Company has granted a floating charge to a creditor after 15 September 2003. A floating charge was created following this date and therefore the prescribed part provisions will apply

Unfortunately the Company's net property assets are likely to be less than the prescribed minimum (currently £10,000) and the cost of distributing the prescribed part would be disproportionate to the benefits. Therefore under section 176A(3) of the Insolvency Act 1986 the prescribed part provisions are unlikely to apply in this Administration

### **5 Achieving the Purpose of the Administration**

The statutory purpose of an Administration consists of three objectives, and we now address the progress that has been made in this respect

- a) The first objective is the rescue of the Company as a going concern. Due to the level of the Company's indebtedness to the Bank and other creditor pressure it was not possible for this objective to be achieved. On appointment, the Company ceased to trade
- b) With regard to the second objective of achieving a better result for the creditors of the Company, as a whole than would be likely if the Company were wound up (without first being in Administration), this object will not be achieved given the Company ceased to trade on our appointment. There will be a surplus available under the fixed charge security and the estimated to realise values of the floating charge assets would be similar in both an Administration and Liquidation scenario



- c) The final objective is realising the property of the Company in order to make a distribution to one or more secured or the preferential creditors. This objective will be achieved in respect of the Company, as the Joint Administrators will make distributions to the Bank under its fixed charge security.

## **6 Management of the Company's affairs since the Joint Administrators' appointment**

- 6.1 As at the date of appointment, the Company employed 3 members of staff, excluding the directors, who were made redundant by the Joint Administrators.

The Company had engaged several sub-contractors to attend a number of completed developments to undertake remedial and latent defect works. The contractors were advised that due to limited financial resources, the Company was not in a position to make payment for accrued or future wages. As a result, the sub-contractors ceased to work on the date of Administration.

### **6.2 Asset Position**

#### **6.2.1 Chattel Assets and Contractual Debts**

The Joint Administrators have engaged Colliers and Gordon Brothers Europe ('GBE') as property and chattel agents. Acasta Consulting ('Acasta') has been engaged to recover contractual retention monies.

Colliers has advised that the property assets are expected to generate approximately £1m subject to the costs of disposal and payment of prior ranking security on the Great Hampton Street properties. It is anticipated that formal instructions to market the properties will be issued shortly.

GBE has inspected and valued the chattel assets at c.£160k. The agents have been instructed to sell the assets that include CAT plant and machinery. The sale of two motor vehicles has been agreed at £31k following the agent's recommendation to the directors.

Acasta has conducted an initial view on completed contracts and advised that the collectability of the debts will be subject to further information being provided by the contract employers and the status of any outstanding works.

#### **6.2.2 Investment in Subsidiary Companies**

As mentioned above, the Company is the sole shareholder of SSGL and TL. The Joint Administrators are continuing to assess the position with regard to the companies although it would appear that the assets held in the subsidiaries are fully secured. At the present time, the Joint Administrators have not attributed any value to the shares.

#### **6.2.3 Investment in Mar City Plc ('Plc')**

The Company owns 3% of the issued share capital in Plc. Shortly following our appointment, an offer was received for the shares. The offer has not been pursued, given the implications of the certain Takeover Panel rules, and the interested party has not provided any evidence of funding in support of the offer. At the current time, the Joint Administrators do not intend to seek further offers for the shares until the financial position of Plc has improved or becomes clearer.

#### **6.2.4 Inter-group Position**

The directors have advised the Joint Administrators that the Company is owed a significant debt by the Plc group. We are currently conducting an analysis of the intergroup account to ascertain the position based on the information available to us and have met with the accountants, instructed by the Company in February 2016, that undertook a reconciliation of the position.



## **7 Creditors' Claims**

### **7.1 Secured Creditor**

HSBC is owed c £10.3m as per the letter of demand served on the Company. The sum of £1m relates to an outstanding term loan of £1m and £9.3m is in respect of a guarantee provided in relation to a directors loan.

HSBC has the benefit of fixed and floating charge security dated 29 February 2012 over all assets of the Company, including specific legal charges.

Bank of Ireland has a legal charge in the sum of £165k dated 22 June 2006 over 111 - 115 Great Hampton Street. Svenska Handelsbanken also has a legal charge in the sum of £94k dated 14 August 2013 over Unit 1A, The Quartz, Great Hampton Street. These charges are subject to accruing interest and charges and rank in priority to the security of the Bank.

Creditors may note that a number of charges are registered at the Registrar of Companies against the Company. The Joint Administrators are aware that a number of the properties that relate to the security were transferred following a restructuring of the Mar City Group or sold prior to Administration with the consent of the Secured Creditor.

### **7.2 Preferential Creditors**

To date, one employee has submitted a claim for outstanding wages and holiday pay totalling £265.

The Joint Administrators have estimated total preferential claims at £10k. At the present time, we are unable to confirm whether there will be sufficient funds available to discharge the preferential claims in full.

The Joint Administrators are yet to receive any claim from the directors of the Company.

### **7.3 Unsecured Creditors**

To date, the unsecured creditor claims notified to the Joint Administrators total £519,384.97. The directors estimate total unsecured creditor claims of c£25m. Creditors are invited to formally submit their claims using the proof of debt form enclosed at Appendix 7 of this report.

## **8 Investigations**

The Joint Administrators have a duty to investigate the affairs of the Company and to establish if there are any actions that can be pursued for the benefit of the creditors as a whole together with the conduct of the directors. In this latter respect, the Joint Administrators must submit a confidential report to the Secretary of State regarding the conduct of all directors and shadow directors during the three years before the Administration.

If a creditor wishes to bring to our attention any matters that merit investigation they should contact the Joint Administrators either in writing c/o Matt Fellows, BDO LLP, 55 Baker Street, London, W1U 7EU or by telephone on 0207 893 2249.

## **9 Other Matters**

The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

## **10 EC Regulations on Insolvency Proceedings**



We are required under the Insolvency Rules 1986 to state whether and if so the extent to which the above regulations apply to this Administration. In this particular case the EC Regulation will apply in respect of this Administration and these proceedings will be main proceedings as provided by Article 3 of the aforesaid Regulation.

#### **11 Pre Administration Costs**

Under Rule 2.67A of the Insolvency Rules 1986 certain costs incurred in preparation and planning for the Administration may, with the approval of the creditors, be approved for payment from the Administration estate, as an expense of the Administration. Allowable costs fall into the following categories:-

- i) the fees charged by the Joint Administrators;
- ii) the expenses incurred by the Joint Administrators, and
- iii) the fees charged (to the Joint Administrators' knowledge) by any other person qualified to act as an insolvency practitioner.

Pre appointment costs totalling £15k plus VAT were incurred prior to the Joint Administrators' appointment, in respect of work carried out in preparing and delivering a high level contingency plan in the event the Company entered Administration. The costs were formalised in a letter of engagement dated 11 August 2015.

Pursuant to Rule 2.106(5)A, the pre appointment costs will be subject to the approval of the secured and preferential creditors.

#### **12 Joint Administrators' Remuneration**

Kindly note that under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal, by reference to the time the Joint Administrators and their staff spend in attending to matters in this Administration or, a fixed amount.

Remuneration may be fixed on one or a combination of any of the foregoing bases. In respect of this Administration, the Joint Administrators are seeking the creditors' approval to our remuneration being agreed on a time costs basis as set out in the attached fees estimated at Appendix 4.

Attached at Appendix 4 is a schedule that summarises the time that has been spent in administering this Administration up to the date of this report, together with a fees estimate and details of the expenses anticipated to be incurred. The time incurred to date shows a total of 273.55 hours at an average charge out rate of £237.46.

Included within the proposals below is a resolution regarding the Joint Administrators' remuneration, although if a creditors' committee is appointed approval of the Joint Administrators' remuneration will be the committee's responsibility. Where no meeting of creditors is being convened because there will be insufficient property to enable a distribution to be made to unsecured other than by reason of prescribed part which is mentioned above (Paragraph 52(1) of Schedule B1 to the Insolvency Act 1986) our remuneration and any category 2 disbursements will be subject to the approval of the secured and preferential creditors as set out in Rule 2.106(5A)(a)/(b) of the Insolvency Rules 1986.



## **13 Joint Administrators' Disbursements**

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. I therefore report that the sum of £831.31 has been incurred but not yet drawn in respect of category 1 disbursements.

The Joint Administrators require the approval of the secured and preferential creditors in order to draw category 2 disbursements. Category 2 disbursements are postage, stationery, photocopying charges, telephone, fax and other electronic communications calculated on the basis of £12.50 per creditor in the first year of the Administration and £6.25 per creditor in respect of each subsequent year.

## **14 Possible outcomes for the Company and Creditors**

The Insolvency Act 1986 and Insolvency Rules 1986 provide a variety of options regarding the possible exit routes for the Company from the Administration, being primarily a Company Voluntary Arrangement, Liquidation or dissolution of the Company. It is the Joint Administrators' recommendation and proposal, as detailed below, that once all assets have been realised and distributed in the Administration that the Joint Administrators arrange for the Company to be dissolved.

## **15 Statement of proposals under Paragraph 49 of Schedule B1 to the Insolvency Act 1986**

In accordance with Paragraph 49 of Schedule B1 to the Insolvency Act 1986 the Joint Administrators make the following proposals for achieving the purpose of the Administration.

**Formal Proposals - the Joint Administrators propose that:**

- (a) they continue to manage the Company's business, realise assets and make payments to the Company's secured and preferential creditors in accordance with objective 3 of the statutory purpose of the Administration,
- (b) they exit the administration by way of dissolution, and
- (c) creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors).

The following, additional resolutions are put to the creditors in the absence of a creditors' committee:

- i) The Joint Administrators' be remunerated on a time cost basis in line with the fee estimate enclosed at appendix 4, and
- ii) the creditors approve the Joint Administrators be authorised to draw category 2 disbursements in respect of postage, stationery, photocopying charges, telephone, fax and other electronic communications on the basis of £12.50 per creditor in the first year of the Administration and £6.25 per creditor in respect of each subsequent year, and
- iii) the Joint Administrators' pre-appointment costs totalling £15,000 (plus VAT) be approved and drawn from the Administration estate, and

*(NB In the absence of a creditors' meeting or committee the Joint Administrators' remuneration, category 2 disbursements and pre-appointment fees will be approved by the secured and/or preferential creditors as set out by Rule 2.106(2), 2.106(5A)(a)/(b) of the Insolvency Rules 1986.)*



- (d) That the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors

Dated 15 July 2016

  
.....  
Shay Bannon  
Joint Administrator

---

Statutory Information

**Mar City Developments Limited  
In Administration**

**Statutory Information**

**Company Number:** 01813280

**Date of Incorporation:** 2 May 1984

**Address of Registered Office:** c/o BDO LLP, 55 Baker Street, London, W1U 7EU  
Formerly. 11 Hockley Court, 2401 Stratford Road,  
Solihull, West Midlands, B94 6NW

**Directors:** Patrick Anthony Ryan  
Margaret Anne Ryan

**Company Secretary:** Brian William Hunt

**Nominal Share Capital:** £30,000 - divided into 30,000 ordinary shares of £1 each

**Registered Shareholders:** Mar 50 Limited

NB. The Company filed accounts on 30 April 2014 and therefore creditors are invited to view the Company's prior trading results on Companies House should they wish to do so

---

**Estimated Statement of Financial Position**

# Mar City Developments Limited - In Administration

## Estimated Statement of Financial Position as at 24 May 2016

		Book Value as at 24 May 2016	Estimated to realise value
		£	£
<b>Assets Subject to Fixed Charge security</b>			
Freehold Properties	1	1,700,000	800,000
			800,000
Less Amount due to secured creditors	2	-	(10,602,000)
<b>Surplus/(Shortfall) under fixed charge</b>			<b>(9,802,000)</b>
<b>Assets subject to floating charge</b>			
Plant & Machinery	3	44,000	127,000
Motor Vehicles	3	10,000	30,000
Office Equipment	3	22,000	-
Contract Retentions	3	1,016,000	32,000
Rental Deposit	3	60,000	-
Inter-Company Debtors	3	14,185,000	-
		15,337,000	189,000
Sum Available to Preferential Creditors	4		189,000
Less Preferential creditors			(10,000)
<b>Net Property</b>			<b>179,000</b>
Less Prescribed Part	4		(38,800)
<b>Balance available for floating charge creditors</b>			<b>140,200</b>
Less Amounts owed to Floating Charge Creditor			(9,802,000)
<b>Shortfall to Floating Charge Creditor</b>			<b>(9,661,800)</b>
<b>Available for unsecured creditors (Prescribed Part)</b>			<b>38,800</b>
Less Costs to Distribute			(5,000)
			33,800
Less Unsecured creditor claims			
Trade creditors	5	(25,000,000)	
			(25,000,000)
<b>Shortfall to unsecured creditors</b>			<b>(24,966,200)</b>
Less Share capital (100 x £1 ordinary shares)			(100)
<b>Shortfall to shareholders</b>			<b>(24,966,300)</b>

### Notes

1 The Properties have been professionally valued by Colliers

2 The Secured Creditors are HSBC Bank Plc (owed c £10.3m), Bank Of Ireland (c £165k) and Svenska Handelsbanken (c £94k). These amounts are subject to accruing interest and charges pending full repayment

3 Values taken from last available set of management accounts

4 Realisations are shown net of disposal and other professional costs associated with the Administration (as detailed in the fee estimate). The Joint Administrators do not anticipate any funds being available to preferential creditors or unsecured by way of the prescribed part following the payment of costs

5 Creditors' claims directors' estimate

**BDO LLP**  
**Mar City Developments Limited**  
**B - Company Creditors**

Key	Name	Address	£
CA00	Addison Lee	c/o Moreton Smith, 4th Floor, 45 Beech Street, London EC2Y 8AD, ref: Christos Konstas	0.00
CA01	Aecom Professional Services LLP	63/77 Victoria Street, St Albans, AL1 3ER, A/c: 60323780	0.00
CA02	Assael Architecture Limited	123 Upper Richmond Road, London, SW15 2TL, Ref A2518 GR MCD	0.00
CB05	Bank of Ireland	Bristol & West Property Finance, PO Box 3191, One Temple Quay, Bristol BS1 9SY	0.00
CB03	Berrymans Lace Mawer LLP	42 Kings Street West, Manchester, M3 2NU, ref: ZAO/149428 973	0.00
CB04	Blue Machinery	Harbour Trading Estate, Portishead, BS20 7BL, A/c: 200562	0.00
CB01	British Gas Trading Limited	Spineyside, Penman Way, Gorse Park, Leicester LE19 1SZ, A/c 602041917 / 850049189443 / 600891190	0.00
CB02	British Telecom plc	Durham, DH98 1BT, A/c: VP 75416270 / VP 17997670	0.00
CC04	Cadogan Tate Limited	239 Acton Lane, London, NW10 7NP, A/c: MARC101A	0.00
CC06	Caledonian Modular Limited	c/o Hawkswell Kilvington, 17 Navigation Court, Calder Park, Wakefield, WF2 7BJ	393,188.07
CC01	Calendonian Modular Limited	c/o Hawkswell Kilvington, 17 Navigation Court, Calder Park, Wakefield, WF2 7BJ, Ref. GDA/00010-41	0.00
CC03	Caterpillar Financial Services (UK) Limited	The Phoenix Building, Central Boulevard, Blythe Valley Park, Solihull B90 8BG, Agree 560-10006753/10006617	0.00
CC05	CITB	Legal Services, Bircham Newton, King's Lynn, PE31 6RH, Ref: 2004572	0.00
CW02	City of Westminster	Council Tax, PO Box 165, Erith DA8 9DW, A/c: 11289131016	0.00
CW00	City of Westminster	Westminster City Council, Business Rates, PO Box 187, Erith DA8 9EY, A/c: 402800222	51,700.00
CC02	Corona Energy	Edward Hyde Building, 38 Clarendon Road, Watford WD17 1JW, A/c 20420555	0.00
CD03	DLP Planning Ltd	4 Abbey Court, Fraser Road, Priory Business Park, Bedford, MK44 3WH	0.00
CD00	Doorfit Products Limited	ickneild House, Heaton Street, Birmingham, B18 5BA, A/c: MAR01	0.00
CD02	Dudley Metropolitan Borough Council	c/o Brinstow & Sutor, Bartlett Road, Washford, Redditch B98 0FL, ref DUDN 17622 (1200-4046533)	0.00
CE02	Edgar's Water	Conway House, Pattenden Lane, Marden, TN12 9QJ, A/c MARC1002	0.00
CE03	E-On	Westwood Way, Westwood Business Park, Coventry, CV4 8LG, A/c 0126 0916 3310	0.00
CE01	E-On Energy	c/o Parry & Company, Edward Pavillion, Albert Dock, Liverpool, ref: MJ/KP/105651.001	0.00
CE00	E-ON Energy Solutions Limited	Westwood Way, Westwood Business Park, Coventry CV4 8LG, A/c: 013095075720	0.00
CE04	Eversheds LLP	Bridgewater Place, Water Lane, Leeds, LS11 5DR, ref 144354	0.00

**BDO LLP**  
**Mar City Developments Limited**  
**B - Company Creditors**

Key	Name	Address	£
CF01	Fenwick Elliott LLP	Aldwych House, 71-91 Aldwych, London, WC2B 4HN	4,781 40
CF00	FPCR	Lockington Hall, Lockington, Derby, DE74 2RH, A/c: 6389L	0 00
CG01	Gazprom Marketing & Trading Retail Limited	Bauhaus, 27 Quay Street, Manchester, M3 3GY, A/c: 10031160	0.00
CG02	Go Waste (UK ) Limited	1 High Street, Saleley, B8 1JN, A/c MARCITYD	0 00
CG03	Gordon Dadds LLP	6 Agar Street, London, WC2N 4HN	13,617.07
CH03	Hewden Stuart Limited	PO Box 67, Stretford DO, Manchester, M32 0HW, A/c: 1022149	0 00
CH06	HM Revenue & Customs	Wealthy Mid-sized Business Compliance, Mid-Sized Business, S1001, Newcastle NE98 1ZZ, Reg 389-3691-89	0.00
CH07	HM Revenue & Customs	Debt Management & Banking, HMRC, DMB 440, BX5 5AB, Ref.068 P L 00009744	0.00
CH00	HMRC	Enforcement and Insolvency Services (EIS) Worthing, Durrington Bridge House, Barrington Road, Worthing, BN12 4SE	0 00
CH02	Homes & Communities Agency Investments	Team Leader (Credit Risk), Fry Building, 2 Marsham Street, London, SW1P 4DF	0 00
CH05	Howell & Co	1341 Stratford Road, Hall Green, B28 9HW	0.00
CI00	Icomm Technologies Limited	37/55 Camden Street, Birmingham, B1 3BP, A/c 062235	0.00
CI00	Jerrons	The Exchange, Haslucks Green Road, Shirley, Solihull B90 2EL, A/c: 0975	0 00
CD01	KJ Deehan	Heating & Plumbing, 36 Ullink Green, Birmingham, B24 8RH	0 00
CL01	Landesign Planning & Landscape Limited	Beacon House, 10 Forest Road, Loughborough, LE11 2TB	0 00
CL02	Lichfield District Council	Empty Homes Review, Central Processing Team, Number One Market Street, Nelson BB9 7LJ, A/c 170/031881082	0 00
CM04	Mar 50 Limited	C/o 70 Brook Street, London, W1K 5EA	0 00
CM05	Mar City Homes Limited	GROUND FLOOR TS1, PINEWOOD BUSIN,, COLESHILL ROAD, BIRMINGHAM, B37 7HG	0 00
CM02	Martin Lavell Ltd	Centuron House, Centuron Way, Cleckheaton, BD19 3QE, A/c: 390671	0 00
CM01	Midland Sign & Lighting Limited	Unit P, Radius Court, Maple Drive, Tungsten Business Park, Hinckley LE10 3BE, A/c: 16754	0 00
CM03	Midland Survey Limited	Cromwell House, Westfield Road, Southam, CV47 0JH, A/c: MARCITY2	0 00
CM00	Midshire Communication Limited	MCL House, Aintree Road, Keytec 7 Business Park, Pershore WR10 2JN, A/c: G147	0 00
CH04	Mr B W Hunt	38 Waldon Walk, Castle Bromwich, B36 0TL	5,216 00
CH01	Mr Frank Horton	259 Chinnbrook Road, Billesley, Birmingham, B13 0ND	0.00
EM00	Mr Gajendra Maniar		0 00
CB00	Mr Jack Brooks	289 Baldwins Lane, Hall Green, Birmingham, B28 0RG	0 00



**BDO LLP**  
**Mar City Developments Limited**  
**B - Company Creditors**

Key	Name	Address	£
CC00	Mr Michael Chambers	136 Beauchamp Road, Billesley, Birmingham, B13 0NL	0.00
CK00	Mr Nicholas Knight	34 Broomhurst Way, Muxton, Telford, TF2 8RG	0.00
CG00	Mr Patrick Garvey	Fiat 2, 6 Anson Grove, Birmingham, B27 7DS	0.00
EK00	Mr Vavanathan Karunakaran		0.00
CN01	Network Rail	Finance Shared Services, Square One, Floor 2, 4 Travis Street, Manchester M1 2NY, Ref.5816092	0.00
CN00	NHBC	Accounts, NHBC House, Davy Avenue, Knowhill MK5 8FP, A/c: 101476-68610	0.00
CO00	OCL Kingswinford Limited	Building 70, Bay 2, Third Avenue, Pensnett Trading Estate, Kingswinford, DY6 7FE	0.00
CQ00	Quarry Design	1 Custom House Court, 80D Kenn Road, Clevedon, BS21 6EX, APW0396	0.00
CL00	R F Leggate	Leggate Brown Landscapes, 10 Riverpark Court, 23 Embankment Gardens, London SW3 4LW, A/c: M17	0.00
CR04	Rainer Developments Limited	Rye House, Catesby Lane, Lapworth, B94 5QY, ref MARCITY	0.00
CR02	RammSanderson Ecology Limited	Old Barn, The Birches, Grimes Gate, Diseworth DE74 2PU, A/c RSE-050C	0.00
CR01	Richard Jackson Limited	26 High Street, Hadleigh, Ipswich, IP7 5AP, A/c: MA0342	0.00
CR03	Rosemarch Limited	16 Station Road, Chesham, HP5 1DH	0.00
CR00	Rowanmoor Limited	Accounts Dept, 46/50 Castle Street, Salisbury, SP1 3TS, A/c BL/3280	0.00
CS04	Sandwell Metropolitan Borough Council	PO Box 2372, Sandwell Council House, Freeth Street, Oldbury B69 3BS, A/c 151082	0.00
CS02	Sapphire Management Services Limited	43 Waterside, Dickens Heath, Solihull, B90 1UE, A/c MAR01	0.00
CS01	Selco Trade Centres Limited	Boundary House, 2 Wytshall Green Way, Birmingham B47 6LW, A/c 794764	0.00
CS07	Seton	14 Wildmere Road, Wildmere Industrial Estate, Banbury OX16 3JU, A/c 10R1534081	0.00
CS03	Simarc Property Management Limited	Building 4, Imperial Place, Eistree Way, Watford WD6 1JN, Ref: 159499	0.00
CS08	Solihull Metropolitan Borough Council	Income & Awards, PO Box 1761, Solihull B91 9RR, A/c: 90157953	0.00
CS05	Squire Patton Boggs (UK) LLP	2 Park Lane, Leeds, LS3 1ES, Ref MAR.652	0.00
CS00	SSE - Southern Electricity	Payment Centre, PO Box 13, Havant PO9 5JB, A/c. 621566270/0029, 74 New Road, Wllenshaw WY13 2DA	0.00
CS06	Staffordshire County Council	PO Box 10, County Buildings, Stafford, ST16 2NF, A/c: 1105945	11,184.93
CT03	Tipplers Tool Hire	100 Cato Street, Birmingham, B7 4TS	0.00
CT01	TNT	24 Deansgate, Bolton, BL1 1BN, A/c 0050033808	0.00
CT00	Total Limited	Telecom House, 296 High street, Cheltenham, GL50 3HQ, A/c MAR001	0.00
CT02	Tower Leasing Limited	Sterling House, 3-5 Farmyard, Windsor SL4 1QL, ref:17609	0.00

**BDO LLP**  
**Mar City Developments Limited**  
**B - Company Creditors**

Key	Name	Address	£
CU00	Urban Owners	Third Floor, 89 Charterhouse Street, London, EC1M 6HR, A/c T12104	0.00
CV00	Victoria Asset Finance Limited	PO Box 256, Caerphilly, CF83 9FJ, Agreement: AQP1325497	0.00
CV02	Vision Hygiene	Avon House, 435 Stratford Road, Shirley, B90 4AA	0.00
CV01	Vodafone Limited	PO Box 549, Newbury, RG14 2DQ, A/c. 124907848	0.00
CW03	WAA	Wrens Court, 58 Victoria Road, Sutton Coldfield, B72 1SY, A/c. MAR001	0.00
CW04	Weatherby Holdings Limited	c/o Jones Lang LaSalle, 22 Hanover Square, London W1S 1JA, Ref: 084076	0.00
CW05	Weatherby Holdings Limited	c/o Jones Lang LaSalle, 22 Hanover Square, London, W1S 1JA	39,697.50
CW01	Wolseley UK Limited	c/o Restart B71, 18 The Bridge Business Centre, Beresford Way, Chesterfield, Derbyshire, S41 9FG	0.00
<b>87 Entries Totalling</b>			<b>519,384.97</b>

---

**Summary of the Joint Administrators' Receipts and Payments**

**Mar City Developments Limited - In Administration**

**Summary of Joint Administrators' Receipts and Payments from 24 May 2016 (date of appointment) to 15 July 2016**

**Receipts**

No receipts as at date of this report

**Payments**

No payments as at date of this report

**BDO LLP  
55 Baker Street  
London  
W1U 7EU**

**S Bannon and S Rayment  
Joint Administrators  
15 July 2016**

---

**Summary of Joint Administrators' Time Costs and Estimated Total Costs for Entire Period of Administration**



**Mar City Developments Limited - In Administration**

**Shay Bannon and Sarah Megan Rayment of BDO LLP, 55 Baker Street, London, W1U 7EU  
appointed Joint Administrators on 24 May 2016**

Fees Estimate as at 15 July 2016			
<b>Appointment title's Fees</b>	<b>Total</b>	<b>Blended</b>	<b>Estimated</b>
	<b>Hours</b>	<b>Rate £</b>	<b>Fee</b>
<b>Summary Activity</b>			<b>£</b>
A. Pre Appointment Matters	Fixed Fee		15,000
Total			15,000
B Steps on Appointment	110.50	413 25	45,664
C Planning and Strategy	60 00	421 25	25,275
D General Administration	114.50	438.37	50,193
E. Assets Realisation/Dealing	126.90	422 21	53,579
F Trading Related Matters	0.90	453.60	408
G Employee Matters	21.60	306 28	6,616
H Creditor Claims	6.00	178 93	1,073
J. Reporting	18.25	503 82	9,195
TOTAL			192,004
<b>Expenses Estimate</b>			
Officeholder CAT 1 Disbursements			4,000 2.1
Officeholder CAT 2 Disbursements			1,100 2.2
Other Expenses			
Insurance & Other Property Costs			20,000 2.3
Property Agents Costs			30,000 2.4
Solicitors Costs			63,500 2.5
Chattel Agents Costs			35,000 2.6
Quantity Surveyor's Costs			30,000 2.7

The table above is our estimate of the Joint Administrator's fees on a time costs basis for this appointment and the anticipated expenses. This estimate and the expenses are prepared on the basis of the information available to us at the date of this estimate. Assuming that there are no major unanticipated factors, we would expect that our fees may be lower than the estimate. In the following pages we provide a summary of the work we believe is necessary. Where applicable, all fees and disbursements will be subject to VAT at the prevailing rate.

In any work of this nature we may have recourse to engage specialists to assist us for example in ensuring that we obtain best value for the estate assets and also to protect the legal interests of the estate including where necessary taking action to recover sums due to the estate. The specialists we engage will invoice us and that will be an expense of the estate. Such expenses are not subject to creditor approval but nevertheless have an effect on the funds available for creditors in the estate.

#### **1. Joint Administrator's Fees**

Fees (remuneration) may be sought on four different bases and a guide for creditors is attached. The four bases are: a time costs basis, a percentage of the assets realised, fixed amount, or a combination of the first three bases. In this insolvency case we are seeking fees on a time cost basis and have estimated a fee of £192,004.

Creditors should note that any fees agreed by the Bank will be subject to agreed panel rates. These rates are at a discounted rate to the time costs disclosed in these proposals.

Where possible I will delegate work to my staff and by this expedient the work is conducted by suitably qualified and experienced members of staff at different hourly costs. The current charge out rates per hour of staff are enclosed at appendix 6.

#### **A Pre Appointment**

- My staff and I have attend meetings with key stakeholders, reviewed initial information, provided advice regarding any options available and considered the ethical, technical, practical and legal requirements and relevant to the appointment.
- This work is led by me as the partner together with a director or senior manager, as appropriate, with occasional support from staff at manager and executive level.

#### **B Steps upon Appointment**

- reviewing appointment and statutory documents;
- preliminary organisation review,
- initial interviews and meetings with key stakeholders including third parties,
- taking steps to gather in and protect all assets, establishing internal responsibilities regarding staffing of elements of the work, and
- steps to protect assets
- This work is primarily led by a director or senior manager with the majority of work delegated to staff below manager.

#### **C Planning and Strategy**

- reviewing historic records and business performance,
- establishing the current financial position;
- reviewing the business processes and systems;
- liaising with key stakeholders and any committee, and
- engaging with specialists and planning overarching strategy.
- This area of work is led by me as partner in conjunction with a director or senior manager, with some support below manager level in documenting and recording proposed strategy.

#### **D General Administration**

- reviewing and regularising affairs regarding Insurance, VAT, and Taxation;
- undertaking investigation regarding the conduct of the directors and reporting thereon
- investigations into the affairs and transactions of the entity, the work contemplated does not at this time include forensic examination of records and transactions,
- recovery and storage of entities books and records,
- engaging and liaising with solicitors;

- managing accounting and investment of realisations, suitable banking investment and preparing reports on receipts & payments,
- ensuring appropriate approval of all costs including approval of remuneration and matching costs of specialists against their expense estimates,
- dealing with statutory, regulatory and licensing matters,
- managing formal contractual matters regarding the entity, including equipment hire and property leases, and licences,
- dealing with court hearings regarding the insolvency (excluding third party litigation),
- dealing with Press enquiries and PR matters; and
- managing general administrative matters, basic enquiries and meetings
- The majority of this work requires a range of insolvency knowledge and experience, balanced with good accounting and administrative skills and is delegated largely to executives with suitable levels of experience, supervised by directors or managers

**E Asset Realisation/Management**

- identifying and controlling recorded assets,
- evaluating strategy on realising assets and reconciling recoveries;
- asset tracing of assets revealed through investigation or third party information,
- engaging and liaising with Valuers/Agents, agreeing strategies and monitoring implementation,
- preparation, review and approval of sales material, information memorandum,
- dealing with property, buildings and land, including securing the same;
- undertaking/managing debt collection and where appropriate engaging and monitoring specialist agents;
- dealing with plant, machinery, stock, work in progress and intangible assets including intellectual property and consulting/liasing with and engaging specialist agents and solicitors and monitoring the same;
- managing third party, HP and leased assets,
- managing and investigating Retention of Title claims including site inspections and meetings. No provision has been made for handling contentious Retention of Title claims or any other third party rights to property not disclosed in the entities records, and
- managing environmental & HSE matters including consultation with specialists, site inspections, meetings Disposal of business and assets
- This area of work requires a greater level of commercial experience and insolvency knowledge, than the general administration category of work, together decision making skills The work is led at director or senior manager level supported by executives with suitable competencies and almost equal numbers of hours are spent by the two groups My managers liaise with me as the partner and escalate major decisions to me

**F Trading Related Matters**

- No trading is planned.



**G Employee Matters**

- meeting, corresponding with and assisting employees in submitting claims in order to ensure they are not prevented from recovering statutory sums protected by legislation;
- computing and processing and checking employee claims and liaising with the Redundancy Payments Service,
- submitting notifications to the Pensions Regulator, liaising with scheme managers and the Pension Protection Fund and receiving claims,
- dealing with Trade union issues, and
- receiving Industrial Tribunal claims and recording and checking successful claims. One factor not provided for, which may increase costs, is where employees submit claims to the Industrial Tribunal, especially where it is necessary to arrange representation at the Tribunal and engaging solicitor
- The majority of this work is carried out by specially trained insolvency staff with up to 90% of the work being processed below manager level. To estimate costs in respect of administering employee matters we generally consider the known number of employees and in this case we understand employees total 2

**H Creditor Claims**

- receiving and recording all creditor claims and where a dividend is likely, identifying whether additional supporting evidence is necessary from the creditor,
- reviewing the validity of all claims submitted by creditors alleging they have security rights which would afford them a higher priority when funds are distributed;
- considering and checking and recording all preferential claims. Considering and checking and recording all unsecured creditor claims,
- identifying any claims which might be categorised as deferred claims; and
- taking legal advice where a creditor maintains a secured claim which is not supported by unequivocal evidence or where an unsecured claim is made which is significantly in excess of any value recorded by the insolvent entity and the claim is inadequately evidenced. No provision has been made for dealing with any creditor's claims where the matter is referred to Court
- The majority of this work is carried out experienced insolvency executives with up to 80% of the work being processed below manager level. To estimate costs in respect of administering creditor claims we consider the volume of known creditors and the nature of the insolvent entities business

**I Reporting**

- Preparing periodic progress reports to creditors regarding the progress achieved, including preparation of Receipts & Payments Accounts, a suitable analysis of time costs accrued and a review of actual costs and accrued costs as against this fees and expense estimate. At the time this estimate was prepared no information was available regarding whether creditors were going to appoint a committee, if a committee is appointed there will be additional reports, which have not currently been budgeted for.
- The Director or Senior Manager is responsible for leading the reporting and delegating the production of the accounts, fee analysis and comparison with estimates to suitably experienced executives. The ratio of time spent on reporting is generally that executive hours are twice as many as those of the Director or Senior Manager. Much of the basic accounting and analysis is conducted by various grades of Executives. In estimating costs in respect of reporting we have formed a view of the duration of the insolvency and estimated how many reports will be required

**J Distribution and Closure**

- giving notice to relevant creditors to prove their claims,
- adjudicating upon the claims issuing formal rejection of any relevant claims,
- dealing with any appeal to court concerning a rejected claim No provision is made for additional time costs for dealing with an appeal concerning a rejected cost because the likelihood of such an eventuality is small, although the costs could be significant;
- establishing the distributable funds in the estate;
- calculating the dividend,
- issuing payment with suitable notification to creditors;
- reconciling payments and accounting for unclaimed dividends;
- preparing a final report to creditors together with a Receipts & Payments Accounts, analysis of time costs accrued and a review of actual costs compared to the fee and expense estimate;
- completing all administrative arrangements including storage of any records for statutory periods; and
- filing final statutory documentation.
- 80% of this work is delegated to executive level staff The work is supervised by directors and Senior Managers and final decisions and release of funds is authorised by the partner

**2 Expense Estimate****2.1 Category 1 Disbursements**

Our estimate in respect of this heading covers expenses where the officeholders firm has met a specific cost in respect of the insolvent estate where payment has been made to a third party Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents, storage of original records of the insolvent estate In each case the recharge will be reimbursement of a specific expense incurred

**2.2 Category 2 Disbursements**

Costs in respect of this head will be subject to creditor approval because it concerns expenses where there will not always be an invoice for the cost. Insolvency practice additionally provides for the recharge of expenses such as postage, stationery, photocopying charges, telephone, fax and other electronic communications, which cannot be economically recorded in respect of each specific case Such expenses, which are apportioned to cases, must be approved by the creditors in accordance with the Insolvency Rules 1986, before they can be drawn, and these are known as category 2 disbursements. The current policy of BDO LLP is to recharge this expense on the basis of a figure based upon the number of creditors with whom we have to communicate and report during the insolvency This is the method of calculation that was historically provided under statutory orders for the Official Receiver.

In respect of the Administration of Mar City Developments Limited we propose to charge £12.50 (plus VAT) for the first year and £6 25 (plus VAT) for each subsequent year, per creditor This will cover the disbursement costs of for postage and stationery for all reports and letters, together with all copying charges and telephone and email costs Creditors will be invited to approve a resolution to this effect During the first year the Administrators will issue 3 reports and in successive years 2 reports

A further disbursement under this heading is the cost of travel where BDO staff use either their own vehicles or Company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency Rules 1986 to recover this disbursement

**2.3 Insurance & Other Property Costs**

Costs pertaining to the provision of insurance, utilities (where applicable), security and rates (where applicable), will be defrayed from the Administration estate until the property assets are sold

**2.4 Property Agents**

The Joint Administrators have engaged Colliers, a national firm of property valuers, to valuation and strategic advice together with recommendations to maximise value from the sale of the property assets. Collier's fees are set at a fixed percentage of the gross realisable value.

**2.5 Solicitors Costs**

Pinsent Masons have been engaged by the Joint Administrators to provide legal services and advice. Time costs for the period 27 May to 24 June 2016 total £13.5k (net) and the future time cost estimate is £50k.

**2.6 Chattel Agent Costs**

GBE has been engaged on the following terms for dealing with all chattel assets on a time costs basis, including disbursements together with sales commission of 15% in respect of asset sales.

**2.7 Quantity Surveyor's Costs**

Acasta has been instructed to collect the retentions and contact the various employers to establish the current position and has been engaged on no win/no fee basis of 15% of all net collections



## Mar City Developments Limited - In Administration

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency, follows

GRADE	£
Partner	726
Manager	320-560
Assistant Manager	289
Senior Administrator	270-289
Administrator	101-244
Other Staff	100

This in no way implies that staff at all such grades will work on the case. The rates charged by BDO LLP, 55 Baker Street, London, W1U 7EU are reviewed in December and July each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

- Pre Appointment
- Steps upon Appointment
- Planning and Strategy
- General Administration
- Asset Realisation/Management
- Trading Related Matters
- Employee Matters
- Creditor Claims
- Reporting
- Distribution and Closure
- Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

### 1) Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.



## 2) Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred.

## 3) Category 2

Insolvency practice additionally provides for the recharge of expenses such as postage, stationery, photocopying charges, telephone, fax and other electronic communications, which cannot be economically recorded in respect of each specific case. Such expenses, which are apportioned to cases, must be approved by the creditors in accordance with the Insolvency Rules 1986, before they can be drawn, and these are known as category 2 disbursements. The current policy BDO LLP is to recharge this expense on the basis of a figure based upon the number of creditors with whom we have to communicate and report during the insolvency. This is the method of calculation that was historically provided under statutory orders for the Official Receiver.

In respect of the Administration of Mar City Developments Limited we propose to charge £12.50 (plus VAT) for the first year and £6.25 (plus VAT) for each subsequent year, per creditor. This will cover the disbursement costs of postage and stationery for all reports and letters, together with all copying charges and telephone and email costs. Creditors will be invited to approve a resolution to this effect. During the first year the Administrators will issue 3 reports and in successive years 2 reports.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency Rules 1986 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.

**Summary of the Joint Administrators' Proposals**

MAR CITY DEVELOPMENTS LIMITED - IN ADMINISTRATION

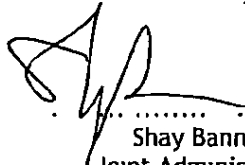
STATEMENT OF PROPOSALS UNDER PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (DEEMED TO BE APPROVED IN THE ABSENCE OF A MEETING OF CREDITORS ON 1 AUGUST 2016)

Formal Proposals - the Joint Administrators propose that:

- (a) they continue to manage the Company's business, realise assets and make payments to the Company's secured and preferential creditors in accordance with objective 3 of the statutory purpose of the Administration; and
- (b) they exit the administration by way of dissolution; and
- (c) creditors consider and if thought fit appoint a creditors' committee to assist the Joint Administrators (such committee must comprise of between 3 and 5 creditors)
- (d) The following, additional resolutions are put to the creditors in the absence of a creditors' committee
  - i) The Joint Administrators' be remunerated on a time cost basis in line with the fee estimate enclosed at appendix 4
  - ii) the creditors approve the Joint Administrators be authorised to draw category 2 disbursements in respect of postage, stationery, photocopying charges, telephone, fax and other electronic communications on the basis of £12.50 per creditor in the first year of the Administration and £6.25 per creditor in respect of each subsequent year
  - iii) the Joint Administrators' pre-appointment costs totalling £15,000 (plus VAT) be approved and drawn from the Administration estate;

*(NB In the absence of a creditors' meeting or committee the Joint Administrators' remuneration, category 2 disbursements and pre-appointment fees will be approved by the secured and/or preferential creditors as set out by Rule 2.106(2) 106(5A)(a)/(b) of the Insolvency Rules 1986 )*
- (e) That the Joint Administrators be discharged from liability under the Administration per Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after the Joint Administrators' filing their final report and sending it to creditors

Dated 15 July 2016



Shay Bannon  
Joint Administrator



**A Creditors Guide to Joint Administrators' Fees, BDO LLP Policy on Fees**



## **1 Introduction**

1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees, explains the basis on which fees are fixed and how creditors can seek information about expenses incurred by the administrator and challenge those they consider to be excessive.

## **2 The nature of administration**

2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective.

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

## **3 The creditors' committee**

3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

## **4 Fixing the administrator's remuneration**

4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed

- as a percentage of the value of the property which the administrator has to deal with,
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration, or
- as a set amount.

Any combination of these bases may be used to fix the remuneration, and different bases may be used for different things done by the administrator. Where the remuneration is fixed as a percentage, different percentages may be used for different things done by the administrator.

It is for the creditors' committee (if there is one) to determine on which of these bases, or combination of bases, the remuneration is to be fixed. Where it is fixed as a percentage, it is for the committee to determine the percentage or percentages to be applied, and where it is a set amount, to determine that amount. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,
- the effectiveness with which the administrator appears to be carrying out, or to have carried out, his duties,
- the value and nature of the property which the administrator has to deal with

4.2 If there is no creditors' committee, or the committee does not make the requisite determination (and provided the circumstances described in paragraph 4.3 do not apply), the administrator's remuneration may be

fixed by a resolution of a meeting of creditors having regard to the same matters as apply in the case of the committee. If the remuneration is not fixed in any of these ways, it will be fixed by the court on application by the administrator, but the administrator may not make such an application unless he has first tried to get his remuneration fixed by the committee or creditors as described above, and in any case not later than 18 months after his appointment.

4.3 There are special rules about creditors' resolutions in cases where the administrator has stated in his proposals that the company has insufficient property to enable a distribution to be made to unsecured creditors except out of the reserved fund which may have to be set aside out of floating charge assets. In this case, if there is no creditors' committee, or the committee does not make the requisite determination, the remuneration may be fixed by the approval of -

- each secured creditor of the company, or
- if the administrator has made or intends to make a distribution to preferential creditors -
  - each secured creditor of the company, and
  - preferential creditors whose debts amount to more than 50% of the preferential debts of the company, disregarding debts of any creditor who does not respond to an invitation to give or withhold approval,

having regard to the same matters as the committee would

Note that there is no requirement to hold a creditors' meeting in such cases unless a meeting is requisitioned by creditors whose debts amount to at least 10 per cent of the total debts of the company.

4.4 A resolution of creditors may be obtained by correspondence

## **5 Review of remuneration**

5.1 Where there has been a material and substantial change in circumstances since the basis of the administrator's remuneration was fixed, the administrator may request that it be changed. The request must be made to the same body as initially approved the remuneration, and the same rules apply as to the original approval.

## **6. Approval of pre-administration costs**

6.1 Sometimes the administrator may need to seek approval for the payment of costs in connection with preparatory work incurred before the company went into administration but which remain unpaid. Such costs may relate to work done either by the administrator or by another insolvency practitioner. Disclosure of such costs must be included in the administrator's proposals and should follow the principles and standards set out in section 7.

6.2 Where there is a creditors' committee, it is for the committee to determine whether, and to what extent, such costs should be approved for payment. If there is no committee or the committee does not make the necessary determination, or if it does but the administrator, or other insolvency practitioner who has incurred pre-administration costs, considers the amount agreed to be insufficient, approval may be given by a meeting of creditors. Where the circumstances described in paragraph 4.3 apply, the determination may be made by the same creditors as approve the administrator's remuneration.

6.3 The administrator must convene a meeting of the committee or the creditors for the purposes of approving the payment of pre-administration costs if requested to do so by another insolvency practitioner who has incurred such costs. If there is no determination under these provisions, or if there is but the administrator or other insolvency practitioner considers the amount agreed to be insufficient, the administrator may apply to the court for a determination.

## **7 What information should be provided by the administrator?**

### **7.1 When fixing bases of remuneration**

7.1.1 When seeking agreement for the basis or bases of remuneration, the administrator should provide sufficient supporting information to enable the committee or the creditors to make an informed judgement as to whether the basis sought is appropriate having regard to all the circumstances of the case. The nature and extent of the information provided will depend on the stage during the conduct of the case at which approval is being sought. The appendix to this guide sets out a suggested format for the provision of information.

7.1.2 If any part of the remuneration is sought on a time costs basis, the administrator should provide details of the minimum time units used and current charge-out rates, split by grades of staff, of those people who have been or who are likely to be involved in the time costs aspects of the case. 7.1.3 The administrator should also provide details and the cost of any work that has been or is intended to be sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

7.1.4 If work has already been carried out, the administrator should state the proposed charge for the period to date and provide an explanation of what has been achieved in the period and how it was achieved, sufficient to enable the progress of the case to be assessed and whether the proposed charge is reasonable in the circumstances of the case. Where the proposed charge is calculated on a time costs basis, the administrator should disclose the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. The administrator should also provide details and the cost of any work that has been subcontracted out that could otherwise be carried out by the administrator or his or her staff.

## **7.2 After the bases of remuneration have been fixed**

The administrator is required to send progress reports to creditors at specified intervals (see paragraph 8.1 below). When reporting periodically to creditors, in addition to the matters specified in paragraph 8.1, the administrator should provide an explanation of what has been achieved in the period under review and how it was achieved, sufficient to enable the progress of the case to be assessed. Creditors should be able to understand whether the remuneration charged is reasonable in the circumstances of the case (whilst recognising that the administrator must fulfil certain statutory obligations and regulatory requirements that might be perceived as bringing no added value for the estate). Where any remuneration is on a time costs basis, the administrator should disclose the charge in respect of the period, the time spent and the average charge-out rates, in larger cases split by grades of staff and analysed by appropriate activity. If there have been any changes to the charge-out rates during the period under review, rates should be disclosed by grades of staff, split by the periods applicable. The administrator should also provide details and the cost of any work that has been sub-contracted out that could otherwise be carried out by the administrator or his or her staff.

## **7.3 Disbursements and other expenses**

7.3.1 Costs met by and reimbursed to the administrator in connection with the administration should be appropriate and reasonable. Such costs will fall into two categories:

- Category 1 disbursements. These are costs where there is specific expenditure directly referable both to the administration and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the administrator or his or her staff.
- Category 2 disbursements. These are costs that are directly referable to the administration but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the administration on a proper and reasonable basis, for example, business mileage.

Category 1 disbursements can be drawn without prior approval, although the administrator should be prepared to disclose information about them in the same way as any other expenses. Category 2 disbursements may be drawn if they have been approved in the same manner as the administrator's remuneration. When seeking approval, the administrator should explain, for each category of expense, the basis on which the charge is being made.

7.3.2 The following are not permissible:

- a charge calculated as a percentage of remuneration;
- an administration fee or charge additional to the administrator's remuneration,
- recovery of basic overhead costs such as office and equipment rental, depreciation and finance charges.

## **8 Progress reports and requests for further information**

8.1 The administrator is required to send a progress report to creditors at 6-monthly intervals. The report must include

- details of the basis fixed for the remuneration of the administrator (or if not fixed at the date of the report, the steps taken during the period of the report to fix it),

- if the basis has been fixed, the remuneration charged during the period of the report, irrespective of whether it was actually paid during that period (except where it is fixed as a set amount, in which case it may be shown as that amount without any apportionment for the period of the report),
- if the report is the first to be made after the basis has been fixed, the remuneration charged during the periods covered by the previous reports, together with a description of the work done during those periods, irrespective of
- whether payment was actually made during the period of the report,
- a statement of the expenses incurred by the administrator during the period of the report, irrespective of whether payment was actually made during that period;
- the date of approval of any pre-administration costs and the amount approved,
- a statement of the creditors' rights to request further information, as explained in paragraph 8 2, and their right to challenge the administrator's remuneration and expenses.

8 2 Within 21 days of receipt of a progress report a creditor may request the administrator to provide further information about the remuneration and expenses (other than pre-administration costs) set out in the report. A request must be in writing, and may be made either by a secured creditor, or by an unsecured creditor with the concurrence of at least 5% in value of unsecured creditors (including himself) or the permission of the court.

8 3 The administrator must provide the requested information within 14 days, unless he considers that.

- the time and cost involved in preparing the information would be excessive, or
- disclosure would be prejudicial to the conduct of the administration or might be expected to lead to violence against any person, or
- the administrator is subject to an obligation of confidentiality in relation to the information requested,

in which case he must give the reasons for not providing the information.

Any creditor may apply to the court within 21 days of the administrator's refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information.

## **9. Provision of information - additional requirements**

The administrator must provide certain information about time spent on a case, free of charge, upon request by any creditor, director or shareholder of the company.

The information which must be provided is -

- the total number of hours spent on the case by the administrator or staff assigned to the case,
- for each grade of staff, the average hourly rate at which they are charged out,
- the number of hours spent by each grade of staff in the relevant period.

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office.

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office.

## **10 What if a creditor is dissatisfied?**

10.1 If a creditor believes that the administrator's remuneration is too high, the basis is inappropriate, or the expenses incurred by the administrator are in all the circumstances excessive he may, provided certain conditions are met, apply to the court.

10.2 Application may be made to the court by any secured creditor, or by any unsecured creditor provided at least 10 per cent in value of unsecured creditors (including himself) agree, or he has the permission of the court. Any such application must be made within 8 weeks of the applicant receiving the administrator's progress report in which the charging of the remuneration or incurring of the expenses in question is first reported (see paragraph 8 1 above). If the court does not dismiss the application (which it may if it considers

that insufficient cause is shown) the applicant must give the administrator a copy of the application and supporting evidence at least 14 days before the hearing

10.3 If the court considers the application well founded, it may order that the remuneration be reduced, the basis be changed, or the expenses be disallowed or repaid. Unless the court orders otherwise, the costs of the application must be paid by the applicant and not as an expense of the administration

#### **11 What if the administrator is dissatisfied?**

11.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient or that the basis used to fix it is inappropriate he may request that the amount or rate be increased, or the basis changed, by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient or that the basis used to fix it is inappropriate, he may apply to the court for the amount or rate to be increased or the basis changed. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration

#### **12 Other matters relating to remuneration**

12.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors

12.2 If the administrator is a solicitor and employs his own firm to act on behalf of the company, profit costs may not be paid unless authorised by the creditors' committee, the creditors or the court

12.3 If a new administrator is appointed in place of another, any determination, resolution or court order which was in effect immediately before the replacement continues to have effect in relation to the remuneration of the new administrator until a further determination, resolution or court order is made

12.4 Where the basis of the remuneration is a set amount, and the administrator ceases to act before the time has elapsed or the work has been completed for which the amount was set, application may be made for a determination of the amount that should be paid to the outgoing administrator. The application must be made to the same body as approved the remuneration. Where the outgoing administrator and the incoming administrator are from the same firm, they will usually agree the apportionment between them.

#### **13. Effective date**

This guide applies where a company enters administration on or after 1 November 2011

**Appendix****Suggested format for the provision of information**

Professional guidance issued to insolvency practitioners sets out the following suggested format for the provision of information when seeking approval of remuneration. However, the level of disclosure suggested below may not be appropriate in all cases, and will be subject to considerations of proportionality. In larger or more complex cases the circumstances of each case may dictate the information provided and its format.

**Narrative overview of the case**

In all cases, reports on remuneration should provide a narrative overview of the case. Matters relevant to an overview are:

- the complexity of the case,
- any exceptional responsibility falling on the administrator,
- the administrator's effectiveness,
- the value and nature of the property in question.

The information provided will depend upon the basis or bases being sought or reported upon, and the stage at which it is being provided. An overview might include:

- an explanation of the nature, and the administrator's own initial assessment, of the assignment (including the anticipated return to creditors) and the outcome (if known);
- initial views on how the assignment was to be handled, including decisions on staffing or subcontracting and the appointment of advisers;
- any significant aspects of the case, particularly those that affect the remuneration and cost expended,
- the reasons for subsequent changes in strategy;
- the steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, and fee drawing,
- any existing agreement about remuneration;
- details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees,
- in a larger case, particularly if it involved trading, considerations about staffing and managing the assignment and how strategy was set and reviewed,
- details of work undertaken during the period,
- any additional value brought to the estate during the period, for which the administrator wishes to claim increased remuneration.

**Time cost basis**

Where any part of the remuneration is or is proposed to be calculated on a time costs basis, requests for and reports on remuneration should provide:

- An explanation of the administrator's time charging policy, clearly stating the units of time that have been used, the grades of staff and rates that have been charged to the assignment, and the policy for recovering the cost of support staff. There is an expectation that time will be recorded in units of not greater than 6 minutes.
- A description of work carried out, which might include:
  - details of work undertaken during the period, related to the table of time spent for the period,
  - an explanation of the grades of staff used to undertake the different tasks carried out and the reasons why it was appropriate for those grades to be used,
  - any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make.
- Time spent and charge-out summaries, in an appropriate format.

It is useful to provide time spent and charge-out value information in a tabular form for each of the time periods reported upon, with work classified (and sub-divided) in a way relevant to the circumstances of the case.

The following areas of activity are suggested as a basis for the analysis of time spent.

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The level of disclosure suggested above will not be appropriate in all cases, and considerations of proportionality will apply

- where cumulative time costs are, and are expected to be, less than £10,000 the administrator should, as a minimum, state the number of hours and average rate per hour and explain any unusual features of the case,
- where cumulative time costs are, or are expected to be, between £10,000 and £50,000, a time and charge-out summary similar to that shown above will usually provide the appropriate level of detail (subject to the explanation of any unusual features),
- where cumulative time costs exceed, or are expected to exceed, £50,000, further and more detailed analysis or explanation will be warranted

## PROOF OF DEBT

In The High Court of Justice  
Chancery Division  
Companies Court

No 2847 of 2016

Mar City Developments Limited  
- In Administration -

Date of Administration: 24 May 2016

- 1a Name of creditor
- 1b If Company - registered number
- 2 Address of creditor
- 3 Total claim including VAT and interest as at the date of the appointment of administrators £  
(see overleaf)
- 4 Details of documents by which debt can be substantiated  
(please attach copy documents)
- 5 Amount of any interest included in claim £
- 6 Is the whole or part of the debt preferential? Yes / No  
If so, state amount, and details £  
See notes overleaf
- 7 Particulars of how and when debt incurred
- 8 Particulars and value of any security held and the date it was given
- 9 Details of any reservation of title in respect of goods to which the debt refer
- 10 Signature of creditor  
or other authorised person . . . . .  
Name in BLOCK LETTERS . . . . .  
Creditor's reference: . . . . .
- 11 Position or Relationship with Creditor . . . . .
- 12 Address (if person signing is not the Creditor)



---

**Form 2.21B; Creditor's Request for a Meeting**

## Rule 2.37

## Creditor's request for a meeting

Name of Company

Mar City Developments Limited

Company number

01813280

In the  
High Court of Justice, Chancery DivisionCourt case number  
2847 of 2016(a) Insert full name and  
address of the creditor  
making the request

I (a)

(b) Insert full name and  
address of registered  
office of the companyrequest a meeting of the creditors of (b)  
Mar City Developments Limitedc/o BDO LLP  
55 Baker Street  
London  
W1U 7EU

(c) Insert amount of claim

My claim in the administration is (c)

(d) Insert full name(s) and  
address(es) of creditors  
concurring with the  
request (if any) and their  
claims in the  
administration if the  
requesting creditor's  
claim  
is below the required 10%

(d)

concur with the above request, and I attach copies of their written confirmation of  
concurrence(e) Insert details of the  
purpose of the meeting

The purpose of the meeting is (e)

Signed

Dated