

## The Insolvency Act 1986

## Administrator's progress report

Name of Company <b>Moorfields Properties Limited</b>	Company number <b>03120473</b>
In the <b>High Court of Justice, Leeds District Registry</b> [full name of court]	Court case number <b>38 of 2014</b>

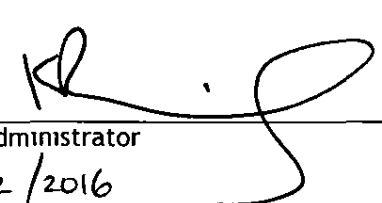
(a) Insert full name(s) and address(es) of administrator(s)

I/We (a) Kerry Bailey and Graham Newton of BDO LLP 3 Hardman Street, Manchester, M3 3AT

administrator(s) of the above company attach a progress report for the period

	From	to
(b) Insert date	(b) 26 May 2016	(b) 25 November 2016

Signed

  
Joint Administrator

Dated

16/12/2016

## 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, 3 Hardman Street, Manchester, M3 3AT	
Our Ref KB/JW/00239152/A6	Tel 0161 833 8360
DX Number	DX Exchange



A41 23/12/2016 #132  
COMPANIES HOUSE

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

FRIDAY

16 December 2016

Our Ref: KB/JW/00239152/A6

Please ask for Joe Wells  
Direct Line: 0161 833 8360

Dear Sirs

**Moorfields Properties Limited - In Administration ("the Company")**

It is now 34 months since my appointment in respect of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986, I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

**1 STATUTORY INFORMATION**

- 1.1 The Joint Administrators are Kerry Bailey of BDO LLP, 3 Hardman Street, Manchester, M3 3AT and Graham Newton of BDO LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5RU and we were appointed in respect of the Company on 21 January 2014. Under the provisions of Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Joint Administrators carry out functions jointly and severally and neither Joint Administrator has exclusive power to exercise any function.
- 1.2 The Joint Administrators were appointed by the directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Leeds District Registry and the court case number is 38 of 2014.
- 1.3 The Company's registered office is situated at BDO LLP, 5 Temple Square, Temple Street, Liverpool and the registered number is 03120473.
- 1.4 Kerry Bailey is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England and Wales and Graham Newton is authorised to act as an insolvency practitioner in the UK by the Insolvency Practitioners Association. The Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to this appointment.

**2 RECEIPTS AND PAYMENTS**

- 2.1 I enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £594,606, together with a copy of my abstract account covering the period from 26 May 2016 to 25 November 2016.



**IRHP Claims**

- 2.2 Prior to the Company being placed into Administration, the directors instructed a firm of consultants to prepare and file letters of claim in relation to Interest Rate Hedging Products ("IRHP") taken out by the Company.
- 2.3 Clydesdale Bank Plc ("the Bank") categorised the IRHPs as 'In Scope' and 'Out of Scope' in reference to the FCA's review of IRHPs. Following lengthy negotiations the Company's claims in respect of the IRHPs have now been settled as detailed below
- 2.4 In relation to the In Scope IRHP, agreement was reached with the Bank in the sum of £480,967 (including interest). This sum has been received by the Company as shown on the receipts and payments summary.
- 2.5 In relation to the Out of Scope IRHP, agreement was reached with the Bank in the sum of £2,790,014 (including interest). This amount was applied directly by the Bank to reduce its outstanding liability

**Other Receipts**

- 2.6 The only other receipts in the period covered by this report were a total of £796 for bank interest.

**Costs in the Administration**

- 2.7 Legal fees of £15,606 have been paid in the period, which relate to advice on the extension of the Administration and the IRHP claims
- 2.8 Other than in relation to the Joint Administrators' fees and disbursements, which I comment on below, I am not aware of any other costs which have accrued in the Administration but have yet to be paid

**3 FUTURE OF THE ADMINISTRATION**

- 3.1 As previously notified to creditors, the Administration has been extended until 20 July 2017 with the consent of the Court.
- 3.2 The remaining potential realisation in the Administration relates to surrender premiums totalling £480,003 that were paid to the Company's director prior to my appointment. As the director is now deceased I am corresponding with the executors of his estate in order to seek recovery of sums in this respect. The timescale for conclusion of this matter is currently uncertain.
- 3.3 The Joint Administrators' approved formal proposals provide that, once all matters have been dealt with in the Administration, steps will be taken to dissolve the Company. On present information I still anticipate that the Administration will be concluded in this way. If it proves appropriate to propose an alternative exit route, I will provide creditors with details of any revised proposal in due course.

**4 PROSPECTS FOR CREDITORS****Secured Creditor**

- 4.1 The Secured Creditor is Clydesdale Bank Plc ("the Bank") which was granted a mortgage debenture conferring fixed and floating charges over the Company's assets on 26 January 2007. The Bank also has the benefit of legal mortgages created in 2007 and 2012 securing the Magdalen House and Dale Street properties, which have been sold as detailed in my previous reports.
- 4.2 The liability to the Bank at the time of my appointment was in the order of £10,000,000.
- 4.3 To date £1,029,909 has been distributed to the Bank within the Administration, with a further £4,819,663 having been applied against the Company's indebtedness to the Bank following a distribution from the LPA Receivership of Magdalen House. As noted above the Bank has also applied the Out of Scope IRHP redress of £2,790,014 to reduce its indebtedness.
- 4.4 It is anticipated that the Bank will suffer a shortfall in relation to its indebtedness, the quantum of which will depend on the final realisations that prove possible in the Administration.

**Preferential Creditors**

- 4.5 There are no preferential creditors.

**Unsecured Creditors**

- 4.6 To date I have received claims from unsecured creditors totalling £782,797. This is significantly in excess of the figure included within the Company's Statement of Affairs due to receipt of a claim from a former adviser to the Company that had not been included within the Statement of Affairs.
- 4.7 On present information it is anticipated that the only return to the unsecured creditors will be by way of the prescribed part as detailed below.

**Prescribed Part**

- 4.8 Under Section 176A of the Insolvency Act 1986, where after 15 September 2003 a company has granted a floating charge to a creditor, a proportion of the net property of that company must be made available purely for the unsecured creditors. Net property is the amount of property that would otherwise be available for satisfaction of debts secured by a floating charge.
- 4.9 The Company did grant a floating charge to the Bank after this date and accordingly the prescribed part provisions will apply in this Administration.
- 4.10 On present information the value of the Company's net property after allowing for costs is estimated to be £380,967, which would result in a prescribed part of £79,193. The final amount which will be available via the prescribed part will not be known until all matters are complete and the final costs of the Administration quantified, which will

include the submission of final tax returns. I will update unsecured creditors in this respect when possible.

## **5 JOINT ADMINISTRATORS' REMUNERATION**

- 5.1 I attach a schedule which summarises the time costs incurred in the period from 26 May 2016 to 25 November 2016 and indicates the work undertaken in this respect. This shows a total of £41,555, being 133 hours at an average rate of approximately £312 per hour. The majority of this time (£24,523) was incurred in dealing with asset realisations, being primarily the IRHP claims.
- 5.2 I also attach a further schedule showing the total costs accrued to date in the Administration. The total time costs amount to £273,263, representing 936 hours at an average hourly rate of £292.
- 5.3 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.
- 5.4 As there will be no distribution to unsecured creditors (other than from the prescribed part), the approval of remuneration in this Administration is a matter for the Secured Creditor. I can confirm that the Secured Creditor has approved the Joint Administrators' remuneration on a time costs basis, subject to a fee cap for costs incurred in realising the property asset based on a percentage of those realisations.
- 5.5 To date I have drawn £3,000 on account of remuneration as shown on the attached receipts and payments account. No remuneration has been drawn in the period covered by this report.

### **Disbursements**

- 5.6 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. No category 1 disbursements have been incurred in the period of this report. The total of category 1 disbursements drawn in the Administration is £737.
- 5.7 Some Administrators recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors before they can be drawn, and these are known as category 2 disbursements.
- 5.8 The policy of BDO LLP in relation to this appointment is not to charge any category 2 disbursements other than in relation to mileage. A total of £6 has been drawn in the Administration for mileage following approval by the Secured Creditor. A further £39 has been incurred but has not yet been drawn.

**Creditors' Rights**

- 5.9 I provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/or challenge the remuneration or fees within the Administration.
- 5 10 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.

Should you have any queries regarding this report, please contact Joe Wells of my office

Yours faithfully  
For and on behalf of  
Moorfields Properties Limited



Kerry Bailey  
Joint Administrator  
Authorised in the UK by the Institute of Chartered Accountants in England & Wales

**Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:**

**Rule 2.48A Creditors' request for further information**

**(1) If—**

- (a) within 21 days of receipt of a progress report under Rule 2.47—
  - (i) a secured creditor, or
  - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2).

**(2) The administrator complies with this paragraph by either—**

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
  - (i) the time or cost of preparation of the information would be excessive, or
  - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
  - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

**(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—**

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1), and the court may make such order as it thinks just

**(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just**

**Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive**

**(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)**

**(1A) Application may be made on the grounds that—**

- (a) the remuneration charged by the administrator,
- (b) the basis fixed for the administrator's remuneration under Rule 2.106, or
- (c) expenses incurred by the administrator, is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate.

**(1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")**

**(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly**

**Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued):-**

**Rule 2.109 (continued)**

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

(a) an order reducing the amount of remuneration which the administrator was entitled to charge,

(b) an order fixing the basis of remuneration at a reduced rate or amount;

(c) an order changing the basis of remuneration,

(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration



**Moorfields Properties Limited**  
**(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments**

RECEIPTS	Statement of Affairs (£)	From 21/01/2014 To 25/05/2016 (£)	From 26/05/2016 To 25/11/2016 (£)	Total (£)
Dale Street, Liverpool		1,260,240 00	0 00	1,260,240.00
Service charge at Mason Owen, Dale St.		30,444 07	0 00	30,444.07
IRHP Redress		0 00	480,967 04	480,967.04
Sundry refunds		270.00	0 00	270.00
Bank Interest Gross		109 86	795.89	905 75
Bank Interest Net of Tax		3,883 82	0.00	3,883 82
		<b>1,294,947.75</b>	<b>481,762.93</b>	<b>1,776,710.68</b>
<b>PAYMENTS</b>				
Agent's fees and expenses, Dale Street		24,297 30	0 00	24,297 30
Utilities, Dale Street		4,905 34	0.00	4,905 34
Security and maintenance, Dale Street		12,905 55	0.00	12,905 55
Rates		1,885 00	0.00	1,885 00
Sale costs, Dale Street		2,330 00	0.00	2,330 00
Insurance Dale Street		38,190 65	0.00	38,190 65
Legal fees and expenses, Dale Street		13,683 96	0 00	13,683 96
Joint Administrators' Disbursements		743 00	0 00	743 00
Joint Administrators' Fees		3,000 00	0.00	3,000 00
Chargeholder		1,029,909 14	0.00	1,029,909 14
VAT charges		1,881 11	0.00	1,881.11
Legal Fees & Disbs		5,947.25	15,605.85	21,553.10
Accountancy fees		3,800 00	0.00	3,800 00
Non-Reclaimable VAT		200 25	0 00	200 25
IRHP advice		1,180 00	0 00	1,180 00
Statutory Advertising, Media Monitoring		96 19	0 00	96.19
Bank Charges		24 00	0 00	24.00
		<b>1,144,978.74</b>	<b>15,605.85</b>	<b>1,160,584.59</b>
<b>Net Receipts/(Payments)</b>		<b>149,969.01</b>	<b>466,157.08</b>	<b>616,126.09</b>
<b>MADE UP AS FOLLOWS</b>				
Bank 1 - Current		131,558.09	463,047 91	594,606 00
Owing from LPA Receivership		16,568.25	0 00	16,568 25
VAT Receivable / (Payable)		1,842.67	3,109.17	4,951 84
		<b>149,969.01</b>	<b>466,157.08</b>	<b>616,126 09</b>

Name of Assignment

Moorfields Properties Limited

00239152

## Summary of Time Charged and Rates Applicable for the Period From 26/05/2016 to 25/11/2016

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT																																																																
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £																																																																	
C Planning and Strategy	1 00	509 00	1 50	336 00									2 50	845 00	338 00																																																																
D General Administration	10 45	5,069 05	5 75	1,282 50	0 10	20 20	1 10	222 20	3 90	398 85	1 25	92 65	22 55	7,085 45	314 21																																																																
E Assets Realisation/Dealing	2 00	1,018 00	75 50	23,504 50									77 50	24,522 50	316 42																																																																
H Creditor Claims	2 00	1,018 00	17 50	5,705 00									19 50	6,723 00	344 77																																																																
I Reporting			9 00	1,930 75									9 00	1,930 75	214 53																																																																
J Distribution and Closure			2 00	448 00									2 00	448 00	224 00																																																																
	15 45	7,614 05	111 25	33,206 75	0 10	20 20	1 10	222 20	3 90	398 85	1 25	92 65																																																																			
<table><tr><td>Net Total</td><td>133 05</td><td>41,554 70</td><td colspan="13"></td></tr><tr><td>Secretarial Expense</td><td></td><td>0 00</td><td colspan="13"></td></tr><tr><td>Other Disbursements Billed</td><td></td><td>0 00</td><td colspan="13"></td></tr><tr><td>Grand Total</td><td></td><td>41,554 70</td><td colspan="13"></td></tr></table>																Net Total	133 05	41,554 70														Secretarial Expense		0 00														Other Disbursements Billed		0 00														Grand Total		41,554 70													
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## Summary of Time Charged and Rates Applicable for the Period From 21/01/2013 to 25/11/2016

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AVRT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
A Pre Appointment Matters	2 25	1,037 25	19 80	5,841 00									22 05	6,878 25	311 94
B Steps on Appointment	1 00	461 00	9 85	2,905 75									10 85	3,366 75	310 30
C Planning and Strategy	1 00	509 00	4 60	1,012 70									5 60	1,521 70	271 73
D General Administration	17 00	8,357 45	159 40	42,481 10	1 30	250 60	7 60	1,454 30	49 20	6,111 35	7 60	503 95	242 10	59,158 75	244 36
E Assets Realisation/Dealing	18 75	8,739 75	470 65	140,964 80									489 40	149,704 55	305 89
F Trading Related Matters			25 70	7,581 50					0 70	108 50			26 40	7,690 00	291 29
H Creditor Claims	6 50	3,092 50	23 45	7,374 75									29 95	10,467 25	349 49
I Reporting	21 50	9,940 25	84 35	23,704 35					0 75	118 25			106 60	33,762 85	316 72
J Distribution and Closure			2 90	713 50									2 90	713 50	246 03
	68 00	32,137 20	800 70	232,579 45	1 30	250 60	7 60	1,454 30	50 65	6,338 10	7 60	503 95			

Net Total	935 85	273,263 60
Secretarial Expense		0 00
Other Disbursements		781 78
Billed		0 00
Grand Total		274,045 38