

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Paintfirst Limited

Company number

04131242

In the  
High Court, Bristol District Registry, Chancery  
Division

Court case number

1081 of 2012

We

Simon Wilson  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1ABFraser Gray  
AlixPartners  
10 Fleet Place  
London  
EC4M 7RBAnne O'Keefe  
AlixPartners  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB

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

From

24 February 2015

To

23 August 2015

Signed

Administrator

Dated

16.09.15

**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

Hannah Smallwood  
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When you have completed and signed this form, please send it to the Registrar of Companies at -  
**Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff**

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COMPANIES HOUSE

# Administrators' Progress Report for the period 24 February 2015 to 23 August 2015

Paintfirst Limited  
In Administration

16 September 2015

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## 1 Why this report has been prepared

- 1.1 As you will be aware Anne O'Keefe, Fraser Gray and Simon Wilson (the **Administrators**) were appointed on 11 October 2012
- 1.2 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months. This progress report covers the period 24 February 2015 to 23 August 2015 (the **Period**) and should be read in conjunction with previous reports
- 1.3 This report has been prepared in accordance with rule 2.47 of the Insolvency Rules 1986
- 1.4 The purpose of this report is to provide statutory and financial information about the Company and an update on the progress of the Administration, including details of assets realised during the Period, details regarding the Administrators' fees and the expected outcome for each class of creditor
- 1.5 As a reminder, an administrator of a company must perform their functions with a view to achieving one of the following statutory objectives
- |             |  |
|-------------|--|
| Objective 1 | rescuing a company as a going concern,   |
| Objective 2 | achieving a better result for a company's creditors as a whole than would be likely if a company were wound up (without first being in administration), or |
| Objective 3 | realising property in order to make a distribution to one or more secured or preferential creditors  |
- 1.6 In this case the Administrators are pursuing the third statutory objective. Further details on the actions taken to achieve that objective can be found in section 3 of this report
- 1.7 Details of the Administrators' fees and disbursements incurred are detailed at Appendices D to G
- 1.8 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received
- 1.9 If you require a hard copy of this report or have any queries in relation to the contents of this report or the Administration generally, please contact Hannah Smallwood on 0161 838 4552, by email at [creditorreports@alixpartners.com](mailto:creditorreports@alixpartners.com), or write to AlixPartners' office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB

## 2 Summary of information for creditors

### Estimated dividend for creditors

Description	Estimated debt £	Likely level of return £
Secured creditor	23,902,920	Uncertain
Unsecured creditors	4,963,324	Nil

### Notes:

The original secured creditor, Nationwide Building Society plc (**Nationwide**), sold its debt to Freshname No 434 Limited (**Freshname**) on 9 June 2015. As a result of the sale, Freshname has purchased all rights, benefits and entitlements under Nationwide's fixed and floating charge security. Freshname will receive the benefit of all future distributions under its fixed and floating charges. The debt owed to the secured creditor was confirmed by a Notice of Assignment dated 9 June 2015 received from Freshname's legal advisors. The level of debt differs from the debt detailed in the last Administrators' progress report as it takes into account funds received from other group companies; further detail is provided at section 4 of this report.

The anticipated return for the secured creditor is currently uncertain as it is dependent on the level of realisations achieved from the Company's only asset, a property located in Croydon (**Green Park House**).

The estimated debt owed to the Company's unsecured creditors has been taken from the directors' Statement of Affairs. The Administrators do not expect any dividend will be paid to this class of creditor.

For further information please refer to section 4 of this report.

### 3 Progress of the Administration

- 3 1 Attached at Appendix B is the Administrators' Receipts and Payments Account for the Period, together with a Cumulative Account for the period since appointment. Details of costs which have been incurred and not yet paid are provided at Appendix C

#### Green Park House

- 3 2 The Company owns a head lease and sub-underlease for a vacant ten-storey property, Green Park House. As detailed in previous reports, the lease structure is complex whereby the Company collects and also pays the rent to the freeholder, Whitgift Foundation (**Whitgift**)
- 3 3 During the Period, rent totalling £95,111 has been collected. It has been confirmed that rental income is not an asset of the Administration and should be remitted to the secured creditor directly. However, Freshname has provided consent for rental income to be used to discharge the costs of the Administration. Freshname has also contributed an additional £107,871 towards costs in the Period.
- 3 4 As detailed in the last report, an offer for Green Park House had been received from Fifth Jupiter European Investments B V (**Jupiter**). The offer was accepted and contracts were exchanged. In order for the sale to complete, Whitgift's written consent was required as freeholder. Whitgift did not provide written consent and as a result, Jupiter withdrew from the sale.
- 3 5 Following the sale of Nationwide's debt to Freshname (as detailed in section 2 of this report) the Administrators requested that a number of agents provide their recommendation as to the disposal strategy of the property. The agents will provide a recommendation report on 18 September 2015 and following receipt, the Administrators will finalise the disposal strategy. The Administrators will liaise with Whitgift in respect of the proposed strategy to ensure that consent to a sale is received when required.

#### Dilapidations claim

- 3 6 As detailed in previous reports, the Administrators had agreed with Nationwide to postpone pursuing a dilapidations claim against the former tenant of Green Park House whilst the sale of the property completes.
- 3 7 Due to Jupiter's withdrawal from the sale, Freshname requested that the dilapidations claim was pursued in the Administration. Whilst outside the Period, the Administrators can confirm that the dilapidations claim was formally settled at £1.35 million on 1 September 2015. Funds are currently held with the Administrators' legal advisors and will be remitted to the Administration account shortly.

#### Other

- 3 8 Bank interest of £122 has been received in the Period.

## 4 Estimated outcome for creditors

### Secured creditor – Freshname No. 434 Limited

- 4 1 The Company, Fancourt Limited and Kennington Investments Limited (the **Group**) granted Nationwide debentures and charges, details of which are provided in the Administrators' Statement of Proposals dated 23 November 2012
- 4 2 Nationwide did not receive any distributions from the Company, however, it has received distributions totalling £14.9 million under its security from the Group. As a result, the debt owed to Nationwide has reduced by this level
- 4 3 As detailed in section 2, Nationwide completed a sale of its debt to Freshname on 9 June 2015. Freshname will now benefit from all rights and entitlements under the security. Based on the Notice of Assignment received on 9 June 2015, the secured debt totals £23.9 million (inclusive of interest and charges which have continued to accrue)
- 4 4 The future return to Freshname is uncertain as it is dependent on realisations achieved from the sale of Green Park House. Based on current estimates, Freshname will suffer a shortfall on its lending

### Preferential creditors

- 4 5 There are no employees therefore there are no preferential creditors

### Unsecured Creditors' Fund

- 4 6 Where there is a floating charge which was created on or after 15 September 2003, the Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (**Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'
- 4 7 As the Company granted a floating charge to the secured creditor after 15 September 2003, the Administrators are required to create an Unsecured Creditors' Fund. Based on current information, the Administrators believe that the Company's net property will be less than £10,000 and the costs of making the distribution would outweigh any benefits to creditors. As a result, the Administrators are not required to make an unsecured distribution

## 5 What happens next

### Creditors' rights

- 5.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their fees or expenses (other than pre-administration costs) which have been itemised in this progress report
- 5.2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Administrators' fees is inappropriate, or that the fees charged or the expenses incurred by the Administrators during the period of this report are excessive

### Next report

- 5.3 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised. For details of the proposed exit route please see Appendix H

For and on behalf of  
Paintfirst Limited



Anne O'Keefe  
Administrator

Encs



## Appendix A. Statutory information

### Company information

Company name	Paintfirst Limited
Registered number	04131242
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	147 Stamford Hill, London, N16 5LG
Trading address	147 Stamford Hill, London, N16 5LG
Trading name	Paintfirst
Court details	High Court, Bristol District Registry, Chancery Division
Court reference	1081 of 2012

### Appointor's information

Name	Address	Position
Nationwide Building Society plc	Nationwide House, Pipers Way, Swindon, SN38 1NW	Floating chargeholder

### Administrators' information

Name	Address	IP number	Name of authorising body
Anne O'Keefe	AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008375	Insolvency Practitioners Association
Fraser Gray	AlixPartners, 10 Fleet Place, London, EC4M 7RB	008905	Insolvency Practitioners Association
Simon Wilson	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008963	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

### Extension of Administration

The Administration had been extended for six months with the consent of Nationwide. A subsequent requested for a further 12 month extension was requested and granted from the court. In order to allow sufficient time to agree and execute a disposal strategy of Green Park House, the Administrators requested a further 12 months extension from the court. The Administration will now end on or before 10 April 2016. Based on current information, it is likely that a further extension with approval from the court will be required.

**Appendix B. Receipts and Payments Account for the period  
24 February 2015 to 23 August 2015 and a Cumulative  
Account for the period since appointment**

Statement of Affairs £		Period £	Cumulative £
	<b>Fixed charge assets</b>		
	Receipts		
5,000,000	Green Park House	-	-
	Contribution to costs	107,871	1,094,109
	Rent	95,111	380,682
	Bank interest	107	524
		<b>203,089</b>	<b>1,475,315</b>
	Payments		
	Administrators' fees	-	46,750
	Legal fees	14,009	54,117
	Legal disbursements	97	302
	Agent's fees	51,196	146,169
	Maintenance costs	3,838	58,577
	Property management costs	1,931	39,874
	Sundry expenses	350	20,055
	Utilities	39,921	152,098
	Rent	106,175	637,446
	Bank charges	8	28
	Security costs	1,350	64,438
	Dilapidation claim costs	-	17,507
	Agent float	36,978	81,168
	Repayment of funding	19,000	19,000
		<b>(274,853)</b>	<b>(1,337,529)</b>
	<b>Balance of fixed charge assets</b>	<b>(71,764)</b>	<b>137,786</b>

Statement of Affairs £	Period £	Cumulative £
<b>Floating charge assets</b>		
Receipts		
Cash at bank	-	30,970
Bank interest	15	235
	<b>15</b>	<b>31,205</b>
Payments		
Category 1 disbursements		
Statutory advertising	-	77
Specific penalty bond	-	30
Travel and subsistence	-	313
Telephone costs	-	9
Stationery and postage	17	17
Category 2 disbursements		
Photocopying and printing	-	84
Corporation tax	-	100
Bank charges	-	15
	<b>(17)</b>	<b>(645)</b>
<b>Balance of floating charge assets</b>	<b>(2)</b>	<b>30,560</b>
<b>Total balance</b>		<b>168,346</b>
<b>Represented by</b>		
Interest bearing accounts		136,559
VAT receivable		31,787
		<b>168,346</b>

On review of the Receipts and Payments Account, it was noted that Category 1 disbursements were incorrectly reflected as fixed charge expenses. This error has been rectified and the disbursements have been correctly allocated as floating charge payments.

## Appendix C. Costs incurred and not yet paid

The analysis of the receipts and payments for the Period excludes the following costs which have been incurred but not yet paid. All costs will be paid within the period agreed with each supplier and the insurance premium will be settled from funds received from the sale of Green Park House.

Cost category	Supplier	Amount not yet paid £
Legal fees and disbursements	Fladgate LLP	12,420
Insurance	Willis Limited	134,812
<b>Total</b>		<b>147,232</b>

## Appendix D. Time Analysis and details of time spent

The Administrators' time costs for the Period are £27,871. This represents 106 hours at an average rate of £262 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade.

	Employee grade (hours)				Total hours	Total cost	Average rate per hour
	Managing director /director	Associate director /senior associate	Associate/analyst	Junior analyst/ support			
<b>Administration and planning</b>							
Planning			0.2		0.2	50.00	250
Strategy and control	13.1	1.5			14.6	6,589.00	451
Statutory duties		0.1	0.1	1.4	1.6	264.00	165
Case administration	0.6	1.0	0.8	1.1	3.5	977.00	279
Accounting and treasury	0.3	1.5		18.6	20.4	2,514.50	123
Internal documentation				0.2	0.2	30.00	150
<b>Realisation of assets – fixed charge</b>							
Asset realisation strategy		13.8	0.2		14.0	4,870.00	348
Asset identification and valuation			11.5	6.6	18.1	3,980.00	220
Sale of assets		4.0			4.0	1,360.00	340
Recovery of assets			0.2		0.2	52.00	260
Asset accounting and administration	0.5	0.4	4.6	4.6	10.1	2,213.00	219
<b>Creditors</b>							
Reporting to creditors	1.0	2.4	1.4	4.3	9.1	2,251.00	247
Secured creditors		0.4	9.6		10.0	2,834.00	283
Unsecured creditors	0.2				0.2	86.00	430
<b>Totals</b>	<b>15.7</b>	<b>25.1</b>	<b>28.6</b>	<b>36.6</b>	<b>106.2</b>	<b>27,870.50</b>	<b>262</b>

Principal areas of activity during the Period are discussed in further detail below:

- Administration and planning – monitoring and updating the case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
- Realisation of assets – fixed charge – monitoring the float provided to Eddisons, liaising with Eddisons regarding their disinstruction, obtaining final invoices for property holding costs up to the date of the sale of Nationwide's debt, instructing Metrus as management agents and reviewing the disposal strategy. Time spent dealing with the dilapidations claim has also been recorded here.
- Creditors - preparing statutory reports, liaising with Nationwide regarding the sale of its debt. Time has also been incurred liaising with Freshname following the sale of Nationwide's debt.

A Cumulative Time Analysis for the period since the Administrators' appointment is attached at Appendix E.

## Appendix E. Cumulative Time Analysis for the period since appointment

	Employee grade (hours)				Total hours	£	
	Managing director /director	Associate director /senior associate	Associate/ analyst	Junior analyst/ support		Total cost	Average rate per hour
<b>Administration and planning</b>							
Planning	-		0.2	3.5	3.7	452.60	122
Strategy and control	29.5	7.2	1.9	2.0	40.6	16,361.50	403
Statutory duties	0.2	1.7	4.8	8.6	15.3	2,846.50	186
Case administration	2.0	2.3	5.8	34.9	45.0	7,284.00	162
Accounting and treasury	1.8	7.7	6.1	84.7	100.3	12,914.00	129
Internal documentation	1.2	0.6	0.5	4.7	7.0	1,327.50	190
<b>Investigations</b>							
Director conduct reports		0.5	0.3	2.7	3.5	537.00	153
Other investigations				0.4	0.4	46.00	115
<b>Realisation of assets – fixed charge</b>							
Asset realisation strategy	0.4	50.5	0.2	1.5	52.6	17,158.50	326
Asset identification and valuation	0.1	1.0	84.2	75.8	141.1	24,622.00	175
Sale of assets	2.2	20.7	1.3		24.2	6,174.00	338
Recovery of assets			0.2		0.2	52.00	260
Asset accounting and administration	1.7	2.6	7.3	25.4	37.0	6,851.50	185
<b>Realisation of assets – floating charge</b>							
Asset identification and valuation			0.8	0.2	0.8	175.00	219
Asset accounting and administration		0.1		0.8	0.9	154.00	171
<b>Creditors</b>							
Creditor strategy	-	2.1	-	0.1	2.2	723.00	329
Reporting to creditors	5.3	27.0	28.1	14.4	74.8	19,744.00	264
Secured creditors	1.3	1.7	15.2	0.2	18.4	4,945.00	269
Unsecured creditors	0.2	0.3		1.7	2.2	394.50	179
<b>Totals</b>	<b>45.9</b>	<b>126.0</b>	<b>136.7</b>	<b>251.6</b>	<b>570.2</b>	<b>124,782.50</b>	<b>219</b>

## **Appendix F. Administrators' fees and disbursements**

### **Fees**

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>) If you would prefer this to be sent to you in hard copy please contact the Administrators and they will forward a copy to you

Approval of the Administrators' fees has been sought in accordance with rule 2.106 of the Insolvency Rules 1986. On 8 October 2013 the secured creditor approved that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administration.

To date fees totalling £46,750 have been drawn.

### **Disbursements**

Category 1 disbursements of £446 have been drawn. On 8 October 2013 the secured creditors provided its approval to draw category 2 disbursements and £84 have also been drawn in relation to the below:

- Photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying
- Printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour

## **Appendix G. Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9**

### **Policy**

Detailed below is AlixPartners' policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

### **Staff allocation and the use of sub-contractors**

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The case team will usually consist of a managing director, an associate director or senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule overleaf provides details of all grades of staff.

With regard to support staff, time spent by treasury staff in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Administrators have not utilised the services of any sub-contractors in this case.

### **Professional advisors**

On this assignment the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

<b>Name of professional advisor</b>	<b>Basis of fee arrangement</b>
Burgess Salmon LLP (legal advice)	Hourly rate and disbursements
Linklaters LLP (legal advice)	Hourly rate and disbursements
Fladgate LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium
Waypoint Asset Management Limited (asset management)	Annual fee
Eddisons Commercial (Property Advisors) Limited (agent advice)	Annual fee
Metrus Property Advisors Limited (management agent)	Annual fee

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.



## Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

Category 2 disbursements do require approval prior to being paid and will be drawn in accordance with the approval given, they may include:

- photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying,
- printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour, and
- business mileage for staff travel - charged at the rate of 45 pence per mile

## Charge-out rates

A schedule of AlixPartners' charge-out rates for this assignment effective from 1 April 2015 is detailed below, together with those applicable prior to that date. Time is charged by managing directors and case staff in units of six minutes.

Description £	Rates from 1 April 2015	Description £	Rates pre 1 April 2015
Managing director 1	490	Managing director 1	445
Managing director 2	450	Managing director 2	415
Director	430	Director	390
Associate director	360	Associate director	340
Senior associate	295	Senior associate	280
Associate	260	Associate	250
Analyst	230	Analyst	220
Junior analyst	150	Junior analyst	150
Senior treasury associate	170	Senior treasury associate	170
Treasury associate	110	Treasury associate	110
Treasury analyst	85	Treasury analyst	85
Support	85	Support	79

## **Appendix H. Exit route and discharge from liability**

### **Dissolution of the Company**

The Company has no property to permit a distribution to its unsecured creditors. The Administrators will therefore file a notice, together with their final progress report, at court and with the Registrar of Companies for dissolution of the Company. The Administrators will send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.