

The Insolvency Act 1986

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

Name of Company Magnum Gatwick Nominee 1 Ltd	Company number 04290030
In the Bristol County Court	Court case number 593 of 2011

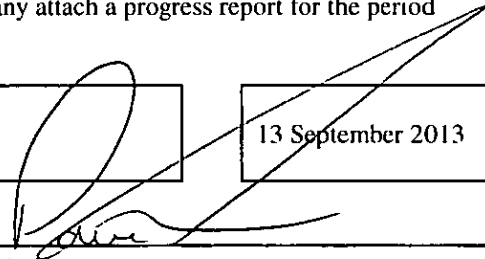
We  
Paul Andrew Flint  
KPMG LLP  
St James' Square  
Manchester  
M2 6DS  
United Kingdom

Brian Green  
St James' Square  
Manchester  
M2 6DS

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

from	to
14 March 2013	13 September 2013

Signed

  
Joint Administrators

Dated

11 October 2013

**Contact Details:**

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

Gareth Upton KPMG LLP St James' Square Manchester M2 6DS United Kingdom		Tel
DX Number	DX 724620 Manchester 42	DX Exchange

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

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff





**Magnum Gatwick Nominee 1 Limited  
(in Administration)**

**Report to creditors pursuant  
to Paragraph 2.47 of the  
Insolvency (Amendment)  
Rules 2003**

KPMG LLP

11 October 2013

*This report contains 10 pages*

*Appendices contains 7 pages*

PF/MW/GU



## **About this Report**

This Report has been prepared by Paul Flint and Brian Green, the Joint Administrators of Magnum Gatwick Nominee 1 Limited (in Administration), solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Magnum Gatwick Nominee 1 Limited (in Administration).

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

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

Paul Flint and Brian Green are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of England and Wales.

The Joint Administrators act as agents for Magnum Gatwick Nominee 1 Limited (in Administration) and contract without personal liability.

The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the Administration.

All figures contained within this report, unless otherwise stated, are net of VAT.



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## 1 Glossary

Act	Insolvency Act 1986
Administration	The Administration Order was made on 13 May 2011 in High Court, Bristol District Registry, Court number 593 of 2011 application by Court
Company	Magnum Gatwick Nominee 1 Limited (in Administration)
EC Regulations	Council Regulations (EC) No 1346/2000
FY	Financial year
HMRC	HM Revenue & Customs
Hotel	Hotel at Tinsley Lane South, Three Bridges, Crawley
Joint Administrators	Paul Andrew Flint and Brian Green of KPMG LLP
Lenders	Nationwide Building Society and Britannia Building Society
Managing Agent / BDL	BDL Management Two Limited
SIP	Statement of Insolvency Practice
Solicitors	Burges Salmon LLP
SPV	Special Purpose Vehicle
Valuation Agents	Michels and Taylor Limited / GVA Grimley Limited
VAT	Value added tax

## 2 Executive summary

- This progress report covers the period from 14 March 2013 to 13 September 2013
- The Joint Administrators' Statement of Proposals was deemed approved on 16 July 2011 pursuant to Rule 2.33 (5A) of the Insolvency Rules 1986 (as amended) and has not been modified
- Magnum Gatwick Nominee 1 Limited (the "Company") was part of a corporate investment structure set up by Strategic Investment Management Partnerships in August 2006. SI Hotel Investments Limited ("SIHIL") purchased three hotels from Jarvis Hotels Limited in August 2006 under a sale and leaseback agreement. The hotels were dual branded Ramada and Jarvis and are located at Gatwick, Hatfield and Sutton Coldfield (Penns Hall)
- Two nominee companies were set up for each hotel. The Company owns 50% of the legal title to the Gatwick hotel, with the beneficial title being held further up the structure by a separate company
- Further to the Joint Administrators' progress report dated 11 April 2013, the Hotel has continued to trade under the control of the Managing Agent
- Valuation Agents were engaged to provide input as to ongoing strategy in the short and medium term. On their recommendation that the market should be tested for a potential sale of the hotels and with the agreement of the Lenders, a marketing process was undertaken
- The Joint Administrators engaged Knight Frank to market the property, and a sale of the Hotel was completed on 23 September 2013. The sale falls outside this reporting period and further details will be provided in the next progress report
- To date no unsecured creditors have presented a claim to the Joint Administrators and no claims are anticipated
- Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information included by way of Appendices. Please note that unless stated otherwise all amounts in this report and its attachments are stated net of

VAT



Paul Flint

*Joint Administrator*

### **3 Statement of proposals and meeting of creditors**

The Joint Administrators' Statement of Proposals was circulated on 6 July 2011

Pursuant to Paragraph 52 (1)(b) of Schedule B1 to the Insolvency Act 1986 a creditors' meeting was not convened and one was not subsequently requisitioned. As a result the Statement of Proposals, as circulated, was deemed to have been approved on 16 July 2011 pursuant to Rule 2.33 (5A)

### **4 Progress to date**

#### **4.1 Strategy/sale of the Company's assets**

As previously reported the Hotel has been traded since appointment via Gatwick Hotel Limited, an SPV set up to manage trading of the Hotel on behalf of the legal owners, Magnum Gatwick Nominee 1 Limited and Magnum Gatwick Nominee 2 Limited

The Joint Administrators engaged Knight Frank to act as a sales agent and following marketing, a sale of the Hotel was completed on 23 September 2013. This falls outside this reporting period and as such further details will be provided in the next progress report

#### **4.2 Communication**

The Joint Administrators wrote to all known creditors on 15 May 2011 advising them of their appointment

Following this, the Joint Administrators' Statement of Proposals was circulated to all creditors of the Company on 6 July 2011

A further progress report will be provided to creditors in March 2014. It is not clear at this point whether the Joint Administrators' proposals will have been completed by that time

#### **4.3 Assets**

##### **4.3.1 Leasehold property**

As reported above, the leasehold property was sold on 23 September 2013 following a period of marketing. The sale falls outside of the reporting period and therefore does not appear in the Administrators' receipts and payments account

#### **4.4 Liabilities**

##### **4.4.1 Secured creditors**

The Lenders hold a charge over the fixed and floating assets of the Company. The Lenders' indebtedness on appointment was £58,426,176, consisting of loans totalling £57,308,028 and interest and fees amounting to £1,118,148. This indebtedness represents loans against the leasehold property and two other leasehold hotels owned by associated

companies. Valuations indicate that a disposal of the assets in the present market would raise insufficient funds to repay the Lenders' debt in full.

#### **4.4.2 Preferential creditors**

The Company has no employees and as such the Joint Administrators do not anticipate any preferential creditors.

#### **4.4.3 Prescribed Part**

The EC Regulation on Insolvency Proceedings 2000 will apply in this matter and these proceedings will be the main proceedings as defined in Article 3 of the EC Regulation. The Company's registered office and centre of main interests are in the United Kingdom.

In accordance with Section 176A of the Act, a prescribed part will be made available to unsecured creditors should floating charge realisations be sufficient, on the basis that the floating charge in favour of the Lenders was created after 15 September 2003.

At this stage, the quantum and timing of any prescribed part payment is unknown, but it should be noted that the Joint Administrators do not anticipate claims from unsecured creditors and as such do not expect to make a prescribed part payment.

#### **4.4.4 Unsecured creditors**

The Joint Administrators have not received any claims from unsecured creditors to date and none are anticipated as the Company was dormant at the time of the Administration.

### **4.5 Expenses for the period**

#### **4.5.1 Receipts and payments**

The receipts and payments for the period are set out at Appendix 2.

#### **4.5.2 Office holders remuneration**

The Joint Administrators' time costs to 13 September 2013 are £95,373 and expenses to that date total £1,340.26.

A detailed analysis of time spent, and charge out rates, for each grade of staff for the various areas of work carried out, in accordance with the provisions of SIP 9, is included in Appendix 3.

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

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Rules.

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



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

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

The Joint Administrators proposed that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration at their normal hourly rate of charging

Under Rule 2 106 of the Rules, where the Administrator has made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act that, on the basis that there will be no surplus available to creditors, there will be no meeting of creditors convened then the proposals relating to Administrators' remuneration shall be taken as passed if passed with the approval of each secured creditor of the Company, and also the approval of the preferential creditors (whose debt amounts to more than 50% of the total preferential debt) where the Administrator intends to make a preferential distribution

The Company had no employees and no preferential creditors have been identified, therefore approval was sought and has been received from the secured creditors prior to fees being drawn by the Administrators

Additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 2 48A of the Insolvency Rules 1986. This request must be made within 21 days of receipt of this report. The full text of that rule can be provided on request.

In addition, creditors are reminded that the quantum of any fees drawn can be challenged by unsecured creditor(s) with at least 10% in value including that creditors claim by making an application to court in accordance with Rule 2 109 of the Insolvency Rules 1986. The full text of this rule can also be provided on request.

The office holders' time costs for the period of this report are shown at Appendix 3. This shows that in the period from 14 March 2013 to 13 September 2013 we have incurred time costs of £41,952 representing 145 hours at an average hourly rate of £289. This includes work undertaken in respect of tax and VAT advice from KPMG LLP in-house specialists.

Fees of £46,300 were paid to the Joint Administrators in prior periods, however no fees have been drawn in the current period.

#### **4 5 3 Expenses for the period**

Expenses for this period total £92,258 including amounts not yet paid (see Appendix 4 for details).

Details of the amount accrued for the office holder's remuneration is discussed above and other amounts that require explanation are dealt with in the detail below. Additional

information about expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under Rule 2.48A of the Insolvency Rules 1986 and to challenge the Joint Administrator's remuneration and expenses under Rule 2.109 of the Insolvency Rules 1986 are explained above.

## **5 Outstanding matters**

### **5.1 Extension of the Administration**

On 26 April 2012, the Joint Administrators were granted a two year extension of the Administration until 13 May 2014 by consent of the Court in order to allow time to maximise realisations for the Company's creditors.

The Joint Administrators are still dealing with a number of issues in respect of the Administration and the Joint Administrators' proposals are yet to be fully completed. Consequently, the Joint Administrators are not in a position to conclude the Administration.

## **6 Comments on the appendices**

### **6.1 Appendix 1: Statutory Information**

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

### **6.2 Appendix 2: Receipts & payments account for the period 14 March 2013 to 13 September 2013**

An analysis of receipts and payments for the period 14 March 2013 to 13 September 2013 is attached at Appendix 2.

#### **6.2.1 Receipts relating to Assets subject to a Floating Charge**

##### **6.2.1.1 Leasehold property rents**

Funds of £15,000 have been received in respect of the lease granted to the trading entity SPV, Gatwick Hotel Limited.

##### **6.2.1.2 Telephone mast rental**

Rent of £19,043 was received from Arqiva Limited in respect of telecommunications masts located on the property.

##### **6.2.1.3 Bank interest**

Bank interest of £44 was received in the period.

**6 2 2    Payments relating to Assets subject to a Floating Charge**

**6 2 2 1    Agent's fees**

Agent's fees of £14,697 were paid in the period

**6.3       Appendix 3: Analysis of office holders' time costs**

As can be seen in Appendix 3, the majority of time costs have been incurred in respect of the sale of the Hotel, with £24,809 incurred. A sale of the Hotel was completed on 23 September 2013. This falls outside of this reporting period and as such further details will be provided in the next progress report.

Other areas which account for a significant proportion of time costs in the period include post-appointment tax and VAT issues. These matters have incurred costs in the period of £10,835.

A full analysis of time is attached at Appendix 3 and a summary is discussed in section 4 5 2.

**6.4       Appendix 4: Schedule of expenses for the period**

Expenses accruing in the period total £77,561. The items accruing in the period are as follows:

- Legal fees of £34,548,
- Legal disbursements of £1,030,
- Administrators' fees of £41,952,
- Administrators' disbursements of £31.

The legal fees primarily related to the sale of the Hotel.

Agent fees of £14,697 were paid in the period. These related to fees and disbursements accrued in this period.



## Appendix 1

### Statutory Information

<b>Appointment</b>	
For period	14 March 2013 to 13 September 2013
Company name	Magnum Gatwick Nominee I Limited
Nature of business	Property holding company
Court details	The Administration Order was made on 13 May 2011 in High Court, Bristol District Registry, Court number 593 of 2011 application by Court
Date of appointment	13 May 2011
Extension obtained	Extension granted to 13 May 2014, by order of High Court, Bristol District Registry on 26 April 2012
Office holder details	Paul Flint was appointed on 13 May 2011 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales  Brian Green was appointed on 13 May 2011 and is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England & Wales
Registered number	04290030
Present registered office	KPMG LLP  St James' Square Manchester M2 6DS
Basis of remuneration	Time costs
Fee resolution date	1 November 2011



## Appendix 2

### Receipts & payments account for the period 14 March 2013 to 13 September 2013.

ABSTRACT OF RECEIPTS AND PAYMENTS - 14/03/2013 to 13/09/2013      Appendix to Form 2.24  
Magnum Gatwick Nominee 1 Ltd      Page 1

RECEIPTS		£
Brought forward from previous Abstract (if Any)		116,716.96
Rent		15,000.00
Telephone Mast Rental		19,043.14
Bank interest net of tax		43.76
Floating ch VAT payable		7,497.33
Floating ch VAT control		37,988.22
Carried forward to * continuation sheet / next abstract		196,259.41
PAYMENTS		£
Brought forward from previous Abstract (if Any)		84,745.69
Agents / Valuers' fees		14,697.47
Floating ch VAT receivable		2,939.49
Carried forward to * continuation sheet / next abstract		102,382.65

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed.



*Magnum Gatwick Nominee 1 Limited (in Administration)*  
*Report to creditors pursuant to Paragraph 2.47 of the Insolvency (Amendment) Rules 2003*  
**KPMG LLP**  
*11 October 2013*

**Magnum Gatwick Nominee 1 Ltd**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 14/03/2013 To 13/09/2013	From 13/05/2011 To 13/09/2013
<b>ASSET REALISATIONS</b>		
Rent	15 000 00	53 500 00
Telephone Mast Rental	19 043 14	76 926 51
	<u>34 043 14</u>	<u>130 426 51</u>
<b>OTHER REALISATIONS</b>		
Bank interest gross	NIL	46 02
Bank interest net of tax	43 76	107 40
Sundry refunds	NIL	54 45
	<u>43 76</u>	<u>207 87</u>
<b>COST OF REALISATIONS</b>		
Administrators' fees	NIL	46 300 00
Administrators' expenses	NIL	1 413 05
Agents/Valuers' fees	14 697 47	15 197 47
Legal fees	NIL	10 619 88
Legal Disbursements	NIL	552 48
Statutory advertising	NIL	67 50
Bank charges	NIL	60 00
	<u>(14 697 47)</u>	<u>(74 210 38)</u>
	<u><b>19,389 43</b></u>	<u><b>56,424 00</b></u>
<b>REPRESENTED BY</b>		
Floating ch VAT rec'able		14 811 84
Floating charge current		93 876 76
Floating ch VAT payable		(27 666 81)
Floating ch VAT control		(24 597 79)
		<u><b>56,424 00</b></u>

Note All staff who have worked on this assignment, including secretaries and cashiers, have charged time directly to the assignment and are included in the analysis of time spent

The cost of staff employed in central administration functions is not directly charged to the assignment but is reflected in the general level of charge out rates

## Appendix 3

### Analysis of office holders' time costs and expenses for the period 14 March 2013 to 13 September 2013

14/03/2013 to 13/09/2013

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)			2 60		2 60	£494 00	£190 00
Reconciliations (& IPS accounting reviews)			0 10		0 10	£25 00	£250 00
General							
Fees and WIP	0 10		0 25		0 35	£111 00	£317 14
Statutory and compliance							
Checklist & reviews			1 00		1 00	£250 00	£250 00
Reports to debenture holders	0 20				0 20	£113 00	£565 00
Strategy documents			3 50		3 50	£875 00	£250 00
Tax							
Post appointment corporation tax	0 50	6 35	0 75		7 60	£3,249 25	£427 53
Post appointment VAT	2 00	14 40	7 35		23 75	£7,585 75	£319 40
Creditors							
Creditors and claims							
General correspondence			1 00		1 00	£185 00	£185 00
Statutory reports		2 00	4 50		6 50	£2,025 00	£311 54
Realisation of assets							
Asset Realisation							
Leasehold property	0 50		7 95		8 45	£2,230 00	£263 91
Sale of business	8 60		81 75		90 35	£24,808 50	£274 58
Total in period					145 40	£41,951 50	£288 52
					Costs / hours to date		
					Fees drawn		
	B/f		46 300 00		185 63	£53 421 55	£287 79
	In the Period		-		145 40	41 951 50	£288 52
	C/f		46,300 00		331 03	95,373 05	288 11

**Charge out rates from 1 October 2012 to 30 September 2013**

<b>Grade</b>	<b>Rate per hour £</b>
Partner	535
Associate Partner	460
Director	460
Senior Manager	425
Manager	365
Assistant Manager	250
Assistant	185
Support	115

**Category 1 expenses incurred for the period 14 March 2013 to 13 September 2013**

<b>Expense</b>	<b>Amount</b>
Telephone	£31
	<hr/>
<b>Total</b>	<b>£31</b>
	<hr/>

**Category 2 expenses incurred for the period 14 March 2013 to 13 September 2013**

<b>Expense</b>	<b>Amount</b>
Car mileage	-
	<hr/>
<b>Total</b>	<b>-</b>
	<hr/>

**KPMG Restructuring policy for the recovery of disbursements**

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows

- Category 1 disbursements** These are costs where there is specific expenditure directly referable both to the appointment in question 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 officeholder or his or her staff.
- Category 2 disbursements** These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.





Any disbursements paid from the estate are disclosed within the attached summary of disbursements

**The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:**

Mileage claims fall into three categories

- Use of privately-owned vehicle or car cash alternative – 40p per mile
- Use of company car – 60p per mile
- Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate



## Appendix 4

### Schedule of expenses for the period – Period 14 March 2013 to 13 September 2013

Section	Account	Accrued	Paid	Undisclosed in prior	Total
Cost of realisations	Legal fees	34,548	-	-	34,548
	Agents'/Valuers' fees	-	14,697	-	14,697
	Legal disbursements	1,030	-	-	1,030
	Joint	41,952	-	-	41,952
	Administrators' fees				
	Joint	31	-	-	31
	Administrators' disbursements				
Total		77,561	14,697	-	92,258

Creditors are reminded that any additional information can be requested subject to the conditions set out in section 4 5 2