

The Insolvency Act 1986

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

Name of Company Magnum Gatwick Nominee 2 Ltd	Company number 04290060
In the Bristol County Court [full name of court]	Court case number 595 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 September 2012	13 March 2013

Signed

  
Joint Administrator

Dated

11 April 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.

Michael Penrose KPMG LLP St James' Square Manchester M2 6DS United Kingdom DX Number    DX 724620 Manchester 42		Tel DX Exchange
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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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13/04/2013

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COMPANIES HOUSE



**Magnum Gatwick Nominee 2 Limited  
(in Administration)**

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

KPMG LLP

11 April 2013

*This report contains 10 pages*

*Appendices contains 5 pages*

PF/MW/MP



## About this Report

- This Report has been prepared by Paul Flint and Brian Green, the Joint Administrators of Magnum Gatwick Nominee 2 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 2 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 its 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 2 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 595 of 2011 application by Court
Company	Magnum Gatwick Nominee 2 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 Agents/ 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 September 2012 to 13 March 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 2 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 October 2012, the Hotel continues to trade under the control of the Managing Agent.
- A Valuation Agent has been engaged to provide input as to ongoing strategy in the short and medium term. The Joint Administrators have considered the advice from their Valuation Agents, who have recommended that the market is tested for a potential sale of the hotels. The Lenders concur that a marketing process should be undertaken.
- The Joint Administrators are therefore in the process of appointing a sale agent, and have appointed GVA Grimley to perform vendor due diligence on the buildings and plant of the hotels.
- 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.

**Brian Green**  
*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**

The initial strategy adopted by the Administrators was to engage the Managing Agent, a third party management company with experience in the hotels sector, in order to manage the trading of the Hotel. Trading is conducted 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, together with the Lenders, have also engaged Valuation Agents in order to assess the current market value of the Hotel. The Valuation Agents were also engaged to provide an opinion on whether increased value could be achieved based on trading scenarios put forward by the Managing Agent. The scenarios considered different levels of capital expenditure and different branding assumptions. The final recommendation of the Valuation Agents was that a sales process to dispose of the Hotel should be undertaken given the risks of holding the Hotel in the longer term

### **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 October 2013. 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**

The Company's leasehold property at St Tinsley Lane South, Three Bridges, Crawley has been valued by our Valuation Agents. The Joint Administrators are engaged in the appointment of a sales agent who will provide a view as to the achievability of the valuation in the current market



## **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 office holders' time costs for the period of this report are also attached (see Appendix 3). This shows that in the period from 14 September 2012 to 13 March 2013 we have incurred time costs of £9,531 representing 31 hours at an average hourly rate of £308. This includes work undertaken in respect of tax and VAT advice from KPMG LLP in-house specialists.

Fees totalling £15,000 were drawn in the period which, together with a sum of £7,400 drawn in a prior period, represents all fees paid to the Joint Administrators to date. The Company had no employees, and no preferential creditors have been identified, so





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.

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

Expenses for this period total £12,459 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 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 2: Receipts & payments account for the period 14 September 2012 to 13 March 2013**

An analysis of receipts and payments for the period 14 September 2012 to 13 March 2013 is attached at Appendix 2.



**6 1 1 Receipts relating to Assets subject to a Floating Charge**

**6 1 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 1 1 2 Bank interest**

Bank interest of £17 was received in the period

**6 1 2 Payments relating to Assets subject to a Floating Charge**

**6 1 2 1 Joint Administrators fees**

Joint Administrators' fees of £15,000 were paid in the period

**6 1 2 2 Joint Administrators disbursements**

Joint Administrators' disbursements of £1,135 were paid in the period

**6 1 2 3 Agent's fees**

Agent's fees of £500 were paid in the period

**6 1 2 4 Legal fees**

Legal fees of £9,920 were paid in the period

**6 1 2 5 Legal disbursements**

Legal disbursements of £553 were paid in the period

**6.2 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 secured creditors, statutory reporting and the leasehold property, with £5,247 incurred

Other areas which account for a significant proportion of time costs in the period include post-appointment tax issues. These matters have incurred costs in the period of £1,901

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

**6 3 Appendix 4: Schedule of expenses for the period**

Expenses accruing in the period total £12,459. The items accruing in the period are as follows

- Legal fees of £2,804,
- Legal disbursements of £4,
- Administrators' fees of £9,531,



*Magnum Gatwick Nominee 2 Limited (in Administration)*  
*Report to creditors pursuant to Paragraph 2 47 of the Insolvency (Amendment) Rules 2003*  
KPMG LLP  
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- Administrators' disbursements of £121

Legal fees and disbursements of £10,474 and Administrator's fees and disbursements of £16,135 were paid in the period. These related to fees and disbursements accrued in this period and prior periods.



## Appendix 1

### Statutory Information

<b>Appointment</b>	
For period	14 September 2012 to 13 March 2013
Company name	Magnum Gatwick Nominee 2 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 595 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	<p>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 &amp; Wales</p> <p>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 &amp; Wales</p>
Registered number	04290060
Present registered office	<p>KPMG LLP</p> <p>St James' Square Manchester M2 6DS</p>
Basis of remuneration	Time costs
Fee resolution date	1 November 2011



## Appendix 2

### Receipts & payments account for the period 14 September 2012 to 13 March 2013.

ABSTRACT OF RECEIPTS AND PAYMENTS - 14/09/2012 to 13/03/2013  
Magnum Gatwick Nominee 2 Ltd

Appendix to Form 2.24  
Page 1

RECEIPTS		£
Brought forward from previous Abstract (if Any)		28,210.98
Rent		15,000.00
Bank interest net of tax		17.26
Floating ch VAT payable		3,000.00
Carried forward to * continuation sheet / next abstract		46,228.24
PAYMENTS		£
Brought forward from previous Abstract (if Any)		10,069.04
Administrators' fees		15,000.00
Administrators' expenses		1,134.84
Agents / Valuers' fees		500.00
Legal fees		9,920.05
Legal disbursements		553.47
Floating ch VAT receivable		5,402.84
Floating ch VAT control		3,000.00
Carried forward to * continuation sheet / next abstract		45,580.24

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 2 Limited (in Administration)*  
*Report to creditors pursuant to Paragraph 2.47 of the Insolvency (Amendment) Rules 2003*  
**KPMG LLP**  
**11 April 2013**

**Magnum Gatwick Nominee 2 Ltd**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 14/09/2012 To 13/03/2013	From 13/05/2011 To 13/03/2013
<b>ASSET REALISATIONS</b>		
Rent	15,000.00	58,500.00
	<u>15,000.00</u>	<u>58,500.00</u>
<b>OTHER REALISATIONS</b>		
Bank interest gross	NIL	4.61
Bank interest net of tax	17.26	23.63
	<u>17.26</u>	<u>28.24</u>
<b>COST OF REALISATIONS</b>		
Administrators' fees	15,000.00	22,400.00
Administrators' expenses	1,134.84	1,304.15
Agents / Valuers' fees	500.00	500.00
Legal fees	9,920.05	10,619.88
Legal disbursements	553.47	568.47
Statutory advertising	NIL	67.50
Bank charges	NIL	20.00
	<u>(27,108.36)</u>	<u>(35,480.00)</u>
	<u><b>(12,091.10)</b></u>	<u><b>3,048.24</b></u>
<b>REPRESENTED BY</b>		
Floating charge VAT receivable		7,070.57
Floating charge current		648.00
Floating charge VAT payable		(7,700.00)
Floating charge VAT control		3,029.67
		<u><b>3,048.24</b></u>



**Magnum Gatwick Nominee 2 Limited (in Administration)**  
**Report to creditors pursuant to Paragraph 2 47 of the Insolvency (Amendment) Rules 2003**  
**KPMG LLP**  
**11 April 2013**

**Appendix 3**  
**Analysis of office holders' time costs for the period 14 September 2012**  
**to 13 March 2013**

14/09/2012 to 13/03/2013

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
<b>Administration &amp; planning</b>							
<b>Cashiering</b>							
General (Cashiering)			5 80		5 80	£1,091 00	£188 10
Reconciliations (& IPS accounting reviews)			0 10		0 10	£25 00	£250 00
<b>General</b>							
Fees and WIP				0 50	0 50	£57 50	£115 00
<b>Statutory and compliance</b>							
Appointment and related formalities	0 20				0 20	£97 00	£485 00
Checklist & reviews	0 20	0 60			0 80	£352 00	£440 00
Reports to debenture holders	0 30				0 30	£145 50	£485 00
Statutory receipts and payments accounts			0 30		0 30	£75 00	£250 00
Strategy documents	0 60		1 00		1 60	£541 00	£338 13
<b>Tax</b>							
Post appointment corporation tax		3 30	2 40		5 70	£1,900 50	£333 42
<b>Creditors</b>							
<b>Creditors and claims</b>							
Secured creditors	2 71				2 71	£1,310 35	£483 52
Statutory reports	0 50	1 00	5 50		7 00	£2,107 50	£301 07
<b>Realisation of assets</b>							
<b>Asset Realisation</b>							
Leasehold property	1 46		4 50		5 96	£1,829 10	£306 90
<b>Total in period</b>					<b>30 97</b>	<b>£9,531 45</b>	<b>£307 76</b>
<b>Fees drawn</b>					<b>Hours / costs to date</b>		
B / f			7,400 00		123 10	£36,503 00	£296 53
In the period			15,000 00		30 97	£9,531 45	£307 76
C / f			22 400 00		154 07	46 034 45	£298 79



## **Appendix 4**

### **Schedule of expenses for the period – Period 14 September 2012 to 13 March 2013**

<b>Section</b>	<b>Account</b>	<b>Accrued</b>	<b>Paid</b>	<b>Undisclosed in prior</b>	<b>Total</b>
Cost of realisations	Legal fees	2,803 58	(9,920 05)		(7,116 47)
–	Legal disbursements	3 55	(553 47)		(549 92)
–	Agent's fees	0 00	(500 00)		(500 00)
–	Joint Administrators' fees	9,531 45	(15,000 00)		(5,468 55)
–	Joint Administrators' disbursements	120 55	(1,134 84)		(1,014 29)
		<b>12,459.13</b>	<b>(27,108.36)</b>		<b>(14,649.23)</b>
<b>TOTAL</b>		<b>12,459.13</b>	<b>(27,108.36)</b>		<b>(14,649.23)</b>

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