

The Insolvency Act 1986

Administrator's progress report

Name of Company

Trostre Retail Limited

Company number

04339316

In the
High Court of Justice, Chancery Division, Leeds
District Registry

(full name of court)

Court case number
24 of 2012(a) Insert full
name(s) and
address(es) of
administrator(s)

I/We (a)

S Wilson
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1ABC P Holder
Zolfo Cooper
10 Fleet Place
London EC4M 7RBA C O'Keefe
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

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

From

To

(b) Insert date

(b) 9 July 2012

(b) 16 November 2012

Signed

Joint Administrators

Dated

18.12.12

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

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FRIDAY

Joint Administrators'
Progress Report
for the period
9 July 2012 to
16 November 2012

Trostre Retail Limited
In Administration

26 November 2012

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1 Statutory information

- 1.1 Anne O'Keefe was appointed Joint Administrator of Trostre Retail Limited (the Company) together with Simon Wilson and Peter Holder on 9 January 2012 by the High Court of Justice. The application for the appointment of Joint Administrators was made by the Aviva Commercial Finance Limited, formerly Norwich Union Mortgage Finance Limited (Aviva).
- 1.2 The Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.3 The Administration is registered in the High Court of Justice, Chancery Division, Leeds, District Registry, under reference number 24 of 2012.
- 1.4 The trading address of the Company was 78 Ashley Road, Hale, Altrincham, Cheshire, WA14 2UF
- 1.5 The registered office of the Company has been changed to c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB and its registered number is 04339316.
- 1.6 In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Joint Administrators are to be exercised by any or all of the Joint Administrators.

2 Progress of the Administration

- 2.1 Attached at Appendix A is the Joint Administrators' Receipts and Payments Account for the period 9 July 2012 to 16 November 2012, together with a Cumulative Receipts and Payments Account for the period 9 January 2012 to 16 November 2012.
- 2.2 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 at the agreed level within the agreed period with each supplier

| Cost Category | Supplier | Amount not yet paid £ |
|---------------|------------------|-----------------------|
| Legal fees | DLA Piper UK LLP | TBC |

- 2.3 The Company's only asset is a seven unit retail complex on Manchester Road, Bolton (the Complex).
- 2.4 During the period a new lease was agreed for one of the units. Six units are now occupied and rent totalling £425,710 has been received since the date of appointment. There are no rental arrears. In addition, the tenants contribute to the insurance premiums per the terms of their leases. Contributions to 16 November 2012 total £16,276.
- 2.5 There is one vacant unit and the Joint Administrators' agent continues to market this to let. One tenant is negotiating with a third party in respect of an assignment of their lease. The negotiations are commercially sensitive and therefore the Joint Administrators are unable to disclose any details at this time. A further update will be provided in the next report.
- 2.6 Marketing of the Complex has not been undertaken whilst the occupancy levels are improved and the above assignment has completed. The Joint Administrators' agent advises that this will strengthen the tenant covenant and therefore significantly increase interest and the realisations that can be achieved.

3 Assets still to be realised

- 3.1 As detailed in section 2, a sale of the Complex has not yet been sought. It is anticipated that the assignment will complete in January 2013, following which marketing will commence.
- 3.2 In order to allow sufficient time to market the Complex and complete a sale it will be necessary to extend the Administration. This is discussed further in section 7.

4 Investigations

- 4.1 The Joint Administrators conducted investigations into the conduct of the directors and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986, and Statement of Insolvency Practice 2 - Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Joint Administrators' investigations, there were no matters identified that required further action.

5 Joint Administrators' remuneration

- 5.1 Aviva approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by the Joint Administrators and their staff on matters arising in the Administration.
- 5.2 The Joint Administrators' time costs for the period 9 July 2012 to 16 November 2012 are £16,490. This represents 69 hours at an average rate of £240 per hour. Attached at Appendix B is a Time Analysis for the period which provides details of the costs incurred by activity and by staff grade.
- 5.3 Principal areas of activity during the period are discussed in further detail below.
- **Administration and planning** - time has been incurred managing 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** - time has been incurred formulating a realisation strategy, negotiating and finalising lease agreements and managing rent collections. Time has also been incurred complying with security and insurance requirements at the Complex.
 - **Creditors** - time has been incurred preparing statutory reports and reporting to Aviva.
- 5.4 Also attached at Appendix C is a Cumulative Time Analysis for the period 9 January 2012 to 16 November 2012 which provides details of the costs incurred by activity and by staff grade since the Joint Administrators' appointment.
- 5.5 Approval of the Joint Administrators' remuneration has been sought from Aviva in accordance with rule 2.106 of the Insolvency Rules 1986 as amended. To date, £43,000 plus disbursements of £265 have been drawn on account.
- 5.6 The Joint Administrators can confirm that the following category 2 disbursements have been incurred.
- **Photocopying** - charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying. This cost has been drawn in the sum of £78.

- Printing - charged at the rate of ten pence per sheet for black and white printing and 15 pence per sheet for colour.

5.7 Information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, payment of disbursements and details of current charge-out rates by staff grade is provided at Appendix D.

6 Estimated outcome for creditors

Secured creditor - Aviva

- 6.1 The Company granted a fixed and floating charge to Aviva on 1 July 2008. At the date of appointment Aviva was owed approximately £14.2 million (excluding interest and charges) under its security. It is estimated that Aviva will suffer a shortfall
- 6.2 As a reminder, the amount of £430,580 detailed as cash held by Aviva in the directors' Statement of Affairs has been set-off by Aviva and therefore is not shown as a receipt in the Receipts and Payments Account at Appendix A.

Preferential creditors

- 6.3 The Company had no employees therefore no preferential claims are expected.

Unsecured Creditors' Fund

- 6.4 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Joint Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund).
- 6.5 As the Company granted a floating charge to Aviva after 15 September 2003, the Joint Administrators are required to create an Unsecured Creditors' Fund. Based on present information, the Joint Administrators estimate the value of the Company's net floating charge property to be nil and therefore the value of the Unsecured Creditors' Fund is also estimated to nil.

7 Extending the Administration

- 7.1 The Administration is due to automatically end on 8 January 2012. As the Complex will not be sold by this date and it will not be possible to conclude all outstanding matters in the Administration, it is necessary for the Joint Administrators to seek approval from Aviva, in accordance with paragraph 78 of schedule B1 of the Insolvency Act 1986, to extend the Administration for a period of six months.
- 7.2 If approved, the Administration will automatically end on 8 July 2013. If the Complex remains unsold at this date a further extension may be required and an application to court will be made

8 Ending the Administration

- 8.1 As the Joint Administrators think that the Company has no property which might permit a distribution to its unsecured creditors, they will file a notice together with their final progress report at court and with the Registrar of Companies for the dissolution of the Company. The Joint 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.
- 8.2 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Joint Administrators ceases to have effect.

9 Creditors' rights

- 9.1 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 Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 9.2 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 Joint Administrators' remuneration is inappropriate, or that the remuneration charged or the expenses incurred by the Joint Administrators as set out in this report are excessive.

10 Next report

- 10.1 This report has been prepared for Aviva in support of the request to extend the Administration by six months. In the event that the request to extend the Administration is approved, a further report will be circulated to all creditors within one month of the next six month period ended 16 May 2013, or sooner if the Administration has been finalised.

For and on behalf of
Trostre Retail Limited



Anne O'Keefe
Joint Administrator

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Receipts and Payments Account for the period
9 July 2012 to 16 November 2012 and a
Cumulative Account for the period 9 January 2012
to 16 November 2012

Appendix A

| Statement of Affairs | | Period | Cumulative |
|-------------------------|------------------------------------|-----------------|------------------|
| £ | | £ | £ |
| | Fixed charge assets | | |
| | Receipts | | |
| 10,000,000 | Retail complex | | - |
| 430,580 | Cash held by Aviva | | - |
| | Contribution to Insurance | 12,616 | 16,276 |
| | Bank interest | 31 | 88 |
| | Rent | <u>103,207</u> | <u>425,710</u> |
| | | 115,854 | 442,074 |
| | Payments | | |
| | Joint Administrators' remuneration | 38,556 | 38,556 |
| | Category 1 disbursements | | |
| | Bordereau | 30 | 30 |
| | Telephone | 42 | 42 |
| | Mail re-direction | 27 | 27 |
| | Statutory advertising | 77 | 77 |
| | Travel and subsistence | 11 | 11 |
| | Category 2 disbursements | | |
| | Photocopying | 78 | 78 |
| | Legal fees | 13,826 | 13,826 |
| | Agents/valuer's fees | 25,933 | 67,991 |
| | Asset management fees | 5,000 | 10,000 |
| | Electricity charges | 696 | 696 |
| | Landlord costs | 984 | 1,404 |
| | Fixed bank charges | 6 | 14 |
| | Energy performance certificates | | 1,350 |
| | Void service charge | | 12,263 |
| | | <u>(85,266)</u> | <u>(146,365)</u> |
| | Distributions | | |
| | Paid to fixed chargeholder | <u>100,000</u> | <u>200,000</u> |
| | | (100,000) | (200,000) |
| | Floating charge assets | | |
| | Receipts | | |
| 1,917 | Cash at bank | | - |
| 2,847 | VAT refund | | |
| | Advertising refund | | 600 |
| | Rates refund | | 3,594 |
| | Utilities refund | <u>250</u> | <u>250</u> |
| | | 250 | 4,444 |
| | Payments | | |
| | Joint Administrators' remuneration | <u>4,444</u> | 4,444 |
| | | (4,444) | (4,444) |
| | Balance | | <u>95,709</u> |
| | Represented by | | |
| | VAT receivable | | 3,500 |
| | Interest bearing accounts | | 92,209 |
| | | | <u>95,709</u> |

Time Analysis for the period 9 July 2012 to 16 November 2012

Appendix B

| | Employee grade (hours) | | | | £ | | |
|---|------------------------|------------------|-----------------------|----------------------------|-------------|------------------|--------------------------|
| | Partner/ director | Senior associate | Associate/ analyst | Junior analyst/ support | Total hours | Total cost | Average rate per hour |
| Administration and planning | | | | | | | |
| Planning | | | | 0.2 | 0.2 | 23.00 | 115 |
| Strategy and control | 2.0 | | 1.3 | | 3.3 | 1,189.00 | 360 |
| Statutory duties | 0.2 | 0.4 | 0.1 | 1.0 | 1.7 | 328.00 | 193 |
| Case administration | 0.4 | 0.6 | 0.7 | 2.8 | 4.5 | 850.00 | 189 |
| Accounting and treasury | 0.4 | 0.9 | 0.2 | 9.8 | 11.3 | 1,397.00 | 124 |
| Internal documentation | - | - | | 0.7 | 0.7 | 80.50 | 115 |
| Realisation of assets - fixed charge | | | | | | | |
| Asset realisation strategy | | 4.9 | | | 4.9 | 1,543.50 | 315 |
| Asset identification and valuation | - | | 0.5 | 1.1 | 1.6 | 241.50 | 151 |
| Sale of assets | | 4.4 | | | 4.4 | 1,386.00 | 315 |
| Asset accounting and administration | | - | | 2.1 | 2.1 | 249.50 | 119 |
| Realisation of assets - debtors | | | | | | | |
| Debt collection | | | | 0.2 | 0.2 | 23.00 | 115 |
| Realisation of assets - floating charge | | | | | | | |
| Sale of assets | | - | | 0.2 | 0.2 | 23.00 | 115 |
| Asset accounting and administration | - | | | 0.1 | 0.1 | 8.00 | 80 |
| Creditors | | | | | | | |
| Reporting to creditors | 4.8 | 11.0 | 10.3 | 5.4 | 31.5 | 8,517.50 | 270 |
| Secured creditors | | 2.0 | | | 2.0 | 630.00 | 315 |
| Preferential creditors | | - | | | - | 0.00 | n/a |
| Totals | 7.8 | 24.2 | 13.1 | 23.6 | 68.7 | 16,489.50 | 240 |

Cumulative Time Analysis for the period 9 January 2012 to 16 November 2012

Appendix C

| | Employee grade (hours) | | | | £ | | |
|--|------------------------|------------------|-----------------------|----------------------------|-------------|------------------|--------------------------|
| | Partner/ director | Senior associate | Associate/ analyst | Junior analyst/ support | Total hours | Total cost | Average rate per hour |
| Administration and planning | | | | | | | |
| Planning | - | 20 | | 02 | 22 | 653.00 | 297 |
| Strategy and control | 45 | 16 | 27 | - | 88 | 3,097.50 | 352 |
| Statutory duties | 02 | 13 | 17 | 90 | 122 | 1,894.50 | 155 |
| Case administration | 14 | 38 | 15 | 67 | 134 | 2,939.50 | 219 |
| Accounting and treasury | 05 | 15 | 31 | 236 | 287 | 3,686.50 | 128 |
| Internal documentation | | 01 | 04 | 71 | 76 | 936.00 | 123 |
| Investigations | | | | | | | |
| Director conduct reports | 05 | | 09 | 16 | 30 | 613.50 | 205 |
| Realisation of assets - fixed charge | | | | | | | |
| Asset realisation strategy | 07 | 373 | | | 380 | 12,061.00 | 317 |
| Asset identification and valuation | | 40 | 05 | 37 | 82 | 1,800.50 | 220 |
| Sale of assets | 10 | 61 | | | 71 | 2,366.50 | 333 |
| Asset accounting and administration | 01 | 08 | 04 | 21 | 34 | 622.50 | 183 |
| Realisation of assets - debtors | | | | | | | |
| Debt collection | | | | 02 | 02 | 23.00 | 115 |
| Realisation of assets - floating charge | | | | | | | |
| Asset identification and valuation | | 01 | 03 | - | 04 | 100.50 | 251 |
| Sale of assets | | | | 02 | 02 | 23.00 | 115 |
| Recovery of assets | | - | 04 | - | 04 | 92.00 | 230 |
| Asset accounting and administration | | | | 01 | 01 | 8.00 | 80 |
| Creditors | | | | | | | |
| Reporting to creditors | 119 | 255 | 209 | 108 | 691 | 18,641.00 | 270 |
| Secured creditors | 08 | 40 | | | 48 | 1,616.00 | 337 |
| Unsecured creditors | | 01 | 19 | 09 | 29 | 572.00 | 197 |
| Totals | 216 | 882 | 347 | 662 | 2107 | 51,746.50 | 246 |

Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9

Appendix D

1 Policy

Detailed below is Zolfo Cooper's policy in relation to

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

1.1 Staff allocation and the use of sub-contractors

The Joint 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 partner, a 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 Joint Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

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

1.2 Professional advisors

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

| Name of professional advisor | Basis of fee arrangement |
|--|-------------------------------|
| DLA Piper UK LLP (legal advice) | Hourly rate and disbursements |
| Willis Limited (Insurance) | Risk based premium |
| Riddell tps Limited (property management) | Fixed fee |
| Riddell tps Limited (letting agent) | Percentage of realisations |
| Savills Commercial Limited (valuation and disposal advice) | Hourly rate and disbursements |

The Joint 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.

1.3 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 Joint Administrators and their staff will also be chargeable.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. Category 2 disbursements that may be incurred are as follows:

- Photocopying - charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying
- Printing - charged at the rate of ten pence per sheet for black and white printing and 15 pence per sheet for colour
- Business mileage for staff travel - charged at the rate of 45 pence per mile

2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2011 is detailed below. Time is charged by case staff in units of six minutes.

| Description | £ |
|---|-----|
| Partner/director | |
| Partner 1* | 445 |
| Partner 2* | 395 |
| Director | 340 |
| Senior associate | |
| Senior associate 1* | 315 |
| Senior associate 2* | 265 |
| Associate/analyst | |
| Associate | 230 |
| Analyst* | 220 |
| Junior analyst and support staff | |
| Junior analyst* | 115 |
| Senior treasury associate | 155 |
| Treasury associate | 105 |
| Treasury analyst | 80 |
| Support | 75 |
| *Key | |
| <i>Partner 1 - partners with three or more years' experience at partner level</i> | |
| <i>Partner 2 - partners with fewer than three years' experience at partner level</i> | |
| <i>Senior associate 1 - staff with two or more years' experience at senior associate level</i> | |
| <i>Senior associate 2 - staff with fewer than two years' experience at senior associate level</i> | |
| <i>Analyst - staff with more than one year's experience at analyst level</i> | |
| <i>Junior analyst - first year analysts</i> | |