

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company

West End Quay Estate Management Limited

Company number

04363126

In the

HIGH COURT OF JUSTICE, CHANCERY DIVISION
(full name of court)

Court case number

1014 of 2015

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

I/We (a)

Stephen Katz
David Rubin & Partners
26 - 28 Bedford Row
London WC1R 4HEPaul Appleton
David Rubin & Partners
26 - 28 Bedford Row
London WC1R 4HE

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

From

To

(b) Insert date

(b) 9 February 2015

(b) 8 August 2015

Signed


Joint Administrator

Dated

8/9/2015

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.

David Rubin & Partners
26 - 28 Bedford Row
London WC1R 4HE

Tel 020 7400 7900

DX Number 267

DX Exchange London/Chancery Lane

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



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FRIDAY

IN THE HIGH COURT OF JUSTICE

NO 1014 OF 2015

IN THE MATTER OF

WEST END QUAY ESTATE MANAGEMENT LIMITED - IN ADMINISTRATION

AND

THE INSOLVENCY ACT 1986

**THE JOINT ADMINISTRATORS' FIRST PROGRESS REPORT
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986
FOR THE PERIOD 9 FEBRUARY 2015 TO 8 AUGUST 2015**

WEST END QUAY ESTATE MANAGEMENT LIMITED - IN ADMINISTRATION
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986

CONTENTS

- a Introduction
- b Statutory Information
- c Administrators' names and addresses
- d Administrators' remuneration and expenses
- e Progress of the Administration
- f Details of any assets that remain to be realised
- g Investigations
- h Other relevant information
- i Creditors' Rights
- j Extension of Administration
- k Next Report

APPENDICES

- 1 Joint Administrators' Remuneration and Expenses
- 2 Time Analysis
- 3 Receipts and Payments Account
- 4 Estimated Outcome Statement

WEST END QUAY ESTATE MANAGEMENT LIMITED – IN ADMINISTRATION
JOINT ADMINISTRATORS' FIRST SIX MONTH PROGRESS REPORT
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986
FOR THE PERIOD 9 FEBRUARY 2015 TO 8 AUGUST 2015

(a) Introduction

I refer to the appointment of Paul Appleton and myself as Joint Administrators of West End Quay Estate Management Limited pursuant to an appointment made by the directors and filed at the High Court of Justice, Chancery Division. As the first six months' anniversary has recently passed, I am pleased to provide creditors with my first six month progress report as required by Rule 2.47 of the Insolvency Rules 1986. This report should be read in conjunction with our proposals to creditors presented at the Creditors Meeting on 9 April 2015.

Rule 2.47(1): Progress Report

(b) Statutory Information

- (i) Court:** High Court of Justice, Chancery Division, Companies Court
Reference Number: 1014 of 2015
- (ii) Company name:** West End Quay Estate Management Limited
Company number: 04363126
Registered office: 26-28 Bedford Row, London, WC1R 4HE

(c) Administrators' names and address:

Stephen Katz and Paul Appleton, both of David Rubin & Partners, 26 - 28 Bedford Row, London, WC1R 4HE were appointed Joint Administrators of the Company on 9 February 2015. This appointment was made by the Directors of the Company, pursuant to paragraph 22 of Schedule B1 to the Insolvency Act 1986.

The Joint Administrators act jointly and severally in the exercise of any and all functions exercisable by an administrator appointed under the provisions of Schedule B1 of the Insolvency Act 1986.

(d) Details of any extensions to the initial period of appointment:

None

(da) Basis of Administrators' remuneration

The Joint Administrators' remuneration is fixed by reference to time spent in attending to matters arising in the Administration. A detailed explanation is provided at Appendix 1.

(db) Statement of remuneration charged and description of work undertaken

A detailed explanation is provided at Appendix 1.

(dc) Statement of expenses incurred during reporting period

A detailed explanation is provided at Appendix 1.

(e) Details of progress for the period under review:

Dispute regarding Basin Land

Since the date of my last report dated 24 March 2015, I have continued to be in correspondence with Hamlins LLP ("Hamlins"), the legal advisers acting on behalf of The Paddington Basin Companies. Following repeated attempts to obtain the security records relating to the Basin Land, Hamlins eventually agreed to allow me to review these records.

Creditors will recall that the Paddington Companies had made substantial claims against the Company pursuant to the terms of an Estate Management Deed ("EMD"). I do not intend to represent the complete history and background to the EMD within this report. However, following review and discussion with Hamlins, it became apparent that much of this claim related to security costs.

My colleague and I attended the offices of Hamlins in May 2015 with a view to reviewing this claim from the Paddington Companies. These records were reviewed briefly on that date and it was apparent from the initial review that there were incidents arising for which security personnel from the Paddington Companies attended.

In order to establish a potential quantum, the records were copied and made available to me and I carried out a substantial and time consuming exercise of reviewing and noting each security log incident in which the security personnel from the Paddington Companies claimed to have taken action on the WEQEM land. In this exercise, each log was reviewed in detail, noted and a reasonable and generous estimate was allocated to each incident with a view to calculating a maximum of the time spent on the WEQEM land. This in turn would enable me to form a view regarding the level of claim from the Paddington Companies.

My calculations concluded that, only a very small proportion of the total expenditure incurred by PBML related to the WEQEM land. This was the sum of circa £12,700 out of total security costs of £1.8M from 2006-2010. This amount is substantially less than the £181,000 paid. These findings, together with an outline estimate of cleaning costs, were presented to Hamlins in detail on 29 June 2015.

It is my understanding that Hamlins are currently awaiting instructions from their client.

Funds held with Peverel

As detailed in my earlier report, Peverel, an agent who specialise in the collection of service charges, are holding various funds, relating to the management of each of the block management companies and the WEQEM estate.

In line with my duty as Joint Administrator, I requested that the funds be taken off deposit, which was strictly 100 days, held with Barclays, and be transferred to us, as Administrators of WEQEM and therefore as trustee of the tenants' funds. The funds matured in June 2015, when I again requested that Peverel release the funds to me.

In August 2015, following substantial correspondence with Peverel in respect of this, Peverel advised that they had received an objection to the funds being released, made by the Company's former directors and the Block Management Companies. Naturally Peverel are taking a cautious stance in respect of this, given the contentious issues surrounding the case and the large sums involved. I have subsequently met with and corresponded with the former Peverel and the former directors regarding this matter.

Peverel continue to hold the funds and make the necessary payments in line with their ongoing management agreement and the Administration, where appropriate. It has been agreed by all parties that Counsel's opinion be sought in order to establish the trustee of the funds. The former directors and the block management companies believe that the block management companies may be trustees. Instructions to Counsel are currently in the process of being agreed. Additionally, we are currently waiting for the figure for funds held as at 30 June 2015 to be updated and reconciled. The funds, as explained in my earlier report to be split between those held on behalf of the Residential and the Commercial tenants.

1. Receipts

1.1 Tenants Funding

Following Counsel's advice, which stated that the funds held with Peverel could be used in order to discharge proper Administration costs, including that of the Joint Administrators and their legal advisers.

The Joint Administrators therefore submitted various invoices to Peverel in respect of their time and in respect of their legal advisers time. The sum of £120,128.05 has been received since the date of my appointment in this regard.

In my previous report to creditors, I advised that the sum of £52,000 was advanced from a third party. Following further investigations, it has now transpired that the sums in fact originated from tenants funds held with Peverel and as such, they have been re-categorised as such.

1.2 Bank interest gross

Interest earned on the funds in hand amounts to £1.89.

2. Payments

2.1 Statutory advertising

This represents the costs for the publishing of statutory advertising in the London Gazette in respect of the Joint Administrators' appointment. The sum of £169.20 has been paid in respect of these costs.

2.2 Legal fees

Rosenblatt Solicitors

The sum of £23,855.40 has been paid to Rosenblatt's solicitors in the period under review. There is currently an outstanding bill of £2,760 plus VAT which will be paid in early course. Rosenblatt also have work in progress of £3,024, although this figure has yet to be agreed and paid.

Rosenblatt have been instructed to deal with the following matters:

- Dealing with any matters relating to the ongoing litigation
- Ad hoc advice, and correspondence with Peverel
- Dealing with instructions to Counsel where necessary

Rosenblatt Solicitors have a specialist Insolvency department and they were chosen on that basis after taking into account the size and complexity of the legal issues. Rosenblatt Solicitors charge their fees on a time costs basis and they have provided me with an analysis of the time they have spent.

Barker Gillette LLP, incorporating Lucas McMullan Jacobs ("BG")

Given their background and prior detailed knowledge, BG have been instructed to assist with a review of the validity of the EMD, further details of which are provided in my previous report. So as not to prejudice my investigations, I am currently unable to provide further evidence in respect of this.

The sum of £16,462.50 has been paid to BG in the period under review, in respect of their services in relation to this matter. There is currently an outstanding bill in the sum of £4,500 inclusive of VAT, which will be paid in early course. BG also have work in progress in the sum of £4,337.50 plus VAT, although this figure has yet to be agreed and paid.

Barker Gillette were chosen as they have been the legal advisers of the Company for a number of years and have substantial knowledge and documentation relating to the EMD.

2.3 VAT Irrecoverable

The sum of £22,493.26 was paid in respect of VAT due on various invoices. As the Company is not VAT registered, I am unable to recover these sums.

2.4 For the purpose of R2 47(dc), I have provided details of any other expenses incurred which have not yet been paid

2.5 Specific bond

The specific bond is the cost of insurance, based on the level of realisations by the Joint Administrators, as required by the Insolvency Practitioners Regulations 2005. The sum of £15 has yet to be recharged to the case. Creditors should note that this figure is the minimum bond value and I am in the process of increasing the bond.

2.6 Meeting costs

The first meeting of creditors was held at the offices of David Rubin & Partners for which a charge of £150 plus VAT for the provisions of the boardroom and ancillary facilities was levied.

2.7 Travel

This relates to payments incurred by the Joint Administrators in travelling to various meetings. The sum of £98.42 has been incurred in respect of these costs.

2.8 Statutory Costs

The amount of £26 was paid in respect of fees for various searches and information obtained from Companies House.

2.9 Pre-Administration Time Costs: Rule 2.47(2B)

In my earlier report to creditors, I set out the costs my firm incurred between our first being consulted and the date of our appointment, and I provided details as required by Rule 2.33(2A) and (2B). Creditors may recall that I reported that my firm's time costs were £11,010.50 plus VAT for a total of 32.42 hours, and that prior to our appointment, my firm was advanced a sum of £10,000 plus VAT and we therefore have outstanding time costs of £1,010.50.

These costs will be billed in due course.

(f) Details of any assets that remain to be realised

All of the tenants' funds are believed to be held on trust pursuant to Section 42 of the Landlord and Tenant Act 1985. As such, sums which currently appear to be assets of the Company are the surplus commercial tenants' funds held. We are still waiting for the amount held in the account as at 30 June 2015 to be finalised. Provisionally, the figure appears to be in the region of £234,000. We are still in the process of obtaining advice as to whether this sum is held on trust.

(g) Investigations

In accordance with the Company Directors Disqualification Act 1986 I have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, I am not able to disclose the contents.

Shortly after appointment, I made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the initial meeting (where held) or as a response to my request to complete an investigation questionnaire. My investigations have not revealed any issues requiring further report, although, due to the contentious nature of the case these investigations much remain ongoing.

(h) Any other relevant information:

- (i)** An Estimated Outcome Statement has not been provided due to the uncertainty over trust assets.

The director's signed Statement of Affairs has not been signed yet due to uncertainty regarding the Company's exact asset position.

(i)(a) Secured creditors

There are no secured creditors.

(b) Prescribed Part

Section 176A of the Insolvency Act 1986 provides for a prescribed part of the Company's net property to be retained from distribution to the floating charge holder,

where the debenture was created on or after 15 September 2003 and made available for the satisfaction of unsecured debts

As the Company did not grant any charges over its property, this section does not apply

(ii) Preferential creditors

There are no preferential creditors

(iii) Unsecured creditors

As at the date of this report the claims of five creditors, with a total value of £665,451, have been established. As the continued trading of the Company is dependent on the successful outcome of the negotiations, the claims will not be adjudicated or a dividend prepared until this outcome is known

(i) Creditors' rights

Within 21 days of the receipt of this report, in accordance with Rule 2.48A, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Administrator provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report

Under Rule 2.109, any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Administrator's remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Administrator, as set out in this progress report, are excessive

(j) Extension of Administration

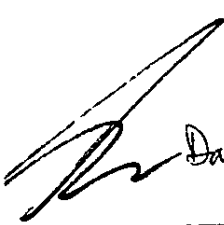
As detailed earlier in this report, there are several matters which remain outstanding, which are highly unlikely to be finalised prior to the automatic end of the Administration on 8 February 2016

In line with Paragraph 58 of Schedule B1, the Joint Administrator's request that the Administration be extended for a period of up to 12 months to allow for the matters detailed in this report to be concluded. Creditors should note that the early extension request is due to the substantial amount of potential creditors in the case (over 800), therefore the Joint Administrators are saving costs by sending the extension request out along with the progress report

In that respect, the Joint Administrator's attached Form 2.25B and request that creditors complete and return this no later than 28 September 2015. I have also attached a Proof of Debt Form

(k) Next Report

I trust you will find this report adequate for your purposes but should you require any further information, please do not hesitate to contact in the first instant either my Manager, Kelly Sherburn at this office



David Rubin & Partners

pp STEPHEN KATZ - JOINT ADMINISTRATOR

DATE: 8 September 2015

APPENDIX 1

JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

1. Joint Administrators' Remuneration

I have now reviewed my firm's time costs, and would advise that from the date of appointment to 8 August 2015, the total time costs amount to £77,685 for 290 24 hours, which equates to an average cost of £267 51 per hour. A breakdown of these time charges is set out in Appendix 2. To date £61,979 22 has been paid on account of these time costs.

1.1 *Staff allocation and the use of subcontractors*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case. The constitution of the case team will usually consist of a Partner, Manager, Senior Administrator and two Administrators. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.

We have not utilised the services of any subcontractors in this case.

1.2 *Basis of Joint Administrators' Remuneration*

Creditors may recall that at the meeting of creditors on to discuss the Joint Administrators' proposals, a resolution was passed to fix the Joint Administrators' remuneration by reference to the time given by the Joint Administrators and the various grades of their staff according to their firm's usual charge out rates in attending to matters arising in the administration, and further the Joint Administrators were authorised to draw category 2 disbursements and be entitled to draw sums on account of their remuneration and disbursements as and when funds permit.

In accordance with these resolutions, we have drawn fees of £61,979 22 plus VAT.

2. Chargeout rates

In accordance with the provisions of Statement of Insolvency Practice 9 ("SIP 9"), I would advise that my firm's current hourly chargeout rates applicable to this appointment, which are charged in units of 6 minutes, exclusive of VAT, are as follows -

	£
Senior / Managing Partners	450
Partners/Office holders	300 - 395
Managers / Senior Managers	250 - 295
Senior Administrators	180 - 220
Administrators	130 - 160
Cashiers and Assistants	120 - 160
Supports	110 - 120

Chargeout rates are normally reviewed annually in November, when rates are adjusted to reflect such matters as inflation, increases in direct wage costs, and changes to indirect costs such as Professional Indemnity Insurance. Time is charged in minimum units of 6 minutes.

3. Case overview

Our firm, David Rubin & Partners, was first consulted in the first week of January 2015 as the Company, on advice from solicitors and Counsel, concluded that the Company was insolvent.

Since our appointment as Joint Administrators on 9 February 2015, the Joint Administrators have spent a substantial amount of time ascertaining the position, details of which are provided in the proposals. Negotiations have continued throughout the period, however, to date, no agreement has been reached.

4 Issues affecting costs

The eventual and successful sale of assets was only achieved after intense periods of negotiations with interested parties and the eventual purchaser. Due to the crucial nature of these negotiations, a high level of partner and senior manager involvement was required with this part of the assignment.

In addition to the above functions, other work undertaken to date are the following -

- i) In-depth discussions with solicitors regarding the current claim against the Company,
- ii) Preparation and circulation of notice of appointment and subsequent the proposals to creditors pursuant to Paragraph 49 of Schedule B1 of the Insolvency Act 1986
- iii) Extensive correspondence with Peverel regarding the continuation of estate management services,
- iv) Detailed review of the Company's management accounts,
- v) Detailed review of security logs to establish the total spent,
- vi) Arranging the insolvency practitioner's bond and submission of the bordereau as required by section 390 of the Insolvency Act 1986,
- vii) Preparation and submission of the Joint Administrators' report on the conduct of the directors pursuant to the requirements of the Company Directors Disqualification Act 1986, and
- viii) Periodic case reviews to ensure statutory compliance
- ix) Various meetings with Hamlins and the former directors and Peverels, in relation to the dispute regarding the Basin Land

To view an explanatory note concerning Administrators' remuneration issued by the Joint Insolvency Committee, please visit the Publications folder on our website www.drpartners.com/cases, using the following log-on details

USERNAME w897 wes@sharesrvr.com

PASSWORD sew798W*

Alternatively, please contact this office to arrange for a copy to be sent to you

WEST END QUAY ESTATE MANAGEMENT LIMITED - IN ADMINISTRATION**ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT****FROM 9 FEBRUARY 2015 TO 8 AUGUST 2015**

	<u>Estimated to realise</u>	<u>Period End 08/08/2015</u>	<u>Total</u>
	£	£	£
<u>Balance brough forward</u>			
<u>Receipts</u>			
Bank Interest		1.89	1 89
Tenants' Funding		172,128 06	172,128 06
		<u>172,129 95</u>	<u>172,129 95</u>
<u>Payments</u>			
Pre Appointment Fees		10,000 00	10,000 00
Administrators' Fees		61,979 22	61,979 22
Legal Fees		40,317 90	40,317 90
Statutory advertising		169 20	169 20
VAT Irrecoverable		22,493 26	22,493 26
		<u>134,959 58</u>	<u>134,959 58</u>
<u>Receipts less Payments</u>		<u>37,170 37</u>	<u>37,170 37</u>
<u>Represented by:-</u>			
Balance at bank			<u>37,170.37</u>
			<u>37,170.37</u>

WEST END QUAY ESTATE MANAGEMENT LIMITED - IN ADMINISTRATION

JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 12 MARCH 2015 TO 8 AUGUST 2015							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning	22 48	32 54	36 12	04 36	96 30	24,088 00	249 62
Investigations	00 54	00 36	08 42	00 00	10 12	2,071 50	203 09
Realisations of assets	18 00	06 54	00 00	00 00	24 54	8,835 00	354 82
Creditors	20 30	00 18	51 42	00 00	72 30	15,033 50	207 36
Trading	00 30	00 00	00 00	00 00	00 30	197 50	395 00
Total hours and costs	62 42	40 42	96 36	04 36	204 36	50,225 50	245 48

JOINT ADMINISTRATORS' CUMULATIVE TIME COSTS FOR THE PERIOD 9 FEBRUARY 2015 TO 8 AUGUST 2015							
Classification of work function	Hours					Total Cost £	Average hourly rate £
	Partners	Manager / Senior Manager	Admin / Senior Admin	Cashiers	Total hours		
Statutory compliance, admin and planning							
IPS set up & maintenance	00 00	00 00	00 18	00 00	00 18	66 00	220 00
Statutory filings, circulars, notices, etc	00 00	03 18	14 36	00 00	17 54	3,248 00	181 45
Case planning, strategy & control	03 30	19 48	01 54	00 00	25 12	6,669 50	264 66
Accounting & Cashiering	00 06	00 24	02 24	05 36	08 30	1,495 50	175 94
Case reviews & Diary maintenance	10 12	02 24	02 54	00 00	15 30	5,151 00	332 32
Statutory reporting and compliance	10 30	19 24	28 54	00 00	58 48	13,789 50	234 52
Investigations							
CDDA preparation & reporting	00 30	00 00	08 54	00 00	09 24	1,799 50	191 44
SIP2 assessment and financial review	00 00	00 36	00 00	00 00	00 36	150 00	250 00
Investigating antecedant transactions	00 06	00 00	00 00	00 00	00 06	39 50	395 00
Proceedings & recoveries	00 18	00 00	00 00	00 00	00 18	118 50	395 00
Realisation of assets							
Freehold & leasehold properties	00 30	01 06	00 00	00 00	01 36	472 50	295 31
Tangible assets	35 24	08 06	00 00	00 00	43 30	16,008 00	368 00
Creditors							
Unsec'd Creditors correspondence & claims	52 36	02 00	53 36	00 00	108 12	28,480 00	263 22
Total hours and costs	114 12	57 06	113 30	05 36	290 24	77,685 00	267 51