

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company

Northern Affordable Homes Limited

Company number

04427629

In the
Manchester District Registry

(full name of court)

Court case number
3500 of 2008(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Matthew Colin Bowker
Tenon Recovery
Clive House
Clive Street
Bolton
Lancashire BL1 1ETChristopher Ratten
Tenon Recovery
Arkwright House
Parsonage Gardens
Manchester
M3 2LF

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

From

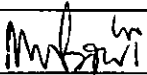
To

(b) Insert date

(b) 17 September 2008

(b) 16 March 2008

Signed


Joint / Administrator(s)

Dated

15 April 2009

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

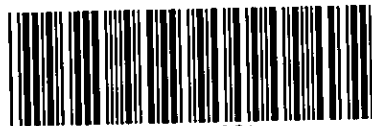
Matthew Colin Bowker
Tenon Recovery
Clive House
Clive Street
Bolton
Lancashire BL1 1ET

DX Number

01204 395000
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

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COMPANIES HOUSE

**NORTHERN AFFORDABLE HOMES LIMITED - IN ADMINISTRATION
("THE COMPANY")**

**PROGRESS REPORT OF THE JOINT ADMINISTRATORS PURSUANT TO RULE 2.47 OF
THE INSOLVENCY RULES 1986.**

PERIOD – 17 SEPTEMBER 2008 TO 16 MARCH 2009

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1. STATUTORY INFORMATION AND ADMINISTRATORS' DETAILS

STATUTORY INFORMATION

Name of Company: Northern Affordable Homes Limited

Company Number: 04427629

Registered Address: Clive House
Clive Street
Bolton
BL1 1ET

Name of Administrators: Matthew Colin Bowker and Christopher Ratten

Address of Administrators: Tenon Recovery,
Clive House, Clive Street, Bolton, BL1 1ET

Date of Appointment: 17 September 2008

Court Reference Number: No 3500 of 2008

Name of Court: Manchester District Registry

Persons making appointment: The Directors - Sandal Business Centre Asdale
Road, Wakefield, West Yorkshire, WF2 7JE

In accordance with Paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the functions of the Joint Administrators are being exercised by any one of the Joint Administrators.

2 PROGRESS DURING THE PERIOD

RECEIPTS AND PAYMENTS ACCOUNT

Attached at **Appendix A** is our abstract of receipts and payments account for the six months from the date of Administration to 16 March 2009.

Completion of the housing development at St. John's Road, Heysham

On appointment the Joint Administrators attended the site and established control of the business and assets. After discussions with Cumberland Building Society ("CBS") and having reviewed the short-term expected trading costs and revenues, the decision was taken to continue to trade the Company for a short period whilst completing the site and marketing the houses for sale. It was felt that this would result in enhanced asset realisations, ensuring a distribution to both CBS and Lloyds and increasing the likelihood of a distribution to unsecured creditors. CBS agreed to provide the Company with an overdraft facility throughout the Administration period, subject to ongoing review, to assist with cash flow requirements to continue trading.

At the date of appointment the Company had 2 employees. Following an immediate review of the staffing requirements, it was decided that both employees were to be made redundant with effect from 17 September 2008. The director, Mr Drummond-

Hay, was retained on a consultancy basis for an initial period to assist with the existing house sales.

The Joint Administrators formally instructed Marland Building Limited ("Marland") to complete the site on 17 October 2008. Marland commenced work on site on 20 October 2008 and have subsequently completed work on the site which comprises fourteen properties.

In addition to instructing Marland to complete the site, the Joint Administrators also instructed Bairstow Eves estate agents to market and sell the properties. Farrell Heyworth have subsequently replaced Bairstow Eves in relation to marketing and selling the remaining properties. To date, one house has been sold for £97,950 and offers have been accepted on a further twelve of the houses on the site, and solicitors have been instructed to proceed to contract.

The Administrators will then seek a purchaser for the freehold of the site, as the proposed sales involve the payment by the house owners of £20 per week.

Carnforth site

The Company has planning permission for a development of 10 affordable houses at Carnforth, near Lancaster. It is the intention of the Joint Administrators to sell the land to a third party. The Joint Administrators have instructed independent agents, Peill & Co, to value the land at Carnforth. An offer has been received from a third party to purchase the land for the sum of £75,000, and we are currently in discussions with the purchaser's agent in respect of this sale.

Planning options

The Company holds a number of options on sites around the country, which are at various stages of obtaining planning permission. Following our appointment, we instructed independent agents, Peill & Co, to value the options. As the options are for affordable housing only, the value of the options is limited and some require considerable work in order to obtain full planning permission. Peill & Co have presented their report which values the options at a total of £11,000.

An offer was received and accepted from Mr Drummond-Hay for the assignment of the options, however the realisations from this offer were dependent on planning permission being granted on the options. Unfortunately, we received advice from our solicitors which detailed that Mr Drummond-Hay would have to apply for an extension to the options and upon receiving this information Mr Drummond-Hay withdrew his offer. In light this, we do not expect there to be any realisations from the planning options.

Intercompany loan

There is an amount owed to the Company by The Housing Enterprise Fund Limited ("THEF") in the sum of £7,973 in respect of costs which the Company paid on behalf of THEF, a connected company by virtue of the common directorships of Mr Young, Mr Corscadden and Mr Drummond-Hay. The Joint Administrators have written to THEF and requested repayment of the loan. However, this payment remains outstanding and we will continue to pursue this balance.

3 ASSETS THAT REMAIN TO BE REALISED

As discussed above, the remaining assets to be realised are the remaining properties at the St John's Road development, and its freehold thereafter, the sale of the Carnforth site and the intercompany loan.

4 SECURED CREDITORS

Lloyds TSB Bank plc ("Lloyds") has a fixed and floating charge over the assets of the Company created on 1 November 2006. A copy of the debenture has been requested from Lloyds in order to confirm its validity, although prima facie the charge appears to be valid.

Cumberland Building Society Limited ("CBS") has a fixed and floating charge over the assets of the Company created on 22 May 2007. A copy of the debenture was provided to the solicitors who have confirmed its validity.

5 PREFERENTIAL AND NON-PREFERENTIAL CREDITORS

It is anticipated that there will be preferential creditor claims totalling approximately £2,643 in respect of holiday pay and arrears of wages owed to the former employees.

As the floating charges were created after 15 September 2003, Section 176A of the Insolvency Act 1986 applies and the Administrators will make available for distribution to the unsecured creditors a prescribed part of the Company's net property that would otherwise have been available to the floating chargeholders. The prescribed part is currently estimated to be £22,604.

It is not the duty of the Joint Administrators to agree the claims of non-preferential creditors. The duly appointed Liquidator would attend to the agreement of non-preferential claims should sufficient funds be available.

6 ESTIMATED OUTCOME AS AT 16 MARCH 2009

Please find enclosed an estimated outcome statement as at 16 March 2009 at **Appendix A** based upon the comments made in this report

7 SUMMARY OF THE RESOLUTIONS PASSED AT THE MEETING OF CREDITORS

At the meeting of creditors held on 25 November 2008, the following resolutions were approved and a report on the results of the meeting was sent to all known creditors on 3 December 2008.

- a) The Administrators may take any action they consider expedient with a view to a more advantageous realisation of the Company's assets than would be effected on a winding-up and in particular may do all such things they consider expedient with a view to enhancing the value of the Company's assets prior to realisation.
- b) A Creditors' Committee was not formed.
- c) [Not applicable as no Creditors' Committee was formed]
- d) The Administrators may do all such other things and generally exercise all powers as Administrators as in their discretion they consider desirable or

expedient in order to achieve the purposes of the Administration Order or to protect and preserve the assets of the Company or maximise realisations of those assets, or for any other purpose incidental to these proposals.

- e) The Administrators may incur such costs and expenses, including professional fees, as they consider being necessary for achieving the above purposes, including the costs of the application for the discharge of the Administration Order.
- f) The Administrators will be entitled to receive remuneration for their services as Administrators which will be charged by reference to time necessarily incurred by the Administrators and members of their staff, including the costs in making the application for the Administration Order at their firm's designated charge out rates up to the date of their release, such remuneration to be drawn as and when funds are available and without further reference to creditors.
- g) The Administrators will be entitled to seek an extension to the Administration period if deemed necessary.
- h) If considered appropriate, the Administrators will apply to Court pursuant to paragraph 65(3) of Schedule B1 to the Insolvency Act 1986 for permission to make a distribution to the creditors in the Administration.
- i) The Administrators be authorised to end the Administration in the most appropriate manner via one of the routes stated in Sections 76 to 85 of Schedule B1 of IA86 to include: the automatic ending of the Administration after 12 months; or termination upon application to Court; or moving from Administration to creditors voluntary liquidation; or moving from Administration direct to dissolution, and be authorised to their discharge as Administrators without further recourse to creditors in this regard.
- j) If liquidation is considered appropriate, the Administrators be permitted to seek the appointment of Matthew Colin Bowker of Tenon Recovery as liquidator of the Company without any further recourse to creditors. In accordance with paragraph 83(7) of The Insolvency Act 1986 and Rule 2.117(3) of The Insolvency Rules 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved.
- k) The Administrators be discharged from liability on vacation of office (whether because they vacate office by reason of resignation, death or otherwise, because they are removed from office or because their appointment ceases to have effect) in accordance with paragraphs 98 and 99 of Schedule B1 of IA86.

8 COSTS OF REALISATION

The Administrators' time costs for the period 17 September 2008 to 16 March 2009 total £34,021.00. In addition, pre-appointment time costs totalling £9,280.00 have been incurred. Fees will only be drawn in respect of pre-appointment time costs to the extent that the time was properly incurred in determining whether the purpose of the Administration could be achieved and dealing with the necessary paperwork to place the Company into Administration, in accordance with Rule 2.67(1) (c) of the Insolvency Rules 1986.

A full analysis of Administrators' costs, together with the charge-out rate per hour for each grade of staff, including the Joint Administrators is attached at **Appendix B**. To date payments on account of fees totalling £5,000 have been drawn.

Statement of Insolvency Practice 9 ("SIP 9") outlines the information to be provided to creditors by the officeholder when dealing with the matter of his remuneration and includes a "Creditors' Guide to Fees". Whilst this guide has previously been circulated to all creditors, a further copy is available, free of charge, upon request. Alternatively, creditors may download a copy of this guide from the corporate recovery area of the site: www.tenongroup.com.

All Administrators' disbursements are Category one type disbursements (a simple reimbursement of actual payments made on behalf of the assignment) which do not require any authorisation of the creditors.

9 CONCLUSION

In order to conclude the asset realisations discussed above in this matter and distribute funds to creditors it is intended to move the Company into creditors' voluntary liquidation.

In the meantime, please do not hesitate to contact my colleague, Alison Orrell, if you have any queries regarding the content of this report.


M C Bowker and C Ratten
Joint Administrators

The affairs, business and property of the Company are under the management of the Joint Administrators
The Joint Administrators act as agents of the Company and without personal liability

**NORTHERN AFFORDABLE HOMES
LIMITED
(IN ADMINISTRATION)**

APPENDIX A

**The Joint administrators' abstract of receipts and payments account
for the period from 17 September 2008 to 16 March 2009
and estimated outcome statement as at 16 March 2009**

NORTHERN AFFORDABLE HOMES LIMITED
(IN ADMINISTRATION)

Receipts and payments account and estimated outcome statement
as at 16 March 2009

	Statement of Affairs £	Receipts and Payments £	Future Movement £	Estimated Outcome £
<u>Fixed Charge Assets</u>				
Freehold Land & Property - Heysham	1,183,500	97,950	1,049,000	1,146,950
Freehold Land - Carnforth	90,000	-	75,000	75,000
Less: Costs of Realisation (NOTE 1)	-	(84,319)	(100,810)	(185,129)
	<u>1,273,500</u>	<u>13,631</u>	<u>1,023,190</u>	<u>1,036,821</u>
 Cumberland Building Society	 (928,290)	 (95,050)	 (833,240)	 (928,290)
 Fixed Charge surplus/(deficit) (C/D)	 <u>345,210</u>	 <u>(81,419)</u>	 <u>189,950</u>	 <u>108,531</u>
 <u>Floating Charge Assets</u>				
Fixed Charge surplus/(deficit) (B/D)	345,210	(81,419)	189,950	108,531
Planning Options	6,000	-	-	-
Intercompany Loan	7,973	-	7,973	7,973
Rents received	-	278	3,000	3,278
VAT	-	-	8,056	8,056
Total Realisations	<u>359,183</u>	<u>(81,141)</u>	<u>208,979</u>	<u>127,838</u>
 Less: Costs of Realisation (NOTE 1)		(2,453)	(16,665)	(19,118)
VAT		(1,498)	(6,558)	(8,056)
		<u>(85,092)</u>	<u>185,756</u>	<u>100,664</u>
 Less: Preferential Creditors (estimated)				<u>(2,643)</u> 98,021
 Less: Prescribed Part (C/D)				(22,604)
 Available for Floating Charge Holder				<u>75,417</u>
 Lloyds TSB Bank plc				(94,602)
 Floating Charge Deficit				<u>(19,185)</u>
 Prescribed Part (B/D)				22,604
 Estimated Unsecured Creditors				(733,465)
 Shortfall for Unsecured Creditors				<u>(710,861)</u>
 Estimated Dividend (subject to costs of Liquidation)				3p in the £

**NORTHERN AFFORDABLE HOMES LIMITED
(IN ADMINISTRATION)**

**Notes to estimated outcome statement
as at 16 March 2009**

NOTE 1: COSTS OF REALISATION

	Receipts and Payments £	Future Movement £	Estimated Outcome £
<u>Fixed Charge Assets</u>			
Administrators' Remuneration	5,000	24,000	29,000
Solicitors' Fees & Disbursements	4,182	13,000	17,182
Construction Costs	70,726	44,310	115,036
Sales and Marketing Costs	3,691	19,500	23,191
Site Security	720	-	720
	<u>84,319</u>	<u>100,810</u>	<u>185,129</u>
<u>Floating Charge Assets</u>			
Administrators' Remuneration	-	11,000	11,000
Administrators' Disbursements (NOTE 2)	1,011	250	1,261
Insurance	1,422	2,500	3,922
Statutory Advertising	-	100	100
Solicitors' Fees & Disbursements	-	1,815	1,815
Agents' Fees & Disbursements	-	1,000	1,000
Bank Charges	20	-	20
	<u>2,453</u>	<u>16,665</u>	<u>19,118</u>

NOTE 2: DISBURSEMENTS

Company Searches	11
Travel	385
Swear fee	10
Bond	200
Sundry	17
Advertising	336
Room hire	52
	<u>1,011</u>

**NORTHERN AFFORDABLE HOMES
LIMITED
(IN ADMINISTRATION)**

APPENDIX B

**The Joint Administrators' schedule of time costs
for the period from 17 September 2008 to 16 March 2009**

NORTHERN AFFORDABLE HOMES LIMITED (IN ADMINISTRATION)

Schedule of charge out rates and total hours spent for the period 17 September 2008 to 16 March 2009.

Grade:	Director	Manager	Assistant Manager/ Supervisor	Senior Administrator	Support Staff	Cashier	Total Hours	Time Costs £	Average
Hourly Chargeout Rates (£ph):	330-355	240-260	150-190	140-155	95-130	40-45	95-115		
Asset Realisation	11.0	3.1	0.3	0.7	64.7	0.2	0.2	12,750.00	158.98
Cash Book/Bank	0.4	0.6	0.0	0.0	1.8	0.0	2.2	749.50	149.90
Creditor Correspondence	1.8	2.0	1.8	0.9	17.2	1.3	0.0	3,857.50	154.30
D Report and Investigations	0.0	0.4	0.0	0.0	6.3	2.0	0.0	1,013.00	116.44
Proposals	0.0	1.5	0.0	0.0	20.2	1.0	0.0	2,824.00	124.41
Statutory Matters	1.7	0.7	0.4	0.0	28.6	0.0	0.0	4,412.50	89.94
Travelling Time	0.0	0.0	0.0	0.0	21.2	0.0	0.0	2,639.00	124.48
Case Filing	0.0	0.0	0.0	0.0	2.6	0.0	0.0	322.00	123.85
Photocopying/Post	0.0	0.0	0.0	0.0	5.8	0.0	0.0	711.00	122.59
Case Review	4.9	1.2	0.0	1.5	20.5	0.0	0.0	4,742.50	168.77
Sub Total	19.8	9.5	2.5	3.1	188.9	4.5	2.4	34,021.00	147.47
Pre Appointment Time	16.1	0.1	0.0	0.0	32.7	0.0	0.2	9,280.00	189.00
Total	35.9	9.6	2.5	3.1	221.6	4.5	2.6	43,301.00	154.76

In accordance with Rule 2.67(1)(c) of the Insolvency Rules 1986, fees will only be drawn in respect of pre-appointment time costs to the extent that it was incurred in determining whether the purpose of the Administration would be likely to be achieved and in connection with the making of the appointment.