

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company
Northern Affordable Homes Limited

Company number
04427629

In the Manchester High Court <small>(full name of court)</small>
--

Court case number 3500 of 2008

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

I/We (a)
Matthew Colin Bowker
RSM Tenon Recovery
Arkwright House,
Parsonage Gardens,
Manchester,
M3 2LF

Christopher Ratten
RSM Tenon Recovery
Arkwright House
Parsonage Gardens
Manchester
M3 2LF

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

(b) Insert date

From (b) 17 September 2008

To (b) 10 March 2010

Signed

Matthew Bowker
Joint Administrator(s)

Dated

15 March 2010

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

Matthew Colin Bowker
RSM Tenon Recovery
Arkwright House,
Parsonage Gardens,
Manchester,
M3 2LF

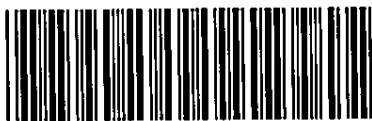
DX Number

+44 (0)161 834 3313
DX Exchange

The contact information that you give will be visible to searchers of the

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

TUESDAY



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COMPANIES HOUSE

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

**FINAL PROGRESS REPORT OF THE JOINT ADMINISTRATORS PURSUANT TO RULE
2.110 OF THE INSOLVENCY RULES 1986**

PERIOD – 17 SEPTEMBER 2008 TO 10 MARCH 2010

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1. STATUTORY INFORMATION AND ADMINISTRATORS' DETAILS

STATUTORY INFORMATION

Name of Company	Northern Affordable Homes Limited
Company Number	04427629
Registered Address	Arkwright House, Parsonage Gardens, Manchester, M3 2LF
Name of Administrators	Matthew Colin Bowker and Christopher Ratten
Authorising Bodies	DTI & ICAEW
Address of Administrators	RSM Tenon Recovery, Arkwright House, Parsonage Gardens, Manchester, M3 2LF
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 from the date of Administration to 10 March 2010

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 CBS 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, eleven houses have been sold for the total sum of £757,950. The remaining three properties are still being marketed for sale.

The Joint Administrators instructed Clive Emson Auctioneers ("CEA") to assist with the sale of the freehold. On 22 February 2010, the freehold of the Heysham development was placed into auction and sold to an independent third party for the sum of £180,000. Contracts have been exchanged and the consideration is payable in full by 22 March 2010.

In addition we have received ground rents totalling £4,174 and anticipate receiving a further £500 prior to completion of the sale of the freehold.

Carnforth site

The Company had planning permission for a development of 10 affordable houses at Carnforth, near Lancaster. The Joint Administrators instructed independent agents, Peill & Co, to value the land at Carnforth. An offer was received from a third party to purchase the land for the sum of £165,000 which was in excess of the agents' valuation of £92,500. On 2 July 2009, this offer was accepted and the consideration was received in full on the same day.

Planning options

The Company held a number of options on sites around the country, which were at various stages of obtaining planning permission. Following our appointment, we instructed independent agents, Peill & Co, to value the options. As the options were for affordable housing only, the value of the options was 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 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 of 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 remains outstanding and therefore we have instructed solicitors to pursue repayment of the loan.

3 ASSETS THAT REMAIN TO BE REALISED

As discussed above, the remaining assets to be realised are the remaining three properties at the St John's Road development and the intercompany loan.

4 SECURED CREDITORS

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 solicitors who have confirmed its validity. It is currently anticipated that CBS will be repaid in full from fixed charge realisations.

In our previous report we stated that Lloyds TSB Bank plc ("Lloyds") has a fixed and floating charge over the assets of the Company created on 1 November 2006 and that a copy of the debenture had been requested from Lloyds in order to confirm its validity. Lloyds have subsequently confirmed that they do not hold security over the Company's assets.

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 would 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 charge holders. However, since CBS are expected to be paid in full from fixed charge realisations there will be no floating charge creditor and so no prescribed part in this matter.

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

6 ESTIMATED OUTCOME AS AT 10 MARCH 2010

Please find enclosed an estimated outcome statement as at 10 March 2010 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 10 March 2010 total £89,555 75. 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 £30,000 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.rsmtenon.com/creditorguides

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

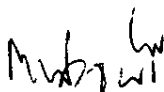
9 CONCLUSION

Asset realisations are considered to be nearly completed The only outstanding assets remaining to be realised are the three remaining properties at the St John's Development and the intercompany loan The other issues outstanding are the payment to CBS, the agreement of creditor claims and the payment of dividends to preferential and non-preferential creditors In order to do this we intend to move the Company directly to Creditors Voluntary Liquidation

As authorised by creditors I Matthew Colin Bowker, will be appointed as Liquidator in order to distribute the funds to unsecured creditors

The Company will enter Liquidation on the registration of the attached 2 34B which has been sent to the Registrar of Companies today

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 10 March 2010
and estimated outcome statement as at 10 March 2010**

NORTHERN AFFORDABLE HOMES LIMITED
(IN ADMINISTRATION)

Receipts and payments account and estimated outcome statement
as at 10 March 2010

	Statement of Affairs £	Receipts and Payments £	Future Movement £	Estimated Outcome £
<u>Fixed Charge Assets</u>				
Freehold Property - Heysham	950,950	757,950	187,500	945,450
Freehold Land - Heysham	232,550	-	180,000	180,000
Freehold Land - Carnforth	90,000	165,000	-	165,000
Less Costs of Realisation (NOTE 1)	-	(187,118)	(52,100)	(239,218)
	<u>1,273,500</u>	<u>735,832</u>	<u>315,400</u>	<u>1,051,232</u>
 Cumberland Building Society	(928,290)	(595,049)	(333,241)	(928,290)
Interest Accrued	-	-	(48,431)	(48,431)
Fixed Charge surplus/(deficit) (C/D)	<u>345,210</u>	<u>140,783</u>	<u>(66,272)</u>	<u>74,511</u>
 <u>Floating Charge Assets</u>				
Fixed Charge surplus/(deficit) (B/D)	345,210	140,783	(66,272)	74,511
Planning Options	6,000	-	-	-
Intercompany Loan	7,973	-	7,973	7,973
Rent Received	-	4,174	500	4,674
Bank Interest	-	40	-	40
Insurance Refund	-	54	-	54
VAT	-	-	23,157	23,157
Total Realisations	<u>359,183</u>	<u>145,051</u>	<u>(34,643)</u>	<u>110,409</u>
 Less Costs of Realisation (NOTE 1)		(19,944)	(17,000)	(36,944)
VAT		(11,064)	(12,093)	(23,157)
		<u>114,043</u>	<u>(63,735)</u>	<u>50,308</u>
 Less Preferential Creditors (estimated)				<u>(2,643)</u>
 Available for Unsecured Creditors				47,665
 Estimated Unsecured Creditors				(828,067)
 Shortfall for Unsecured Creditors				<u>(780,402)</u>
 Estimated Dividend (subject to costs of Liquidation)				5p in the £

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

**Notes to estimated outcome statement
as at 10 March 2010**

NOTE 1: COSTS OF REALISATION

	Receipts and Payments £	Future Movement £	Estimated Outcome £
<u>Fixed Charge</u>			
Administrators' Remuneration	30,000	45,000	75,000
Solicitors' Fees & Disbursements	11,637	2,250	13,887
Construction Costs	116,436	-	116,436
Sales and Marketing Costs	27,225	4,850	32,075
Site Security	720	-	720
Auctioneer's Fees	350	-	350
Legal Costs	750	-	750
	<u>187,118</u>	<u>52,100</u>	<u>239,218</u>

Floating Charge

Administrators' Remuneration	-	15,000	15,000
Administrators' Disbursements (NOTE 2)	1,192	-	1,192
Insurance	7,953	-	7,953
Solicitors' Fees & Disbursements	1,500	-	1,500
Bank Charges	6,243	-	6,243
Cleaning/Gardening costs	525	250	775
Council Tax	2,531	1,750	4,281
	<u>19,944</u>	<u>17,000</u>	<u>36,944</u>

NOTE 2: DISBURSEMENTS

Company Searches	11
Travel	566
Swear fee	10
Bond	200
Sundry	17
Advertising	336
Room hire	52
	<u>1,192</u>

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

APPENDIX B

**The Joint Administrators' schedule of time costs
for the period from 17 September 2008 to 10 March 2010**

NORTHERN AFFORDABLE HOMES LIMITED - IN ADMINISTRATION

Schedule of charge out rates and total hours spent for the period 17 September 2008 to 10 March 2010

Grade	Director	Senior Manager/ Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Costs	Average
Hourly Charge Out Rates (£ph)	330-355	150-260	95-155	40-115		£	
Realisation of Assets	43 80	9 10	212 40	2 80	268 10	45,020 00	167 92
Cashiering	0 40	0 60	2 50	21 05	24 55	2,795 25	113 86
Creditors	5 60	9 50	66 30	8 60	90 00	13,208 00	146 76
Investigations		0 80	8 00	2 10	10 90	1,332 00	122 20
Administration & Planning	22 50	14 70	116 20	13 70	167 10	27,200 50	162 78
Post-Appointment Time	72 30	34 70	405 40	48 25	560 65	89,555 75	159 74
Pre-Appointment Time	16 10	0 10	32 70	0 20	49 10	9,280 00	189 00
Total	88.40	34.80	438.10	48.45	609.75	98,835.75	162.09

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