

# AM10

## Notice of administrator's progress report



Companies House

FRIDAY



A07 \*A770H8NL\* 08/06/2018 #99  
COMPANIES HOUSE

### 1 Company details

Company number 0 4 4 7 8 6 3 2

Company name in full Bournston Property Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) John

Surname Twizell

### 3 Administrator's address

Building name/number 4 Carlton Court

Street

Post town Brown Lane West

County/Region Leeds

Postcode L S 1 2 6 L T

Country

### 4 Administrator's name ①

Full forename(s) James

Surname Sleight

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 4 Carlton Court

Street

Post town Brown Lane West

County/Region Leeds

Postcode L S 1 2 6 L T

Country

② Other administrator  
Use this section to tell us about  
another administrator.

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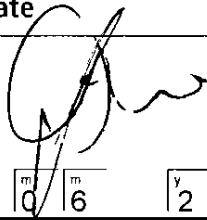
**6** Period of progress report

From date	<sup>d</sup> 1	<sup>d</sup> 1	<sup>m</sup> 1	<sup>m</sup> 1	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 7
To date	<sup>d</sup> 1	<sup>d</sup> 0	<sup>m</sup> 0	<sup>m</sup> 5	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8

**7** Progress report☒ I attach a copy of the progress report**8** Sign and dateAdministrator's  
signature

Signature

X



X

Signature date

<sup>d</sup> 0	<sup>d</sup> 6	<sup>m</sup> 0	<sup>m</sup> 6	<sup>y</sup> 2	<sup>y</sup> 0	<sup>y</sup> 1	<sup>y</sup> 8
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# AM10

## Notice of administrator's progress report



### Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	John Twizell
Company name	Geoffrey Martin & Co
Address	4 Carlton Court Brown Lane West
Post town	Leeds
County/Region	
Postcode	L S 1 2 6 L T
Country	
DX	
Telephone	0113 2445141



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



### Important information

All information on this form will appear on the public record.



### Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



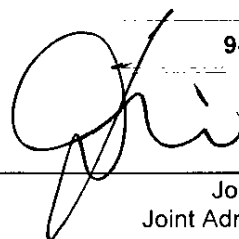
### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

**Bournston Property Limited**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £	From 11/11/2017 To 10/05/2018 £	From 11/11/2011 To 10/05/2018 £
	<b>SECURED ASSETS</b>	
5,500,000.00	Freehold Land & Property	NIL
		NIL
	<b>SECURED CREDITORS</b>	
(7,400,000.00)	Northern Rock Asset Management	NIL
		NIL
	<b>ASSET REALISATIONS</b>	
	Funds Passed by Receivers to Compa	1,480,751.36
NIL	Inter-group debt due from parent	NIL
	Legal Fee Recharge	2,500.00
	Cash at Bank	273.83
	Contribution to JA Fees	1,000.00
	Bank Interest Gross	4,112.26
	Sundry Receipts	3.45
		1,488,640.90
	<b>COST OF REALISATIONS</b>	
	Specific Bond	8.40
	JA Fee contribution	1,000.00
	Joint Administrators' Fees	10,000.00
	Disbursements	92.08
	Category 2 Disbursements	408.51
	Counsel's Fee	19,855.00
	Legal Fees	51,285.00
	Corporation Tax - Admin Expense	236,397.61
	VAT Irrecoverable	5,556.27
	Tax Advice	32,500.00
	Statutory Advertising	395.76
	Council Rates - Admin Expense	94,136.22
	Bank Charges	11.34
		(541,646.19)
	<b>UNSECURED CREDITORS</b>	
(226,000.00)	Trade & Expense Creditors	NIL
(105,000.00)	HMRC - VAT	NIL
		NIL
<b>(2,231,000.00)</b>	<b>(11,642.46)</b>	<b>946,994.71</b>
	<b>REPRESENTED BY</b>	
	VAT Receivable	2,260.00
	Floating Current A/c	944,734.71
		<b>946,994.71</b>



John Twizell  
Joint Administrator

**High Court of Justice, Chancery Division, Leeds District Registry**

**No. 1692 of 2011**

**Bournston Property Limited  
(In Administration)**

**The Joint Administrators' Progress Report for the period 11 November 2017 to 10 May 2018**

**John Twizell**

**James Sleight**

**Geoffrey Martin & Co**

**4 Carlton Court, Brown Lane West, Leeds, LS12 6LT**

**0113 244 5141**

**info@geoffreymartin.co.uk**

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

John Twizell and James Sleight were appointed Joint Administrators of Bournston Property Limited on 11 November 2011. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

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## 1. EXECUTIVE SUMMARY

This report describes the progress since the last update report dated 8 December 2017 and covers matters for the period 11 November 2017 to 10 May 2018 ("the Review Period").

A summary of key information in this report is detailed below.

### Asset realisations

Asset	Estimated to realise per Statement of Affairs £	Realisations to date £	Anticipated future realisations £	Total anticipated realisations £
The Junxion, Brayford Wharf, Lincoln after settling the Bank's debt	(1,900,000)	1,480,751	Nil	1,480,751
Inter-group debtor (£1.2million)	Nil	Nil	Nil	Nil
Legal fee recharge	N/a	2,500	Nil	2,500
Contribution to Administrators' fees	N/a	1,000	Nil	1,000
Cash at Bank, interest and sundry receipts	N/a	4,389	2,500	6,889
<b>Total</b>	<b>(1,900,000)</b>	<b>1,488,640</b>	<b>2,500</b>	<b>1,491,140</b>

### Expenses

Expense	Expense incurred to date £	Anticipated further expense to closure £	Total anticipated expense £
Joint Administrators' fees *	111,952	40,000	151,952
Solicitors' fees ** and ***	51,585	10,000	61,585
Counsel fees	19,855	5,000	24,855
Taxation advice ***	40,200	3,000	43,200
Bilfinger GVA ****	600	Nil	600
Disbursements and other expenses	916	2,000	2,916
Irrecoverable VAT	5,556	750	6,306
Administration expenses - HMR&C	236,398	Nil	236,398
- Council Rates	94,136	Nil	94,136
<b>Total</b>	<b>561,198</b>	<b>60,750</b>	<b>621,948</b>

\* Our firm has also invoiced fees totalling £106,948 (plus VAT) and disbursements totalling £367 (plus VAT) which have been settled from the funds held by the LPARs, following approval by the Bank. Accordingly these Administration fees are not reflected in the Administration Receipts and Payments account. They are shown in the LPARs' Receipts and Payments account.

\*\* Solicitors, Addleshaw Goddard LLP's fees and disbursements incurred in respect of the Administration have been settled from the funds held by the LPARs, following approval by the Bank.

- \*\*\* Solicitors, Gordons LLP and tax advisers, BPR Heaton ("BPR") have also been engaged by the Joint Administrators. The Bank agreed that their fees and disbursements incurred prior to the sale of the Property should be settled from Receivership funds, subject to their prior approval.
- \*\*\*\* Bilfinger GVA's account of £600 for their work reviewing the City of Lincoln Council's Non-Domestic Rates liability was settled from Receivership funds before they were passed over to the Administration.

Further details of professional costs paid by the Receivership are set out in Section 2.6 below.

#### **Dividend prospects**

<b>Creditor class</b>	<b>Distributions paid to date</b>	<b>Anticipated distribution from the Administration</b>
Secured creditor	Settled in full by LPA Receiver	Nil
Preferential creditors	N/a	N/a
Unsecured creditors	Nil	100p in the £
Surplus to shareholder	Nil	£489,779

#### **Administration Order and extensions**

The original Administration Order was due to expire on or before 11 November 2012. We have therefore requested extensions in accordance with the creditor approved Proposals.

The Court granted the first extension of the Administration Order for two years to 11 November 2014; a second extension of the Administration Order for six months to 11 May 2015; a third extension of the Administration Order for 12 months to 11 May 2016; a fourth extension of the Administration Order for 18 months to 11 November 2017; and a fifth extension of the Administration Order for 12 months to 11 November 2018. These extensions were granted by the Court in accordance with Paragraph 76(2)(a) of Schedule B1 of the Insolvency Act 1986.

We currently anticipate that we will be obliged to seek a further extension of the Administration Order from the Court as matters are not expected to be completed by 11 November 2018.

#### **1.1 Summary of key outstanding issues in the Administration**

The key outstanding issues in the Administration include:

- agreeing the Company's Corporation Tax liabilities with HM Revenue & Customs. Our tax advisers suggest that this could take up to a further two months (and possibly longer) due to the complex nature of the returns and supporting calculations and requests for additional information received from HM Revenue & Customs;
- agreeing and settling professional fees and costs in the Administration. This process is on-going throughout the Administration;
- agreeing and settling all creditors' claims, including accrued statutory interest. This will involve an application to the Court to request that the Joint Administrators be authorised to settle unsecured creditors' claims. We anticipate that this whole process will take some two to three months to complete and will only be undertaken after settlement of the Administration expenses and formal agreement of the Corporation Tax returns submitted recently to HM Revenue & Customs;



- clarifying the identity of the Company's shareholder. This process is likely to involve an application to Court as well as addressing the representations of various parties. We anticipate that this could easily take some three months to complete and will only be undertaken after settling the unsecured creditors' claims;
- returning the Company to its shareholder or alternatively distributing available funds to the shareholder;
- continued compliance with the statutory requirements of the Insolvency Act 1986 and the Rules with a view to concluding the Administration in a timely manner;
- considering the appropriate exit from the Administration.

## **1.2 Joint Administrators' Revised Proposals ("the Revised Proposals")**

No initial meeting of creditors was held pursuant to Paragraph 52 of Schedule B1 of the Act because no funds were anticipated to become available to unsecured creditors at that time. The original Proposals therefore reflected that the only objective of the Administration was realising property in order to make a distribution to one or more secured creditors. As it became apparent that a substantial balance of funds would become available to the Company from the sale of the Property, we made substantial revisions of our original Proposals and convened a meeting of creditors on 3 July 2015 for creditors to consider those Revised Proposals.

The Revised Proposals for achieving the revised purpose of the Administration were approved without modification at the meeting of creditors duly held on 3 July 2015.

The initial purpose of the Administration was to maximise the return to the Bank. Following the LPARs' successful sale of the Property, the revised purpose of the Administration is that of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration) and / or the Company being rescued (which includes funds becoming available for distribution to the Company's shareholder).

## **2. THE PROGRESS OF THE ADMINISTRATION AND ESTIMATED OUTCOME**

### **2.1 The Joint Administrators' receipts and payments account**

Receipts and payments accounts covering the Review Period and the Administration as a whole are attached at Appendix II.

### **2.2 Administration and planning**

The Joint Administrators have met and will continue to meet a considerable number of statutory and regulatory obligations. Many of these tasks have not had a direct benefit in enhancing realisations for the Administration. However, they have assisted in the efficient and compliant progression of the Administration and ensured that the Joint Administrators and their staff have carried out their work to high professional standards. During the Review Period, these tasks have included:

- Drafting and issuing the prior period progress report to creditors.
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress.

- Maintaining case files, which must include records to show and explain the Administration and any decisions made by the Joint Administrators that materially affect the Administration.
- Monitoring and maintaining an adequate statutory bond.
- Conducting periodic case reviews to ensure that the Administration is progressing efficiently, effectively and in line with the statutory requirements.
- Maintaining and updating the Administration cash book and bank accounts, including regular bank reconciliations and processing receipts and payments.

## **2.3 Realisation of assets**

### **2.3.1 The Property**

The background to the Company's principal asset, namely the Property and the LPARs' management and realisation strategy is described in detail in earlier reports.

On 4 February 2015, the LPARs exchanged contracts for the sale of the Property at £7.6million. The sale was duly completed on 27 February 2015. The sale included the transfer of the Company's remaining 24 £1 ordinary shares and the sole preference share in Junxion Management Company Limited ("JMC").

We liaised extensively throughout the course of the Administration with the LPARs. In the last two years this has included their accounting to the Company for the funds in their possession. The LPARs have settled the Bank's debt in full and all trading and professional costs of the Receivership.

The LPARs have made payments to the Administration totalling £1,480,751.36 which are reflected in the attached receipts and payments account.

Following the payment of the final balance, the LPARs provided me with a full breakdown of all Receivership income and expenditure. The Receivership accounts have been reviewed by our staff and been incorporated into the various Corporation Tax returns prepared by our tax advisers. These tax returns were submitted to HM Revenue & Customs in late August 2017. Further details are provided in section 2.4 below.

### **2.3.2 Bournston Developments Limited, the Bournston Group and Mr Kilmister**

As reported previously the Company was part of a group of companies owned and controlled by Mr Paul Kilmister ("Mr Kilmister") ("the Bournston Group").

Mr Kilmister was made bankrupt on 1 October 2012.

The Company's immediate parent company is Bournston Developments Limited ("Developments"). Developments was subject to a compulsory winding-up order on 23 April 2013. The Official Receiver's Nottingham office ("OR") was initially acting as Liquidator. Mr Richard Goodwin of Butcher Woods Limited was subsequently appointed Liquidator of Developments on 13 May 2015.

In December 2013, we were first provided with evidence which indicated that the Company's shares had purportedly been transferred from Developments to Pelham Securities Limited ("Pelham Securities") on 4 February 2013. Further details have been provided in our earlier reports.

We have taken specific independent legal advice on Pelham Securities', Developments' and also other parties' claims of interest to the Company's shares.

We have not entered the alleged transfer of the Company's shares from Developments to Pelham Securities in the Company's statutory books to date.

We have been advised that to avoid any subsequent actions pursuant to Paragraph 74 and Paragraph 75 of Schedule B1 of the Act, we should make an application to Court to invite all potentially interested parties to make representations regarding their interest in the Company's shares. We fully intend to follow this legal advice and this is reflected in the Revised Proposals.

As reported previously, we have not and do not intend to address this shareholder issue until we are certain that funds will become available for distribution to the shareholder. We have given assurances to all parties who have expressed an interest in the Company's shares that there will be no shareholder distributions until we are satisfied of the status of the shareholder.

### **2.3.3 Other assets**

Developments is shown in the director's Statement of Affairs as owing the Company £1.2million. We have submitted a claim for this amount in the Liquidation of Developments.

The OR and subsequently the Liquidator of Developments have advised that no monies will become available to distribute to its creditors, unless monies are received from its shareholding in the Company.

## **2.4 Administrative expenses**

### **2.4.1 Administration Corporation Tax returns**

As previously reported, we instructed tax advisers BPR Heaton ("BPR") to prepare Corporation Tax returns for all outstanding periods, including those in respect of the Administration. These initial returns were based upon income and expenditure information received from the LPARs before the anticipated surplus from the sale of the Property. They showed significant tax liabilities. However, following the sale of the Property, BPR have revisited all of the Company's outstanding returns, including returns covering periods both before and after our appointment, using additional information requested from the LPARs over the course of the last two years.

BPR has also investigated the apparent chargeable gain arising from the LPARs' sale of the Property, the most appropriate tax treatment of the inter-group debt with Developments and the possibility of any Group relief being available to the Company.

BPR, with the assistance of the Group's pre-appointment tax adviser Stephenson Nuttall, finalised the outstanding pre-appointment and four post appointment Corporation Tax returns during August 2017. These returns include the use of various reliefs and the surrender of substantial historic tax losses totalling £474,295 by another Group company, Kentford Estates Limited. No consideration was paid for the surrender of these Group reliefs. These returns show a total Corporation Tax liability of £235,700.

As advised in our previous report, we assessed that this total liability ranks as an Administration expense. We therefore issued cheques to settle this Administration expense in full.

Shortly thereafter, BPR prepared a Corporation Tax return covering the fifth year of the Administration. This return was relatively straight forward compared to the other returns and showed a Corporation Tax of liability of £698. This return together with a cheque in settlement was submitted on 7 November 2017.

These returns are now all subject to review and formal agreement with HM Revenue & Customs.

Our current Estimated Outcome Statement continues to reflect our assessment of the Company's total Corporation Tax liability of £236,398. However, BPR continue to caution that until such time as all returns are agreed with HM Revenue & Customs, the Company's liability may ultimately be significantly higher. If all reliefs claimed and surrenders made were rejected by HM Revenue & Customs, the Company's Corporation Tax liability could increase by up to £275,835. Therefore the total Corporation Tax liability could potentially be as high as £512,708.

During the previous Review Period, BPR liaised extensively with HM Revenue & Customs; specifically providing additional supporting information and detailed explanations of the conduct of the Administration and the Receivership. This also involved reverting to the LPARs and their solicitors to obtain additional information to address HM Revenue & Customs' queries. At the time of our previous report, BPR and ourselves were encouraging HM Revenue & Customs to have a conference call or a physical meeting as we believed this would be the most efficient way of addressing and resolving their issues associated with the submitted returns.

During this Review Period, there has been a change of case manager dealing with the Company's file at HM Revenue & Customs. This has (not unnaturally) involved a time delay whilst the new case manager has familiarised himself with the background and complexities of this case. Following this familiarisation exercise, the "new" case manager sent through further queries regarding the Receivership Receipts and Payments accounts and specifically raised further enquiries regarding some of the Receivership expenses. He has also raised queries regarding the penultimate Corporation Tax return prior to the Administration; a return submitted by the Company prior to my appointment.

We have worked closely with BPR to provide this additional information to HM Revenue & Customs. This has (again) required us to contact the LPARs and their solicitors for detailed information relating to the Receivership expenses.

We believe that we have addressed all but one of HM Revenue & Customs' current enquiries. The only outstanding enquiry relates to details of some of the legal work carried out by the LPARs' solicitors which has required them to retrieve records from storage. Both the LPARs and their solicitors have been helpful in providing this information and we anticipate being able to provide the relevant information to HM Revenue & Customs within the next two weeks.

Over the course of BPR's recent exchanges with HM Revenue & Customs, we have consistently considered the materiality associated with some of HM Revenue & Customs' enquiries. Accordingly, we may ultimately seek to compromise / negotiate a final resolution (agreement of the submitted returns) without resolving all their outstanding enquiries so that we may conclude this aspect of the Administration and move on to settling the creditors' claims.

#### **2.4.2 Administration VAT return**

BPR have investigated the VAT returns submitted during the Receivership by the LPARs to confirm the Company's VAT position throughout.

BPR identified that the Company's recovery of input tax should be restricted to 19.39% (as opposed to the full 20%) given a partial exemption arising in relation to the Property. Consequently, an element of input VAT is irrecoverable and will effectively be met as a cost of the Administration.

#### **2.5 Estimated future realisations**

Attached at Appendix III is our Estimated Outcome Statement as at 10 May 2018.

This shows an estimated surplus to the shareholder of almost £490,000, after settling the Administration expenses and unsecured creditors, including statutory interest.

We would also refer you to our comments above in respect of the Corporation Tax liability and to our comments in the detailed notes supporting the Estimated Outcome Statement.

#### **2.6 Costs incurred and those remaining unpaid**

The following table summarises the professional costs incurred during the Review Period and in the Administration as a whole, highlighting those which as yet remain unpaid:

<b>Expense</b>	<b>Incurred during the Review Period £</b>	<b>Total incurred to 10 May 2018 £</b>	<b>Paid during the Review Period £</b>	<b>Paid as at 10 May 2018 £</b>	<b>To be paid as at 10 May 2018 £</b>
<b>Legal fees &amp; disbursements</b>					
- Addleshaw Goddard	Nil	19,933	Nil	* 19,933	Nil
- Gordons	600	83,087	1,300	** 82,787	300
- Counsel's fees	3,750	19,855	Nil	19,855	Nil
<b>Taxation advice</b>					
- BPR Heaton	3,000	37,700	Nil	*** 33,000	4,700
- Stephenson Nuttall	Nil	2,500	Nil	1,500	1,000
Bilfinger GVA	Nil	600	Nil	**** 600	Nil
<b>Total</b>	<b>7,350</b>	<b>163,675</b>	<b>1,300</b>	<b>157,675</b>	<b>6,000</b>

\* £19,933 paid by the LPARs

\*\* £29,002 paid by the LPARs, £2,500 as a contribution by Pelham Securities and £49,985 paid by the Company in Administration

- \*\*\* £2,000 paid by the LPARs and £31,000 paid by the Company in Administration
- \*\*\*\* £600 paid by the LPARs

As previously reported, Addleshaw Goddard LLP were originally engaged to provide legal advice to the Joint Administrators. They continued with this role until it became apparent that funds would become available for the LPARs to pass to the Company. Gordons LLP were subsequently engaged by the Joint Administrators to advise on all appropriate legal matters.

During the Review Period, the Joint Administrators have also incurred time costs and direct expenses, not all of which have yet been discharged. Details of these costs are set out in Section 5 below.

### **3. CREDITORS: CLAIMS AND DISTRIBUTIONS**

#### **3.1 Secured creditors**

Northern Rock (Asset Management) PLC ("the Bank") held security in the form of a Charge Deed registered on 12 October 2004. The Bank appointed the LPARs on 6 September 2011.

The Bank was owed approximately £7.2million at the date of Administration, plus on-going management fees and interest charges. During the course of the Receivership the LPARs made payments on account totalling £1.65million to the Bank, as and when funds allowed. A final balance of £6,060,678.21 was remitted to the Bank by the LPARs' solicitors from the Property sale proceeds. The Bank was paid £7,710,678.21 in total.

#### **3.2 Preferential creditors**

There are no known preferential creditors in the Administration.

#### **3.3 Unsecured creditors**

The director's Statement of Affairs shows three unsecured creditors with claims totalling £331,000 (including HM Revenue & Customs' claim for VAT incorrectly reflected as a preferential creditor). As previously reported, since our appointment we have received additional claims from a utility provider and The City of Lincoln Council in relation to the Property.

The City of Lincoln Council also has additional claims for unpaid Non-Domestic Rates which accrued during the Receivership period. A proportion of their claim (£94,136) for unpaid Non-domestic Rates falls as an Administration expense as described above. The unsecured element of their claim has been lodged and agreed at £1,060.

We currently believe that HM Revenue & Customs will not have an unsecured claim in relation to Corporation Tax. This view is based on the pre-appointment period Corporation Tax return submitted to HM Revenue & Customs as described in section 2.4.1 above. However, as emphasised throughout, we still have to formally agree this pre-appointment return, (together with the post appointment period returns) with HM Revenue & Customs and issues / potential claims may arise.

Based on current information, we presently estimate that all unsecured creditors will be paid in full. In addition, statutory interest of 8% per annum will be payable on those debts which have been outstanding whilst the Company has been in Administration (until they are settled).

We wrote to all known unsecured creditors on 7 February 2017 asking them to prove their debts in the Administration on or before 13 March 2017. An advertisement for claims was published in the London Gazette on 8 February 2017.

To date only two creditors, City of Lincoln Council and The Junxion Management Co Limited, have submitted their claims. These claims have been reviewed and formally agreed to rank for dividend purposes and are reflected in the Estimated Outcome Statement.

In due course, we will apply to the Court to seek its permission that we may have the ability to settle creditors' claims in line with the Revised Proposals.

### **3.4 Claims process**

We currently anticipate that all unsecured creditors' claims will be settled in full. Accordingly all creditors are requested to submit their claims to the address on the front of this report marked for the attention of John Birkinshaw, if they have not already done so.

Any creditor who wishes to lodge a claim and has not yet submitted their claim in the Administration should do so by completing the proof of debt form attached at Appendix VI and return it to this office, together with supporting documentation such as unpaid invoices, as soon as possible.

## **4. INVESTIGATIONS**

### **4.1 Investigations**

As part of the Joint Administrators' statutory duties, an investigation into the conduct of the Company director was completed.

A confidential report was submitted to The Insolvency Service on 8 May 2012.

### **4.2 Initial Assessment of Potential**

We have a duty to investigate the extent of the Company's assets, including potential claims against third parties and the director and to report our findings to creditors, subject to considerations of privilege and confidentiality and whether those investigations and/or any potential litigation might be compromised.

To date, no matters have come to light that suggest that there might be recoveries for the Administration other than those presently anticipated. We will of course continue to monitor the situation.

## **5. THE JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES**

### **5.1 Pre-Administration costs**

In our report prepared pursuant to Paragraph 49 of Schedule B1 of the Act we reported details of our firm's pre-Administration costs. Details of these costs were included in our previous reports.

In summary our firm's pre-Administration time costs have been written off, but the pre-Administration legal expenses of £2,432 were approved for payment by the Bank and settled from funds held by the LPARs.

## 5.2 The Joint Administrators' Remuneration

The basis of the Joint Administrators' remuneration was fixed by the resolution of creditors on 3 July 2015 as follows:

1. "The Joint Administrators' remuneration be fixed by the time properly incurred by them and their staff based on their firm's charging policy (see Appendix E) in attending to matters arising in the Administration. The Joint Administrators be authorised to draw their remuneration from time to time during the period of the Administration without further recourse to creditors, as and when funds allow".

A breakdown of our firm's time costs incurred during the Review Period and for the Administration as a whole is provided at Appendix IV. Further information regarding the charge-out rates of the Joint Administrators and their staff is provided at Appendix V.

To date, our firm has invoiced and drawn fees on account totalling £100,000 (plus VAT) from the Administration funds, of which £10,000 (plus VAT) was invoiced and drawn during this Review Period. In addition, our firm invoiced and drew an agreed contribution to fees by Pelham Securities Limited of £1,000 (plus VAT) on 1 October 2014 which is reflected in the attached Receipts and Payments Account (further details are provided in note 8.1 of the attached Estimated Outcome Statement and our earlier reports). As detailed in our earlier reports, our firm's fees of £106,948 (plus VAT) covering the period up to 10 May 2015 were approved by the Bank and settled from the Receivership funds.

"A Creditors' Guide to Administrators' Remuneration" is available for download at <https://www.geoffreymartin.co.uk/stakeholder-resources/fee-guides> by selecting "Guide to Administrators Fees April 2017". Should you require a paper copy of "A Creditors' Guide to Administrators' Remuneration", please send your request in writing to the Joint Administrators at the address on the front of this report and this will be provided to you at no cost.

## 5.2 The Joint Administrators' disbursements

The Joint Administrators' disbursements for the Review Period and for the Administration as a whole are as follows:

### Category 1 disbursements

Category 1 disbursements comprise specific expenditure which relates to the Administration and which are paid to an independent third party. Details of Category 1 disbursements incurred and paid during the Administration are as follows:-

	Incurred during the Review Period £	Incurred to 10 May 2018 £	Paid during the Review Period £	Paid as at 10 May 2018 £	To be paid as at 10 May 2018 £
<b>Category 1 disbursements</b>					
Re-direction of mail	Nil	54.40	Nil	54.40	Nil
Search fees	Nil	55.00	Nil	55.00	Nil
Land Registry fee	Nil	4.00	Nil	4.00	Nil
Other travel	Nil	5.44	Nil	5.44	Nil
Parking	Nil	3.00	Nil	3.00	Nil
Hire of Room	Nil	79.08	Nil	79.08	Nil
<b>Total</b>	<b>Nil</b>	<b>200.92</b>	<b>Nil</b>	<b>200.92</b>	<b>Nil</b>



Category 1 disbursements totalling £108.84 were invoiced to the Bank and settled by the LPARs in prior reporting periods.

#### **Category 2 disbursements**

Category 2 disbursements include elements of shared or allocated costs. Details of how these costs are calculated are set out in Appendix V.

Details of Category 2 disbursements incurred and paid during the Administration are as follows:-

<b>Category 2 disbursements</b>	<b>Incurred during the Review Period £</b>	<b>Incurred to 10 May 2018 £</b>	<b>Paid during the Review Period £</b>	<b>Paid as at 10 May 2018 £</b>	<b>To be paid as at 10 May 2018 £</b>
Postage, stationery & telephone	Nil	324.00	Nil	324.00	Nil
Mileage	Nil	84.51	Nil	84.51	Nil
<b>Total</b>	<b>Nil</b>	<b>408.51</b>	<b>Nil</b>	<b>408.51</b>	<b>Nil</b>

Category 2 disbursements totalling £176.10 were invoiced to the Bank and settled by the LPARs in prior reporting periods.

The bases on which the expenses defined as Category 2 disbursements are calculated are explained in Appendix V.

#### **5.4 Creditors' right to request information**

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors, or with the permission of the Court, may request (in writing) that the Joint Administrators provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

#### **5.5 Creditors' right to challenge remuneration and/or expenses**

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors, or with the permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of remuneration which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within eight weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses which are being challenged.

Please note that such challenges may not disturb remuneration or expenses disclosed in prior progress reports.

## **6. CONCLUSION**

The main focus of our attention over this Review Period has been to try and agree the Company's submitted Corporation Tax returns with HM Revenue & Customs. As described above this has been relatively protracted; which is essentially a feature of the complexities of the Company's position. We have made significant progress over the Review Period and hope to agree a final position with HM Revenue & Customs relatively shortly.

The Administration will continue in order to complete the outstanding matters identified in Section 1.1 above. We now expect that we will be obliged to seek a further extension of the Administration Order which is due to expire on 11 November 2018.

## **7. ALTERNATIVE OPTIONS**

Alternative options other than extending the Administration have been considered. However, we have concluded that the Company remaining in Administration is the best way to proceed now that we believe that the Company will ultimately be solvent. Administration will allow the Company to agree and settle all outstanding Administration expenses which result from the process of agreeing the recently submitted Corporation Tax returns, to agree and settle all the creditors' claims and allow for the Company to be returned to its shareholder, or alternatively for a cash distribution being made to its shareholder.

## **8. EXTENSION OF ADMINISTRATION**

We expect that we will be obliged to seek a further extension of the Administration Order from the Court, in accordance with Paragraph 76(2) and 77(1) of Schedule B1 of the Act, as all outstanding matters are unlikely to be completed by 11 November 2018.

## **9. EXIT FROM ADMINISTRATION**

The exit route from Administration will be dependent upon the level of funds available following settlement of all Administration expenses and all creditors' claims. We will seek agreement from the appropriate party to obtain the Joint Administrators' release and discharge in due course.

If you require any further information please contact John Birkinshaw of this office.

Yours faithfully

For and on behalf of Bournston Property Limited



John Twizell

Joint Administrator

Acting as agent of the Company and contracting without personal liability

Encs.

John Twizell and James Sleight were appointed Joint Administrators of Bournston Property Limited on 11 November 2011. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

John Twizell is licensed in the United Kingdom by the Institute of Chartered Accountants of England & Wales  
James Sleight is licensed in the United Kingdom by the Insolvency Practitioners Association

**Bournston Property Limited  
(In Administration)**

**STATUTORY INFORMATION**

Company Name:	Bournston Property Limited
Previous Names:	None known
Proceedings:	In Administration
Court:	High Court of Justice, Chancery Division, Leeds District Registry
Court Reference:	1692 of 2011
Date of Appointment:	11 November 2011
Joint Administrators:	John Twizell and James Sleight Geoffrey Martin & Co 4 Carlton Court, Brown Lane West, Leeds, LS12 6LT
Registered office Address:	c/o Geoffrey Martin & Co 4 Carlton Court, Brown Lane West, Leeds, LS12 6LT Formerly at: Ossington Chambers, Newark, Nottinghamshire, NG24 1AX
Former trading Address:	The Junxion, Brayford Wharf, Lincoln, LN5 7TP
Company Number:	04478632
Appointment by:	The Qualifying Floating Chargeholder of the Company in accordance with Paragraph 14 of Schedule B1 of the Insolvency Act 1986.

In accordance with Paragraph 100(2) Schedule B1 of the Insolvency Act 1986, the Joint Administrators confirm that any act required or authorised under any enactment to be done by an Administrator may be done by either of us individually or jointly.

The EC Regulations on Insolvency Proceedings 2000 do apply and the Company's centre of main interest is in the United Kingdom. In accordance with these Regulations, the Administration represents main proceedings.

**DEFINITIONS**

The Act	Insolvency Act 1986
The Rules	Insolvency Rules 1986 or Insolvency (England & Wales) Rules 2016 (whichever applied at the time of the event)
The Joint Administrators	John Twizell and James Sleight of Geoffrey Martin & Co
The Company	Bournston Property Limited (in Administration)
The Court	High Court of Justice, Chancery Division, Leeds District Registry
SIP	Statement of Insolvency Practice
Review Period	Period covered by the report from 11 at 2017 to 10 November 2017

**Bournston Property Limited  
(IN ADMINISTRATION)**

**THE JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

**Bournston Property Limited**  
**(In Administration)**  
**Joint Administrators' Summary of Receipts & Payments**

Statement of Affairs £		From 11/11/2017 To 10/05/2018 £	From 11/11/2011 To 10/05/2018 £
	<b>SECURED ASSETS</b>		
5,500,000.00	Freehold Land & Property	NIL	NIL
		NIL	NIL
	<b>SECURED CREDITORS</b>		
(7,400,000.00)	Northern Rock Asset Management	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
	Funds Passed by Receivers to Compa	NIL	1,480,751.36
NIL	Inter-group debt due from parent	NIL	NIL
	Legal Fee Recharge	NIL	2,500.00
	Cash at Bank	NIL	273.83
	Contribution to JA Fees	NIL	1,000.00
	Bank Interest Gross	NIL	4,112.26
	Sundry Receipts	NIL	3.45
		NIL	1,488,640.90
	<b>COST OF REALISATIONS</b>		
	Specific Bond	NIL	8.40
	JA Fee contribution	NIL	1,000.00
	Joint Administrators' Fees	10,000.00	100,000.00
	Disbursements	NIL	92.08
	Category 2 Disbursements	NIL	408.51
	Counsel's Fee	NIL	19,855.00
	Legal Fees	1,300.00	51,285.00
	Corporation Tax - Admin Expense	NIL	236,397.61
	VAT Irrecoverable	338.88	5,556.27
	Tax Advice	NIL	32,500.00
	Statutory Advertising	NIL	395.76
	Council Rates - Admin Expense	NIL	94,136.22
	Bank Charges	3.58	11.34
		(11,642.46)	(541,646.19)
	<b>UNSECURED CREDITORS</b>		
(226,000.00)	Trade & Expense Creditors	NIL	NIL
(105,000.00)	HMRC - VAT	NIL	NIL
		NIL	NIL
<b>(2,231,000.00)</b>		<b>(11,642.46)</b>	<b>946,994.71</b>
	<b>REPRESENTED BY</b>		
	VAT Receivable		2,260.00
	Floating Current A/c		944,734.71
			<b>946,994.71</b>

John Twizell  
Joint Administrator

**Bournston Property Limited  
(IN ADMINISTRATION)**

**THE JOINT ADMINISTRATORS' ESTIMATED OUTCOME STATEMENT**

**Bournston Property Limited ("the Company") (In Administration)**

**Estimated Outcome Statement as at 10 May 2018**

	Notes	Director's estimated book value as at 11/11/11 £	Director's Statement of Affairs as at 11/11/11 £	Estimated Outcome as at 10/11/17	Receipts & payments as at 10/05/17 £	Future receipts & payments £	Estimated Outcome £
<b>Assets specifically pledged</b>							
Property known as The Junxion, Lincoln (in LPA Receivership)	1	7,100,000	5,500,000	-	-	-	-
Less: Northern Rock (Asset Management) Plc ("the Bank")	2	(7,400,000)	(7,400,000)	-	-	-	-
Surplus/(shortfall) to the Bank after Receivership costs c/d	1 & 2	(300,000)	(1,900,000)	-	-	-	-
<b>Assets not specifically pledged</b>							
Funds available to the Company after Receivership costs b/d	1 & 2	-	-	1,480,751	1,480,751	-	1,480,751
Bournston Developments Limited (in Compulsory Liquidation)	3	1,200,000	Nil	Nil	Nil	Nil	Nil
Cash at bank and gross bank interest	4	-	-	6,886	4,386	-	4,386
Sundry receipts	5	-	-	3	3	-	3
Contributions to professional fees	6	-	-	3,500	3,500	-	3,500
<b>Total assets not specifically pledged</b>		<b>1,200,000</b>	<b>Nil</b>	<b>1,491,140</b>	<b>1,488,640</b>	<b>-</b>	<b>1,488,640</b>
<b>Less: Administration expenses - estimated</b>							
- Corporation Tax and capital gains	7	-	-	(236,873)	(236,398)	-	(236,398)
- The City of Lincoln Council - Non-domestic Rates	9.5	-	-	(94,136)	(94,136)	-	(94,136)
- Professional costs and irrecoverable VAT	8.2	-	-	(284,148)	(199,773)	(91,041)	(290,814)
				(615,157)	(530,307)	(91,041)	(621,348)
<b>Assets available for floating charge holder (no preferential creditors)</b>		<b>1,200,000</b>	<b>Nil</b>	<b>875,983</b>	<b>958,333</b>	<b>(91,041)</b>	<b>867,292</b>
Shortfall to the Bank (floating charge holder) b/d	1 & 2	(300,000)	(1,900,000)	N/A			N/A
<b>Estimated funds available for unsecured creditors **</b>		<b>900,000</b>	<b>Nil</b>	<b>875,983</b>			<b>867,292</b>
<b>Unsecured creditors - estimated</b>	9						
The Junxion Management Company Limited	9.1	(221,000)	(221,000)	(133,879)			(133,879)
Browne Jacobson	9.2	(5,000)	(5,000)	(5,000)			(5,000)
HM Revenue & Customs - VAT	9.3	(105,000)	(105,000)	(105,000)			(105,000)
Total Gas & Power Limited	9.4	-	-	(200)			(200)
The City of Lincoln Council	9.5	-	-	(1,059)			(1,059)
<b>Total unsecured creditors</b>		<b>(331,000)</b>	<b>(331,000)</b>	<b>(245,138)</b>			<b>(245,138)</b>
<b>Add: Surplus applied for payment of interest (8% pa) - estimated</b>	9.6	-	-	(122,569)			(132,375)
<b>Estimated surplus/(shortfall) to the shareholder</b>	10	<b>569,000</b>	<b>(2,231,000)</b>	<b>508,276</b>			<b>489,779</b>

The above statement should be read in conjunction with the attached notes.



## **Bournston Property Limited ("the Company") (In Administration)**

### **Notes to the Estimated Outcome Statement ("EOS") as at 10 May 2018**

#### **1 Property at The Junxion, Lincoln (in LPA Receivership) ("the Property")**

The Property comprised six ground floor retail units and 99 clusters of student accommodation; 74 of the clusters were sold as investment products by the Company. Andrew Rodger and Roger Philips of GVA were appointed by Northern Rock (Asset Management) Plc ("the Bank") as Joint LPA Receivers ("LPARs") over the Property on 6 September 2011. Following their appointment the LPARs managed the Company's interest in the Property, including the collection of rents, the safeguarding and insurance of the Property, the marketing process and the subsequent sale of the Property.

The Property is managed by The Junxion Management Company Limited ("JMC"). At the time of my appointment the Company held 25.5% of JMC's shares and 100% of JMC's convertible preference shares. A formal written agreement is believed to exist where the freehold of the Property transfers to JMC for the benefit of the investors following the sale of the last apartment ("the 2004 Agreement"). The 2004 Agreement has not been registered at the Land Registry and the Company's director and legal advisors have to date been unable to provide a copy of it. The LPARs' solicitors were also unable to locate a copy of the 2004 Agreement despite many requests to various parties.

The LPARs' strategy was to manage the Property for the short / medium term and to use the rental income received to reduce the debt due to the Bank until such time as an optimum sales value could be achieved. Following the letting of the ground floor commercial units and an apparent improvement in the local property market, the LPARs indicated to the Bank in April 2014 that the Property was ready to be marketed. In July 2014 the Bank instructed the LPARs to prepare for marketing the Property. It took the LPARs and their solicitors a month or so to have all the requisite information in a form ready to present to interested parties.

The LPARs received significant interest in the Property and accepted an offer for the Property, following appropriate consultation with the Bank. On 4 February 2015 the LPARs exchanged contracts for the sale of the Property, which was duly completed on 27 February 2015 at £7,605,000.

The LPARs made two on account payments of funds becoming available to the Company; £500,000 was received on 8 July 2015 and £850,000 was received on 11 November 2015 (during this reporting period). Following the LPARs' settlement of the final professional fees of the Receivership, a final balance of funds of £130,751.36 was remitted to the Company on 13 April 2016. The total funds passed to the Administration from the LPARs therefore amounted to £1,480,751.36. I understand that the LPARs are in the process of formally ceasing to act.

#### **2 Northern Rock (Asset Management) Plc ("the Bank")**

Northern Rock (Asset Management) Plc ("the Bank") holds security in the form of a Charge Deed registered on 12 October 2004.

The Bank was owed approximately £7.2 million at the date of my appointment.

The LPARs made distributions totalling £1,650,000 to the Bank throughout the course of the Receivership, as and when funds allowed. Following the sale of the Property the LPARs' solicitors settled the Bank's outstanding balance owed of £6,060,678.21 on 23 April 2015. The Bank has therefore been paid £7,710,678.21 and has been settled in full. Consequently there is now no secured creditor in the Administration.

#### **3 Inter-group debtor - Bournston Developments Limited ("Developments") (In Compulsory Liquidation)**

An inter-group debt of £1,200,000 is shown to be due to the Company from Developments, the Company's immediate parent company. This debt is shown in the director's Statement of Affairs as having a £nil realisable value.

Following receipt of the director's Statement of Affairs I wrote to Developments requesting repayment of the inter-group debt. Mr Kilmister advised that Developments was unable to make payment or any proposals for repayment due to its financial difficulties.

LPA Receivers were subsequently appointed over Development's property known as 7/9 Bargate and Town Wharf, Newark.

Developments was subject to a winding-up order on 23 April 2013. The Official Receiver's Nottingham office was acting as Liquidator ("the OR"), until the appointment of Mr Richard Goodwin of Butcher Woods Limited as Liquidator on 13 May 2015. The OR and Mr Goodwin have both advised that the only likely realisations in the Liquidation of Developments would be from the Company's shares.

#### **4 Cash at bank**

I have realised £273.83 cash held at Allied Irish Bank (GB). Monies held within the Administration are held in an interest bearing account and placed on the money market, the gross interest received is reflected in the EOS.

#### **5 Sundry receipts**

I have received a wayleave payment of £3.45.

#### **6 Contributions to professional fees**

Pelham Securities Limited made two payments in September 2014 to the Administration. The first payment was a contribution to legal fees of £2,500 (plus VAT). The second payment was a contribution of £1,000 (plus VAT) to the Joint Administrators' time spent in addressing various enquiries raised by Pelham Securities Limited relating to the process of identifying and verifying the Company's shareholder.

#### **7 Tax liabilities relating to asset realisations - returns calculated and awaiting HM Revenue & Customs' review and formal agreement**

I have engaged tax advisers BPR Heaton ("BPR") to prepare Corporation Tax returns in respect of the Administration. On 19 April 2016 I received the LPARs full income and expenditure information and returns for the full Receivership period which I subsequently passed to BPR. BPR have also investigated whether there has been any arising chargeable gains accruing on the LPARs realisation of the Property. It was initially estimated that such tax liabilities may total in excess of £750,000, prior to the operation of any reliefs available to the Company.

BPR have undertaken extensive work to date in assessing the Company's tax position, which is both complex and covers a long period of returns. At the date of my last report to creditors I was advised by BPR that based on the reliefs that they had identified at that, which they believe are available to the Company but still subject to review and agreement with HM Revenue & Customs, that they had revised their broad brush estimate that the Corporation Tax liabilities may amount to circa £500,000 which I reflected in the EOS as at 10 May 2017; this represented a decrease of £250,000. At that time BPR advised me that they required some further information from the LPAR and also in respect of the former Group structure, in order that they may determine if any further reliefs were available to the Company.

During August and November 2017 BPR finalised five post-appointment annual Corporation Tax returns which show total liabilities arising as an Administration expense of £236,397.61 following the utilisation of various reliefs and the surrender of tax losses totalling £474,295 by a former group company, Kentford Estates Limited. These returns are subject to review and agreement by HM Revenue & Customs.

Given that significant funds have been passed to the Company following the LPARs sale of the Property, sufficient funds are available to satisfy the tax liabilities that have arisen in full, consequently the Company's cheque payments in settlement were issued during the Review Period.

For the purpose of this EOS I have reflected BPR's calculated liabilities (a reduction of £363,602 since my last report to creditors).

Following advice from BPR I have also engaged the Company's pre-appointment accountants and tax advisers, Stephenson Nuttall & Co, who I understand provided their services to the Bournston Group of Companies. Their knowledge of the Bournston Group of Companies has greatly assisted in identifying available reliefs to the very significant advantage of the Company.

## 8 Estimated professional costs of the Administration

### 8.1 Administration fees and disbursements for the LPARs' / Bank's account

These costs were settled by the LPARs and do not feature in the Administration Receipts and Payments account except for the contributions received from Pelham Securities Limited.

	Fee basis	Fees to 10/05/15 £	
Pre-Administration fees & disbursements			
• Geoffrey Martin & Co*	Time	1,172	Written-off
• Addleshaw Goddard LLP*	Time	2,432	
Joint Administrators' fees**	Time	107,948	Includes a contribution of £1,000
Disbursements and statutory costs**	Incurred	367	
Legal fees and disbursements			
- Addleshaw Goddard LLP***	Time	19,933	
- Gordons LLP****	Time	31,502	Includes a contribution of £2,500
Taxation advice*****	Time	4,300	
Non-Domestic rates review - GVA*****	Time	600	
		<u>168,254</u>	

\* Pre-Administration expenses relate to costs incurred by Geoffrey Martin & Co and Addleshaw Goddard LLP which were incurred prior to 11 November 2011. My firm's pre-Administration time costs were written off. The Bank approved the pre-Administration legal expenses and confirmed that they should be settled by the LPARs.

I have agreed my firm's fees and disbursements for assisting with the Receivership directly with the Bank, which invoices have been settled from Receivership funds. I have also agreed with the Bank and the LPARs that the cut-off date for my firm's time costs and disbursements attributable to their account should be the date the Property was sold, namely to 27 February 2015, subject to the following adjustments:

- any time costs incurred before 27 February 2015 in connection with obtaining the latest extension of the Administration are not for the Bank's / LPARs' account;
- any time costs incurred after 27 February 2015 directly assisting in the sale of the Property (such as dealing with the shares of JMC) are to be added to the Bank's / LPARs' account.

The same principle applies to my professional advisers' accounts.

\*\* My firm has invoiced the Receivership fees totalling £106,948 (plus VAT) and disbursements totalling £367 (plus VAT) which have been settled from the funds held by the LPARs. Accordingly these Administration fees are not reflected in the Administration Receipts and Payments account. They are shown in the LPARs' Receipts and Payments account. In addition, Pelham Securities agreed to contribute £1,000 (plus VAT) to the Joint Administrators' time costs incurred in connection with various enquiries raised. My firm invoiced and drew the agreed contribution to fees of £1,000 (plus VAT) on 1 October 2014 which is reflected in the attached Receipts and Payments account.

\*\*\* Addleshaw Goddard LLP's fees and disbursements incurred in respect of the Administration have been settled from the funds held by the LPARs, following approval by the Bank.

\*\*\*\* Solicitors, Gordons LLP and taxation advisors, BPR Heaton have been engaged by the Joint Administrators. The Bank agreed as part of their engagement that their fees and disbursements incurred should be settled from Receivership funds, subject to the Bank's prior approval.

\*\*\*\*\* Bilfinger GVA's Business Rates Team were engaged by the Joint Administrators during to review The City of Lincoln Council's Non-Domestic rates liability and split between the Administration expenses and unsecured claim. The LPARs settled the fee direct from the Receivership funds.

BPR Heaton have been paid fees of £4,300 (plus VAT) from Receivership funds.

Gordons LLP have been paid fees and disbursements of £29,002 (plus VAT) for Receivership funds. In addition, Gordons LLP have been paid an on account fee of £2,500 (plus VAT) which was contributed by Pelham Securities Limited to the Company (In Administration) in respect of their review of the shareholder issues of the Company.

Gordons LLP's and BPR Heaton's fees and disbursements incurred in the Administration in assisting the Receivership and covered by the various agreements with the Bank, which have been settled from Receivership funds following approval by the Bank. Accordingly these Administration costs will not be reflected in the Administration receipts and payments account, as they will be reflected in the LPARs' receipts and payments account. The costs settled by the LPARs are detailed above.

## 8.2 Professional fees and disbursements to date and future to be settled from Administration funds (estimated)

	Fee basis	Incurred to 10/05/18	Forecasted future costs	Receipts & payments account as at 10/05/18	Estimated Outcome - Administration receipts and payments account only
		£	£	£	£
Joint Administrators' fees	Time	111,952	40,000	90,000	151,952
Disbursements and statutory costs	Incurred	916	2,000	916	2,916
Legal fees and disbursements					
- Gordons LLP	Time	51,585	10,000	51,285	61,585
- Counsel fees	Time	19,855	5,000	19,855	24,855
Taxation advice	Time	40,200	3,000	32,500	43,200
Irrecoverable VAT *	Incurred	5,556	750	5,217	6,306
		<u>230,064</u>	<u>60,750</u>	<u>199,773</u>	<u>290,814</u>

I must emphasise that the above costs remain necessarily broadbrush estimates at this time and may be subject to increases entirely dependent upon the arising complexity of the Administration as it progresses.

\* Following BPR's detailed review of the Company's taxation affairs and the LPARs' VAT returns, it was identified that the Company's recovery of input tax should be restricted to 19.39%, given a partial exemption arising in relation to the Property split. Consequently, an element of input VAT is irrecoverable and will effectively be met as a cost of the Administration.

## 9 Prescribed Part and unsecured creditors - estimated

I am required to consider setting aside an element of the Company's net property available for the Qualifying Floating Chargeholder for the benefit of unsecured creditors in accordance with Section 176(2)(A) of the Act ("the Prescribed Part"). However, the Prescribed Part will not be applicable in this Administration as the Bank will be settled in full via its fixed charge and I am not aware of any other floating charges.

### 9.1 The Junxion Management Company Limited ("JMC")

The director's Statement of Affairs indicates that JMC are owed £221,000 in respect of outstanding service charges. JMC had previously submitted a Proof of Debt in the sum of £180,124 and was duly reflected in my earlier EOSs. I and my solicitors liaised with JMC and its representatives throughout the course of 2017 in relation to the level of its claim.

On 9 October 2017 JMC submitted a revised Proof of Debt in sum of £133,879. Following my review, the revised claim was formally admitted to rank for dividend purposes on 16 October 2017 and is reflected in the EOS.

### 9.2 Browne Jacobson

The director's Statement of Affairs indicates that Brown Jacobson are owed £5,000 in respect of "accrued charges".

### 9.3 HM Revenue & Customs ("HMR&C") - VAT

The director's Statement of Affairs indicates that HMR&C (incorrectly reflected as a preferential creditor) are owed £105,000 in respect of VAT.

I have not received a claim from HMR&C during the course of the Administration to date. For the purposes of the EOS I simply continue to reflect the VAT liability recorded in the Statement of Affairs. I and my engaged tax advisers are currently liaising with HMR&C to determine if there is any outstanding liability.

### 9.4 Total Gas & Power Limited ("Total Gas")

Following my appointment I have received a statement for gas provided to the Property prior to my appointment.

### 9.5 The City of Lincoln Council ("Lincoln Council")

I have liaised with The City of Lincoln Council to establish the Non-Domestic Rates liabilities and to determine that element of their claim which ranks as an Administration expense and that which ranks as an unsecured creditor.

Following a review of The City of Lincoln Council's submitted claim of £102,423, I engaged Bilfinger GVA's Business Rates Team ("GVA") to review the claim to ensure that all reliefs had been applied and also to determine the split between that of Administration expense and unsecured claim. As a result of GVA liaising direct with The City of Lincoln Council, a revised claim of £95,196 (formerly £102,423) was subsequently lodged. GVA advised me that £94,136 should rank as an Administration expense and the balance of £1,060 as unsecured; I formally agreed these claims and I have reflected this apportionment in the EOS.

Following the Corporation Tax calculations by BPR which include taxation liabilities arising as an Administration expense, I am now in a position to determine that the Company can meet all such expenses in full, consequently the Company's cheque in settlement of that element of Lincoln Council's claim identified as an Administration expense was issued on 31 August 2017.

#### **9.6 Surplus applied for the payment of interest (8% pa) - estimated**

In accordance with Rule 14.23 of the Insolvency Rules 2016 any surplus remaining after the payment of the debts proved shall, before being applied for any purpose, be applied in paying interest on those debts in respect of the periods during which they have been outstanding since the Company entered Administration. Interest will be applied at 8% simple interest per annum. For the purpose of the current EOS it has been assumed that 6 3/4 years will have elapsed from the date of Administration.

#### **10 Estimated surplus / (shortfall) to the shareholder**

The director's Statement of Affairs indicates a shortfall to the shareholder of £2,231,000.

The EOS indicates that funds may be available to the shareholder after the settling of all Administration expenses and all creditors funds may be available to the shareholder. The shareholder status of the Company is currently unclear and will require clarification and likely Court directions; further details are provided in the main body of this report.

#### **11 General**

The estimated further costs and expenses of the Administration set out in the EOS merely reflect the Joint Administrators' current estimates based upon their experience of the Administration of the Company's affairs to date and are subject to uncertainty.

**Bournston Property Limited  
(IN ADMINISTRATION)**

**THE JOINT ADMINISTRATORS' TIME COSTS, NARRATIVE OF TIME SPENT AND OTHER  
PROFESSIONAL PARTIES ENGAGED IN THE ADMINISTRATION**

**SIP 9 - Time & Cost Summary**

Period: 11/11/11..10/05/18

## Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Appointment Taker	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & Planning	3.60	24.90	2.50	20.50	51.50	10,573.50	205.31
Administrative Setup	0.00	0.50	0.00	0.00	0.50	132.50	265.00
Appointment, Notification / Filing	0.30	1.30	13.60	0.00	15.20	2,958.00	194.61
Post Appointment VAT & Tax Re	18.50	43.90	1.00	0.40	63.80	17,881.00	280.27
Case Monitoring	1.20	0.00	46.10	1.00	48.30	8,868.50	183.61
Secretarial / Filing	0.00	0.00	0.00	103.60	103.60	9,980.00	96.33
Cashier for Non Trading	0.00	0.00	0.10	25.00	25.10	2,955.00	117.73
Travelling	0.00	5.60	0.00	0.60	6.20	1,559.00	251.45
Other Statutory matters	37.90	106.50	22.30	2.30	169.00	44,816.00	265.18
Administration & planning	61.50	182.70	85.60	153.40	483.20	99,723.50	206.38
Investigations	2.70	0.20	4.50	1.00	8.40	1,830.50	217.92
CDDA Reports	0.20	0.60	1.50	0.00	2.30	501.50	218.04
Investigations	2.90	0.80	6.00	1.00	10.70	2,332.00	217.94
Ident / Securing & Insuring	0.00	0.30	0.00	0.70	1.00	156.50	156.50
ROT	0.00	0.20	0.00	0.00	0.20	53.00	265.00
Property	2.30	13.40	28.00	0.20	43.90	9,500.50	216.41
Book Debts	0.50	0.00	3.40	0.00	3.90	791.50	202.95
Other Assets	0.30	2.90	1.70	0.00	4.90	1,159.50	236.63
Insurance Claims	0.00	0.00	0.20	0.00	0.20	37.00	185.00
Strategy	9.10	0.50	0.00	0.00	9.60	3,090.00	321.88
Dealings with JMC shares	18.80	6.90	5.30	0.00	31.00	8,919.00	287.71
Realisations of assets	31.00	24.20	38.60	0.90	94.70	23,707.00	250.34
Cashiering for Trading	0.00	0.00	0.00	0.30	0.30	33.00	110.00
Trading	0.00	0.00	0.00	0.30	0.30	33.00	110.00
Preferential Creditors	0.20	0.00	0.00	0.00	0.20	65.00	325.00
Unsecured Creditors	2.70	15.20	11.70	0.50	30.10	7,131.00	236.91
Statutory Reporting to Creditors	26.10	104.10	93.10	14.50	237.80	54,163.50	227.77
Report / Secured Creditor	2.30	3.20	0.00	0.00	5.50	1,595.50	290.09
Pension Issues	0.00	0.10	0.30	0.00	0.40	74.50	186.25
Shareholders - Communication	6.90	4.80	0.20	0.00	11.90	3,546.50	298.03
Statutory Reporting to Members	1.40	0.20	0.00	0.50	2.10	566.00	269.52
Shareholders - Clarification	4.50	5.30	0.00	0.00	9.80	2,867.00	292.55
Creditors	44.10	132.90	105.30	15.50	297.80	70,009.00	235.09
Case Specific	6.00	0.80	8.00	0.00	14.80	3,642.00	246.08
Case Specific 1	40.20	20.00	0.00	0.50	60.70	18,415.00	303.38
Case Specific 2	3.60	3.50	0.00	0.00	7.10	2,097.50	295.42
Case specific matters	49.80	24.30	8.00	0.50	82.60	24,154.50	292.43
Total Hours	189.30	364.90	243.50	171.60	969.30	219,959.00	226.93
Total Fees Claimed							

**SIP 9 - Time & Cost Summary**

Period: 11/11/17..10/05/18

## Time Summary

Hours						Time Cost (£)	Average hourly rate (£)
Classification of work function	Appointment Taker	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration & Planning	0.00	0.60	0.00	2.00	2.60	409.00	157.31
Post Appointment VAT & Tax Re	4.00	4.20	0.00	0.00	8.20	2,413.00	294.27
Secretarial / Filing	0.00	0.00	0.00	3.20	3.20	320.00	100.00
Cashier for Non Trading	0.00	0.00	0.00	1.90	1.90	237.50	125.00
Administration & planning	4.00	4.80	0.00	7.10	15.90	3,379.50	212.55
Statutory Reporting to Creditors	1.80	14.00	0.00	0.70	16.50	4,365.00	264.55
Shareholders - Communication	0.40	0.40	0.00	0.00	0.80	236.00	295.00
Statutory Reporting to Members	0.00	0.20	0.00	0.00	0.20	53.00	265.00
Creditors	2.20	14.60	0.00	0.70	17.50	4,654.00	265.94
Total Hours	6.20	19.40	0.00	7.80	33.40	8,033.50	240.52
Total Fees Claimed							



## **Bournston Property Limited ("the Company") (In Administration)**

### **Overview of Joint Administrators' time spent**

I detail below the key areas of work undertaken by the Joint Administrators and their staff in respect of this matter (the list is not exhaustive):

#### Administration and planning

- liaising with Mr Kilmister and his solicitors regarding collection of the Company books and records;
- statutory requirements imposed by the Insolvency Act and Rules 1986 and insolvency regulatory bodies;
- liaising with the LPA Receivers ("LPARs") in relation to the former pending automatic termination of the Administration and the options available;
- reporting to the Court to request a 24 months extension to the Administration Order; a 24 months extension was granted;
- reporting to the Court to request a further 12 months extension to the Administration Order; a 6 months extension was granted;
- reporting to the Court to request a further 12 months extension to the Administration Order; a 12 months extension was granted;
- reporting to the Court to request a further 18 months extension to the Administration Order; an 18 month extension was granted;
- reporting to the Court to request a further 12 months extension to the Administration Order; a 12 month extension was granted;
- extensive liaising with BPR Heaton and Stephenson Nuttall the engaged taxation advisers.

#### Investigations

- statutory requirements under the Company Directors' Disqualification Act 1986;
- investigation into the Company's affairs in accordance with Statement of Insolvency Practice 2.

#### Realisation of assets

- extensive liaising with the LPARs in relation to the Company's Property at The Junxion, Brayford Wharf, East Lincoln;
- obtaining periodic updates from the LPARs.
- liaising with Allied Irish Bank (GB), the Company's bankers, and realisation of the funds held;
- liaising with parties expressing an interest in the Company and the Property.

#### Creditors

- liaising with Northern Rock (Asset Management) Plc ("the Bank"), the secured creditor;
- dealing with all classes of creditors, both verbal and written.

### Case specific matters

- dealing with the notice given to JMC to convene a General Meeting to consider the removal of Paul Kilmister as a director of JMC and the appointment of David Price and Mike Morfill as directors of JMC;
- liaising with David Price and Mike Morfill regarding their appointment as directors of JMC regarding statutory matters regarding their appointment;
- liaising with the LPA receivers and Mike Morfill following his decision not to accept the appointment as director of JMC;
- giving notice to the Company's wholly owned subsidiary, The Junxion Management Company Limited ("JMC"), seeking a general meeting to remove and replace Mr Kilmister as its director;
- correspondence with Bournston Developments Limited regarding the outstanding balance due to the Company;
- liaising with the Official Receiver of Bournston Developments Limited following it being placed into Compulsory Liquidation;
- investigating the shareholder status following the alleged transfer of stock, including liaising with my solicitors and the Official Receiver of Bournston Developments Limited;
- extensive liaising with an apparent new shareholder and its various representatives;
- liaising with Paul Kilmister with regards to his proposal to refinance the Company;
- communications with various parties claiming to have an interest in the shareholder status of the Company;
- liaising with potentially interested connected parties in the Property and the Company as a whole.

### **Other professional parties engaged by of the Administration**

The Joint Administrators have incurred Administration expenses in connection with the instruction of the following parties:-

<b>Expense</b>	<b>Service provider</b>	<b>Basis of selection</b>	<b>Basis of charging</b>
Legal advice			
• Insolvency	Addleshaw Goddard LLP	Insolvency experience	Time costs
• Insolvency	Gordons LLP	Insolvency experience	Time costs
• Insolvency Counsel	Enterprise Chambers	Insolvency Counsel	Time costs
Taxation advice	BPR Heaton	Knowledge of taxation affairs and experience of insolvent companies	Time costs
Taxation advice	Stephenson Nuttall	Knowledge of taxation affairs and pre-appointment knowledge of the Company	Time costs
Non-Domestic rates liability advice	Bilfinger GVA's Business Rates Team	Knowledge of Non-Domestic rates liabilities and available reliefs	Time costs

**Bournston Property Limited  
(IN ADMINISTRATION)**

**CHARGE-OUT RATES AND BASES OF CATEGORY 2 DISBURSEMENTS**

<b>Case name</b>	Bournston Property Limited
<b>Court and number</b>	High Court of Justice, Chancery Division, Leeds District Registry No 1692 of 2011
<b>Office Holders</b>	John Twizell (throughout) and James Sleight (from 13 December 2013) Geoffrey Martin (was to 13 December 2013)
<b>Firm</b>	PKF Geoffrey Martin & Co Limited
<b>Address</b>	4 Carlton Court, Brown Lane West, Leeds LS12 6LT
<b>Telephone</b>	0113 2445141
<b>Reference</b>	BOUR001/JT/JS/JB/DH
<b>Type of appointment</b>	Administration
<b>Date of appointment</b>	11 November 2011

#### **CHARGING AND DISBURSEMENTS POLICY (Leeds Office)**

##### **Time costs**

The firm's hourly charge out rates are revised annually from 1 May. The rates currently in use are within the following bands:

	£
Appointment Taker	325
Associate	285
Manager	220 – 285
Senior Administrator	140 – 185
Junior Administrator and Support Staff	65 – 120

Secretarial and cashiers time is charged to the case and their rates are included within the above hourly rates identified above as appropriate. Time is charged in units of 6 minutes.

##### **Disbursements**

A disbursement charge relating to the recovery of overhead costs is levied at the rate of £6.75 per creditor. This sum is drawn at the outset of the case and on each anniversary thereafter and covers printing, postage, stationery, photocopying, telephone and fax usage.

Company Searches and Electronic Verification of Identify (charges between 1 March 2012 and 28 February 2013):-

Where these were undertaken on a case, the cost was recharged to the case as follows:

Company Searches - £1 plus VAT per document searched.  
Electronic Verification of Identify - £2 plus VAT for each search.

From 1 March 2013 Company Searches and Identify Verifications are charged at cost.

Outsourced printing and/or photocopying will be charged at cost in addition to the above.

Travelling expenses are charged at the rate of 45p per mile.

Rule  
2.72(3)

**PROOF OF DEBT - GENERAL FORM**

**In the matter of Bournston Property Limited  
In Administration**

**and in the matter of The Insolvency Act 1986**

Date of Administration Order 11 November 2011

1.	Name of Creditor	
2.	If a company please give registered number	
3.	Address of Creditor	
4.	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into administration, or if it was already in liquidation, on the date it went into liquidation (see note)	£
5.	Details of any document by reference to which the debt can be substantiated. [Note the administrator may call for any document or evidence to substantiate the claim at his discretion]	
6.	If total amount above includes Value Added Tax, please show:-  (a) amount of Value Added Tax (b) amount of claim NET of Value Added Tax	£ £
7.	If total amount above includes outstanding uncapitalised interest please state amount	£
8.	If you have filled in both box 4 and box 6, please state whether you are claiming the amount shown in box 4 or the amount shown in box 6(b)	
9.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975)	Category  Amount(s) claimed as preferential £
10.	Particulars of how and when debt incurred.	
11.	Particulars of any security held, the value of the security, and the date it was given	£
12.	Details of any reservation of title in respect of goods to which the debt refers	
13.	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Address (if different from 3 above)	
	Position with or relation to creditor	

**NOTE:**

A company goes into administration on the date an administration order is made (see top of page). The total claim to be inserted in Section 4 should be net of any payments made after that date in respect of the claim and any adjustment by way of set off in accordance with Rule 2.85 and/or any discounts which would have been available to the Company but for its administration, except any discounts for immediate, early or cash settlement (see Rule 2.84)