Rule 2 47 | Form 2 24B(CH)

The Insolvency Act 1986

Administrator's progress report

Name of Company	Company Number
Gladstone Securities Limited	04562615

In the	Court case number
High Court of Justice, Chancery Division, Leeds District Registry (full name of court)	755 of 2012

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

We (a) Lyn Vardy of PricewaterhouseCoopers LLP, 1 East Parade, Sheffield, S1 2ET and Toby Underwood of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester, M2 3PW

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

(b) Insert dates

from (b) 29 May 2012 to (b) 28 November 2012

Signed ____________
Joint Administrator

Dated 21-12-12

Contact Details:

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

Rachel Wilkinson	
PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP	
	Tel 0113 289 4746
DX Number	DX Exchange

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COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff pwc

Gladstone Securities Limited – in Administration
High Court of Justice, Chancery Division, Leeds District Registry
Case No. 755 of 2012

Joint Administrators' progress report for the period from 29 May 2012 to 28 November 2012

21 December 2012

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1. Joint Administrators' progress report for the period from 29 May 2012 to 28 November 2012

Introduction

In accordance with Rule 2 47 of the Insolvency Rules 1986 ("IR86"), the Joint Administrators ("the Administrators") write to provide creditors with details of the progress of the Administration of Gladstone Securities Limited ("the Company") in the six months since the Administrators' appointment on 29 May 2012

The Administrators are required to provide certain statutory information pursuant to Rule 2 47(1)(a) to (d) IR86, which is included in Section 2

At this time the Joint Administrators think there is no prospect of any dividend to unsecured creditors. An accurate estimate of the return to the secured creditor cannot yet be made as there are material uncertainties regarding future net realisations and the final level of creditor claims These matters are discussed below

Background information and initial actions taken by the Administrators

As at the date of the Administrators' appointment on 29 May 2012 the position as regards the Company was as follows -

- The Company was incorporated in 2002 as a real estate company with the purpose of buying and selling commercial properties At the time of the Administrators' appointment, the Company owned two freehold properties one in Abergele and one in Workington
- The Administrators' appointment arose due to the fact that the tenant of the Workington property became insolvent and the directors of the Company had no choice but to secure a new tenant at market rates Their new tenant, Poundstretcher Limited ("Poundstretcher"), was given a new lease at much lower rent levels than had previously been in place This lower rent and the associated drop in the value of the property resulted in the secured creditor of the Company, Yorkshire Bank plc ("the Bank"), becoming concerned that the value of the Company's properties would not be sufficient to cover the outstanding finances secured against them Following a review of the Bank's options, the Bank met with the directors of the Company and all parties elected to put the Company into administration The directors subsequently appointed the Administrators on 29 May 2012

Following an initial review, the Administrators concluded that the most appropriate strategy was to seek a buyer of the two properties

Immediately following their appointment, the Administrators took steps to protect and preserve the Company's assets. The Administrators have contacted the tenants of the two properties and requested that future rent is paid to the administration bank accounts via our agents, DTZ DTL Limited

Sale of business and assets

Along with the rent, the two properties are the only assets of the Company and there are minimal creditors. In order to achieve the Administrators' objective of realising property in order to make a distribution to the secured creditor, the Administrators began a process of reviewing whether a sale of the two freehold properties with the current tenants in place was the best way to realise maximum value for the creditors

The Abergele property is currently let to Superdrug Stores plc with an unexpired term of 7 5 years with no breaks The Administrators initially attempted to re-gear the lease due to the relatively short unexpired term in order to increase the value of the property But it soon became clear that the tenant was not interested in entering into such negotiations with the Administrators After not selling at auction, the Administrators have now found a buyer for the property with contracts due to be exchanged in December 2012 Completion is likely to take place in January 2013

With regards to the Workington property, the Administrators are looking into the potential for remodelling the building in order to maximise value The current tenant, Poundstretcher, wishes to remain in the property but

1. Joint Administrators' progress report for the period from 29 May 2012 to 28 November 2012

is happy to consider a smaller part of the unit The Administrators hope that by altering the layout of the property, they will be able to attract more or higher value tenants, thereby increasing the annual rental income and, as a consequence, the overall value of the property

It is expected that the secured creditor will receive distributions from the funds realised from the sale of the Company's assets

Approval of the Administrators' proposals

On 19 July 2012, the Administrators circulated to creditors their proposals for achieving the purpose of administration

The Administrators stated in their proposals that they had formed the view that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part to be set aside in accordance with Section 176A of the Insolvency Act 1986 ("IA86") However, the Administrators consider that there are insufficient sums available for a distribution to the unsecured creditors under the Prescribed Part provisions

The Administrators' proposals were deemed approved in accordance with Rule 2 33(5), a meeting of creditors not having been requisitioned by creditors in the prescribed manner

Receipts and payments account

An account of the receipts and payments in the Administration for the period from 29 May 2012 to 28 November 2012 is set out in Section 3

Receipts in the period comprise -

- Rent of £24,375, and
- Interest earned of £21 34 on funds invested

Payments include -

- Agents' fees of £630 00,
- VAT payments of £4,860 28, and
- Insurance of £12,027 03

Expenses statement

A statement of the expenses incurred by the Administrators in the period 29 May 2012 to 28 November 2012 is included at Section 4 This includes estimates of the expenses incurred but not yet paid at 28 November 2012

The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period

Administrators' remuneration

The Administrators' remuneration has been approved on a percentage of realisations basis by the Bank The Administrators have not drawn any remuneration to date

The fee structure is as follows

4% for realisations up to £1 90m and in addition

Realisation range	Incentive fee
£1 91m - £2 20m	10 00%
£2 21m - £2 50m	12 00%
£2 51m - £2 70m	15 50%
£2 71m - £2 90m	17 50%
£2 91m+	20 00%

So far in the administration, we have not sold the properties and therefore have not accrued any fees in the period covered by this report

1. Joint Administrators' progress report for the period from 29 May 2012 to 28 November 2012

Creditors' rights

If you would like further information about rights as a creditor, please use the internet address below to find an explanation of your rights in the different kinds of insolvency proceedings

http //www icaew com/en/technical/insolvency/creditors-guides

Pre-Administration costs

Information regarding the approval of the unpaid pre-Administration costs previously detailed in the Administrators' proposals can be found at Section 5 of this report

Outcome for creditors

It is presently anticipated that the secured creditor will suffer a shortfall under its security

The Company does not have any preferential creditors

The Administrators have formed the view that the Company has insufficient property to enable a distribution to the unsecured creditors This includes sums available by way of the prescribed part divisions

The Administrators are also considering the most appropriate strategy for bringing the Administration to an end, taking into consideration cost and tax implications Creditors will be advised of the Administrators' decision in due course

Next report

The Administrators anticipate that they will circulate their next report to creditors at the earlier of the conclusion of the Administration or in approximately six months

Lyn Vardy
Joint Administrator
For and on behalf of the Company

Lyn Vardy and Toby Underwood have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents and without personal liability Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales

The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998 PricewaterhouseCoopers LLP will act as Data Processor on their instructions Personal data will be kept secure and processed only for matters relating to the administration

2. Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Leeds District Registry, Case Number 755 of 2012
Full name:	Gladstone Securities Limited
Trading name:	Gladstone Securities Limited
Registered number:	04562615
Registered address:	Benson House, 33 Wellington Street, Leeds, LS1 4JP
Company directors:	Paul Pearce, Andrew Mason, Christopher Mason, Christopher John Chetwood
Company secretary:	Ben Harvey
Shareholdings held by the directors and secretary:	Christopher Mason 25 Ordinary Shares Andrew Mason 25 Ordinary Shares
Date of the Administration appointment:	29 May 2012
Administrators' names and addresses:	Lyn Vardy of PricewaterhouseCoopers LLP, 1 East Parade, Sheffield, S1 2ET and Toby Underwood of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester, M2 3PW
Details of any extension(s) to the initial period of appointment	None
Changes in office holder:	None
Appointor's / applicant's name and address:	The directors of the Company
Objective being pursued by the Administrators:	Objective (c): realising property in order to make a distribution to one or more secured or preferential creditors
Division of the Administrators' responsibilities:	In relation to paragraph 100(2) Sch B1 IA86, during the period for which the Administration is in force, any function to be exercised by the persons appointed to act as Administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office
Proposed end of the Administration:	Dissolution
Estimated dividend for unsecured creditors:	Nil
Estimated values of the prescribed part and the company's net property:	Nil
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	n/a
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Receipts and payments account for the period 29 May 2012 to 28 November 2012

Statement of affairs		29 May 2012 to 28 November 2012 (£)
	Fixed charge receipts	
1,950,000 00	Workington property	-
350,000 00	Abergele property	-
	Rent	24,375 00
	Interest received gross	21 34
	VAT payable	4 875 00
		29,271.34
	Floating charge receipts	
5,220 00	VAT debtor	-
21,281 00	Cash at bank	-
95,192 00	Client account	-
	Total Receipts	**29,271 34**
	Fixed Charge Payments	
	VAT payments	4,860 28
	Bank charges	15 00
	Agents' fees	630 00
	Insurance	12,027 03
	Statutory advertising	73 62
	VAT receivable	140 72
		17,746.65
	Total Payments	**17,746.65**
	Balance	**11,524 69**

4. Statement of expenses incurred from 29 May 2012 to 28 November 2012

Gladstone Securities Limited - Statement of Expenses to 28 November 2012

Expenditure Type	Expenses incurred and paid in the period 29 May 2012 to 28 November 2012 (£)	Estimated accrued and unpaid expenses for the period 29 May 2012 to 28 November 2012 (£)
Agents' fees	630 00	1,800 00
Insurance	12,027 03	-
Advert charges	73 62	-
Administrators' travel costs	-	230 03
Legal fees	-	5,650 00
Legal expenses	-	65 00
Bonding	-	205 00
Bank charges	15 00	-
Phone charges	-	21 46
Search fees	-	20 00
TOTAL	**12,745.65**	**7,991.49**

5. Approval of unpaid pre-Administration costs

The following unpaid costs were incurred prior to the appointment of the Administrators They have not yet been approved but we are looking to request approval shortly

	Amount (£)
Fees charged by the Administrators • Fees incurred in putting the Company into administration and reviewing the Company's finances	**3,441**
Expenses incurred by the Administrators • Solicitors' preparation of documents for filing in court and pre appointment advice	**2,750**
Fees charged by other persons qualified to act as an insolvency practitioner	-
Expenses incurred by other persons qualified to act as an insolvency practitioner	-
Total	**6,191**