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	to
(b) 22 May 2013	(b) 18 October 2013

Signed ____________________

Joint Administrator

Dated 7-11-13

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

MONDAY

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

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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 22 May 2013 to 18 October 2013

18 October 2013

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1. Joint Administrators' progress report for the period from 22 May 2013 to 18 October 2013

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") since the Administrators' previous report dated 21 May 2013.

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.

On 29 May 2012, Toby Underwood and I were appointed joint administrators of the Company We have been pursuing objective (c) of the statutory purpose of administration – realising property in order to make a distribution to one or more preferential or secured creditors – following the strategy set out in our proposals dated 19 July 2012.

At this time the Administrators are unable to provide a reliable estimate of the likely dividend to creditors as there are material uncertainties regarding future net realisations and the final level of creditor claims. These matters are discussed below

Sale of business and assets

At the time of our appointment, the Company owned two freehold properties, one in Abergele and one in Workington, and these were the only assets of the Company (along with their associated rent)

As detailed in our previous report to creditors, the property in Abergele was sold on 28 March for £300,000

With regards to the Workington property, we are currently looking into the potential for remodelling the building in order to increase its value. The current tenant, Poundstretcher Limited, wishes to remain in the property but is happy to consider a smaller part of the unit. We hope that by altering the layout of the property, we'll be able to attract more or higher value tenants. This will increase the annual rental income and, as a result, the overall value of the property

In order to complete this process, we are seeking court approval to extend the administration by two years and this is explained in more detail below

Whilst the property has been marketed on a "to Let" basis for an extended period, interest has been limited to date. A sale of the property at this stage, and subject to Poundstretcher's existing short term lease, would be at a figure materially below what could potentially be achieved through an asset management led realisation strategy.

In order to achieve a stronger realisation than that achievable under a "fire sale", occupiers have been approached on the basis of a sub-division of the existing space, with Poundstretcher occupying a smaller unit within the reconfigured scheme. Interest has been received from Halfords for their MOT format, although a further occupier is required to make the scheme viable. Alternatively, large space occupiers have also been targeted for the entire property although these would require a planning approval to open up the relative restrictive planning consent under which Poundstretcher currently trade.

Accordingly, the realisation strategy requires letting terms to be agreed with occupiers and then documented before planning can be submitted in line with the proposed sub-division of the existing unit and having regard to the retail planning uses required by those proposed occupiers. Assuming that terms could be agreed with occupiers by February 2014, agreements to lease could be completed by April 2014. A period of not less than five months thereafter would be required to submit a detailed planning consent and achieve an approval. Occupiers would require the expiry of a six week Judicial Review ("JR") period following the issue of the planning consent before the planning consent would be deemed fully approved.

At this stage, the Administrators could sell the property to investor developers on an "oven ready" basis with planning approval and agreements to lease in place with the occupiers. Marketing and the documentation of the sale would take not less than 4-5 months. Even if the marketing process commenced whilst the JR period ran, such time frames would take a period for asset realisation to early 2015 before the administration could be closed.

Having regard to these considerations, 12 months would be insufficient to complete the letting and subsequent realisation of the asset and accordingly a 24 month period is sought.

Realisation of other assets

Book debts

These funds of £95,192 arose from a loan finance deal that the Company provided to a third party. This loan related to a property deal in Stourbridge to assist with the funding of the development of a store for Tesco This transaction completed in January 2012 and the loan was repaid at that time The funds were being held in a client account on behalf of the Company and have now been received into the administration for the benefit of creditors.

Rent

To date, we have collected £269,375 in rent.

Abergele: quarterly rent of £8,750 for the June 2012, September 2012, December 2012 and March 2013 quarter dates. As the property is now sold, there will be no further income in respect of Abergele.

Workington· monthly rent of £15,625 from 1 July 2012 to 30 September 2013.

We employed managing agents DTZ DTL Limited ("DTZ") to manage the properties and collect rent on our behalf. DTZ will continue to collect rent on a monthly basis for the Workington property until it is sold.

Interest

To date, we have received £658.89 in gross bank interest. In addition, we have received £234.19 of interest held in DTZ's client account and £113.35 of interest on the Abergele sale monies when held in our solicitors' bank account

Receipts and payments account

An account of the receipts and payments in the Administration for the period from 22 May 2013 to 18 October 2013 is set out in Section 3.

Receipts in the period comprise: -

- Rent of £158,125 plus VAT; and
- Gross interest earned of £691.29.

Payments consist of. -

- VAT payments of £93,708.59,
- Distribution to chargeholder of £285,000; and
- Insurance of £7,115.25.

Expenses statement

A statement of the expenses incurred by the Administrators in the period 22 May 2013 to 18 October is included at Section 4. 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.

1. Joint Administrators' progress report for the period from 22 May 2013 to 18 October 2013

Administrators' remuneration

The Administrators' remuneration has been approved on a percentage of realisations basis by the secured creditor We haven't drawn any remuneration to date.

The agreed 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%

Realisations in the period amount to £158,734 96 (rental income and interest) and therefore the fee accrued in the period covered by this report is £6,349.40. Based on the total realisations to date, the fees accrued by the administrators are £26,626.

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 and the Company does not have any preferential creditors.

In our previous reports, based on the information available to us at the time, we formed the view that the Company had insufficient property to enable a distribution to the unsecured creditors. However, given the recent realisation of £95,192 that was held in a third party client account, we are currently investigating whether this may give rise to a distribution to the unsecured creditors under the prescribed part. *In the first instance*, we are looking to confirm definitively that the funds are floating charge realisations.

The prescribed part is a fund that has to be made available for unsecured creditors. It's paid out of "net property". Net property is floating charge realisations after costs, and after paying - or setting aside enough to pay - preferential creditors in full. This may be available in this case as the floating charge was created on or after 15 September 2003.

The amount of the prescribed part is.

- 50% of net property up to £10,000
- 20% of net property above £10,000
- Subject to a maximum of £600,000.

After deducting a 4% realisation fee, should we confirm the funds are indeed floating charge realisations, we estimate the prescribed part to be about £21,276. According to the statement of affairs, there is one unsecured creditor in the sum of £9,347 98 Therefore, should the prescribed part become payable, and no other unsecured creditors submit claims, the unsecured creditor would be paid out in full and the remainder would be distributed to the secured creditor.

The Administrators' proposals provided for the Administrators to establish in principle and at their discretion the claims of unsecured creditors if and when it became apparent that a surplus would become available for unsecured creditors.

We 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 our 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
Gladstone Securities Limited

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:	Up to 100p in the £ from the prescribed part
Estimated values of the prescribed part and the company's net property:	Prescribed part £21,276, net property £91,380
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Unlikely, unless other unsecured creditors submit claims.
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 18 October 2013

Statement of affairs		29 May 2012 to 21 May 2013 (£)	22 May 2013 to 18 October 2013 (£)	Total (£)
	Fixed charge receipts			
1,950,000.00	Workington property	0 00	0 00	0 00
350,000 00	Abergele property	300,000 00	0 00	300,000 00
	Rent	111,250 00	158,125 00	269,375 00
	Interest received gross	396 47	691 29	1,087 76
	VAT payable	82,250 00	31,625 00	113,875 00
	Total	**493,896.47**	**190,441.29**	**684,337.76**
	Floating charge receipts			
5,220.00	VAT debtor	0 00	0 00	0 00
21,281.00	Cash at bank	0 00	0 00	0 00
95,192 00	Book debts	95,192 00	0.00	95,192 00
	Total	**95,192.00**	**0.00**	**95,192.00**
	TOTAL RECEIPTS	**589,088.47**	**190,441.29**	**779,529.76**
	Fixed Charge Payments			
	VAT payments	4,860 28	93,708 59	98,568 87
	Distribution to chargeholder	0 00	285,000 00	285,000 00
	Bank charges	30 00	0 00	30 00
	Agents' fees	9,628 60	0 00	9,628 60
	Insurance	12,027 03	7,115 25	19,142 28
	Legal disbursements	278 44	0 00	278 44
	Legal fees	4,850 00	0.00	4,850 00
	Rent apportionment	8,365 40	0 00	8,365 40
	VAT receivable	2,806 13	0 00	2,806 13
	Total	**42,845.88**	**385,823.84**	**428,669.72**
	Floating charge payments			
	Statutory advertising	73 62	0 00	73 62
	Total	**73.62**	**0.00**	**73.62**
	TOTAL PAYMENTS	**42,919.50**	**385,823.84**	**428,743.34**
	BALANCE	**546,168.97**	**-195,382.55**	**350,786.42**

4. Statement of expenses incurred from 22 May 2013 to 18 October 2013

Gladstone Securities Limited - in Administration
Statment of Expenses from 22 May 2013 to 18 October 2013

	Expenses accrued and paid 22 May 2013 to 18 October 2013(£)	Estimated accrued and unpaid expenses incurred 22 May 2013 to 18 October 2013(£)	Total (£)
Agents' fees	-	562.48	562.48
Insurance	7,115.25		7,115.25
Administrators' professional fees	-	6,349.40	6,349.40
Administrators' travel costs	-	128 67	128 67
Total	**7,115.25**	**7,040.55**	**14,155.80**

5. Statement of creditors' rights

The following unpaid costs, which were incurred prior to the appointment of the Administrators but with a view to the Company entering Administration, were approved for payment on 1 August 2013. Payment of these has not yet been drawn

	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	0
Expenses incurred by other persons qualified to act as an insolvency practitioner	0
Total	**6,191**