

2.24B**Administrator's progress report**

Name of Company Sandstone Trading Limited	Company number 04961459
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In the High Court of Justice Chancery Division Leeds <small>[full name of court]</small>	Court case number 9 of 2009
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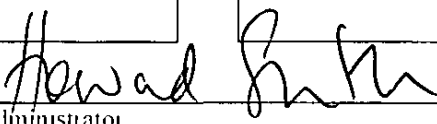
We
Howard Smith
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Richard Dixon Fleming
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

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

from 6 January 2011	to 4 July 2011
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Signed


Joint Administrator

Dated

4 July 2011

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.

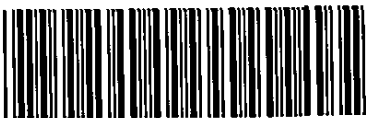
Sandila Samee KPMG LLP St James Square Manchester Leeds M2 6DS DX Number DX	Tel 016 2464099
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When you have completed and signed this form please send it to the Registrar of Companies at -

Companies House Crown Way Cardiff CF14 3UZ

DX 33050 Cardiff

SATURDAY



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COMPANIES HOUSE



Sandstone Trading Limited

(in administration)

**Final Report to Creditors
pursuant to Rule 2.47 of the
Insolvency (Amendment)
Rules 2003**

SATURDAY

A48

16/07/2011
COMPANIES HOUSE

b

KPMG LLP
4 July 2011



Notice about this report

This Report has been prepared by Howard Smith and Richard Dixon Fleming, the Joint Administrators of Sandstone Trading Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of, or any financial interest in, Sandstone Trading Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report.

Howard Smith and Richard Dixon Fleming are authorised to act as insolvency practitioners by the Insolvency Practitioners Association.

The Joint Administrators act as agents for Sandstone Trading Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the Administration.



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Glossary

Joint Administrators	Howard Smith and Richard Dixon Fleming of KPMG LLP
The Company	Sandstone Trading Limited (company registration number 04961459)
The Act	The Insolvency Act 1986
Directors	Joseph Cookson and Richard King
RBS / Bank	Royal Bank of Scotland PLC
Towngate	Towngate Homes Limited
Woodsome Avenue	Joint venture development between the Company and Towngate



1 Introduction

Further to my report dated 5 January 2011 in accordance with Rule 2.47 IR 86 I set out below my final report to 4 July 2011.

This report covers the period 6 January 2011 to 4 July 2011 and should be considered in conjunction with my previous reports. The Joint Administrators' proposals attached at Appendix 4 have now been completed. As such the Joint Administrators will now file this report and Form 2.35B at Companies House to enable the Company to be dissolved. There have been no changes or material deviations from the original proposals.

A receipts and payments account for the period of this report is attached at Appendix 1.

Please note that unless stated otherwise all amounts referred to in this report and its appendices are net of VAT.

2 Other information required by Rule 2.47 of the Insolvency (Amendment) Rules 2003

Date of appointment	6 January 2009
Company registered number	04961459
Previous registered office	14A Longbow Close Bradley Huddersfield HD2 1GQ
Present registered office	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
Appointer	High Court of Justice, Chancery Division Leeds District Registry

In accordance with Paragraph 100(2) of Schedule B1 Insolvency Act 1986 the functions of the Joint Administrators are being exercised by either both or all of the Administrators.



3 Progress of the Administration to date

3.1 Woodsome Avenue

As previously reported, this development was a joint venture with Towngate whereby the Company acted as the builder with Towngate as the land owner and developer. The development comprised of phase one (infrastructure for whole site), phase two (four terraced and two semi detached houses) and phase three (six detached houses).

At the time of my previous report, I informed creditors that with the consent of the Bank, I had obtained an extension of the administration to 5 July 2011 in order to oversee the sale of the two remaining properties.

Since my last report, the joint venture agreement has been terminated. The two remaining homes and development plot have been returned to the control of Towngate. Consideration of £350,000 was paid by Towngate to terminate the agreement and release the Bank's charges. Funds net of costs (see below) were transferred directly to the secured creditor.

All sales have now been completed having resulted in gross proceeds of £1.058 million.

3.2 Craig Waddington

As previously reported, the Company had a disputed claim against Mr Waddington which relates to an alleged breach of contract. Our solicitors had been in communication with Mr Waddington's solicitors to try to resolve this issue.

Our solicitors have informed us that any recovery from Mr Waddington is unlikely and as such it is not cost effective to pursue the claim any further. On this advice, the Joint Administrators have agreed that no further action will be taken and the debt will not be recovered.



3 Progress of the Administration to date

3.1 Woodsome Avenue

As previously reported, this development was a joint venture with Lowngate whereby the Company acted as the builder with Lowngate as the land owner and developer. The development comprised of phase one (infrastructure for whole site), phase two (four terraced and two semi detached houses) and phase three (six detached houses).

At the time of my previous report, I informed creditors that with the consent of the Bank, I had obtained an extension of the administration to 5 July 2011 in order to oversee the sale of the two remaining properties.

Since my last report, the joint venture agreement has been terminated. The two remaining homes and development plot have been returned to the control of Lowngate. Consideration of £350,000 was paid by Lowngate to terminate the agreement and release the Bank's charges. Funds net of costs (see below) were transferred directly to the secured creditor.

All sales have now been completed having resulted in gross proceeds of £1.058 million.

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Our solicitors have informed us that any recovery from Mr Waddington is unlikely and as such it is not cost effective to pursue the claim any further. On this advice, the Joint Administrators have agreed that no further action will be taken and the debt will not be recovered.



4.2.3 Woodsome Avenue Rates Recharge

A total of £5,566.89 has been paid in respect of council tax recharges in relation to the Woodsome Avenue properties.

4.2.4 Legal Fees

The sum of £15,848 has been paid to Walker Morris for their legal advice and assistance in relation to the realisation of the assets of the Company and pursuing the disputed claim against Mr Waddington as detailed above.

4.2.5 Insurance of Assets

The Joint Administrators have incurred costs of £976.47 in the period to insure the assets of the Company.

4.2.6 Irrecoverable VAT

VAT of £950 has proved irrecoverable in this period.

5 Estimated Outcome for Creditors

5.1 Secured Creditors

At the date of appointment the Bank was owed in the region of £1.187 million comprising a loan of £878,000 and an overdraft of £309,000. The Company held funds of £49,000 in its deposit account and this was offset against the secured creditor's claim reducing the claim to £1.136 million.

As detailed above the gross proceeds realised from property sales were £1.058 million. The bank has advanced funds to the costs of realisation totalling £114,387.37 resulting in a net recovery of £942,012.07.

5.2 Preferential Creditors

We previously estimated that preferential claims in the Administration would be in the region of £35,000. This comprised employees' claims for arrears of wages and holiday pay.

As previously advised, any distribution to preferential creditors was dependent upon the level of floating charge realisations and administration costs. As the level of floating charge realisations was not as originally anticipated, there are insufficient funds to allow for a dividend to be paid to preferential creditors.

5.3 **Funds Available under the Prescribed Part**

The Insolvency Act 1986 (Prescribed Part) Order 2003 applies in this case as the qualifying floating charge was created post 15 September 2003. This legislation allows a proportion of the Company's net property to be realised for the benefit of the Company's unsecured creditors.

Floating Charge realisations were insufficient to allow a prescribed part distribution to be made to unsecured creditors.

5.4 **Unsecured Creditors**

The total value of unsecured creditors shown on the directors' statement of affairs is £3.1 million.

As previously advised, there were insufficient funds in the case to enable a distribution to be made to unsecured creditors.

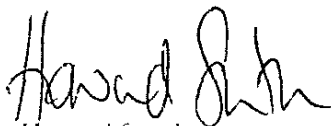
6 **Conclusion of the Administration**

As referred to above, the Joint Administrators' proposals have been completed and consequently the Company will be moved to dissolution three months after the filing of this report and form 2.35B at Companies House.

At this point, the Joint Administrators will cease to act and will be discharged of all liabilities as detailed in Paragraph 98 of Schedule B1 to IA 86.

Any creditors requiring further information should contact Sandila Samce on 0161 246 4099.

Yours faithfully



Howard Smith
Joint Administrator



Sandstone Trading Limited (in administration)
Final Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
4 July 2011

Appendix 1: Administrators' Receipts & Payments account for the period 6 January 2011 to 4 July 2011

Sandstone Trading Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 06/01/2011 To 04/07/2011	From 06/01/2009 To 04/07/2011
	FIXED CHARGE ASSETS		
827 742 82	Woodsome Avenue	NIL	NIL
	Bank contribution to realisation costs	43 641 48	109 423 78
	Bank interest gross	5 00	9 18
	Bank interest net of tax	NIL	1 75
49 846 79	Deposit Account	NIL	NIL
18 464 81	Vehicles Subject to HP	NIL	NIL
		43 646 48	109 434 71
	FIXED CHARGE COSTS		
	Administrators' fees	40 850 00	47 850 00
	Legal fees	NIL	3 000 00
	Agents'/Valuers' fees	1 250 00	1 250 00
	Woodsome Avenue Completion Costs	NIL	41 305 00
	Woodsome Avenue Rates Recharge	5 566 89	5 566 89
	Bank charges	38 64	58 64
	Insurance of Assets	976 47	10 442 82
		(48 682 00)	(109 473 35)
	FIXED CHARGE CREDITORS		
(896 054 42)	Fixed charge creditor	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
113 071 08	Freehold property	NIL	NIL
10 000 00	Furniture & equipment	NIL	9 049 65
164 423 00	Work in progress & unpaid certified work	NIL	NIL
41 673 07	Pre-appointment book debts	NIL	NIL
63 246 00	VAT refunds (pre-app't)	NIL	63 245 52
	Premier Guarantee Admin Costs	NIL	350 00
		NIL	72 645 17
	OTHER REALISATIONS		
	Bank interest gross	13 88	91 48
	Bank interest net of tax	NIL	40 07
	Utility refund	1 78	32 29
515 603 36	Intercompany debtors	NIL	NIL
	Corporation Tax Refund	10 47	10 47
		26 13	174 31
	COST OF REALISATIONS		
	Bank contribution to realisation costs	NIL	4 963 59
	Search Fees	NIL	(10 00)
	Woodsome Avenue Running Costs	(360 43)	(5 324 02)
	Administrators' fees	(15 000 00)	(33 000 00)
	Administrators' expenses	NIL	(1 066 96)
	Irrecoverable VAT	(950 00)	(950 00)
	Agents'/Valuers' fees	NIL	(750 00)
	Agents'/Valuers' fees (2)	(706 08)	(706 08)
	Legal fees	(15 848 00)	(15 848 00)
	Eversheds Legal Fees	NIL	(2 500 00)
	Agent's Disbursements	NIL	(22 55)
	IT Ransome Payment	NIL	(3 000 00)

Sandstone Trading Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 06/01/2011 To 04/07/2011	From 06/01/2009 To 04/07/2011
Storage costs	(430 41)	(1 576 79)
Statutory advertising	NIL	(228 24)
Insurance of assets	NIL	(868 35)
Wages & salaries	NIL	(5 798 44)
Bank charges	NIL	(20 00)
Professional Fees	NIL	(6 075 00)
	(33 294 92)	(72 780 84)
PREFERENTIAL CREDITORS		
(32 721 74) Employees' wage arrears	NIL	NIL
	NIL	NIL
FLOATING CHARGE CREDITORS		
(308 268 80) Floating charge	NIL	NIL
	NIL	NIL
UNSECURED CREDITORS		
(3 130 356 40) Trade & expense	NIL	NIL
	NIL	NIL
DISTRIBUTIONS		
(1 00) Ordinary shareholders	NIL	NIL
	NIL	NIL
(2,563,329 43)	(38 304 31)	(0 00)
REPRESENTED BY		
		NIL



Sandstone Trading Limited (in administration)
Final Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
4 July 2011

Appendix 2: Joint Administrators' time and costs

Sandstone Trading Limited

Reporting period 06 January 2011 to 04 July 2011

SIP 9 Compliant fees worksheet

Consolidated time spent by grade	Partner/Director Management Administrators Support			Total Hours	Total Cost £	Average Rate £
Activity						
Administration & planning						
Prior appointment checks	0 00	0 00	0 10	0 10	24 00	240 00
Statutory Receipts & Payments	0 00	1 00	0 80	1 80	604 00	335 56
Strategy documents	0 00	1 50	5 70	7 20	1 635 00	227 08
Closure & related formalities	0 00	7 50	8 90	16 40	5 258 50	320 64
Reports to debenture holders	1 00	2 00	0 00	3 00	1 310 00	436 67
Checklists and reviews	0 00	0 00	2 40	2 40	563 00	234 58
Statutory reports	1 40	1 50	22 35	25 75	5 880 00	228 35
Fees & W/P	0 00	1 25	2 30	4 05	1 086 25	268 21
General correspondence	0 00	0 00	5 30	5 30	927 50	175 00
General cashiering	0 70	0 00	8 65	9 65	1 956 50	202 75
Reconciliations	0 00	0 00	2 30	2 30	435 00	189 13
Post appointment V&I	0 50	1 40	5 45	7 35	1 871 50	254 63
Post appointment C/T	1 70	8 05	13 00	22 75	6 679 25	293 59
	5 30	24 20	77 25	108 05	28 230 50	261 27
Realisation of assets						
Freehold property	0 00	6 85	23 50	30 35	8 551 25	281 75
Debtors	0 00	1 00	0 00	1 00	425 00	425 00
Open cover ins	0 00	0 00	0 50	0 50	120 00	240 00
	0 00	7 85	24 00	31 85	9 096 25	285 60
Creditors						
Retention of title claims	0 00	0 00	1 80	1 80	432 00	240 00



Appendix 3: Joint Administrators' charge out rates

	Restructuring £	Tax £	VAT £	Pensions £
Partner	535	595	900	745
Director	460	535	805	670
Senior Manager	425	375-470	565-705	470-590
Manager	345	255-305	385-455	320-385
Administrator	240	185-220	280-330	235-275
Assistant Administrator	185	85-185	125-245	110-235

	Hourly rate from	
	1 April 2009 to 30 September 2010	1 October 2010
	£	£
Partner	515	535
Director	440	460
Senior Manager	405	425
Manager	320	345
Senior Administrator	225	240
Administrator	165	185
Support	105	110

Appendix 4: Joint Administrators' Original Proposals

The Joint Administrators propose the following

Resolution 1

- to continue to do all such things reasonably expedient and generally exercise all their powers as Joint Administrators as they in their discretion consider desirable in order to fulfil the objective of maximising realisations from the assets of the Company
- in pursuing this objective the Joint Administrators will have the power to take all necessary steps to propose a Company Voluntary Arrangement between the Company and its creditors if this is deemed to offer the best prospect of maximising realisations for the benefit of creditors
- to seek an extension to the administration period if deemed necessary by the Joint Administrators pursuant to paragraph 76 of schedule B1 to the Act,
- when it is considered that no further distributions to creditors will be made and that the Joint Administrators have concluded their duties to take the necessary steps to move the Company from administration to Dissolution pursuant to paragraph 84 of Schedule B1 to the Act,
- if the Joint Administrators consider that a distribution will be made to unsecured creditors of the Company to take the necessary steps to move the Company into Creditors' Voluntary Liquidation pursuant to paragraph 83 of Schedule B1 to the Act
- if Creditors' Voluntary Liquidation is deemed appropriate the Joint Administrators would be permitted to seek the appointment of Howard Smith and Richard Fleming of KPMG LLP as Joint Liquidators of the Company without any further recourse to creditors. In accordance with paragraph 83(7) and Rule 2.117(3) creditors may nominate a different person as the proposed Liquidator provided that the nomination is made after the receipt of the proposals and before the proposals are approved
- if one of the criteria set out in paragraph 79(2) of schedule B1 to the Act apply to the Company to make an application to court to end the administration and if deemed appropriate to petition the court for the winding up of the Company. If appropriate the Joint Administrators will at the same time apply to be appointed as Joint Liquidators under Section 140(1) of the Act
- that the Joint Administrators be discharged from liability in accordance with Paragraph 98 (2) of Schedule B1 of the Insolvency Act 1986 upon the filing of the final Receipts and Payments account in accordance with Rule 2.110 of the Insolvency Rules 1986
- in the event that Howard Smith and Richard Fleming are appointed Joint Liquidators then they will be allowed to act jointly and severally



Resolution 2

In relation to Administrators' fees

- That in the event that no creditors committee is formed, the Joint Administrators be authorised to draw fees on account from the assets of the Company from time to time during the period of the administration, based on time properly spent by KPMG LLP. Time costs incurred by the Joint Administrators are to reflect the complexity of the assignment in accordance with the charge out rates detailed in Appendix 2. In the event that Howard Smith and Richard Fleming be appointed Joint Liquidators that they will be able to draw fees on the same basis as the Joint Administrators as agreed by the Company's creditors. Also that the Joint Administrators be authorised to draw disbursements from time to time, and
- that the costs of KPMG LLP in respect of HSE, Pension, Tax and VAT advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of the Company.