

The Insolvency Act 1986

2.34B**Notice of move from administration to creditors' voluntary liquidation**

Name of Company Dylan Harvey Residential Ltd	Company number 5016666
In the Manchester District Registry (full name of court)	Court case number 2321 of 2009

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

I/We (a) Mark Terence Getliffe
CLB Coopers
Century House
11 St Peter's Square
Manchester
M2 3DN

Diane Elizabeth Hill
CLB Coopers
Century House
11 St Peter's Square
Manchester
M2 3DN

(b) Insert name and address of the registered office of company

having been appointed administrator(s) of (b) Dylan Harvey Residential Ltd
Century House 11 St Peters Square Manchester M2 3DN

(c) Insert date of appointment

on (c) 4 August, 2009

(d) insert name of appointor/applicant

by (d) Manchester District Registry
hereby give notice that

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is proposed that

(e) Insert name(s) and address(es) of liquidator(s)

(e) Mark Terence Getliffe and Diane Elizabeth Hill of
CLB Coopers
Century House
11 St Peter's Square
Manchester
M2 3DN

will be the joint liquidator(s) of the company (IP No(s) 008892 and 008945)

We attach a copy of the final progress report

Signed

Joint Administrators

Dated

12 July 2010

Contact Details

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be public

Mark Terence Getliffe
CLB Coopers
Century House
11 St Peter's Square
Manchester
M2 3DN

X Number

0161 245 1000
DX Exchange



A22

16/07/2010

377

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

**Dylan Harvey Residential Limited
- In Administration**

**Joint Administrators' Final Progress Report
For the period
4 February 2010 to 9 July 2010**

Dylan Harvey Residential Limited - In Administration

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Dylan Harvey Residential Limited - In Administration

THE JOINT ADMINISTRATORS' FINAL PROGRESS REPORT

1 Statutory information

1 1 The registered number of Dylan Harvey Residential Limited ("the Company") is 5016666

1 2 I was appointed Joint Administrator of the Company together with Diane Hill on 4 August 2010. The application for the appointment of an Administrator was made by the Director of the Company.

1 3 This Administration is being dealt with by CLB Coopers, Century House, 11 St Peter's Square, Manchester M2 3DN.

1 4 The case is registered in the High Court of Justice, Chancery Division, Manchester District Registry as case number 2321 of 2009.

1 5 The trading address of the Company was Ribble Court, Shuttleworth Mead Business Park, Padiham, Lancashire, BB12 7NG.

1 6 The registered office of the Company was changed from Ribble Court, Shuttleworth Mead Business Park, Padiham, Lancashire, BB12 7NG to c/o CLB Coopers, Century House, 11 St Peter's Square, Manchester, M2 3DN.

1 7 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the function of the Administrators may be exercised by either or both, acting jointly or alone.

2 Administrators' Proposals

2 1 As previously advised, the Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:

- Rescuing the Company as a going concern, or
- 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), or
- Realising property in order to make a distribution to one or more secured or preferential creditors.

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- 2 2 Initially the Joint Administrators were asked to consider the possibility of proposing a Company Voluntary Arrangement ("CVA") to creditors. The basis of the arrangement would have been for the investor to transfer their monetary claim against the Company to another Dylan Harvey Group company ("Group") and for the Investor to enter a new contract for the purchase of another Group property asset with the monies already paid to the Company being credited as a part payment against the purchase price of the new asset purchase with the other Group company.
- 2 3 A CVA is a formal procedure under Part 1 of the Insolvency Act 1986 which enables a company to agree with its creditors how their debts may be paid and in what proportions. It requires approval of a majority in excess of 75% in value of the creditors voting in person or by proxy.
- 2 4 The Joint Administrators held meetings with legal representatives of approximately 175 creditors representing approximately 29% of the creditor body. The basis of a CVA was discussed with the representatives. Without exception all confirmed that they could not recommend a CVA proposal of the type described above to their clients. In addition all representatives suggested that even if they were to advise to the contrary, their clients would still not vote in favour of a CVA unless full disclosure of any potential antecedent transactions took place.
- 2 5 In addition, the Joint Administrators received comments from creditors in telephone conversations and by correspondence indicating that a CVA would not be acceptable to creditors. Creditors had indicated that they would not support a CVA / debt compromise arrangement of the type proposed.
- 2 6 The Joint Administrators were unable to facilitate a proposal to creditors without first being satisfied that it is a desirable, realistic and workable alternative than what might be available to creditors within an Administration or Liquidation.
- 2 7 The Joint Administrators needed to be satisfied that the proposed scheme was acceptable within the bounds of the regulations imposed by the Financial Services Authority ("FSA"). The legal advice received suggested that the investment opportunity offered to creditors ought to be regulated by the FSA.
- 2 8 The Joint Administrators, under their obligation as Officers of the Court approached the FSA for their comments and regulatory advice on the matter.
- 2 9 The FSA are still considering the matter.

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- 2 10 The Joint Administrators are obliged under the provisions of the Company Directors Disqualification Act 1986 to submit a confidential report to the department for Business Innovation and Skills in respect of the Directors conduct. The content of the report is confidential but the Joint Administrators confirm the submission has been made.

3 Progress of the Administration

- 3 1 Attached at **Appendix A** is my Receipts and Payments Account for the period 4 February 2010 to 28 June 2010 and cumulative to date.
- 3 2 The report and proposals to creditors and progress report dated 3 February 2010 disclosed in accordance with Statement of Insolvency Practice No 13 (SIP13), that on 31 July 2009 and prior to the appointment of Joint Administrators, the Director of the Company, Toby Scott Whittaker, acting upon his own independent legal advice, purchased the property known as Fieldens Farm for £350,000 from the Company.
- 3 3 The Joint Administrators have reviewed the transaction and obtained an independent valuation of the property from Chartered Surveyors Wignall Brownlow, who indicated that the price paid was reasonable having regard to the property market at the time and the period of prior marketing.

4 Assets still to be realised

- 4 1 The sale of Fieldens Farm by the Director prior to the Administration enabled the overdraft of Dylan Harvey Group Limited to be settled under the intercompany guarantee.
- 4 2 The Joint Administrators made a formal demand for the repayment of £285,000 in respect of the overdrawn bank account that was paid by the Company under the unlimited cross guarantee. A satisfactory response has not been received and the matter will be pursued further by subsequently appointed Liquidators. Please refer to **Section 7**, ending the Administration.
- 4 3 The Joint Administrators have reported their beneficial interest in the leasehold of Sky One car park, 33-35 Simpson Street, Manchester, M4 4BA situated off Rochdale Road.

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- 4 4 A sale of the car park was agreed but has not proceeded to completion. Further marketing is currently ongoing and subject to the receipt of further acceptable offers, the car park is to be sold following liquidation of the Company.
- 4 5 The Joint Administrators have reviewed the sale of three properties, 7, 9 and 11 Birch View, Wardell. The properties were transferred to Harley Scott Ltd (a connected Company by virtue of a common Director) during August 2008. The transfer value indicated to have been paid was £510,000.
- 4 6 The Joint Administrators consider the transactions to be reversible. Subsequently appointed Liquidators will have greater powers of investigation and will not suffer the time constraints imposed by an Administration. The matter will be pursued further following liquidation of the Company.
- 4 7 The Joint Administrators review of the inter-company loan account is on-going. Dylan Harvey Group Ltd and its associates filed their audited accounts and consolidated group accounts for the year ended 28 February 2009 with the Registrar of Companies, on 15 March 2010.
- 4 8 On the same date Toby Scott Whittaker, the Director of the Company also filed audited accounts, for the year ended 28 February 2009, for Dylan Harvey Residential Ltd ("the Company"). These have not been agreed by the Joint Administrators and there was no requirement to submit them to Companies House.
- 4 9 The audited accounts state a loss for the Company at 28 February 2009 of £6,609,746.
- 4 10 The statutory accounts report inter-company balances due to the Company 28 February 2009 as follows
- | | |
|--------------------------------------|----------|
| Dylan Harvey Group Limited | £693,815 |
| Paradise Project (Liverpool) Limited | £253,194 |
- 4 11 The information in respect of the inter-company balances previously provided to the Joint Administrators by the Director is not consistent with what has been filed with the Registrar of Companies. The Joint Liquidators will continue the review of the various transactions and explanations provided by the Director, Company Secretary and Financial Accountant in respect of the loan account.

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- 4 12 The Dividend payment of £1,600,000 noted on the 2 February 2008 accounts paid to shareholders will form part of the subsequently appointed Liquidators review of reversible transactions
- 4 13 Dylan Harvey Investments Limited changed its name to Paradise Project (Liverpool) Limited ("PPL") on 22 October 2009. The statutory accounts to 28 February 2009 for PPL were filed with the Registrar of Companies, again on 15 March 2010. Proposal to strike the Company from the Register was made on 2 February 2010 and the Company has been dissolved.
- 4 14 PPL owes the Company £253,194 in respect of an inter-company loan. According to the books and records of the Company the loan was made on 31 July 2009, 3 days prior to the Company being placed in to Administration.
- 4 15 The accounts for PPL filed for year ended 28 February 2010 indicate that PPL was dormant in the previous year following the insolvency of the developer Valley Living Management Limited, a company connected to Fresh Developments (Manchester) Limited (see 4 11 above) by virtue of a common Director.
- 4 16 It will be a matter for subsequently appointed Liquidators to consider a claim for misfeasance under Section 212 of the Insolvency Act 1986 on the basis that the Director, as a connected party authorised a loan of £253,194 to a dormant Company with no assets and potential contingent liabilities of £380,000.
- 4 17 The Director's actions in respect of the above will be subject to further review and possible action following liquidation of the Company.
- 4 18 Subject to realisations from the above outlined actions, the subsequently appointed Liquidators will be in a position to make a distribution to Unsecured creditors.

5 Administrators' Remuneration

- 5 1 Creditors approved the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration by a meeting of creditors on 9 October 2009.

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- 5.2 The Joint Administrators' time costs at insert date are £201,273.39 representing 1,087.31 hours at an average rate of £185.11 per hour. Attached as **Appendix B** is a Time Analysis which provides details of the activity costs incurred by staff grade for the period since my last report together with a cumulative analysis for the entire Administration.
- 5.3 The total fees drawn to date are £20,123 plus disbursements of £3,799 against these time costs, the balance of outstanding time costs are to be drawn as an expense of the Liquidation.
- 5.4 Attached as **Appendix C** is additional information in relation to our policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.
- 5.5 Further details of work performed specifically relate to,

Administration and Planning

- Case strategy and planning
- Administrative set-up
- Notification of appointment and statutory reporting
- Case cashing
- All statutory formalities

Investigations

- Investigations regarding conduct of the directors
 - Investigation in to the inter-company loan position
 - Tracing assets in the name of the company
 - Interrogation and review of management accounting records
 - Interrogation and review of audited accounts
 - Meeting with company accountants
 - Meeting with company solicitors
 - Attend company premises and review sample files and records held for completed and non-completed developments
 - Property searches
 - Bank statement review and analysis
 - Enquiry meetings with directors, management team and staff
 - Enquiry letters to developers, office holders in respect of developments
-

Dylan Harvey Residential Limited - In Administration

- Obtaining and reviewing legal advice in respect of investigations
- Finalising the asset position of the company at the date of Administration

Creditors

- Instructing PR agents and dealing with enquiries from press, and other media
- Preparing and coordinating press releases and statements to the press, TV and other media
- Meetings with creditor representatives
- Lodging approximately 390 claims received from creditors to be passed to any subsequently appointed Liquidator
- Handling several hundred creditor queries and providing information regarding the position of the Administration and the effect of the Administration
- Reviewing all creditor reservation and deposit documentation to establish liability to the company or elsewhere within the Dylan Harvey Group of companies
- Obtaining and reviewing legal advice in respect of the creditor position
- Finalising the liability position at the date of the Administration

Realisation of Assets

- Instructing agents and solicitors in the sale of known assets at the date of Administration
- Arranging insurance cover and providing premises information to insurers
- Monitoring progress

Tax Compliance

- Post appointment tax compliance

6 Outcome for creditors

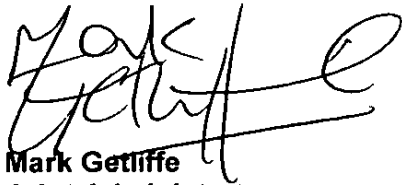
6.1 In this case there are no secured or preferential creditors

6.2 Following the actions against the Dylan Harvey Group, Director and Shadow Directors and others it is currently anticipated that a distribution will be made to unsecured creditors by the Joint Liquidators

Dylan Harvey Residential Limited - In Administration

7 Ending the Administration

- 7.1 A notice has been filed with the Registrar of Companies in order that the Administration will cease and the Company be placed out of Liquidation
- 7.2 The Joint Administrators will be discharged from liability under Paragraph 98(3) of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect

A handwritten signature in black ink, appearing to read 'Mark Getliffe', with a large, stylized flourish extending from the end of the signature.

Mark Getliffe
Joint Administrator
Dylan Harvey Residential Limited

Dated 12 July 2010

DYLAN HARVEY RESIDENTIAL LIMITED

APPENDIX A

**Receipts and Payments Account from 4 August 2009 to 3 February 2010,
4 February 2010 to 9 July 2010 and cumulative to 9 July 2010**

	Receipts and Payments from 04.08.2009 to 03.02.2010	Receipts and Payments 04.02.10 to 09 07.10	Cumulative Receipts and Payments to 09.07.10
	£	£	£
RECEIPTS			
Freehold Land & Property	52,054 60	0 00	52,054 60
Tax Refund	11,105 58	0 00	11,105 58
Sundry Refunds	69 06	0 00	69 06
Cash at Bank	23 65	0 00	23 65
	<u>63,252 89</u>	<u>0 00</u>	<u>63,252 89</u>
PAYMENTS			
PR Agency	12,062 50	0 00	12,062 50
Legal Fees	15,000 00	0 00	15,000 00
Legal Disbursements	834 51	40 00	874 51
Statutory Advertising	379 50	0 00	379 50
Printing & Postage	1,802 97	0 00	1,802 97
Specific Bond	1,367 00	0 00	1,367 00
Joint Administrators Remuneration	20,123 00	0 00	20,123 00
Company Search	14 00	0 00	14 00
Irrecoverable VAT	10,656 57	7 00	10,663 57
Travel Expenses	235 20	0 00	235 20
Insurance of Assets	394 83	126 03	520 86
Bank Charges	0 00	0 88	0 88
	<u>62,870 08</u>	<u>173 91</u>	<u>63,043 99</u>
BALANCE			
Current Account	<u>382 81</u>	<u>(166 03)</u>	<u>208 90</u>

Joint Administrator's Time Costs from 4 August 2009 to 2 July 2010

Classification Of Work Function	HOURS					Time Cost £	Average Hourly Rate£
	Partner	Manager	Senior Professional	Assistants/ Support	Total Hours		
Administration & Planning	28 10	56 90	40 00	-	125 00	24,641 25	197 13
Investigations	23 10	40 10	89 95	6 00	159 15	28,952 30	181 92
Realisation of Assets	68 40	26 70	38 85	-	133 95	35,807 10	267 32
Creditors	102 35	103 70	362 05	21 50	589 60	102,929 75	174 58
Other Case Matters	4 40	6 25	2 05	65 75	78 45	8,798 35	112 15
VAT/Tax Compliance	-	-	1 00	0 16	1 16	144 64	124 69
Total Fees Claimed £	80,011 80	48,131 90	65,097 55	8,032 14		201,273 39	
Total Hours	226 35	233 65	533 90	93 41	1,087 31		
Average Rate	353 49	206 00	121 93	85 99			185 11

Joint Administrator's Time Costs from 4 February 2010 to 2 July 2010

Classification Of Work Function	HOURS					Time Cost £	Average Hourly Rate£
	Partner	Manager	Senior Professional	Assistants/ Support	Total Hours		
Administration & Planning	0 70	8 90	20 65	-	30 25	3,252 40	107 52
Investigations	0 30	6 35	10 05	-	16 70	2,516 90	150 71
Realisation of Assets	11 25	5 50	10 10	-	26 85	6,604 70	245 99
Creditors	5 35	4 50	38 75	-	48 60	7,698 10	158 40
Other Case Matters	0 70	0 25	-	-	0 95	269 20	283 37
VAT/Tax Compliance	-	-	-	-	0 00	-	0 00
Total Fees Claimed £	6,560 70	5,253 00	8,527 60	-		20,341 30	
Total Hours	18 30	25 50	79 55	0 00	123 35		
Average Rate	358 51	206 00	107 20	-			164 91

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Appendix C

ADDITIONAL INFORMATION IN RELATION TO ADMINISTRATORS' FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9

1 Policy

Detailed below is CLB Coopers' policy in relation to

- Staff allocation and the use of subcontractors
- Professional advisors
- Disbursements

1 1 Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The constitution of the case team will usually consist of a Partner, Manager, Senior and Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and on larger, more complex cases, several Seniors/Assistants may be allocated to meet the demands of the case

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do we seek to charge and recover our time in this regard

We have not utilised the services of any subcontractors in this case

Dylan Harvey Residential Limited - In Administration

1 2 Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Addleshaw Goddard (legal advice)	Hourly rate & disbursements
Alexander Forbes (insurance)	Scale rate
Wignall Brownlow (valuation and disposal advice)	Hourly rate & disbursements
Paver Smith (Media Relations)	Hourly rate & disbursements

Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

1 3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated companies for the provision of services to the office holder. On this case Category 2 disbursements have not been incurred.

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2 Charge-out rates

A schedule of CLB Coopers charge-out rates effective from 1 May 2009 is as follows

Grade of Staff	Rate per hour £
Partner 1	374 00
Partner 2	311 00
Manager	206 00
Administrator	132 00
Assistants and Support Staff	86 00