Rule 2.47 **Form 2.24B(CH)**

The Insolvency Act 1986

Administrator's progress report

Name of Company	Company number
Bournston Estates Limited	05176902
In the High Court of Justice, Birmingham District Registry	Court case number 8104 of 2012

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

We (a)

R K Grant Zolfo Cooper 35 Newhall Street Birmingham B3 3PU	S Wilson Zolfo Cooper The Zenith Building 26 Spring Gardens Manchester M2 1AB

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

(b) Insert date

From	To
(b) 11 December 2012	(b) 10 June 2013

Signed ______________________

Joint Administrator

Dated 4 July 2013

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

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

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Joint Administrators' Progress Report for the period 11 December 2012 to 10 June 2013

Bournston Estates Limited In Administration

4 July 2013

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1 Statutory information

1.1 Ryan Grant and Simon Wilson were appointed Joint Administrators of Bournston Estates Limited (the **Company**) on 24 February 2012, by the Company's sole director, Paul Kilminster (the **Director**).

1.2 The Administration is being handled by Zolfo Cooper's Birmingham office, situated at 35 Newhall Street, Birmingham, B3 3PU.

1.3 The Administration is registered in the High Court of Justice, Chancery Division, Birmingham District Registry, under reference number 8104 of 2012.

1.4 The Administration was extended for six months by virtue of the secured creditor's consent and is due to end on 23 August 2013.

1.5 The registered office of the Company has been changed to c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB and its registered number is 05176902.

1.6 In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Joint Administrators are to be exercised by any or all of the Joint Administrators.

2 Progress of the Administration

2.1 Attached at Appendix A is the Joint Administrators' Receipts and Payments Account for the period 11 December 2012 to 10 June 2013, together with a Cumulative Receipts and Payments Account for the period 24 February 2012 to 10 June 2013.

2.2 This report should be read in conjunction with the Joint Administrators' Report and Statement of Proposals dated 16 April 2012 (the **Proposals**) and the six month progress reports dated 21 September 2012 and 9 January 2013 (the **Progress Reports**).

2.3 The Company's subsidiary companies, Bournston (South Street) Limited (**South Street**), Bournston (Stockton) Limited (**Stockton**) and Bournston (the Point at West Bridgford) Limited (**The Point**) (together the **Subsidiaries**) entered administration on 11 June 2012. The Company together with the Subsidiaries will be referred to as the **Group**.

2.4 The Administration of The Point was concluded on 10 June 2013 and the Administrations of South Street and Stockton have been extended for an additional six months by virtue of the secured creditor's consent. Furthermore, a progress report was issued to the creditors of South Street and Stockton on 23 May 2013 confirming the six month extension of these respective Administrations.

2.5 The analysis of receipts and payments for the period excludes the following costs which have been incurred but not yet paid. All costs will be paid within the agreed period with the advisor.

Cost category	Supplier	Amount not yet paid £
Solicitor's fees	Squire Sanders (UK) LLP	3,500
Total		3,500

2.6 As stated in the previous reports, the Company's main realisable assets are recoveries from the inter-company loans and loans to associated companies, as well as any value in shareholdings in the Subsidiaries.

2.7 Given their insolvent status, the Joint Administrators consider it is unlikely that there will be any further realisations to be made in respect of the inter-company position. However, whilst the respective Administrations of South Street and Stockton remain ongoing, this position is yet to be confirmed.

2.8 To date, £32,106, £10,874, and £9,000 has been received from the Stockton, South Street and The Point respectively, in relation to pre-appointment inter-company loans provided by the Company.

2.9 It was previously reported that there was an associated company loan balance of approximately £1.6 million due from Bournston Developments Limited (BDL). The Joint Administrators have taken steps to pursue the recovery of this with BDL. BDL confirmed it was not in a position to repay the loan.

2.10 As such, a winding up petition was presented by the Company on 22 February 2013. Subsequently, BDL was wound up by order of the court on 22 April 2013. On the basis of the report prepared by the Official Receiver's office it appears that there will be no funds available to enable a distribution to any of BDLs creditors.

2.11 As advised in the progress report for Stockton and South Street dated 23 May 2013, it was confirmed that the Director had contacted the Joint Administrators to inform them that in his opinion, Stockton has a potential mis-selling claim against the secured lender for an interest rate hedging instrument that was entered into by Stockton in 2008 (the Hedging Claim).

2.12 The Joint Administrators are unable to comment whether the Hedging Claim is valid at this stage. However, should any recovery be made in Stockton, the Company may be entitled to any surplus funds in respect of the outstanding inter-company loans. Further information can be found in section 7 of this report.

3 Assets still to be realised

3.1 Whilst the Administrations of the Subsidiaries remain on-going, there remains a possibility of further realisations to the Company via the inter-company loans. In order to protect the creditors' position in the event of further realisations, it is proposed that the Company enters compulsory liquidation.

4 Investigations

4.1 The Joint Administrators conducted investigations into the conduct of the Director and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act 1986, and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Joint Administrators' investigations, there were matters identified that required further action. A final report was submitted for the Company with regards to the activities of the Director.

5 Joint Administrators' remuneration

5.1 A meeting of creditors, held by correspondence on 8 May 2012, resolved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by the Joint Administrators and their staff on matters arising in the Administration.

5.2 The Joint Administrators' time costs for the period 11 December 2012 to 10 June 2013 are £8,823. This represents 39 hours at an average rate of £227 per hour. Attached at Appendix B is a Time Analysis for the period which provides details of the costs incurred by activity and by staff grade. Approval of the Joint Administrators' remuneration has been sought in accordance with rule 2.106 of the Insolvency Rules 1986 as amended.

5.3 Principal areas of activity during the period are discussed in further detail below.

- **Administration and planning** - time has been incurred monitoring and progressing the case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
- **Investigations** - time has been incurred conducting investigations into the Director's conduct together with the Company's dealings prior to the appointment of the Joint Administrators and the submission of a report to the Department for Business, Innovation and Skills pursuant to the Company Directors Disqualification Act 1986.
- **Realisation of assets - floating charge** - time recorded within this category includes reviewing the inter-company and associated company loan positions and communications regarding balances due to the Company. Time in respect of the steps taken to submit the winding up petition for BDL is also recorded here.
- **Creditors** - time spent preparing statutory reports, communicating with creditors and reporting to the secured creditors is recorded within this section.

5.4 A copy of "A Creditors' Guide to Administrations" which includes guidance on Administrators' fees can be downloaded from Zolfo Cooper's creditor portal (http://www.zcinfoportal.com). If you would prefer this to be sent to you in hard copy please contact Sundip Nar on 0161 838 4593 or snar@zolfocooper.eu.

5.5 Attached at Appendix C is a Cumulative Time Analysis for the period 24 February 2012 to 10 June 2013 which provides details of the costs incurred by activity and by staff grade since the Joint Administrators' appointment.

5.6 To date, no post-appointment fees have been drawn and category 1 disbursements totalling £184 have been drawn on account.

5.7 Information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, payment of disbursements and details of current charge-out rates by staff grade is provided at Appendix D.

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6 Estimated outcome for creditors

Secured creditor – AIB Group (UK) Plc

6.1 The Company granted a fixed and floating charge to the secured creditor on 23 December 2010. At the date of appointment, the secured creditor was owed £674,369 (excluding accrued interest and charges) under its security. It is estimated that the secured creditor is likely to suffer a shortfall.

6.2 The secured creditor also holds security cover via cross guarantees provided by the Subsidiaries. However, it is estimated that the secured creditor will suffer a shortfall on its overall lending.

Preferential creditors

6.3 The Company had no employees and as such, no preferential claims have been received or are anticipated.

Unsecured Creditors' Fund

6.4 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Joint Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund), commonly known as the 'prescribed part'.

6.5 As the Company granted a floating charge to the secured creditor after 15 September 2003, the Joint Administrators are required to create an Unsecured Creditors' Fund. Based on present information, the Joint Administrators estimate the value of the Company's net floating charge property to be nil and will not enable a distribution to be made to this class of creditor. This may be subject to change and will be wholly dependant on the outcome of the Administrations respect of the Subsidiaries.

7 Ending the Administration

7.1 The Administration was due to end automatically on 23 February 2013. However, it was not be possible to conclude all outstanding matters in the Administration prior to this date. Therefore, the Joint Administrators sought approval from the secured creditor to extend the Administration period for a period of six months to 23 August 2013 in accordance with paragraph 78 of schedule B1 of the Insolvency Act 1986.

Compulsory liquidation of the Company

7.2 As discussed in paragraph 3.1, there is potential for further recoveries from repayments of inter-company loans from Stockton and South Street. The likelihood of further realisations from this source is currently uncertain and the cost of the Company remaining in Administration may reduce funds that would be available to unsecured creditors. As such, the Joint Administrators intend to make an application to court to end the Administration and request that the court places the Company into compulsory liquidation. The Joint Administrators will request that the court appoints them as Joint Liquidators and they will send notice of any such application to the Company and its creditors.

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7.3 This application is to be made to preserve the benefit of any realisations that may be available to the creditors of the Company. Furthermore, as there will be no requirement to further extend the appointment, this application will minimise future costs.

Discharge from liability

7.4 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Joint Administrators ceases to have effect.

8 Creditors' rights

8.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.

8.2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Joint Administrators' remuneration is inappropriate, or that the remuneration charged or the expenses incurred by the Joint Administrators as set out in this report are excessive.

9 Next report

9.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised.

For and on behalf of
Bournston Estates Limited

Ryan Grant
Joint Administrator

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Receipts and Payments Account for the period 11 December 2012 to 10 June 2013 and a Cumulative Account for the period 24 February 2012 to 10 June 2013

Appendix A

Statement of Affairs £		Period £	Cumulative £
	Floating charge assets		
	Receipts		
600,000	Stockton pre-appointment intercompany loan repayment	-	32,106
325,000	South Street pre-appointment intercompany loan repayment	-	10,874
	The Point pre-appointment intercompany loan repayment	-	9,000
	Bank interest	98	462
		98	52,442
	Payments		
	Zolfo Cooper pre-appointment fees	-	10,873
	Legal fees and disbursements	1,692	10,365
	Data protection costs	-	35
	Category 1 disbursements:		
	Statutory advertising	-	184
		(1,692)	(21,457)
	Balance of floating charge assets	(1,594)	30,985
	Total balance		30,985
	Represented by		
	Interest bearing account		30,929
	VAT receivable		56
			30,985

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Time Analysis for the period 11 December 2012 to 10 June 2013

Appendix B

	Employee grade (hours)					£	
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Strategy and control	0.5	–	1.2	1.0	2.7	780.00	289
Statutory duties	–	0.1	–	0.2	0.3	58.00	193
Case administration	–	0.2	0.3	0.7	1.2	202.00	168
Accounting and treasury	0.3	1.2	–	6.6	8.1	1,032.50	127
Internal documentation	–	0.2	2.3	1.3	3.8	717.50	189
Investigations							
Director conduct reports	0.9	0.1	–	–	1.0	362.00	362
Other investigations	–	1.2	–	–	1.2	328.50	274
Internal documentation	0.2	0.3	0.3	–	0.8	247.00	309
Realisation of assets - debtors							
Debt collection	0.4	–	–	–	0.4	158.00	395
Internal and external documentation	1.8	–	–	–	1.8	717.00	398
Realisation of assets - floating charge							
Asset realisation strategy	–	0.6	–	–	0.4	139.00	232
Accounting and administration	–	–	–	1.6	1.6	128.00	80
Creditors							
Internal documentation	1.4	–	–	–	1.4	573.00	409
Reporting to creditors	0.4	3.3	5.0	1.6	10.3	2,383.50	231
Secured creditors	1.1	1.2	–	–	2.3	708.50	308
Unsecured creditors	–	1.0	–	–	1.0	290.00	290
Totals	7.4	9.3	9.1	13.1	38.9	8,627.50	222

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Cumulative Time Analysis for the period 24 February 2012 to 10 June 2013

Appendix C

	Employee grade (hours)					£	
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Planning	-	2.5	-	5.3	7.8	1,272.00	163
Strategy and control	23.3	-	8.7	6.4	38.4	11,256.50	305
Statutory duties	0.7	1.2	4.4	4.9	10.6	1,905.00	180
Case administration	0.4	7.0	27.1	104.4	139.9	8,129.00	209
Accounting and treasury	0.7	3.5	0.8	30.2	35.2	4,357.50	124
Travel and waiting time	-	3.0	-	3.5	6.5	1,192.50	184
Internal documentation	0.2	1.6	5.4	3.5	10.7	2,092.00	196
Investigations							
Director conduct reports	3.3	2.6	5.2	2.2	13.3	3,378.50	254
Other investigations	5.2	2.1	-	36.2	43.5	6,786.00	156
Internal documentation	0.2	0.3	3.9	-	4.4	1,039.00	236
Realisation of assets – debtors							
Debt collection	0.6	-	-	1.5	2.1	409.50	195
Internal and external documentation	2.9	0.5	-	-	3.4	1,254.00	378
Realisation of assets – Floating charge							
Asset realisation strategy	4.3	87.9	-	9.5	101.7	26,042.00	256
Asset identification and valuation	0.2	1.0	0.7	1.0	2.9	602.00	208
Sale of assets	0.6	-	0.2	0.2	1.0	284.00	284
Recovery of assets	-	-	-	0.3	0.3	34.50	115
Asset accounting and administration	1.2	3.2	-	13.3	17.7	2,678.50	151
Creditors							
Creditor claims	-	-	2.9	-	2.9	667.00	230
Internal documentation	1.4	-	-	-	1.4	573.00	409
Reporting to creditors	18.9	16.2	17.5	6.2	58.4	15,665.50	268
Creditor meetings	-	0.2	-	-	0.2	53.00	265
Secured creditors	7.0	2.8	0.4	2.5	12.7	3,676.00	289
Unsecured creditors	-	2.9	2.6	0.3	5.8	1,392.50	240
Employees	-	0.1	-	-	0.1	26.50	265
Totals	68.5	138.6	75.8	138.0	420.9	95,308.00	226

Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9

Appendix D

1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

1.1 Staff allocation and the use of sub-contractors

The Joint Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Joint Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Joint Administrators have not utilised the services of any sub-contractors in this case.

1.2 Professional advisors

On this assignment the Joint Administrators have used the professional advisor listed below. The Joint Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Squire Sanders (UK) LLP (legal advice)	Hourly rate and disbursements

The Joint Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Joint Administrators and their staff will also be chargeable.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. Category 2 disbursements that may be incurred are as follows:

- Photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying.
- Printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour.
- Business mileage for staff travel – charged at the rate of 45 pence per mile.

2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 April 2013 is detailed below. Time is charged by partners and case staff in units of six minutes.

Description	Rates from 1 April 2013 £	Description	Rates pre 1 April 2013 £
Partner 1*	445	Partner 1*	445
Partner 2*	415	Partner 2*	395
Director	360	Director	340
Associate director*	320	Senior associate 1*	315
Senior associate	280	Senior associate 2*	265
Associate	240	Associate	230
Analyst	220	Analyst	220
Junior analyst	175	Junior analyst	115
Senior treasury associate	170	Senior treasury associate	155
Treasury associate	110	Treasury associate	105
Treasury analyst	85	Treasury analyst	80
Support	79	Support	75

Key

Partner 1 – partners with three or more years' experience at partner level

Partner 2 – partners with fewer than three years' experience at partner level

Promotion from senior associate to associate director from 1 April 2013 is on the basis of performance and experience. Prior to that, the distinction from senior associate 2 to senior associate 1 was made for staff with two or more years' experience at senior associate level