

The Insolvency Act 1986

Administrator's progress report

Name of Company

Lightstone (Coventry) Limited

Company number

05404391

In the
High Court of Justice, Chancery Division,
Birmingham County CourtCourt case number
8217 of 2011(a) Insert full
name(s) and
address(es) of
administrator(s)We (a)
R K Grant
Zolfo Cooper
35 Newhall Street
Birmingham
B3 3PUA C O'Keefe
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

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

From

To

(b) Insert date

(b) 3 November 2011

(b) 16 March 2012

Signed


Joint Administrator

Dated

10.4.12

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

Christian Goulding
Zolfo Cooper
The Zenith Building
26 Spring Gardens
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DX Number

+44 (0) 161 838 4500
DX Exchange

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Joint Administrators'
Progress Report
for the period
4 November 2011
to 16 March 2012

Lightstone (Coventry) Limited
In Administration

28 March 2012

Contents

1	Statutory information	2
2	Progress of the Administration	2
3	Assets still to be realised	3
4	Joint Administrators' remuneration	3
5	Estimated outcome for creditors	4
6	Ending the Administration	4
7	Creditors' rights	5
8	Next report	5

Appendices

Receipts and Payments Account for the period 4 November 2011 to 16 March 2012 and a Cumulative Account for the period 4 May 2011 to 16 March 2012	Appendix A
Trading Account for the period 4 November 2011 to 16 March 2012 and a Cumulative Account for the period 4 May 2011 to 16 March 2012	Appendix B
Time Analysis for the period 4 November 2011 to 16 March 2012	Appendix C
Cumulative Time Analysis for the period 4 May 2011 to 16 March 2012	Appendix D
Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9	Appendix E

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1 Statutory information

- 1.1 Ryan Grant was appointed Joint Administrator of Lightstone (Coventry) Limited (the Company) together with Anne O'Keefe on 4 May 2011 by the High Court. The application for the appointment of Administrators was made by the Anglo Irish Bank Corporation Plc (the Bank)
- 1.2 The Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester M2 1AB.
- 1.3 The Administration is registered in the High Court, under reference number 8217 of 2011.
- 1.4 The trading address of the Company is Alpha Industrial Estate, Deedmore Road, Coventry, CV2 1EQ (the Estate).
- 1.5 The registered office of the Company has been changed to c/o Zolfo Cooper LLP, The Zenith Building, 26 Spring Gardens, Manchester M2 1AB and its registered number is 05404391.
- 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 This report should be read in conjunction with the previous report and the Joint Administrators Report and Statement of Proposals (the Proposals).
- 2.2 The Joint Administrators have continued to pursue the second objective of an Administration, namely 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), which was detailed in the Proposals.
- 2.3 Attached at Appendices A and B is the Joint Administrators' Receipts and Payments Account and Trading Account for the period 4 November 2011 to 16 March 2012, together with a Cumulative Receipts and Payments Account and a Trading Account for the period 4 May 2011 to 16 March 2012.
- 2.4 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 each supplier.

Cost Category	Supplier	Amount not yet paid £
Legal fees	Shoosmiths LLP	19,444
Valuation and sales agents	BPG (Urban) Limited	5,000
Managing agents	Collier & Madge Plc	650
Total		25,094

- 2.5 The Company has continued to trade the Estate, with the Joint Administrators' appointed managing agent, Collier & Madge Plc, collecting all rent and dealing with ongoing property issues and liabilities.
- 2.6 During the period, the Joint Administrators have recorded a further £22,829 trading profit, bringing the total trading profit to £58,884 since the start of the Administration. Funds of £10,000 were provided by the Bank on appointment to facilitate a short term cash

requirement, which will be repaid to the Bank in the event an overall trading surplus is achieved. The Company will continue trading until a sale of the Estate has been achieved.

- 2.7 The Receipts and Payments Account shown at Appendix A includes £17,960 of tenant deposits. These funds relate to deposits for three units currently occupied and it is expected that these will be transferred to any subsequent purchaser.
- 2.8 As stated in the Proposals, BPG (Urban) Limited (BPG) has been retained as asset managers, and they have also been managing the sale process of the Estate. Since the last progress report an offer for the Estate has been accepted subject to contract and the Joint Administrators anticipate that a sale will be agreed within the next month.
- 2.9 In order to avoid prejudicing the sale, no further information is available at this time. However, a further update on the progress of this sale will be made in the next progress report.

3 Assets still to be realised

- 3.1 As detailed in section 2 of this report, the sale of the Estate is yet to be completed.
- 3.2 The directors' Statement of Affairs listed that a VAT refund of £1,212 was expected to be realised. The Joint Administrators can advise that as there was a debt outstanding to HM Revenue and Customs, the refund has been offset against this debt and therefore, there will be no realisation from this source.

4 Joint Administrators' remuneration

- 4.1 The relevant creditor approved 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.
- 4.2 The Joint Administrators' time costs for the period 4 November 2011 to 16 March 2012 are £17,705. This represents 77 hours at an average rate of £229 per hour. Attached at Appendix C is a Time Analysis for the period which provides details of the activity costs incurred 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.
- 4.3 Principal areas of activity during the period are discussed in further detail below.
- **Administration and planning** - time has been incurred implementing the case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
 - **Realisation of assets - fixed charge** - time has been incurred liaising with the asset managers in the sales process, negotiating with interested parties, reviewing offers received and progressing the sale of Estate. Time has also been incurred complying with insurance requirements in relation to the property.
 - **Trading** - time has been incurred liaising with suppliers and tenants, corresponding with the managing agents and overseeing the ongoing trading of the business. Treasury time relating to trading receipts and payments is also recorded here.
 - **Creditors** - time has been incurred preparing statutory reports, dealing with creditor claims correspondence and reporting to the secured creditor.

- 4.4 Also attached at Appendix D is a Cumulative Time Analysis for the period 4 May 2011 to 16 March 2012 which provides details of the activity costs incurred by staff grade since the Joint Administrators' appointment.
- 4.5 To date, pre appointment fees of £2,500 and post appointment fees £6,250 plus, category 1 disbursements of £87 have been drawn on account.
- 4.6 Appendix E contains additional information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, disbursements and details of their current charge-out rates by staff grade.

5 Estimated outcome for creditors

Secured creditor - Anglo Irish Bank Corporation Plc

- 5.1 The Company granted a fixed and floating charge to the Bank on 27 May 2005. At the date of appointment the Bank was owed approximately £2.2 million (excluding accrued interest and charges) under its security. The Bank is likely to suffer a significant shortfall.

Preferential Creditors

- 5.2 The Company does not have any employees and hence no preferential creditors have been identified or are anticipated

Unsecured Creditors' Fund

- 5.3 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).
- 5.4 As the Company granted a floating charge to the Bank after 15 September 2003, the Joint Administrators are required to create an Unsecured Creditors' Fund. The Joint Administrators can confirm that, based on floating charge realisations to date, there are insufficient funds to establish an Unsecured Creditors' Fund.

Unsecured creditors

- 5.5 The Joint Administrators anticipate that there will be insufficient funds to enable a dividend to be paid to the unsecured creditors of the Company.

6 Ending the Administration

Extension of the Administration

- 6.1 The Administration is due to end automatically on 3 May 2012. As it will not be possible to conclude all outstanding matters in the Administration prior to this date, the Joint Administrators are seeking the approval of the Bank for an extension of the Administration

for a period of six months, in accordance with paragraph 78 of schedule B1 of the Insolvency Act 1986.

Dissolution of the Company

- 6.2 The Joint Administrators think that the Company has no property which might permit a distribution to the unsecured creditors. As such, when all matters have been concluded they will file a notice together with their final progress report at Court and with the Registrar of Companies for the dissolution of the Company. The Joint Administrators shall send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.
- 6.3 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.

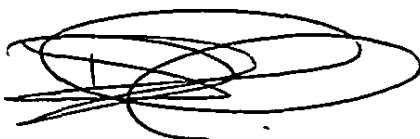
7 Creditors' rights

- 7.1 Within 21 days of the receipt of the 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.
- 7.2 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 progress report, make an application to court on the grounds that the basis fixed for the Joint Administrators' remuneration, the remuneration or the expenses incurred by the Joint Administrators as set out in this progress report are excessive.

8 Next report

- 8.1 This report has been prepared for the Bank in support of the request to extend the Administration by six months. If the request to extend the administration is approved, a further report will be circulated to all creditors within one month of the next six month period ended 3 May 2012.

For and on behalf of
Lightstone (Coventry) Limited



Ryan Grant
Joint Administrator
Encs

**Receipts and Payments Account for the period
4 November 2011 to 16 March 2012 and a Cumulative
Account for the period 4 May 2011 to 16 March 2012**

Appendix A

Statement of Affairs £	04/11/2011 - 16/03/2012 £	04/05/2011 - 16/03/2012 £
Fixed charge assets		
Receipts		
1,122,900 Alpha Industrial Estate	-	-
	<u>-</u>	<u>-</u>
Floating charge assets		
Receipts		
15,238 Book debts	-	3,855
16,677 Cash at bank	-	16,652
1,212 VAT refund	-	-
Bank interest	34	48
Trading surplus	22,829	68,884
	<u>22,863</u>	<u>89,439</u>
Payments		
Joint Administrators' pre-appointment fees	-	2,500
Joint Administrators' fees	-	6,250
Valuers costs	3,000	3,000
Marketing costs	-	883
Agents'/Valuers' fees	12,500	22,678
Category 1 disbursements.		
Telephone and fax	-	2
Stationery and postage	-	8
Statutory advertising	-	77
Insurance of assets	-	135
Bank charges	22	29
	<u>(15,522)</u>	<u>(35,561)</u>
Tenant deposits		
15,177 Tenant deposits	2,833	17,960
	<u>2,833</u>	<u>17,960</u>
Balance	<u>10,174</u>	<u>71,838</u>
Represented by:		
Floating interest bearing		79,235
VAT payable		(7,397)
		<u>71,838</u>

**Trading Account for the period 4 November 2011 to
16 March 2012 and a Cumulative Account for the
period 4 May 2011 to 16 March 2012**

Appendix B

	04/11/2011 - 16/03/2012 £	04/05/2011 - 16/03/2012 £
Receipts		
Rental income	41,983	122,368
	<u>41,983</u>	<u>122,368</u>
Payments		
Rents	10,248	30,743
Insurance	3,778	15,111
Void service charge costs	5,129	12,789
Property management fees	-	4,842
	<u>(19,155)</u>	<u>(63,484)</u>
Trading profit	<u>22,829</u>	<u>58,884</u>
Money advanced by the Bank	-	10,000
Trading surplus	<u>22,829</u>	<u>68,884</u>

Time Analysis for the period 4 November 2011 to 16 March 2012

Appendix C

	Employee grade (hours)				Total hours	Total cost £	Average rate per hour £
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support			
Administration and planning							
Planning	-	-	0.1	-	0.1	22.00	220
Strategy and control	0.5	1.2	1.3	0.8	3.8	903.50	238
Statutory duties	-	0.5	1.5	0.1	2.1	498.00	237
Case administration	-	-	-	0.1	0.1	11.50	115
Accounting and treasury	0.4	0.1	1.5	5.8	7.8	1,059.50	136
Internal documentation	-	-	2.7	0.5	3.2	651.50	204
Realisation of assets - fixed charge							
Asset realisation strategy	-	2.0	1.7	-	3.7	921.00	249
Asset identification and valuation	-	-	10.0	-	10.0	2,220.00	222
Sale of assets	0.8	10.2	10.7	-	21.7	5,390.00	248
Asset accounting and administration	-	-	0.9	-	0.9	202.00	224
Realisation of assets - debtors							
Debt collection	-	1.0	-	-	1.0	265.00	265
Realisation of assets - floating charge							
Recovery of assets	-	-	0.6	-	0.6	136.00	227
Trading							
Trading strategy	-	0.5	-	-	0.5	132.50	265
Trading activities	-	-	2.8	-	2.8	626.00	224
Accounting and administration	-	-	1.8	0.1	1.9	419.50	221
Creditors							
Reporting to creditors	1.9	2.1	10.3	1.2	15.5	3,784.00	244
Secured creditors	0.5	0.5	-	-	1.0	330.00	330
Unsecured creditors	-	-	0.5	0.2	0.7	133.00	190
Totals	4.1	18.1	46.4	8.8	77.4	17,705.00	229

Cumulative Time Analysis for the period 4 May 2011 to 16 March 2012

Appendix D

	Employee grade (hours)				Total hours	Total cost £	Average rate per hour £
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support			
Administration and planning							
Planning	-	-	0.1	-	0.1	22.00	220
Strategy and control	1.8	2.1	4.6	0.8	9.3	2,438.50	262
Statutory duties	-	1.4	5.8	1.6	8.8	1,903.00	216
Case administration	-	0.6	7.7	6.2	14.5	2,578.00	178
Accounting and treasury	0.7	0.7	4.2	11.6	17.2	2,540.00	148
Internal documentation	-	0.3	4.2	0.7	5.2	1,105.00	213
Investigations							
Director conduct reports	0.4	0.3	2.0	0.5	3.2	770.00	241
Other investigations	-	-	0.5	-	0.5	115.00	230
Internal documentation	-	-	0.2	-	0.2	44.00	220
Realisation of assets - fixed charge							
Asset realisation strategy	-	2.0	3.8	-	5.8	1,404.00	242
Asset identification and valuation	-	-	15.1	-	15.1	3,357.00	222
Sale of assets	0.8	10.2	10.9	-	21.9	5,434.00	248
Asset accounting and administration	-	-	4.4	-	4.4	972.00	221
Realisation of assets - debtors							
Debt collection	-	1.0	-	-	1.0	265.00	265
Crown debtors	-	-	0.1	-	0.1	22.00	220
Realisation of assets - floating charge							
Asset identification and valuation	-	0.1	0.2	-	0.3	77.50	258
Recovery of assets	-	-	0.6	-	0.6	136.00	227
Asset accounting and administration	-	-	0.3	-	0.3	66.00	220
Trading							
Trading strategy	0.2	0.5	-	-	0.7	211.50	302
Trading activities	0.4	-	5.7	2.3	8.4	1,696.50	202
Accounting and administration	0.2	0.1	2.3	0.8	3.4	715.50	210
Creditors							
Creditor claims	0.6	0.3	-	-	0.9	331.50	368
Reporting to creditors	4.9	3.5	20.7	1.2	30.3	7,726.50	255
Secured creditors	0.5	0.5	-	-	1.0	330.00	330
Unsecured creditors	-	0.2	2.2	0.3	2.7	581.50	215
Totals	10.5	23.8	95.6	26.0	155.9	34,842.00	224

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

Appendix E

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 following services are being provided on this assignment by external sub-contractors.

Service type	Service provider	Basis of fee arrangement	Cost to date
Rent collection	Collier & Madge Plc	fixed monthly fee	17,631
Asset Management	BPG (Urban) Limited	fixed monthly fee	21,500

1.2 Professional advisors

On this assignment the Joint Administrators have used the professional advisors 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
Shoosmiths LLP (legal advice)	hourly rate and disbursements
Belmont International Limited (insurance)	risk based premium
BPG (Urban) Limited (valuation and disposal advice)	fixed monthly fee
Jones Lang LaSalle (valuation advice)	fixed fee

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 photocopying, charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying.

2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2011 is detailed below.

Description	£
Partner/director	
Partner 1*	445
Partner 2*	395
Director	340
Senior associate	
Senior associate 1*	315
Senior associate 2*	265
Associate/analyst	
Associate	230
Analyst*	220
Junior analyst and support staff	
Junior analyst*	115
Senior treasury associate	155
Treasury associate	105
Treasury analyst	80
Support	75
*Key	
<i>Partner 1 - partners with three or more years' experience at partner level</i>	
<i>Partner 2 - partners with less than three years' experience at partner level</i>	
<i>Senior associate 1 - staff with two or more years' experience at senior associate level</i>	
<i>Senior Associate 2 - staff with less than two years' experience at senior associate level</i>	
<i>Analyst - staff with more than one year's experience at analyst level</i>	
<i>Junior analyst - first year analysts</i>	