

2.24B

The Insolvency Act 1986

Administrator's progress report

Name of Company Jivecraft Limited	Company number 05409645
In the High Court of Justice Chancery Division Bristol District Registry	Court case number 642 of 2009

We, Jeremy Willmont
Moore Stephens LLP
1-3 Snow Hill
London
EC1A 2DH

David Rolph
Moore Stephens LLP
1-3 Snow Hill
London
EC1A 2DH

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

From (b) 11 March 2009	To (b) 10 September 2009
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Signed

Joint Administrator

Dated

19/10/2009

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

Jeremy Willmont
Moore Stephens LLP
1-3 Snow Hill
London
EC1A 2DH

DX Number

020 7334 9191
DX Exchange



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

STRICTLY PRIVATE AND CONFIDENTIAL

To all known potential creditors and members of the Companies

**JIVECRAFT LIMITED (IN ADMINISTRATION)
IN THE HIGH COURT OF JUSTICE, CHANCERY DIVISION, BRISTOL DISTRICT REGISTRY
COURT CASE NUMBER 642 OF 2009**

**LIVINGRITE LIMITED (IN ADMINISTRATION)
IN THE HIGH COURT OF JUSTICE, CHANCERY DIVISION, BRISTOL DISTRICT REGISTRY
COURT CASE NUMBER 643 OF 2009**

Joint administrators' progress report pursuant to Schedule B1 to the Insolvency Act 1986
and Rule 2.47 of the Insolvency Rules 1986 for the period 11 March 2009 to 10 September 2009

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- A Receipts and payments account to 10 September 2009
- B Details of the Administrators' time costs and disbursements
- C Moore Stephens LLP charge out rates

The contacts at Moore Stephens LLP in connection with the Company are:

- Contact details for team
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- Administrator
 - Jeremy Willmont
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- Day to day issues and queries
 - Neville Side
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- Secretary to team
 - Jeanette Biggs
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Glossary of terms and basis of preparation

Glossary of terms

- The following definitions have been used in this report
 - "Jivcraft" Jivcraft Limited (in administration)
 - "Livingrite" Livingrite Limited (in administration)
 - "the Companies" Together Jivcraft and Livingrite
 - "the Administrators" The joint administrators: Jeremy Willmont and David Rolph, both of Moore Stephens LLP
 - "the Directors" The Companies' directors: Simon Pollins and Douglas Lister
 - "SIP 9" Statement of Insolvency Practice 9 as issued by the Association of Business Recovery Professionals and adopted by the regulatory bodies
 - "Registrar" The Registrar of Companies in England and Wales
 - "the Bank" Bank of Ireland
 - "Proposals" The Administrators' statement of proposals dated 5 May 2009, that were approved by creditors at a meeting held on 19 May 2009

Basis of preparation

- Other than for any statutory duty owed by the Administrators to creditors, neither the Administrators, their firm, partners, staff, professional advisors or agents accept any liability or assume any duty of care (of whatever nature and howsoever arising) to any party (whether it is an assignee or successor of another or otherwise) in respect of this report.
- In the event that this report is obtained by any person other than creditors or other parties rightfully entitled to receive a copy, or is used for any purpose other than in accordance with the statutory purpose for creditors as at the date of this report, any persons using the report do so entirely at their own risk and shall have no right of recourse against the Administrators, Moore Stephens LLP, its partners, staff, professional advisors or agents.

Introduction and summary of approved proposals

Introduction

- This progress report is prepared pursuant to Schedule B1 to the Insolvency Act 1986 and Rule 2.47 of the Insolvency Rules 1986.
- The report covers the period from 11 March 2009, being the date of the Administrators' appointment, to 10 September 2009 and represents the Administrators' first progress report.
- On 11 March 2009, in accordance with Paragraphs 14 and 18 of Schedule B1 to the Insolvency Act 1986, the Bank filed a Form 2.6B, "Notice of appointment of an administrator by holder of qualifying floating charge", for each of Jivecraft and Livingrite.
- On the filing of the Forms 2.6B on 11 March 2009 Jeremy Willmont and David Rolph (both of Moore Stephens LLP) were appointed as joint administrators of the Companies by the Bank.
- The proceedings for Jivecraft have been filed in the High Court of Justice, Chancery Division, Bristol District Registry, case no. 642 of 2009.
- The proceedings for Livingrite have been filed in the High Court of Justice, Chancery Division, Bristol District Registry, case no. 643 of 2009.
- The Form 2.6B for each of the Companies states that the EC Regulation applies and that the proceedings are the main proceedings as defined in Article 3 of the EC Regulation and that the centre of main interests for both Companies is in England.
- In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions, powers and duties of the Administrators can be exercised by either one of them, acting jointly and severally.
- The registered number of Jivecraft is 05409645 and the registered number of Livingrite is 05390006.
- The registered office of both of the Companies has been changed to 1 Snow Hill, London EC1A 2DH.

Administrators' proposals (Jivecraft)

- At a meeting of the Companies' creditors held on 19 May 2009, the following proposals were approved in respect of Jivecraft:
- That the Administrators continue to manage the letting of the properties jointly owned by Jivecraft and collect the net rental income from the letting agents;
- That the Administrators take steps to enable them to properly consider the costs and benefits involved in pursuing the wrap purchasers for the arrears owed by them to Jivecraft;
- That the Administrators arrange the sales of the leasehold properties as and when they consider appropriate and continue to do all such things that are reasonably expedient and to generally exercise all of their powers as Administrators in order to maximise realisations from the assets of Jivecraft;
- That following the realisation of the assets, or at such earlier time as the Administrators, in their sole discretion, consider appropriate, and provided the Administrators think that a distribution will be made to the non-preferential unsecured creditors, Jivecraft be placed into creditors' voluntary liquidation;
- That when Jivecraft is placed into creditors' voluntary liquidation, the Administrators be appointed as liquidators of Jivecraft pursuant to Rule 2.117 of the Insolvency Rules 1986;
- That if the Administrators consider that creditors' voluntary liquidation is inappropriate for whatever reason, the Administrators move Jivecraft straight to dissolution under Paragraph 84 of Schedule B1 to the Insolvency Act 1986;
- That, if the Administrators deem it appropriate for the Administrators period of office to be extended for a period not exceeding six months, the Administrators will seek the consent of the creditors for an extension to the administration in accordance with Paragraph 76 of Schedule B1 to the Insolvency Act 1986;

Introduction and summary of approved proposals

Administrators' proposals (Jivecraft cont'd)

- That in the event that no creditors' committee is formed, the remuneration of the Administrators be fixed with reference to the time properly spent by the Administrators and their staff in attending to matters arising in the administration, pursuant to Rule 2.106 of the Insolvency Rules 1986, and that they be authorised to draw such remuneration on account from the assets of Jivecraft from time to time as they consider appropriate;
- That in the event that no creditors' committee is formed, the Administrators be authorised to draw such disbursements on account from the assets of Jivecraft from time to time as they consider appropriate including internal costs as defined by SIP 9 as category 2 disbursements; and
- That the Administrators be given their release upon the filing of either form 2.34B or form 2.35B with the Registrar, whichever is applicable.
- No creditors' committee was formed at the meeting of creditors.

Administrators' proposals (Livingrite)

- At a meeting of the Companies' creditors held on 19 May 2009, the following proposals were approved in respect of Livingrite:
- That the Administrators continue to manage the letting of the properties jointly owned by Livingrite and collect the net rental income from the letting agents;
- That the Administrators take steps to enable them to properly consider the costs and benefits involved in pursuing the wrap purchasers for the arrears owed by them to Livingrite;
- That the Administrators arrange the sales of the leasehold properties as and when they consider appropriate and continue to do all such things that are reasonably expedient and to generally exercise all of their powers as Administrators in order to maximise realisations from the assets of Livingrite;
- That following the realisation of the assets, or at such earlier time as the Administrators, in their sole discretion, consider appropriate, and provided the Administrators think that a distribution will be made to the non-preferential unsecured creditors, Livingrite be placed into creditors' voluntary liquidation;
- That when Livingrite is placed into creditors' voluntary liquidation, the Administrators be appointed as liquidators of Livingrite pursuant to Rule 2.117 of the Insolvency Rules 1986;
- That if the Administrators consider that creditors' voluntary liquidation is inappropriate for whatever reason, the Administrators move Livingrite straight to dissolution under Paragraph 84 of Schedule B1 to the Insolvency Act 1986;
- That, if the Administrators deem it appropriate for the Administrators period of office to be extended for a period not exceeding six months, the Administrators will seek the consent of the creditors for an extension to the administration in accordance with Paragraph 76 of Schedule B1 to the Insolvency Act 1986;

Introduction and summary of approved proposals

Administrators' proposals (Livingrite cont'd)

- That in the event that no creditors' committee is formed, the remuneration of the Administrators be fixed with reference to the time properly spent by the Administrators and their staff in attending to matters arising in the administration, pursuant to Rule 2.106 of the Insolvency Rules 1986, and that they be authorised to draw such remuneration on account from the assets of Livingrite from time to time as they consider appropriate;
- That in the event that no creditors' committee is formed, the Administrators be authorised to draw such disbursements on account from the assets of Livingrite from time to time as they consider appropriate including internal costs as defined by SIP 9 as category 2 disbursements; and
- That the Administrators be given their release upon the filing of either form 2.34B or form 2.35B with the Registrar, whichever is applicable.
- No creditors' committee was formed at the meeting of creditors.

Progress of the administration

Receipts and payments and estimated outcome at 10 September 2009		Note	Statement of Affairs	Rec'd/paid to date	Estimated future movement	Estimated final position
			£'000	£'000	£'000	£'000
ASSET REALISATIONS						
Fixed charge	1		1,980	-	1,815	1,815
Leasehold property	2		-	53	143	196
Rental income	3		-	6	-	6
Rent debtors				59	1,958	2,017
less fixed charge costs:						
Administrators' management fees	4		-	(5)	(15)	(20)
Administrators' remuneration	5		-	-	(50)	(50)
Administrators' disbursements	5		-	-	(10)	(10)
Legal fees and expenses	6		-	(3)	(25)	(28)
Managing agents fees	4		-	(6)	(18)	(24)
Maintenance expenditure	4		-	(1)	(6)	(7)
Ground rents and service charges	4		-	(9)	(28)	(37)
Insurance recharges	4		-	(2)	(6)	(8)
Agents fees and expenses	7		-	-	(41)	(41)
Property ransom creditors	8		-	(12)	(10)	(22)
Corporation tax provision	9		-	-	(28)	(28)
Other expenses	10		-	(2)	(10)	(12)
Distributed to date	11		-	-	(1,730)	(1,730)
Balance sheet movement				19	(19)	-
Floating charge						
Arrears from wrap purchasers	3		Nil	-	Uncertain	Uncertain
COSTS OF ADMINISTRATION						
Legal fees and expenses	6		-	-	-	-
Administrators' remuneration	5		-	-	-	-
Administrators' disbursements	5		-	-	-	-
Other expenses	10		-	-	-	-
Available for floating charge creditors						
Preferential creditors	11		-	-	-	-
Prescribed part	11		-	-	-	-
Shortfall to floating charge creditors						(441)
Available for unsecured creditors						(441)

Receipts and Payments account

- The table opposite details the aggregate of receipts and payments made to 10 September 2009 in the administrations of the Companies together with a joint estimated final position.
- The estimated to realise values for all the Companies' assets and liabilities per the directors' Statements of Affairs are also included for your information.
- A further aggregated receipts and payments account in the statutory format is included at Appendix C.

Asset realisations

- Leasehold property
 - We are liaising with the Bank regarding the timing of the sales of the Companies' 22 properties.
 - We have contacted a number of local estate agents in order to ascertain a desktop valuation of the leasehold properties. The range of values given for the 1-bed properties was £60k - £70k, and for the 2-bed properties was £70k - £85k.
 - Several in principle offers were received from a private investor for a purchase of all of the Companies' properties. The amount of the last such offer received was £1.683million. This offer was not considered acceptable and would have been insufficient to repay monies owing to the Bank.
 - An offer was also received from an individual representing a property investment club. The individual submitted several offers of a value at which he would market the properties to the property investment club. These offers were also considered unacceptable on the basis that the best properties would have been cherry picked at a lower value than their market worth.

Progress of the administration

1) Leasehold property (cont'd)

- We recently instructed a local firm of estate agents to market for sale a 1-bed property that had been vacant for a short period of time in order to test the demand in the market for a property of this nature.
- Having viewed the property, the agent has recommended that the asking price for the property be set at £69,995.
- In the estimated outcome statement on the previous page, it has been assumed that no properties will be sold within the next 18 months by which time it is anticipated that the property market will have improved sufficiently to enable the 1-bed properties to be sold for an average of £75k and the 2-bed properties to be sold for an average of £90k.
- This differs to the value applied by the directors in the Statement of Affairs where an average price of £90k was applied to each property.

2) Rental income

- We have continued to let the properties. Rental income totalling approximately £53k has been received in the administration to 10 September 2009.
- We have continued to use the same three managing agents that had been instructed prior to the our appointment. However, we consider that the properties can be managed effectively by a sole managing agent and are in the process of taking steps to terminate the agreements with two of the managing agents. This will reduce the level of future management fees incurred by the Companies as we have negotiated a reduced rate.

2) Rental income (cont'd)

- During the course of the last six months there have been a number of tenants that have left the properties. In general the historic levels of rent being received were above the market average for flats in the area and of a similar age. Therefore, in seeking new tenants for those vacated properties, it has been necessary to reduce the level of rent down to the market rate in order to attract new tenants.
- At present, only one of the properties is vacant and this property is being marketed for rent and also for sale.
- At the current levels of rent being received (and including the vacant property at the level of rent at which the property is being marketed) the net monthly income is £2,068. This is stated after deducting management costs, ground rents, insurance recharges, service charges and estimated maintenance costs.
- Currently, these funds are being used to repay the legacy debts due to the freeholder and the freeholder's managing agent. These legacy debts will have been repaid in full by the end of the current calendar year.
- In the estimated outcome statement on the previous page it has been assumed that rental income will continue to be received over the course of the next 18 months before the properties are sold.
- It has also been assumed that the occupancy of the properties will change over that 18 month period and that this will result in reduced rents being commanded from new tenants due to the downward pressure on rental income as mentioned above. A 10 per cent reduction of the rental income received in the six months since the date of our appointment is assumed.

3) Debtors

- A number of rents were outstanding as at the date of our appointment, or had been paid to the Bank when the funds were due to the administration estate.

Progress of the administration

3) Debtors (cont'd)

- All of these debts and funds have been recovered.
- The total amount of rental debts recovered amount to approximately £6,300.
- There is also believed to be a significant amount of arrears outstanding from the original wrap purchasers.
- Per the Statement of Affairs, the directors did not consider that these debts were recoverable.
- We have reviewed the books and records to ascertain what amounts are outstanding from each of the wrap purchasers and will shortly be writing to each of the debtors to request repayment of the outstanding amount. We will then review the options available to recover any outstanding debts.

Costs of the administration

- 4) Costs associated with letting the properties
 - There are a number of costs that are separately identified in the estimated outcome statement that relate to the managing of the properties:
 - Administrators' management fees
 - Managing agents fees
 - Maintenance expenditure
 - Service charges and ground rents
 - Insurance recharges
 - The total amount of these costs incurred to date is approximately £23k.

5) Administrators' remuneration and disbursements

- In accordance with the resolutions passed at the meeting of the Companies' creditors held on 19 May 2009, the Administrators' remuneration has been fixed by reference to the time costs incurred by the Administrators and their staff in dealing with the affairs of the administration.
 - It was also resolved that the Administrators be authorised to draw disbursements on account including internal costs as defined by SIP 9 as category 2 disbursements.
 - Other than a monthly fee for dealing with the management of the property portfolio, we have not drawn any fees or disbursements to date.
 - Time costs incurred to 10 September 2009 total £56,107.25. An analysis of how this time has been incurred is attached at Appendix B. Details of my firms charge out rates are provided at Appendix C.
 - You will note from the estimated outcome statement that I anticipate that the Administrators' fees will be £70k.
 - An analysis of all disbursements incurred by the Administrators to 10 September 2009 is also attached at Appendix B.
 - Should you wish to receive a copy of "A Creditors' Guide to Administrators' Fees" this is available by requesting a copy from this office either in writing or by telephone.
- 6) Legal fees and expenses
- TLT LLP have invoiced the Companies for services provided in the lead up to and immediately following our appointment.

Progress of the administration

6) Legal fees and expenses (cont'd)

- It is expected that further fees will be incurred in due course in dealing with the sale of the property portfolio and any actions that may be taken in recovering amounts outstanding from the wrap purchasers.

7) Agents fees and expenses

- Agents fees will be incurred in due course in dealing with the sale of the property portfolio.
- We have instructed one firm of estate agents to market the one property that is currently vacant and have been quoted a fee of £1,868.75 per property (including VAT). The total expected level of agents' fees has been calculated on the basis of this quote.

8) Property ransom creditors

- As at the date of our appointment there were legacy debts owed to the freeholder and the freeholder's managing agent in respect of unpaid ground rents, service charges, insurance recharges and parking rents.
- The total amount of the debts was approximately £22k.
- As these debts attach to the properties, and would therefore reduce any sale consideration, it was decided that the surplus from the rental income should be used to repay them.
- A repayment schedule was agreed with the freeholder and the freeholder's managing agent that will enable the full amount of the debts to be repaid by the end of the current calendar year.

8) Property ransom creditors (cont'd)

- To date, payments totalling approximately £12k have been made to these creditors.

9) Corporation tax provision

- We have included an estimated provision in the outcome statement for corporation tax accruing upon the net income expected to be received from the letting of the property over the past 6 months and the next 18 months.
- It is expected that this is a worst case scenario and we hope to be able to off-set the corporation tax liability against interest accruing on the Banks' loan.

10) Other expenses

- A small amount of sundry expenses have been incurred to date in respect to irrecoverable VAT.
- An estimated provision of £10k for future irrecoverable VAT has also been included in the estimated outcome statement.

11) Distributions to date, preferential creditors and the prescribed part

- Currently, all asset realisations are expected to be subject to the fixed charge security of the Bank.
- The fixed charge asset realisations are not expected to be sufficient to enable the debt owing to the Bank to be fully discharged.
- The estimated shortfall to the Bank based upon the figures and assumptions used in the estimated outcome statement is £441k. This does not include any additional interest that may have accrued on the debt owing to the Bank since the date of the Administrators' appointment.

- There are no preferential creditors.

Progress of the administration

1) Distributions to date, preferential creditors and the prescribed part (cont'd)

- Unless there are significant floating charge realisations, there will not be any surplus available to floating charge creditors from which a prescribed part may be deducted.
- Based upon current expectations, there is no prospect of a dividend being declared to unsecured creditors of the Companies.

Administrators' further reports

- The Administrators are required to report to creditors within the next six months.
- Based on present information we anticipate being able to draw the affairs of the administration to a close within 12 months of the date of the administration order.
- We intend to exit the administration within the next five months by placing the Companies into creditors voluntary liquidations.

This concludes the Administrators' first progress report.



Jeremy Willmont
Joint Administrator

Appendix A – Receipts and payments account to 10 September 2009

Jivecraft Limited and Livingrite Limited
(both in administration)

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of Affairs £	From 11/03/2009 To 10/09/2009 £
RECEIPTS		
Sales		52,583.44
Leasehold Land & Property	1,980,000.00	-
Trade Debtors	nil	-
Rent Debtors		6,306.35
		<u>58,889.79</u>
PAYMENTS		
Management Fees		5,599.81
Non recoverable VAT		909.58
Maintenance Expenditure		1,338.72
Freehold Ground Rents		1,483.90
Freehold Parking Rents		270.30
Rates		8.57
Insurance		2,033.80
Heat & Light		30.02
Service Charges		7,621.43
Bank Charges		50.71
Legal Fees		3,200.00
Legal Expenses		10.80
Ransom Creditor Payments		11,561.62
Office Holders Fees		5,000.00
Non recoverable VAT		1,231.62
		<u>40,350.88</u>
Balance - 10 September 2009		<u><u>18,538.91</u></u>

Administrators' progress report in respect of the Companies for the period 11 March 2009 to 10 September 2009

Appendix B – Administrators' time costs and disbursements

Summary of combined time costs for Jivecraft and Livingrite for the period 11 March 2009 to 10 September 2009

JIVECRAFT LIMITED AND LIVINGRITE LIMITED	Partner		Manager		Administrator		Support		Total		Average rate £/hour
	Hours		Hours		Hours		Hours		Hours	£	
Administration and compliance	3.00	-	36.40	-	15.65	-	50.90	-	105.95	15,982.95	150.85
Asset realisation	6.00	-	33.60	-	11.00	-	-	-	50.60	11,258.00	222.49
Creditors	6.05	-	65.90	-	2.40	-	0.70	-	75.05	17,543.50	233.76
Investigations	-	-	1.20	-	-	-	-	-	1.20	299.00	249.17
Specific issues	-	-	0.80	-	-	-	-	-	0.80	176.00	220.00
Trading	1.10	-	30.55	-	33.80	-	-	-	65.45	10,847.80	165.74
Total hours	16.15	-	168.45	-	62.85	-	51.60	-	299.05	56,107.25	187.62
Total £	7,277.50	-	37,164.00	-	6,662.10	-	5,003.65	-			

Summary of disbursements incurred for Jivecraft and Livingrite for the period from 11 March 2009 to 10 September 2009

JIVECRAFT LIMITED AND LIVINGRITE LIMITED	Total £
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Summary of category 1 disbursements

Advertising	720.36
Company searches	14.00
Land registry searches	8.00
IPS Charge	100.00
Borderau	72.00
Postage	14.37
Fax	0.40
Telephone	6.28
Travel	19.60
	955.01

Summary of category 2 disbursements

Photocopying/Printing	614.85
	614.85
Total disbursements	1,569.86

Appendix C – Moore Stephens LLP charge out rates

Charge out rates	
Grade	Hourly rate
Partner	£335 - £500
Manager	£220 - £335
Administrator	£85 - £180
Support staff	£65 - £113
Disbursement rates	
Type	Rate
Printing / photocopying	£0.15 per sheet
Fax	£0.40 per sheet
Colour photocopying	£2.50 per sheet
Storage	£3.90 per box per quarter (min £30 per quarter)
Room hire	£30 - £50 per hour
Registered office fee	£120 per annum
IPS software charge	£25 per quarter (max £200)