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TO ALL MEMBERS AND CREDITORS

12 July 2016

Ref R/S/WAW/DT/TR/NWM1189/PCF

Direct line 0161 333 2787

Please ask for Hiru Ohn

Dear Sirs

Opal Commercial Investments Limited (in Liquidation) ('the Company')

A R Bloom, T A Jack and I were appointed as Joint Liquidators of the Company on 29 August 2014 by virtue of the provisions of section 140 of the Insolvency Act 1986 ('the Act')

On 24 June 2016 T A Jack resigned as a Liquidator of the Company, as such I now write to provide you with our report on the progress of the Liquidation for the period from 29 August 2015 to 24 June 2016 ('the Period') and call a meeting of creditors to request T A Jack's release as a Liquidator. This report should be read in conjunction with the Joint Liquidators' previous progress report dated 26 October 2015.

In accordance with the provisions of the Insolvency Rules 1986 ('the Rules') we are required to provide certain information about the Company and the Joint Liquidators. This information can be found at Appendix A of this report. A copy of our receipts and payments account for the Period is at Appendix B.

Background

The wider Opal Group ('the Group') was the UK's third largest developer and operator of student and professional accommodation comprising approximately 20,000 beds across 49 properties.

The Company, along with a number of other Group companies, entered Administration on 12 March 2013, and A R Bloom, T A Jack and I were appointed as Joint Administrators. The Administration of the Company ended on 29 August 2014 by virtue of a petition put to the Court by the Joint Administrators, immediately following which the Company entered Liquidation.

Progress during the Period

Administration surplus

During the Period, the Company received a refund of c £31.6k relating to a repayment of corporation tax.

Rent arrears

During the Period with the assistance of our agents, J P Associates Limited, we recovered £0.5k in relation to aged debts from tenants no longer in occupation.

No further material realisations are anticipated to be received in relation to rent arrears during the Liquidation.

Other income

A further £0.6k of bank interest was received during the Period.

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Liabilities incurred in the Period

Payments to other professionals

The Joint Liquidators have engaged third party professionals to assist them during the Period. They were chosen on the basis of their experience in similar assignments and their engagements have been retained from the preceding Administration, as outlined below:

Name of firm	Nature of service	Basis of remuneration
J P Associates Limited	Debt collection	Percentage of realisations

Payments to the Insolvency Service

As part of the move from Administration to Compulsory Liquidation the Company had a statutory obligation to deposit funds into an Insolvency Service Account ('ISA'). During the period the Company incurred ISA charges totalling £4.9k associated with these deposits.

Remaining assets to be realised

Intercompany and other non-rental debtors

There remain outstanding balances totalling c. £3.6m relating to intercompany debtors owed from other entities within the Group.

It is likely that monies will be recovered by virtue of unsecured dividends payable to the Company by certain of these entities, in particular Opal Property Group Limited and Opal Property Services Limited, whose affairs are being managed by Insolvency Practitioners at Grant Thornton UK LLP ('GT'). We understand that GT has now realised all assets, and as such is now in a position to proceed with distributions to unsecured creditors of these companies.

This process will require all parties to understand and agree the net outcome of this exercise with reference to the complex inter-company position across the Group arising at the time of our appointment, which in all likelihood will require agreement on how to deal with circular flows of funds between certain companies.

We have commenced work to understand this position and are liaising with GT in this regard, however, we estimate it may take several months before funds are received by the Company.

Outcome to Creditors

Secured creditors

At the date of appointment of the former Joint Administrators, total secured creditor claims (excluding post appointment interest and other charges) were c. £20.3m.

Distributions totalling c. £16.6m were made to the secured creditors during the Administration of the Company. No further distributions have been made since the Company entered Liquidation.

The quantum and timing of any further secured distributions is currently unknown and will be dependent on the outcome of the intercompany distribution process outlined above, however, it is likely that the secured creditor will suffer a shortfall against its lending.

Preferential creditors

The Company did not have any employees at the date of appointment of Joint Administrators, and subsequent appointment of Joint Liquidators (operational staff were employed elsewhere in the Group) and, as such, there are no known preferential creditors of the Company

Non-preferential creditors

The directors' Statement of Affairs estimated non-preferential creditors of the Company totalling c. £6.0m, consisting largely of intercompany creditor claims with other companies in the Group. The Joint Liquidators do not anticipate that a distribution will be possible to non-preferential creditors of the Company, other than by virtue of the Prescribed Part (discussed below)

The Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for non-preferential creditors pursuant to section 176A of the Act. The Prescribed Part applies to floating charges created on or after 15 September 2003.

The secured creditors' floating charges were created after 15 September 2003. Consequently, section 176A of the Act does apply to this Liquidation.

The value of the Company's net property is primarily dependent upon final realisations from the intercompany debtor balances, which as referred to previously remain uncertain.

Other matters

Receipts and payments accounts

A summary of the Joint Liquidators' receipts and payments account for the Company, covering the Period from 29 August 2015 to 24 June 2016 is attached at Appendix B. Please note that this does not reflect future estimated realisations or costs. In accordance with Rule 4.108 of the Rules, the Joint Liquidators have reconciled the account of the Company's winding up with that held by the Secretary of State.

Joint Liquidators' remuneration and disbursements

On 28 May 2013 the secured creditors resolved to fix the former Joint Administrators' remuneration and disbursements on the basis of time properly spent by them and their staff in dealing with matters arising in the Administrations of the Company (in accordance with Rule 2.106(5A) of the Rules). It was also resolved that the Joint Administrators are authorised to draw remuneration on account from time to time as they see fit.

In accordance with Rule 4.127(5A) of the Rules the Joint Liquidators' remuneration and disbursements is treated as having been fixed on the same basis.

At Appendix C to this report there is an analysis of the time spent in the Period and a statement of our policy in relation to charging time is attached at Appendix D.

As at 24 June 2016, time costs and disbursements incurred totalled £65,336.00 and £163.31 respectively of which £17,946 and £nil were incurred during the Period. An analysis of Category 2 disbursements (i.e. those disbursements incurred by the Joint Liquidators' firm which includes an element of shared overhead) is included within Appendix D to this report.

To date, the Joint Liquidators have not drawn Liquidation fees or disbursements.

Creditors' rights to further information about, and challenge, remuneration and expenses

The statutory provisions relating to remuneration are set out in Rules 4.127 to 4.131 of the Insolvency Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Liquidators' Fees', a copy of which may be accessed from the web site of the Insolvency Practitioners Association at www.insolvency-practitioners.org.uk (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to this office.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if members consider the costs to be excessive. Further information is provided in Appendix E.

Next report

I will report to you again on the progress of the Liquidation in 12 months' time, or on its closure, whichever is earlier.

I trust that this is sufficient for your purposes, however, if you have any queries in this matter, please do not hesitate to contact my colleague Huw Ohri on 0161 333 2787.

Yours faithfully
for the Company



S J Woodward
Joint Liquidator

Enclosed

- | | |
|------------|---|
| Appendix A | Statutory information |
| Appendix B | Joint Liquidators' receipts and payments accounts |
| Appendix C | Joint Liquidators' time costs |
| Appendix D | Joint Liquidators' charging policy for remuneration and disbursements |
| Appendix E | Creditors request for further information regarding Joint Liquidators' remuneration or expenses |
| Appendix F | Group structure chart |

S J Woodward, A R Bloom and T A Jack are licensed in the United Kingdom to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales.

We may collect, use, transfer, store or otherwise process (collectively, 'Process') information that can be linked to specific individuals ('Personal Data'). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998.

Statutory Information

Company Information

Company Name	Opal Commercial Investments Limited (in Liquidation)
Registered office address	c/o Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY
Registered number	05914980
Previous registered office and trading address	The Place Ducie Street Manchester M1 2TP

Details of the Joint Liquidators and of their appointment

Full names of the Liquidators	Samuel James Woodward	Alan Robert Bloom	Thomas Andrew Jack
Liquidators' address(es)	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY	Ernst & Young LLP 1 More London Place London SE1 2AF	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY
Date of appointment of the Joint Liquidators	29 August 2014		
Liquidation court reference	5434 of 2014 in the High Court of Justice, Chancery Division, Companies Court		
Details of any changes of Liquidator	T A Jack resigned on 24 June 2016, pending release		

Any functions to be performed or powers executed by the Joint Liquidators may be carried out/exercised by any of them acting alone or by any of them acting severally

**Opal Commercial Investments Limited (in Liquidation)
Joint Liquidators' receipts and payments account from
29 August 2014 to 24 June 2016**

Note	Statement of Affairs estimated to realise	Receipts & payments account	29 August 2014 to 28 August 2015 (£)	29 August 2015 to 24 June 2016 (£)	Total (£)
1 2		Receipts			
		<i>Non-trading receipts</i>			
3	168 797 26	Administration surplus	169 797 26	31 645 88	200 443 14
		Rent arrears	1 590 00	499 68	2 089 68
		Deposit on creditor's petition	1 250 00		1 250 00
		Interest	896 37	614 49	1 510 86
		Insurance refund	858 77	-	858 77
		Total non-trading receipts	173 392 40	32 760 05	206 152 45
	168 797 26	Total receipts	173 392 40	32 760 05	206 152 45
1 2		Payments			
		<i>Non trading payments</i>			
		ISA charges	17 161 53	4 945 80	22 107 33
		Company liquidation administration fee	2 400 00		2 400 00
		Debt Collections Expenses	197 40	165 54	362 94
		Tax on ISA interest	43 41	96 12	139 53
		Public notices	92 60		92 60
		Storage costs		12 46	12 46
		Bank charges	16 40	0 30	16 70
		Total non trading payments	19 911 34	5 220 22	25 131 56
		Total payments	19 911 34	5 220 22	25 131 56
		Balance in hand	153 481 06	27 539 83	181 020 89
		Represented by			
		ISA bank account (interest bearing)	82 378 50	27 481 82	109 860 42
		Current bank account (in Liquidation) (fixed) (interest bearing)	71 089 28	58 01	71 147 27
		VAT accounts	13 20		13 20
			153 481 06	27 539 83	181 020 89

Notes

- Receipts and payments are shown gross of VAT
- The receipts and payments account has been prepared on a cash basis and does not take into account future receipts and payments
- The Statement of Affairs figure was taken from statements prepared by the Directors of Opal Commercial Investments Limited

Statement of Affairs estimated to realise column is a requirement of Statement of Insolvency Practice 7. No Statement of Affairs is required in the Liquidation. Estimated to realise values have been taken at the date of appointment.



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Appendix C

Opal Commercial Investments Limited (in Liquidation)

Joint Liquidators' time costs for the period from 29 August 2014 to 24 June 2016

	Staff Grade					Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Assistant Director	Senior Executive	Executive	Analyst			
Accounting & Administration	2 0	-	12 4	27 3	1 9	43 6	13 034 00	299
Bank & Statutory Reporting	5 0	5 6	4 0	9 0	2 5	26 1	9 927 50	380
Creditors	-	-	0 3	-	-	0 3	111 00	370
Debtors	0 2	0 2	2 1	0 4	-	2 9	1 028 00	354
Other Matters	-	0 5	-	-	-	0 5	225 00	450
Statutory Duties	1 0	3 5	7 6	43 0	0 6	55 7	16 117 00	289
Trading	-	-	-	10 0	-	10 0	2 500 00	250
VAT & Taxation	0 3	3 3	11 5	22 4	33 6	71 1	22 393 50	315
Total Hours	8 5	13 1	37 9	112 1	38 6	210 2		
Time Costs (£)	5,510 50	6 791 00	14 607 00	32,478 00	5,949 50		65,336 00	
Average Hourly Rate (£)	648	518	385	290	154		311	
Category 1 Disbursements (£)	160 00							
Category 2 Disbursements (£)	3 31							
	163 31							

Note: Time is charged in six minute intervals

Joint Liquidators' time costs for the period from 29 August 2015 to 24 June 2016

	Staff Grade					Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Assistant Director	Senior Executive	Executive	Analyst			
Accounting & Administration	-	-	5 1	3 7	-	8 8	2 867 50	326
Bank & Statutory Reporting	-	1 5	3 0	9 0	-	13 5	4 207 50	312
Creditors	-	-	0 3	-	-	0 3	111 00	370
Statutory Duties	1 0	2 0	7 6	8 2	-	18 8	6,595 00	351
VAT & Taxation	0 3	-	2 0	3 1	12 1	17 5	4 165 00	238
Total Hours	1 3	3 5	18 0	24 0	12 1	58 9		
Time Costs (£)	997 50	1,662 50	7,220 00	6,697 50	1,368 50		17,946 00	
Average Hourly Rate (£)	767	475	401	279	113		305	
Category 1 Disbursements (£)	-							
Category 2 Disbursements (£)	-							
	-							

Note: Time is charged in six minute intervals

Joint Liquidators' charging policy for remuneration

The Company's secured creditor has determined that the Joint Liquidators' remuneration should be fixed on the basis of time properly spent by the Joint Liquidators and their staff in attending to matters arising in the Liquidation

The Joint Liquidators have engaged a manager and other staff to work on the cases. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Liquidators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report. Time is recorded in units of six minutes.

It is the Joint Liquidators' firm's policy to review charge out rates annually on 1 July. The current charge out rates for each category of staff used over the Period are shown below, along with the previous rates.

Charge out rates	Grade	Rates from 1 July 2014 to 30 June 2015 (£)	Rates from 1 July 2015 (£)
Restructuring	Partner	630	660
	Director	515	540
	Assistant Director	450	475
	Senior Executive	350	350 - 370
	Executive	250	265
	Analyst	150 - 245	160 - 350
Tax	Partner	1115	Not used
	Director	775	Not used
	Assistant Director	545	Not used
	Senior Executive	420	650
	Executive	370 - 480	390
	Analyst	165 - 350	70 - 175



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Joint Liquidators' charging policy for disbursements

Statement of Insolvency Practice No 9 ('SIP 9') divides disbursements into two categories

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. In line with SIP 9, it is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment. The Joint Liquidators are prepared to provide such additional information as may reasonably be required to support the disbursements drawn. Category 1 disbursements incurred during the Liquidation to date total £160 00, with £nil incurred during the Period.

Category 2 disbursements are charges made by the office holder's firm that include elements of shared or overhead costs. SIP 9 provides that such disbursements are subject to approval as if they were remuneration.

It is our policy, in line with SIP 9, to seek approval for Category 2 disbursements before they are drawn. To date, the following Category 2 expenses have been incurred. The secured creditors have approved the withdrawal of these disbursements. Category 2 disbursements incurred during the Period totalled £nil, with Category 2 disbursements to date totalling

Amount (Category 2) (£)	Basis of charge
3 31	Postage and printing
3 31	Total



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Creditor's rights to request further information about remuneration or expenses or to challenge a liquidator's remuneration – Rules 4.49E and 4.131 of the Insolvency Rules 1986 (as amended)

4.49E Creditors' request for further information

(1) If—

(a) within the period mentioned in paragraph (2)—

(i) a secured creditor, or

(ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or

(iii)(b) with the permission of the court upon an application made within the period mentioned in paragraph (2)—

(i) any unsecured creditor, or

(ii) makes a request in writing to the liquidator for further information about remuneration or expenses set out in a progress report in accordance with Rule 4.49B(1)(e) or (f) (including by virtue of Rule 4.49C(5)) or in a draft report under Rule 4.49D, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of matter in a draft report under Rule 4.49D or a progress report required by Rule 4.108 which (in either case) was previously included in a progress report not required by Rule 4.108

(2) The period referred to in paragraph (1)(a) and (b) is—

(a) 7 business days of receipt of the progress report where it is required by Rule 4.108, and

(b) 21 days of receipt of the report or draft report in any other case

(3) The liquidator complies with this paragraph by either—

(a) providing all of the information asked for, or

(b) so far as the liquidator considers that—

(i) the time or cost of preparation of the information would be excessive, or

(ii) disclosure of the information would be prejudicial to the conduct of the liquidation or might reasonably be expected to lead to violence against any person, or

(iii) the liquidator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

(4) Any creditor, who need not be the same as the creditors who asked for the information, may apply to the court within 21 days of—

(a) the giving by the liquidator of reasons for not providing all of the information asked for, or

(b) the expiry of the 14 days provided for in paragraph (1),

and the court may make such order as it thinks just

(5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks or, as the case may be, 4 weeks provided for in Rule 4.131(1B) or 4.148C(2) by such further period as the court thinks just

(6) This Rule does not apply where the liquidator is the official receiver



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4 131 Creditors' claim that remuneration is or other expenses are excessive

(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)

(1A) Application may be made on the grounds that—

- (a) the remuneration charged by the liquidator,
- (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
- (c) expenses incurred by the liquidator,

is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate

(1B) The application must, subject to any order of the court under Rule 4 49E(5), be made no later than 8 weeks (or, in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report, or the draft report under Rule 4 49D, which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice but which is without notice to any other party

If the application is not dismissed under this paragraph the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

(3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
- (b) an order fixing the basis of remuneration at a reduced rate or amount,
- (c) an order changing the basis of remuneration,
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,
- (e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation.

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Group Structure

