

The Insolvency Act 1986

Administrator's progress report

Name of Company

Bournston (South Street) Limited

Company number

05967208

In the
Birmingham District Registry

(full name of court)

Court case number
6370 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 3PUS Wilson
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1ABA 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) 26 October 2013

(b) 25 April 2014

Signed

Joint Administrator

Dated

16/5/14

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

Sundip Nar
Zolfo Cooper
The Zenith Building
26 Spring Gardens
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DX Number

+44 (0) 161 838 4500
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

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Administrators' Progress Report for the period 26 October 2013 to 25 April 2014

Bournston (Stockton) Limited
Bournston (South Street) Limited
Both in Administration

16 May 2014

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1 Why this report has been prepared

- 1.1 As you will be aware Ryan Grant, Simon Wilson and Anne O'Keefe (the Administrators) were appointed on 11 June 2012.
- 1.2 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months. This progress report covers the period 26 October 2013 to 25 April 2014 (the Period).
- 1.3 Following a request to court for an extension, the Administrations of Bournston (Stockton) Limited (Stockton) and Bournston (South Street) Limited (South Street) (together the Companies) will now end on 10 December 2015
- 1.4 The purpose of this report is to provide statutory and financial information about the Companies and to provide an update on the progress of the Administrations, including details of assets realised during the Period, details regarding the Administrators' fees and the expected outcome for each class of creditor
- 1.5 As a reminder an administrator of a company must perform their functions with a view to achieving one of the following statutory objectives:
- Objective 1: rescuing a company as a going concern;
 - Objective 2: achieving a better result for a company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or
 - Objective 3: realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.6 In these cases the Administrators are pursuing the second statutory objective. Further details on the actions taken to achieve that objective can be found in section 3 of this report.
- 1.7 Details of the Administrators' fees and costs incurred are detailed at Appendices F to G.
- 1.8 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>), log-in details to access this information can be found within the covering letter you have received.
- 1.9 If you require a hard copy of this report or have any queries in relation to the contents of this report or the Administrations generally, please contact Sundip Nar on 0161 838 4593, creditorreports@zolfocooper.eu or write to Zolfo Cooper's office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

2 Summary of information for creditors

Estimated dividend for creditors

Description	Stockton Estimated debt (£)	Stockton Likely level of return (£) or (pence/£)	South Street Estimated debt (£)	South Street Likely level of return (£) or (pence/£)
Secured creditor	27,800,000	unknown	27,800,000	unknown
Unsecured creditors	11,407,000	Nil	2,030	Nil

Notes:

The estimated debt has been taken from claims received to date. At present the Administrators estimate that the secured creditor will suffer a shortfall.

The Companies are part of a group (the Group) which includes Bournston Estates Limited (BEL) and Bournston (the Point at West Bridgford) Limited (the Point).

The secured creditor's debt is cross guaranteed across the Group and as such they are joint and severally liable for the entire amount, as a result the full debt is included as a liability of each company above

The Companies had no employees and as such, no preferential claims have been received. Based on current information there will be insufficient funds to enable a distribution to the unsecured creditors

The likely levels of returns are estimated and are subject to change

In respect of unsecured creditors, UK insolvency legislation stipulates that creditors of the same class should be treated equally. Hence the funds available for distribution are split on a pro-rata basis amongst all creditors of each class, regardless of the size of their claims.

For further information please refer to section 6 of this report

3 Progress of the Administrations

- 3.1 Attached at Appendices B are the Administrators' Receipts and Payments Accounts for the Period, together with the Cumulative Accounts for the period since the appointments.
- 3.2 This report should be read in conjunction with the Administrators' Statement of Proposals dated 27 July 2012 (the Proposals) and the most recent progress report dated 30 October 2013 (the Progress Report).

Bournston (Stockton) Limited

- 3.3 Stockton owns a 382 bed student accommodation development based in Stockton (Rialto Court). The day to day management of Stockton continues to be undertaken by Mezzino Limited (Mezzino). GVA Grimley Limited (GVA) was instructed at the outset of the Administration to oversee the management of Rialto Court and provide initial advice in respect of the most appropriate disposal strategy.
- 3.4 In January 2014, with the consent of the secured creditor, GVA was replaced as agents with Jones Lang LaSalle (JLL). JLL are now overseeing Mezzino and the property management, and will consider the appropriate timing of marketing the asset.
- 3.5 As at 25 April 2014, rental income totalling £3.39 million has been collected for the period to 25 April 2014.
- 3.6 The Administrators can now confirm that the revised nominations agreement was agreed with Durham University in November 2013. This will therefore guarantee rent of £1.75 million per annum from the commencement of the 2013/14 academic year for six years (until September 2019).
- 3.7 As a result of the revised nominations agreement, the Administrators continue to implement a holding strategy for Rialto Court. This will allow the Administrators to utilise the significant cash generated from holding the asset to make distributions to the secured creditor to reduce their indebtedness, whilst allowing the general property market conditions to improve before re-marketing the asset.
- 3.8 All capital expenditure required to maintain the asset and associated holding costs will be funded by the ongoing trading income. The Administrators will continue to liaise with their agents to review the strategy and to consider opportunities to enhance the value of the asset.
- 3.9 As previously reported the director of Stockton considered, in his opinion, Stockton had a potential mis-selling claim against the secured creditor for an interest rate hedging instrument entered into in 2008 (the Claim). The secured creditor and its independent reviewer confirmed that the potential Claim put forward by the director fell outside the Financial Conduct Authority's criteria to allow it to be included within the review of hedging products.
- 3.10 The director was contacted to obtain further details of the claim. To date, no further information has been provided. As there is no evidence to support the Claim no recoveries are expected in respect of the Claim.

Bournston (South Street) Limited

- 3.11 South Street owns a 112 bed development located in Loughborough which provides student accommodation (the Foundry). All tenants are individually sourced as no nominations agreement is in place. Mezzino are instructed to oversee the day to day management of the Foundry and GVA have been instructed as property agents.
- 3.12 As at 25 April 2014, rental income totalling £0.7 million has been collected for the period to 25 April 2014.
- 3.13 As with Stockton, with the consent of the secured lender, GVA were replaced as property agents by JLL. JLL continue to work with Mezzino to oversee the property and will market the property for sale at the appropriate time.
- 3.14 The Foundry continues to be 100% occupied for the current academic year. Confirmed bookings for the 2014/2015 academic year currently stands at 79%, with gross rents being slightly ahead of the rates achieved last year.
- 3.15 The Administrators' strategy continues to be a medium term holding strategy and the Administrators remain in dialogue with JLL about the optimum time to bring the asset to the market.

4 Investigations

- 4.1 The Administrators have conducted investigations into the conduct of the directors 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. As previously reported, based upon the outcome of the Administrators' investigations, there were no matters identified that required further action.

5 Assets still to be realised

- 5.1 Rialto Court and the Foundry (and the associated future rental income) remain to be realised.

6 Estimated outcome for creditors

Secured creditor - AIB Group (UK) Plc

- 6.1 Details of the securities held by the secured creditor and individual indebtedness of each entity has been provided in previous reports.
- 6.2 The Companies are part of a wider group, which includes BEL and the Point. The secured creditor holds cross guarantees across the Group.
- 6.3 The total lending across the Group totals approximately £27.8 million and based on current information the secured creditor will suffer a shortfall.

Preferential creditors

- 6.4 The Companies had no employees and as such, no preferential claims are expected.

Unsecured Creditors' Fund

- 6.5 Where there is a floating charge created on or after 15 September 2003, the Administrators are required to create a fund from the Companies' net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund), commonly known as the 'prescribed part'.
- 6.6 As the Companies granted a floating charge to the secured creditor after 15 September 2003, the Administrators are required to create an Unsecured Creditors' Fund. Based on present information, the estimated value of the Companies' net floating charge property is nil. Therefore, the value of the Unsecured Creditors' Fund will be nil and there will be insufficient funds to enable a dividend to be paid to the unsecured creditors of the Companies.

7 What happens next

Creditors' rights

- 7.1 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 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 report, make an application to court on the grounds that the basis fixed for the Administrators' remuneration is inappropriate, or that the remuneration charged or the expenses incurred by the Administrators during the period of this report are excessive

Next report

- 7.3 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administrations, or earlier if the Administrations have been finalised. For details of exit routes please see Appendix H

For and on behalf of
The Companies



Ryan Grant
Administrator

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Statutory information

Appendix A

Company information

	Stockton	South Street
Company name	Bournston (Stockton) Limited	Bournston (South Street) Limited
Registered number	06126332	05967208
Registered offices	C/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	
Address of appointor	C/o Ossington Chambers, 6-8 Castle Gate, Newark, Nottinghamshire, NG24 1AX	
Court details	High Court of Justice, Chancery Division, Birmingham District Registry	
Court reference	6371 of 2012	6370 of 2012

Appointor's information

Name	Address	Position
Paul Kilmister	C/o Ossington Chambers, 6-8 Castle Gate, Newark, Nottinghamshire, NG24 1AX	Director

Administrators' information

Name	Address	IP number	Name of authorising body
Ryan Grant	Zolfo Cooper, 35 Newhall Street, Birmingham, B3 3PU	009637	Insolvency Practitioners Association
Anne O'Keefe	Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008375	Insolvency Practitioners Association
Simon Wilson	Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008963	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Administrators

**Receipts and Payments Accounts for the period
26 October 2013 to 25 April 2014 and Cumulative
Accounts for the period since the appointment**

Appendix B

Bournston (Stockton) Limited

Statement of Affairs	Period	Cumulative
£	£	£
Fixed charge assets		
Receipts		
12,000,000 Property		-
Rental income held on deposit		175,896
Pre appointment utility refund	50,100	50,100
Rental income 11/12	1,482	53,691
Rental income 12/13	678	1,808,155
Rental income 13/14	939,004	1,526,057
Rental income 14/15	676	676
Bank interest	689	3,462
	<u>992,629</u>	<u>3,618,037</u>
Payments		
Service charge costs	241,554	1,232,060
Agents fees		55,381
Capital expenditure	30,868	59,071
Building inspection and repairs work		91,217
Pre appointment legal fees		5,544
Zolfo Cooper pre-appointment fees	-	9,511
Legal fees and disbursements	15,575	107,327
Data protection costs		70
Joint Administrators fees	50,000	210,000
Category 1 disbursements		
Travel and subsistence	203	1,282
Telephone charges	7	64
Redirection of mail	-	147
Stationery and postage	7	11
Category 2 disbursements		
Internal printing and photocopying	161	826
Mileage	196	379
Irrecoverable VAT	19,396	103,361
Professional fees	1,063	3,385
Bank charges	25	45
	<u>(359,055)</u>	<u>(1,879,681)</u>
Distributions		
Fixed chargeholder	600,000	1,188,000
	<u>(600,000)</u>	<u>(1,188,000)</u>
Balance of fixed charge assets		<u><u>550,356</u></u>

**Receipts and Payments Accounts for the period
26 October 2013 to 25 April 2014 and Cumulative
Accounts for the period since the appointment
(continued)**

Appendix B

Bournston (Stockton) Limited (continued)

Statement of Affairs	Period	Cumulative
£	£	£
Receipts		
VAT refund	-	434
Cash held on appointment	-	58
Other income	-	186
Bank interest	7	15
	<u>7</u>	<u>693</u>
Payments		
Preparation of Statement of Affairs	-	150
Category 1 disbursements		
Stationery and postage	15	29
Insolvency bond	-	30
Statutory advertising	-	92
Bank charges	25	25
	<u>(40)</u>	<u>(326)</u>
Balance of floating charge assets	<u>(33)</u>	<u>367</u>
Total balance		<u><u>550,723</u></u>
Represented by		
VAT receivable		216
Interest bearing account		546,118
Tenant deposit account*		4,389
		<u><u>550,723</u></u>

*Note The tenant deposit account is money which is held on behalf of the tenants and is not part of the company's funds

**Receipts and Payments Accounts for the period
26 October 2013 to 25 April 2014 and Cumulative
Accounts for the period since the appointment**

Appendix B

Bournston (South Street) Limited

Statement of Affairs	Period	Cumulative
£	£	£
Fixed charge assets		
Receipts		
3,000,000 Property	-	-
Rental income held on deposit	-	53,977
Rental income 11/12	-	12,552
Rental income 12/13	798	327,674
Rental income 13/14	208,119	356,684
VAT refund	1,655	1,655
Bank interest	123	672
	<u>210,696</u>	<u>753,214</u>
Payments		
Service charge costs	98,646	400,607
Agents' fees	-	17,569
Pre-appointment legal fees	-	5,544
Zolfo Cooper pre-appointment fees and disbursements	-	9,511
Legal fees and disbursements	5,000	24,255
Data protection costs	-	70
Joint Administrators fees	45,000	120,000
Category 1 disbursements		
Telephone charges	6	35
Insolvency bond		30
Redirection of mail		220
Stationery and postage	7	7
Statutory advertising	-	107
Category 2 disbursements		
Photocopying	86	151
Irrecoverable VAT	10,004	34,855
Statement of Affairs costs	-	150
	<u>(158,749)</u>	<u>(613,111)</u>
Balance of fixed charge assets		<u><u>140,103</u></u>
Represented by		
Interest bearing account		140,102
VAT receivable		1
		<u><u>140,103</u></u>

Cost incurred not yet paid

Appendix C

The analyses of the 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 period agreed with each supplier.

Cost category	Company	Supplier	Amount not yet paid £
Property agents	Stockton	GVA Grimley Limited	5,845
Solicitors	Stockton	Squire Sanders (UK) LLP	1,562
Solicitors	South Street	Squire Sanders (UK) LLP	4,587
Total			11,994

Time Analyses for the Period and details of time spent Appendix D

The secured creditors approved on 26 November 2012 that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administrations.

Total time costs for the Period for Stockton are £20,390. This represents 77 hours at an average rate of £264 per hour.

Total time costs for the Period for South Street are £15,629. This represents 59 hours at an average rate of £267 per hour.

Detailed below are Time Analyses for the Period which provide details of the costs incurred by activity and by staff grade.

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

Administration and planning - complying with statutory duties and performing general administrative work Case related treasury and support time is also recorded here.

Realisation of assets fixed charge - developing and implementing a realisation strategy, managing the process of changing agents and engaging JLL. Time has also been incurred complying with security and insurance requirements at Rialto Court and the Foundry

Trading - fixed charge - time has been incurred liaising and communicating with Mezzino, liaising with suppliers and tenants, managing trading and overseeing the ongoing trading and associated capex strategies of the Companies. Treasury time relating to trading receipts and payments is also recorded here.

Creditors - time has been incurred preparing statutory reports Time has also been spent dealing with general correspondence and reporting to the secured creditor.

Cumulative Time Analyses for the period since the Administrators' appointments are attached at Appendix E.

Time Analyses for the Period and details of time spent Appendix D (continued)

Bournston (Stockton) Limited

	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	1.5		0.2		1.7	670.50	394
Statutory duties	0.1	1.3	0.9	0.5	2.8	655.00	234
Accounting and treasury	0.7	0.6	1.4	9.8	12.5	1,678.00	134
Internal documentation			1.4		1.4	334.00	239
Investigations							
Other investigations	0.5				0.5	207.50	415
Realisation of assets - fixed charge							
Asset realisation strategy	5.2	8.4	0.3		13.9	4,582.00	330
Asset identification and valuation			0.6		0.6	188.00	235
Sale of assets	0.2				0.2	83.00	415
Asset accounting and administration			0.4	1.8	2.2	350.00	159
Trading							
Trading strategy	1.8	3.4	8.4		13.6	3,544.50	261
Trading activities	2.2	3.8	3.0		9.0	2,637.00	293
Accounting and administration			3.8	0.2	4.0	861.00	215
Creditors							
Internal documentation	0.5			0.1	0.6	216.00	360
Reporting to creditors	4.7	2.3	2.1		9.1	3,048.50	335
Secured creditors		3.6	0.5	0.1	4.2	1,135.00	270
Unsecured creditors		0.2	0.6		0.8	200.00	250
Totals	17.4	23.6	23.8	12.5	77.3	20,390.00	264

Bournston (South Street) Limited

	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	1.2		0.2		1.4	546.00	390
Statutory duties	0.1	1.3	1.6	0.5	3.5	809.00	231
Accounting and treasury	0.1	0.5	1.2	6.7	8.5	1,071.50	126
Internal documentation			0.8	-	0.8	192.00	240
Investigations							
Other investigations	0.5	-		-	0.5	207.50	415
Realisation of assets - fixed charge							
Asset realisation strategy	3.9	2.7	0.3		6.9	2,446.50	355
Asset identification and valuation	0.8		2.4		3.2	858.00	268
Sale of assets	0.1				0.1	41.50	415
Asset accounting and administration			0.4	1.2	1.6	248.00	155
Trading							
Trading strategy	1.7	2.6	7.2	-	11.5	3,017.50	262
Trading activities		3.3	2.4	-	5.7	1,452.00	255
Accounting and administration			2.1	-	2.1	462.00	220
Creditors							
Internal documentation	1.0				1.0	415.00	415
Reporting to creditors	5.3	1.9	1.8		9.0	3,114.00	346
Secured creditors	0.2	1.9			2.1	604.00	288
Unsecured creditors			0.6		0.6	144.00	240
Totals	14.9	14.2	21.0	8.4	58.5	15,628.50	267

Cumulative Time Analyses for the period since appointment

Appendix E

Bournston (Stockton) Limited

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Planning		0.4		7.2	7.6	992.00	131
Strategy and control	17.8	11.8	10.6	6.2	46.4	13,411.00	289
Statutory duties	2.2	3.9	2.6	3.2	11.9	2,811.50	236
Case administration	1.3		3.9	8.9	14.1	2,434.50	173
Accounting and treasury	2.6	2.9	7.4	68.9	81.8	9,983.50	122
Travel and waiting time	15.7	5.5		2.0	23.2	8,203.00	354
Internal documentation	1.3	0.8	7.0	10.6	19.7	3,452.00	175
Investigations							
Director conduct reports	10.4	3.7	4.9	3.0	22.0	6,524.00	297
Other investigations	0.8	3.0			3.8	1,121.00	295
Internal documentation	0.2		1.2		1.4	343.00	245
Realisation of assets - fixed charge							
Asset realisation strategy	14.8	105.5	1.5		121.8	34,799.00	286
Asset identification and valuation		0.4	11.7	0.1	12.2	2,790.00	229
Sale of assets	15.6	1.2	0.5	0.2	17.5	6,661.50	381
Asset accounting and administration	0.1	1.2	0.4	4.8	6.5	1,145.00	176
Realisation of assets - floating charge							
Asset realisation strategy	0.3				0.3	118.50	395
Asset identification and valuation		0.3	0.4	0.6	1.3	236.50	182
Sale of assets	0.6				0.6	243.00	405
Asset accounting and administration		0.1		0.1	0.2	34.50	173
Trading							
Trading strategy	10.6	100.9	18.5	13.6	143.6	36,950.00	257
Trading activities	41.8	16.8	15.3	24.3	98.2	27,528.50	280
Accounting and administration	1.8		9.8	20.7	32.3	5,037.50	156
Creditors							
Internal documentation	15.5			1.1	16.6	6,471.00	390
Creditor strategy	1.0			-	1.0	415.00	415
Reporting to creditors	32.0	10.9	27.4	7.9	78.2	22,999.00	294
Creditor meetings	2.0				2.0	830.00	415
Secured creditors	25.3	100.2	1.1	4.6	131.2	37,922.50	289
Unsecured creditors		1.7	2.0	4.9	8.6	1,484.00	173
Employees	-		0.2		0.2	46.00	230
Shareholders and other stakeholders	0.3		-		0.3	118.50	395
Totals	214.0	371.2	126.4	192.9	904.5	235,105.50	260

Cumulative Time Analyses for the period since appointment (continued)

Appendix E

Bournston (South Street) Limited

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Planning				7.1	7.1	816.50	115
Strategy and control	12.3	9.4	9.8	6.1	37.6	10,326.50	275
Statutory duties	2.2	1.9	2.8	3.3	10.2	2,303.50	226
Case administration	1.2		4.4	8.3	13.9	2,441.50	176
Accounting and treasury	1.3	2.2	8.5	53.3	65.3	8,096.00	124
Travel and waiting time	-	2.5		2.0	4.5	892.50	198
Internal documentation	1.4	0.8	5.8	6.3	14.3	2,813.50	197
Investigations							
Director conduct reports	2.2	3.8	4.9	3.2	14.1	3,334.50	236
Other investigations	0.5	2.9		-	3.4	976.00	287
Internal documentation	0.2		0.9	-	1.1	277.00	252
Realisation of assets - fixed charge							
Asset realisation strategy	6.3	39.4	0.3		46.0	13,198.50	287
Asset identification and valuation	0.8	0.1	13.6	0.1	14.6	3,446.00	236
Sale of assets	10.8	1.3	-	0.2	12.3	4,717.00	383
Asset accounting and administration	0.4	0.9	0.4	3.3	5.0	924.50	185
Realisation of assets - debtors							
Debt collection				0.3	0.3	34.50	115
Realisation of assets - floating charge							
Asset identification and valuation			0.4	0.6	1.0	157.00	157
Sale of assets	0.2	-			0.2	79.00	395
Trading							
Trading strategy	5.6	59.5	13.5	8.5	87.1	22,138.00	254
Trading activities	6.5	13.2	9.4	16.1	45.2	10,119.00	224
Accounting and administration	1.4	-	5.9	18.7	26.0	3,842.00	148
Creditors							
Internal documentation	14.3				14.3	5,918.50	414
Creditor strategy	1.0			-	1.0	415.00	415
Reporting to creditors	21.8	9.5	26.0	4.9	62.2	17,893.50	288
Creditor meetings	2.0			-	2.0	830.00	415
Secured creditors	14.4	65.5	0.3	1.8	82.0	23,939.00	292
Unsecured creditors		0.9	2.2	2.2	5.3	1,000.50	189
Employees			0.2	-	0.2	46.00	230
Totals	106.8	213.8	109.3	146.3	576.2	140,975.50	245

Administrators' fees

Appendix F

Administrators' fees

Approval of the Administrators' fees has been sought in accordance with rule 2.106 of the Insolvency Rules 1986.

To date, fees totalling £210,000 plus disbursements of £2,860 have been drawn on account in respect of Stockton.

To date, fees totalling £120,000 plus disbursements of £549 have been drawn on account in respect of South Street

The following category 2 disbursements have been drawn.

- 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

Information in relation to the 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 G

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

Appendix G

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 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 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 cashiers in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

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

1.2 Professional advisors

On these assignments the Administrators have used the professional advisors listed below. The 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
Willis Limited (insurance)	Risk based premium
GVA Grimley Limited (valuation and disposal advice)	Hourly rate, fixed fees and disbursements
Mezzino Limited (managing agent)	Agreed monthly rates and disbursements
Jones Lang LaSelle (property management)	Percentage of realisations

The 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.

Additional information in relation to the Administrators' remuneration pursuant to Statement of Insolvency Practice 9 (continued)

Appendix G

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 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 these assignments effective from 1 April 2014 is detailed below, together with those applicable prior to that date. Time is charged by partners and case staff in units of six minutes.

Description	Rates from
	1 April 2014 £
Partner 1*	445
Partner 2*	415
Director	390
Associate director	340
Senior associate	280
Associate	250
Analyst	220
Junior analyst	150
Senior treasury associate	170
Treasury associate	110
Treasury analyst	85
Support	79

*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

Exit routes and discharge from liability

Appendix H

Extension

The Administrations are due to end automatically on 10 December 2015. The Administrators will continue to work alongside their agents to monitor and review the disposal strategy of the respective properties.

Dissolution of the Companies

Based on current estimations the Companies do not have any property which may permit a distribution to the unsecured creditors. If this position is confirmed prior to the end of the respective Administrations, the Administrators will file a notice, together with their final progress report, at Court and with the Registrar of Companies for dissolution of the Companies. The Administrators will send copies of these documents to the respective company and the creditors. The appointments will end following the registration of the notice by the Registrar of Companies.

Discharge from liability

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