

# AM10

## Notice of administrator's progress report



Companies House

SATURDAY



A09 \*A81UAE6J\* 23/03/2019 #18  
COMPANIES HOUSE

### 1 Company details

Company number 0 9 2 2 0 4 2 5

Company name in full Vertu Capital Limited

→ Filling in this form  
Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Andrew

Surname Fender

### 3 Administrator's address

Building name/number Sanderling House

Street Springbrook Lane

Earlswood

Post town Solihull

County/Region

Postcode B 9 4 5 S G

Country

### 4 Administrator's name ①

Full forename(s)

Surname

① Other administrator  
Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number

Street

Post town

County/Region

Postcode

Country

② Other administrator  
Use this section to tell us about  
another administrator.

## AM10

## Notice of administrator's progress report

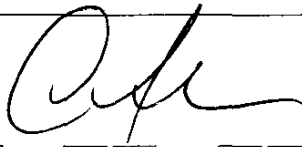
**6** Period of progress report

From date	d	2	d	2	m	0	m	8	y	2	y	0	y	1	y	8
To date	d	2	d	1	m	0	m	2	y	2	y	0	y	1	y	9

**7** Progress report☒ I attach a copy of the progress report**8** Sign and dateAdministrator's  
signature

Signature

X



X

Signature date	d	2	d	0	m	0	m	3	y	2	y	0	y	1	y	9
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**Birmingham District Registry of the High Court**

**No. 8051 of 2018**

**Vertu Capital Limited (IN ADMINISTRATION)**

**The Administrator's Progress Report to 21 February 2019**

**Andrew Fender**

**Sanderlings LLP  
Sanderling House  
Springbrook Lane  
Earlswood  
Solihull  
B94 5SG  
01564 700 052  
info@sanderlings.co.uk**

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Andrew Fender was appointed Administrator of Vertu Capital Limited on 22 February 2018. The affairs, business and property of the Company are managed by the Administrator. The Administrator acts as an agent of the Company and contract without personal liability.

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## 1. EXECUTIVE SUMMARY

This report describes the progress since the last progress report dated 14 September 2018 ("the Review Period").

A summary of key information in this report is detailed below.

### Asset realisations

Asset	Estimated to realise per Statement of Affairs	Realisations to date	Anticipated future realisations	Total anticipated realisations
Freehold Land & Property	1,095,000	Nil	995,000	995,000

### Expenses

Expense	Estimated per Proposal	Expense incurred to date	Anticipated further expense to closure	Total anticipated expense
Administrator's fees	50,670	47,181	3,489	50,670
Solicitor's fees	10,000	12,000	Not known	Not known
Agent's fees	5,000	12,000	Not known	Not known
Other Cat 1 disbursements	715	712	458	1,170
Category 2 disbursements	885	575	Nil	575

### Dividend prospects

Creditor class	Distribution / dividend paid to date	Anticipated distribution / dividend, based upon the above
Secured creditor	Nil	881,839
Preferential creditors	Nil	N/a
Unsecured creditors	Nil	Not known

An extension to the period of Administration of 3 months was granted by the relevant creditors on 21 February 2019 and thus the Administration is now scheduled to end on 21 May 2019.

#### 1.1 Summary of key issues outstanding

Realisation of the company's interest in the property in Oak Tree Lane and continued investigation of the position regarding rental income and transactions through the company's bank account.

## 2. THE PROGRESS OF THE ADMINISTRATION

### 2.1. The Administrator's receipts and payments account

Attached at Appendix II is a receipts and payments account for the Review Period.

The rest of this report describes the key developments in the Administration over the Review Period.

In this section, we have summarised the main asset realisations during the Review Period and an estimation of the those assets yet to be realised, together with details of the associated costs incurred but as yet remaining unpaid.

### 2.2. Administration (including statutory reporting)

The Administrator has met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the administration, which has ensured that the Administrator and their staff have carried out their work to high professional standards.

During the Review Period, primarily these tasks have included:

- Drafting and issuing the progress report to creditors;
- Considering whether an extension to the Administration is necessary and, if so, seeking approval for this via creditors and issuing notice of the outcome;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Administrator that materially affect the administration;
- Monitoring and maintaining an adequate statutory bond;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements;
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments; and
- Completing periodic tax returns.

### 2.3. Realisation of assets

As outlined in the Administrator's previous reports, the company has an interest in four properties, three of which were financed through Overture Capital Limited and the other is secured with a loan from NatWest Bank Plc.

#### Overture Capital Properties

It was reported previously that Fixed Charge Receivers were appointed on 23 March 2018 to market and sell the properties for the benefit of the charge holder. It was anticipated by the Receivers that £560,000 would be realised in aggregate in respect of the properties and with the sum of £666,421 plus interest owed to the charge holder it is anticipated that there will be a significant shortfall owed to Overture Capital Limited.

#### Oak Tree Lane/NatWest Bank Property

The previous Progress Report outlined that there were outstanding planning and HMO status issues that were affecting the value of the property. Following substantial work undertaken by the Administrator and agents Paarl Properties, a revised valuation of £435,000 was received from agents based on the anticipated rental yield and work required to be undertaken by a purchaser.

The amount owed to NatWest Bank is circa £321,839 and therefore, subject to clarification of the planning and HMO status issues detailed below, it is anticipated that there will be surplus from a sale of the property.

#### Planning and HMO status

The previous Proposals and Progress Reports detailed the extensive work undertaken by the Administrator and agents Paarl Properties to resolve and clarify the planning and HMO status of the Oak Tree Lane property in particular.

The position has not changed with regard to the planning status of the Oak Tree Lane property and I am not aware of any further action taken by Birmingham City Council ("BCC"). The work required to rectify deficiencies in the planning status of the property is reflected in the revised valuation of the property as outlined above and these works would be undertaken by a purchaser.

With regard to the HMO status of the property, it was reported previously that meetings took place between Paarl Properties, BCC, the director and the Administrator in an effort to clarify the C4 status of the property. The application for a Lawful Development Certificate has been refused by BCC and the Administrator, through Paarl Properties, is in the process of issuing a formal complaint as it is apparent that the application has not been fairly dealt with due to being prejudiced by the council's attitude towards the directors of the company.

#### Rental income and investigation of other transactions

As reported previously, the Administrator and the director have had several meetings and communicated at length regarding the rental income of all four properties as well as transactions through the company's bank account that require further explanation.

The Administrator has received information from the director outlining the rental income and deductions made in respect of work done to all four of the properties, however there is not sufficient documentation to substantiate the deductions and the Administrator continues to be in communication with the director in this regard.

In respect of the transactions through the company's bank account, the Administrator is not yet in receipt of a satisfactory explanation from the director and the Administrator is in communication with his solicitor regarding further action that can be taken in this regard.

## **2.4. Estimated future realisations**

As outlined above, the Administrator continues to work towards achieving realisations in respect of the Oak Tree Lane property and based on current information, and provided the HMO status is confirmed, it is anticipated that there will be a surplus from a sale of the property.

It is not anticipated that there will be any realisations from the three Overture Capital properties and it is uncertain at present whether there will be any further realisations in respect of the rental income, or any realisations achieved in respect of the bank account transactions, as investigations continue in this regard.

## **2.5. Costs incurred but remaining unpaid**

The following table summarises the costs incurred during the Review Period, but which as yet remain unpaid:

Cost Description	Amount (£)
Solicitor's fees	2,000
Agent's fees	7,000
TOTAL	9,000

During the Review Period, the Administrator has also incurred time costs, not all of which have yet been discharged. Further details of these costs are set out in section 5 below.

### **3. CREDITORS: CLAIMS AND DISTRIBUTIONS**

#### **3.2. Secured creditors**

The company granted a fixed and floating charge, as well as a legal mortgage, to NatWest Bank Plc, who are owed £321,839. If realisations are as anticipated then the secured creditor will be paid in full.

*The company granted a legal mortgage to Overture Capital Limited in respect of the three financed properties, who are owed £666,421. Based on the likely realisations advised by the Fixed Charge Receiver, it is anticipated that there will be a significant shortfall that will constitute an unsecured claim in the Administration.*

TN (UK) Consultancy Limited have a charge against 42 Oak Tree Lane but it is unregistered and the Administrator is taking legal advice in this regard. The estimated realisations are based on the charge having no standing.

#### **3.3. Preferential creditors**

The Administrator is not aware of any preferential creditors.

#### **3.4. Unsecured creditors**

Unsecured claims were estimated at £1,330,772 in the Estimated Statement of Affairs. Based on current information it is anticipated that there may be sufficient funds available for distribution to unsecured creditors, however this is dependent on realisations achieved and the costs incurred.

### **4. INVESTIGATIONS**

#### **4.1. Investigations**

As part of the Administrator's statutory duties, an investigation into the conduct of the company directors was completed.

As outlined in previous reports, the Administrator's investigations are continuing in respect of transactions through the company's bank account that require further explanation from the director.

### **5. THE ADMINISTRATOR'S FEES AND EXPENSES**

#### **5.1. The Administrator's Fees**

The basis of the Administrator's fees was fixed on 3 May 2018 by the creditors as follows:

- By reference to the time properly given by the Administrator and his staff in attending to matters arising in the Administration, such time to be charged at the prevailing standard hourly charge out rates used by Sanderlings LLP at the time the work is performed.

A breakdown of the time costs incurred during the Review Period and for the Administration as a whole is provided at Appendix III and further information regarding the charge-out rates of the Administrators and their staff is provided at Appendix IV.

"A Creditors' Guide to Administrators' Remuneration" is available for download at:  
<http://www.sanderlings.co.uk/creditors-guides/administration.pdf>

Should you require a paper copy, please send your request in writing to the Administrator at the address on the front of this report and this will be provided to you at no cost.



## 5.2. Comparison of estimates

The Administrator's time costs incurred to date (whether or not they have been charged to the Administration estate) are compared with the original fees estimate as follows:

Work category	Original fees estimate			Actual time costs incurred during the Review Period			Actual time costs incurred to date		
	Number of hours	Blended hourly rate £ per hour	Total fees £	Number of hours	Average hourly rate £ per hour	Total time costs £	Number of hours	Average hourly rate £ per hour	Total time costs £
Administration (including statutory reporting)	70.00	260.57	18,240	12.00	172.50	2,070	41.20	186.77	7,695
Realisation of assets	88.00	255.68	22,500	35.00	312.77	10,947	102.50	321.57	32,961
Creditors (claims and distribution)	26.00	219.23	5,700	9.30	153.23	1,425	25.40	206.69	5,250
Investigations	19.00	206.84	3,930	6.70	150.00	1,005	8.50	150.00	1,275

The expenses incurred to date are compared with the original expenses estimate as follows:

Expenses	Original expenses estimate £	Actual expenses incurred in the Review Period £	Actual expenses incurred to date £	Reason for any excess (if the expenses are likely to, or have, exceeded the original estimate)
Legal costs	10,000.00	2,000.00	12,000.00	Additional advice regarding properties
Agent's costs	5,000.00	7,000.00	12,000.00	Substantial additional work regarding properties
Advertising	77.10	Nil	70.00	N/a
Bonding	528.00	Nil	70.00	N/a
Vision Blue software	110.00	Nil	110.00	N/a
Planning fee	N/a	Nil	462.00	Additional expense incurred
Stationery, printing, postage, telephone	640.00	Nil	330.00	N/a
Company search	45.00	Nil	45.00	N/a
Storage	200.00	Nil	200.00	N/a
<b>TOTAL</b>	<b>16,600.10</b>	<b>9,000.00</b>	<b>24,825.00</b>	

The bases on which the expenses defined as Category 2 disbursements are calculated are explained in Appendix IV.

Having regard for the costs that are likely to be incurred in bringing this Administration to a close, the Administrator considers that:

- the original fees estimate is unlikely to be exceeded; and
- the original expenses estimate has been exceeded for the reasons given above.

### **5.3. Creditors' right to request information**

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Administrator to provide additional information regarding fees or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

### **5.4. Creditors' right to challenge fees and/or expenses**

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Administrator is entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

## **6. CONCLUSION**

The Administration will continue in order to finalise the outstanding matters detailed within this report.

If you require any further information please contact Edwin Lee on 01564 700 052.



Andrew Fender  
Administrator

Dated: 20 March 2019

Andrew Fender was appointed Administrator of Vertu Capital Limited on 22 February 2018. The affairs, business and property of the Company are managed by the Administrator. The Administrator acts as an agent of the Company and contract without personal liability.

**Vertu Capital Limited (IN ADMINISTRATION)****STATUTORY INFORMATION**

Company Name	Vertu Capital Limited
Previous Names	N/a
Proceedings	<i>In Administration</i>
Court	Birmingham District Registry of the High Court
Court Reference	8051 of 2018
Date of Appointment	22 February 2018
Administrator	Andrew Fender
Registered office Address	Sanderling House Springbrook Lane Earlswood Solihull B94 5SG
Company Number	09220425
Appointment by	Appointed by the directors

**DEFINITIONS**

The Act	Insolvency Act 1986
The Rules	Insolvency Rules 1986 or Insolvency (England & Wales) Rules 2016 (whichever applied at the time of the event)
The Administrator	Andrew Fender
The Company	Vertu Capital Limited (in Administration)
The Court	Birmingham District Registry of the High Court
SIP	Statement of Insolvency Practice
Review Period	Period covered by the report from 22.08.18 to 21.02.19

**APPENDIX II**

**Vertu Capital Limited (IN ADMINISTRATION)**

**THE ADMINISTRATOR'S RECEIPTS AND PAYMENTS ACCOUNT**

**Vertu Capital Ltd - Administration**  
**Receipts and Payments Account from 22 August 2018 to 21 February 2019**

<b><u>Receipts</u></b>	<b>£</b>
None	Nil
	<hr/>
	<hr/>
	-
	<hr/>
<b><u>Payments</u></b>	
None	Nil
	<hr/>
	<hr/>
	-
	<hr/>
<b><i>Balance brought forward:</i></b>	<b><i>498.00</i></b>
<b><u>Closing Balance</u></b>	<b><u>498.00</u></b>

Where funds are held, they are held in an Interest Bearing Account

**Vertu Capital Ltd - Administration**  
**Receipts and Payments Account from 22 February 2018 to 20 March 2019**

<b><u>Receipts</u></b>	<b>£</b>
Rental Income	1,000.00
	<hr/>
	<b>1,000.00</b>
 <b><u>Payments</u></b>	
Bordereau	40.00
Planning Fee	462.00
	<hr/>
	<b>502.00</b>
 <b><u>Closing Balance</u></b>	 <hr/>
	<b>498.00</b>

Where funds are held, they are held in an Interest Bearing Account

**Sanderlings****TIME & CHARGEOUT SUMMARIES**

Vertu Capital Ltd - Post Admin

From 22/08/2018 to 21/02/2019

**HOURS**

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	0.00	0.00	1.80	10.20	12.00	2,070.00	172.50
Investigations	0.00	0.00	0.00	6.70	6.70	1,005.00	150.00
Realisation of Assets	21.10	0.00	0.00	13.90	35.00	10,947.00	312.77
Creditors	0.00	0.00	0.20	9.10	9.30	1,425.00	153.23
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fees Claimed £	8,862.00	0.00	600.00	5,985.00		15,447.00	
Total Hours	21.10	0.00	2.00	39.90	63.00		
Average Rate	420.00	0.00	300.00	150.00			

**Sanderlings****TIME & CHARGEOUT SUMMARIES**

Vertu Capital Ltd - Post Admin

To 21/02/2019

**HOURS**

Classification Of work Function	Partner	Manager	Other Senior Professional	Assistants & Support Staff	Total Hours	Time Cost £	Average Hourly Rate £
Administration & Planning	1.50	0.00	7.40	32.30	41.20	7,695.00	186.77
Investigations	0.00	0.00	0.00	8.50	8.50	1,275.00	150.00
Realisation of Assets	64.80	0.00	0.60	37.10	102.50	32,961.00	321.57
Creditors	5.00	0.00	0.60	19.80	25.40	5,250.00	206.69
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Fees Claimed £	29,946.00	0.00	2,580.00	14,655.00		47,181.00	
Total Hours	71.30	0.00	8.60	97.70	177.60		
Average Rate	420.00	0.00	300.00	150.00			



## **APPENDIX IV**

**Vertu Capital Limited (IN ADMINISTRATION)**

**CHARGE-OUT RATES AND BASES OF DISBURSEMENTS**

Fees

The fees of the Trustee/Liquidator/Supervisor/Administrator (appointed IP) are fixed by reference to time properly spent by the appointed IP and his staff in attending to all matters arising in the Bankruptcy/liquidation/Voluntary Arrangement/Administration (case) unless otherwise agreed with the creditors. The appointed IP and his staff charge time to all insolvency cases in units of 6 minutes. The Trustee/Liquidator/Supervisor/Administrator reserves the right to charge interest at a rate of 2% above bank base rate on unrecovered work in progress.

The charge-out rates for the various categories of staff are as follows:-

	Charge Out Rate per Hour £
Appointed Partner (Trustee, Supervisor, Liquidator, Administrator, Administrative Receiver)	420
Partner/Senior Manager	300
Manager	230
Case Administrator	150
Support staff (only to be chargeable for periods of 1 hour or more)	110
Junior	45

Standard Activity	Examples of Work
Statutory Compliance, administration & planning	Statutory reporting and compliance, compliance with other regulatory requirements case planning, administrative set up, appointment notification, maintenance of records, SIP 2 review, CDDA reports, Investigating antecedent transactions
Investigations	Identifying, securing, insuring assets, Retention of title, Debt collection
Realisation of assets	Property, business and asset sales
Trading	Management of operations, accounting for trading, on going employee issues
Creditors	Communication with creditors, Creditors' claims (including employees and other preferential creditors)

Disbursements - Category 2 Disbursements

In dealing with the case, the appointed IP will incur expenses and disbursements that are recoverable from the assets available in the case in accordance with the Insolvency (England and Wales) Rules 2016 where appropriate (e.g. Rule 3.51 in Administrations and Rule 6.42 in CVLs). In addition to out of pocket expenditure, the appointed IP will also recover shared or allocated costs. These may be referred to as category 2 disbursements. Where applicable, such category 2 type disbursements are calculated as follows: -

Expense Type	Basis of Charge
For all official stationery, printing postage and telephone charges, including notices to creditors and contributories in respect of the first meetings of creditors and contributories:	(i) for a number of creditors and Contributories not exceeding 25, £175 (ii) for every additional 10 creditors and contributories or part thereof, £40
Where any other meetings of creditors or contributories are held, for summoning and holding the meetings and for statutory circulars:	(iii) for a number of creditors and Contributories not exceeding 25, £155 (iv) for every additional 10 creditors and contributories or part thereof, £20

All other expenses and disbursements are recovered as follows:

Expense Type	Basis of Charge
Room Hire (for each statutory meeting of creditors)	£175.00 per meeting
Mileage	35-95p per mile
Company search costs	£45 per search
Storage of company books and records	£2.50 per box per quarter*

\* Where funds permit, a charge for storage of boxes for 12 months after closure of the case is made to cover storage costs until such time as destruction of the records is permitted. Minimum charge of £200 to cover administration.  
Should any creditor require further clarification in respect of fees or expenses, then please contact the appointed IP or case manager as identified in the correspondence concerning the case in question.

INFORMATION

Within 21 days of receipt of this progress report a creditor may request that I provide further information about the remuneration and expenses set out in the report. A request must be in writing, and may be made by a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the creditors (including that creditor) or the permission of the court. You also have a right to challenge my remuneration and expenses.  
I am obligated to provide the requested information within 14 days, unless I consider that the time or cost involved in preparing the information would be excessive, or disclosure would be prejudicial to the conduct of the proceedings or might be expected to lead to violence against any person, or I am subject to an obligation of confidentiality in relation to the information requested, in which case I must give the reasons for not providing the information.  
Any creditor may apply to the court within 21 days of my refusal to provide the requested information, or the expiry of the 14 days time limit for the provision of the information. As an insolvency practitioner I am bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.