

The Insolvency Act 1986

Administrator's progress report

Name of Company
Heath West LLP

Company number
OC313378

In the High Court of Justice
Chancery Division
Companies Court

[full name of court]

Court case number
4082 of 2011

(a) Insert full name(s) and
address(es) of
administrator(s)

We (a) Sarah Megan Rayment and Shay Bannon of BDO LLP, 55 Baker Street, London, W1U 7EU

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From

(b)

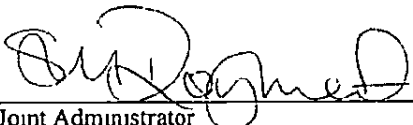
17 May 2011

to

(b)

16 November 2011

Signed


Joint Administrator

Dated

15-12-11

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.

BDO LLP, 55 Baker Street, London, W1U 7EU	
Our Ref MIC/BJM/00171877	Tel 020 7893 2409
DX Number	DX Exchange



A23 16/12/2011 #247
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at
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DX 9025 West End W1
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55 Baker Street
London W1U 7EU

15 December 2011

Our Ref MJC/BJM/00171877

Please ask for
Claudia Ruygrok
020 7893 2409

TO ALL CREDITORS

Dear Sirs

Heath West LLP - In Administration ("the Partnership")

It is now 6 months since my appointment in respect of the Partnership. In accordance with Rule 2.47 of the Insolvency Rules 1986 I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

1 Statutory Information

- 1.1 The Joint Administrators are Sarah Megan Rayment and Shay Bannon of BDO LLP, 55 Baker Street, London, W1U 7EU and they were appointed in respect of the above Partnership on 17 May 2011. Under the provisions of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.
- 1.2 Following ongoing cash flow difficulties an application to the Court for the appointment of Joint Administrators was made by the Bank of Ireland ("the Bank") being the holder of a Qualifying Floating Charge, on 17 May 2011, pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division and the court case number is 4082 of 2011.
- 1.3 The Partnership's registered office is situated at 55 Baker Street, London, W1U 7EU and the registered number is OC313378.
- 1.4 I enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £22,897, together with a copy of my abstract account covering the last six month period, and report as follows.

2 Receipts and Payments

- 2.1 The receipts and payments shown are largely self-explanatory, although I would comment specifically as follows:
- 2.2 The majority of income is in respect of rent received from one of the tenanted properties owned by the Partnership. Furthermore, secured creditor monies have been provided by the Bank to discharge the costs of the administration to date. Payments are primarily costs associated with the general maintenance of the properties.



- 2.3 I additionally provide a summary of the fees and expenses which have accrued and not yet been paid

3 Trading / Realisation of Assets

- 3.1 The Partnership was incorporated on the 23 May 2005
- 3.2 The Partnership was set up for property investment/development and owned at our appointment 3 luxury houses in Heath West Road, North-West London ("the properties").
- 3.3 The Partnership is part of a group ("the Group") of four entities that were provided finance by the Bank. The Bank holds a fixed and floating charge over the assets of the Partnership under a debenture created on 30 September 2005 and registered at Companies House on 13 October 2005.
- 3.4 Upon our appointment as Joint Administrators we undertook an immediate review of the Partnership's affairs with particular regard to its financial and resource requirements.
- 3.5 The Joint Administrator and representatives met with the member, Mr Jonathan Stein, and his advisors to discuss the Partnership's ongoing business commitments and the anticipated cash flows.
- 3.6 Ongoing discussions have ensued with Mr Stein regarding the re-finance of the Partnership's debts. Unfortunately, it has not been possible for the Partnership to obtain sufficient finance to repay its liabilities
- 3.7 Accordingly, the Administration will continue for the purposes of achieving the most beneficial realisation of assets for creditors. The properties have continued to be marketed post-appointment by local agents Bargets and Glentree.
- 3.8 On 6 December 2011 we completed the sale of one of the properties for £7.25m. We have exchanged contracts on one of the other properties. The Joint Administrators continue to collect the rent from the tenant at the remaining property and are reviewing the disposal options
- 3.9 The Joint Administrators have ensured that all insurance and necessary services will continue to be provided to the properties.

4 Pre Appointment Costs

Under Rule 2.67A of the Insolvency Rules 1986 certain costs incurred in preparation and planning for the Administration may, with the approval of the creditors, be approved for payment from the Administration estate, as an expense of the Administration. Although time costs were incurred by our firm in planning during the pre-Administration period, approval of these costs is not being sought from the general body of creditors.

5 Future of the Administration

- 5.1 I would refer creditors to my report dated 7 July 2011, which outlined the three statutory purposes of the Administration.
- 5.2 Unfortunately, based on present information, it appears no longer possible for the first statutory purpose (rescuing the Partnership as a going concern) to be achieved. However,

the Joint Administrators approved proposals included provisions in the event that the Partnership was unable to be rescued.

- 5.3 The second statutory purpose is to achieve a better result for the Partnership's creditors as a whole than would be likely if the Partnership were wound up (without first being in Administration).
- 5.5 The third statutory purpose is to realise the assets of the Partnership in order to make a distribution to one or more secured or preferential creditors.
- 5.6 Given that the first objective does not appear likely to be achieved, the Joint Administrators propose that the Administration continues in line with the second and third statutory purposes, subject to the level of realisations

6 Extension of Administration

At present, we do not envisage it being necessary to obtain an extension to the administration.

7. Prospect for Creditors

- 7.1 Under Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the Prescribed Part. This provision only applies where a borrower has granted a floating charge to a creditor after 15 September 2003, as has happened in this case.

Based on the information presently available, it is unlikely that there will be any realisations under the floating charge. Therefore, it is not anticipated that there will be any funds available for distribution to unsecured creditors out of the Prescribed Part.

7.1.1 Secured Creditor

Under the debenture created on 30 September 2005, the Bank has a fixed and floating charge over the assets of the Partnership. At the date of appointment, the principal indebtedness to the Bank was £18,017,190, however, the Partnership is part of the Group that is jointly and severally liable for the total indebtedness to the Bank of £36,781,786. This figure is subject to accruing costs and charges.

Part of the Partnership's principal indebtedness to the Bank will be repaid from the proceeds of sale of the properties referred to in section 3. It is also envisaged that, following the sale of properties owned by other members of the Group, part of Partnership's principal indebtedness to the Bank will be repaid by other members of the Group (as guarantors under the Bank's cross-guarantee dated 28 September 2007) and such entities will then have rights of subrogation to claim as secured creditors of the Partnership to the extent of any repayments made to the Bank on the Partnership's behalf

A re-finance of all remaining indebtedness of the Partnership to the Bank has been proposed by another member of the Group. This proposal is currently being considered by the Administrators. If this re-finance is completed the Bank will no longer be a secured creditor of the Partnership and the secured creditors of the Partnership would then be the other members of the Group to the extent that they have made repayments

to the Bank on the Partnership's behalf. It is not yet clear whether sufficient funds will be generated from this Administration to repay their secured claims.

7.1.2 Preferential Creditors

The Partnership did not have any employees. Therefore, based on current information there are no claims to be lodged by preferential creditors.

7.1.3 Unsecured Creditors

Total creditors' claims per the statement of affairs are £59,759. However, creditors' claims notified to the Joint Administrators to date total approximately £2,400,000. On the basis of current information, it is not possible to state whether there will be sufficient funds to enable the payment of a dividend to unsecured creditors.

8. Joint Administrators' Remuneration

- 8.1 Under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal or alternatively by reference to the time the Joint Administrators and their staff have spent in attending to matters in this Administration or, a fixed amount.
- 8.2 Based upon the existing approved proposals, remuneration is to be based upon the time costs incurred by the Administrators. Should there be insufficient property to enable a distribution to be made to unsecured creditors, our remuneration will be subject to the approval of the secured creditor pursuant to Rule 2.106(5A) of the Insolvency Rules 1986. In the event that funds can be returned to the unsecured creditors by way of dividend, our remuneration will be subject to the approval of the creditors.
- 8.4 To date, costs of £41,115 have accrued. No funds have been drawn in respect of remuneration. I attach a schedule which summarises the time costs accrued to date and indicates the work undertaken in that respect.
- 8.5 Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. No category 1 disbursements have been recovered in this matter to date.

Yours faithfully
For and on behalf of
Heath West LLP



Sarah Megan Rayment
Joint Administrator
Authorised by the Insolvency Practitioners Association

Enc.

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:-

Rule 2 48A Creditors' request for further information

(1) If—

- (a)** within 21 days of receipt of a progress report under Rule 2 47—
 - (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
- (b)** with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

(2) The administrator complies with this paragraph by either—

- (a)** providing all of the information asked for, or
- (b)** so far as the administrator 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 administration or might reasonably be expected to lead to violence against any person, or
 - (iii)** the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a)** the giving by the administrator 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

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just

Rule 2 109 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 unsecured 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 administrator,
- (b)** the basis fixed for the administrator's remuneration under Rule 2 106, or
- (c)** expenses incurred by the administrator,
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 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report 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 it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued):-

Rule 2 109 (continued)

(3) The applicant shall, at least 14 days before the hearing, send to the administrator 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 administrator 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 administration,

(e) an order that the administrator or the administrator'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 administration

Heath West LLP - In Administration

Summary of the Joint Administrators' receipts and payments for the period from 17 May 2011 (date of appointment) to 16 November 2011

Receipts	Notes	Estimated to Realise as per Statement of Affairs £	Total £	Notes
3 properties on Heath West Road, London		18,000,000		
70 Heath West Road			-	1
72 Heath West Road			-	
74 Heath West Road			-	
Rent			61,750	
Service Charge			13,193	
Secured Creditor Loan			15,980	
Interest Gross			73	
Output VAT			1,319	
		<u>18,000,000</u>	<u>92,315</u>	

Payments

Security	24,950
Telephone	3,145
Property Maintenance	16,525
Insurance	15,258
Input VAT	4,243
Professional Fees	5,298
	<u>69,419</u>

Balance in Hand	22,897
	<u>92,315</u>

BDO LLP
55 Baker Street
London, W1U 7EU

15 December 2011
S Rayment & S Bannon
Joint Administrators

Notes

1 - As detailed in the report, 70 Heath West Road was sold on 6 December 2011 for £7.25m

Heath West LLP - In Administration

Statement of fees and expenses paid and accrued in the period 17 May 2011 to 16 May 2011

Account	Paid In Period	Accrued In Period	Total In Period
Legal fees and disbursements	-	27,703	27,703
Joint Administrators' fees	-	40,701	40,701
Joint Administrators' disbursements	-	413	413
	<u>-</u>	<u>68,817</u>	<u>68,817</u>

**BDO LLP
55 Baker Street
London
W1U 7EU**

**S Rayment & Shay Bannon
Joint Administrators
15 December 2011**

Heath West LLP - In Administration

Summary of Time Charged and Rates Applicable for the Period From 17/05/2011 to 16/11/2011

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AVERAGE RATE
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
B Steps on Appointment	0 10	45 10	1 45	547 65					5 40	749 20			6 95	1,341 95	193 09
C Planning and Strategy									0 60	94 60			0 60	94 60	157 67
D Case Progression	0 70	371 00	7 70	2,768 20					18 10	2,782 20	12 60	1,203 60	39 10	7,125 00	182.23
E Assets Realisation / Dealing	16 00	8,480 00	14 35	5,799 95					22.55	5,524 75			52.90	19,804 70	374 38
G Employee Matters									0 40	84 20			0 40	84 20	210 50
H Creditor Claims	6 00	3,180 00	2 75	1,064 25					9 45	2,004 15	1 65	158 40	19 85	6,406 80	322 76
I Reporting	1 50	795 00	6 55	2,498 85					10 45	2,339 00	2 20	211 20	20 70	5,844.05	282 32
	24 30	12,871 10	32 80	12,678 90					66 95	13,578 10	16 45	1,573 20			

Net Total	140 50	40,701 30
Other Disbursements.		413 47
Billed		
Grand Total		<u>£41,114 77</u>