

The Insolvency Act 1986

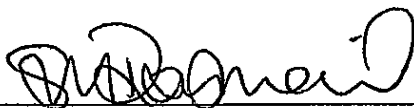
Administrator's progress report

Name of Company Heath West LLP	Company number OC313378
In the High Court of Justice Chancery Division Companies Court <small>[full name of court]</small>	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

	From	to
(b) Insert date	(b) 17 May 2012	(b) 5 November 2012

Signed 
Joint Administrator

Dated 5.11.12

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 MJC/BJM/00171877	Tel 020 7893 2409
DX Number	DX Exchange

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



A1NMRO6G

A18

12/12/2012

#150

COMPANIES HOUSE

WEDNESDAY



Tel +44 (0)20 7486 5888
Fax, +44 (0)20 7935 3944
DX 9025 West End W1
www.bdo.co.uk

55 Baker Street
London W1U 7EU

5 November 2012

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")

I now supply my final report in respect of this Administration and 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 £141,024, together with a copy of my abstract receipts and payments account covering the final 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 from the sales of the 3 properties (discussed further below) owned by the Partnership. The other income is predominantly rent received from the property owned by the Partnership which was tenanted.



Furthermore, secured creditor monies were provided by the Bank to fund part of the costs of the Administration. Payments are primarily costs associated with the general maintenance of the development and the properties, and professional fees in respect of the sale of the properties and administration matters.

- 2.3 I additionally provide a summary of the fees and expenses which have been paid in the last period of this Administration and the costs 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 at our appointment owned 3 luxury properties and the freehold to this development in West Heath Road, North-West London ("the Properties"). Two of the Properties were vacant and one of the Properties tenanted on an agreement until early 2013.
- 3.3 The Partnership was part of a group ("the Group") of four entities that were provided finance by the Bank. At our appointment, the Bank held 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. Following our appointment the Joint Administrators have ensured that all insurance and necessary services were continued to be provided to the Properties.
- 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 were held with Mr Stein regarding the re-finance of the Partnership's debts. Unfortunately, it was not possible for the Partnership to obtain sufficient finance to repay its secured and unsecured liabilities in full.
- 3.7 Accordingly, the Administration continued for the purpose of achieving the most beneficial realisation of assets for creditors.
- 3.8 The vacant properties continued to be marketed post-appointment by local agents. These two properties were both sold in December 2011 for £7.25m and £6.55m.
- 3.9 Subsequent to our letter to creditors, dated 11 May 2012, the Joint Administrators instructed Savills and Glentree to market for sale the tenanted property. This sale was completed in August 2012 for £5.75m.
- 3.9.1 The Partnership still owns the freehold to the development. Under the terms of the leases granted in respect of the Properties, the freehold to the development is to be transferred to a management company which the leaseholders of the Properties own/control. There is therefore no value in the freehold. It is proposed that this transfer will take place once the Partnership is placed into liquidation (discussed further below).

Under the Landlord and Tenant Act the transfer of the freehold to the management company can take up to 2 months.

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, it was not 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).

5.4 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.

5.5 The Joint Administrators have achieved the second and third statutory purposes of the Administration. The Joint Administrators have realised all the assets of the Partnership, apart from the freehold to the development (discussed in paragraph 3.9.1) which is to be transferred in liquidation, and have made a distribution to secured creditors. The surplus of realisations will be distributed to unsecured creditors in liquidation (discussed in paragraph 7.1.3).

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.

There have not been floating charge realisations greater than the prescribed minimum (currently £10,000). Therefore, there will be no 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, at our appointment, had 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 was part of the Group that was jointly and severally liable for the total

indebtedness to the Bank of £36,781,786. This figure was subject to accruing costs and charges.

Following the sale of two of the Properties owned by the Partnership (referred to in section 3) part of the Partnership's principal indebtedness to the Bank was repaid.

In January 2012, the remaining indebtedness to the Bank of Partnership was repaid by Central Securities Limited ("Central Securities"), another member of the Group (as guarantors under the Bank's cross-guarantee dated 28 September 2007).

Central Securities then had rights of subrogation to claim as secured creditor of the Partnership to the extent of any repayments made to the Bank on the Partnership's behalf; this totalled £5,438,745 at the date the Bank was re-paid in full. This figure was subject to accruing costs and charges, in line with the Bank's previous charge.

In total the Joint Administrators distributed £5,557,609 to Central Securities from rent and property realisations in full settlement of the Partnership's secured debt

7.1.2 Preferential Creditors

The Partnership did not have any employees. Therefore, 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. The creditors' claims notified to the Joint Administrators to date total approximately £2.45m

Based on present information, the Joint Administrators estimate that, following the payment of legal fees for the freehold transfer, liquidator fees for the final distribution to unsecured creditors and any final VAT reclaims the value of the Company's net property will allow for a distribution of c £180,000 to unsecured creditors. This distribution will be made in the liquidation.

Following the Partnership being placed into liquidation a notice of intended dividend will be sent to all creditors requesting that, if they have not already submitted a proof of debt form, to supply one to the Joint Liquidators. The Joint Liquidators will then adjudicate all claims

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 approved proposals, remuneration is to be based upon the time costs incurred by the Administrators. 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, as has happened in this case.

- 8.4 To date, costs of £109,428 have accrued and £97,475 has been drawn in respect of remuneration, this was approved by both secured and unsecured creditors. 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. £578 of disbursements have been recovered in this matter.

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 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 5 November 2012

Receipts	Notes	Estimated to Realise as per Statement of Affairs £	17 May 2012 - 5 November 2012 £	Total £
3 properties on Heath West Road, London		18,000,000		
70 Heath West Road			-	7,250,000
72 Heath West Road			-	6,550,000
74 Heath West Road			5,750,000	5,750,000
Rent			65,614	250,792
Service Charge			6,991	41,184
Secured Creditor Loan			-	15,980
Interest Gross			233	525
		<u>18,000,000</u>	<u>5,822,838</u>	<u>19,858,481</u>

Payments

Security		17,100	84,350
Telephone		241	1,152
Property/Development Maintenance		6,627	39,446
Insurance		13,878	30,894
Input VAT		37,308	40,005
Professional Fees		-	5,298
Rates		-	3,235
Joint Administrators' Fees		81,237	97,475
Joint Administrators' Disbursements		578	578
Managing Agent's Fees		-	17,136
Secured Creditor - Bank of Ireland		-	13,440,894
Secured Creditor - Central Securities and other members		5,503,711	5,557,609
Sundry Expenses		-	607
Legal Fees		14,585	56,401
Sale Agent's Fees		100,625	342,125
Electricity		-	186
Gas		-	64
		<u>5,775,890</u>	<u>19,717,457</u>

Balance in Hand			141,024
			<u>19,858,481</u>

BDO LLP
55 Baker Street
London, W1U 7EU

05 November 2012
S Rayment & S Bannon
Joint Administrators

Heath West LLP - In Administration

Statement of fees and expenses paid and accrued in the period 17 May 2012 to 5 November 2012

Account	Paid In Period	Accrued In Period	Total In Period
Legal fees and disbursements	14,585.00	3,000	17,585
Joint Administrators' fees	81,237.00	11,953	93,190
Joint Administrators' disbursements	578.00	-	578
	<u>96,400.00</u>	<u>14,953</u>	<u>111,353</u>

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

**S Rayment & Shay Bannon
Joint Administrators
5 November 2012**

Heath West LLP - In Administration

Summary of Time Charged and Rates Applicable for the Period From 17/05/2011 to 05/10/2012

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			0 50	122 50	4 90	626 70			6 95	1,341 95	193 09
C Planning and Strategy									0 60	94 60			0 60	94 60	157 67
D Case Progression	3 60	1,908 00	35 05	13,199 35			13 55	3,319 75	71 85	8,721 35	12 85	1,226 10	136 90	28,374 55	207 26
E Assets Realisation / Dealing	29 45	15,608 50	43 50	18,072 10			84 20	20,629 00					157 15	54,309 60	345 59
G Employee Matters							0 25	61 25	0 15	22 95			0 40	84 20	210 50
H Creditor Claims	9 50	5,035 00	3 10	1,189 20			9 75	2,388 75	3 05	384 00	1 65	158 40	27 05	9,155 35	338 46
I Reporting	3 30	1,855 00	16 20	6,039 90			22 10	5,414 50	22 35	2,302 60	2 20	211 20	66 35	15,823 20	238 48
J Distribution and Closure							1 00	245 00					1 00	245 00	245 00
	46 15	24,451 60	99 30	39,048 20			131 35	32,180 75	102 90	12,152 20	16 70	1 595 70			

Net Total	396 40	109,428 43
Other Disbursements		577 92
Billed		98,053 37
Grand Total		£11,953 00