

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Bournston Estates Limited

Company number

05176902

In the  
High Court of Justice, Birmingham District  
RegistryCourt case number  
8104 of 2012(a) Insert full  
name(s) and  
address(es) of  
administrator(s)We (a)  
S Wilson  
Zolfo Cooper  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1ABR K Grant  
Zolfo Cooper  
35 Newhall Street  
Birmingham  
B3 3PU

administrators of the above company attach a progress report for the period

(b) Insert date

From

(b) 24 February 2012

To

(b) 23 August 2012

Signed

  
Joint Administrator

Dated

21 SEPTEMBER 2012

**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

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SATURDAY



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22/09/2012

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COMPANIES HOUSE

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Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

**Joint Administrators'  
Progress Report  
for the period  
24 February 2012 to  
23 August 2012**

**Bournston Estates Limited  
In Administration**

**21 September 2012**

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## 1 Statutory information

- 1.1 Ryan Grant was appointed Joint Administrator of Bournston Estates Limited (the Company) together with Simon Wilson on 24 February 2012 by the High Court of Justice. The application for the appointment of Administrators was made by the Company's sole director, Paul Kilmister (the Director).
- 1.2 The Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
- 1.3 The Administration is registered in the High Court of Justice, Chancery Division, Birmingham District Registry, under reference number 8104 of 2012.
- 1.4 The trading address of the Company was Ossington Chambers, 6-8 Castle Gate, Newark, Nottinghamshire, NG24 1AX.
- 1.5 The registered office of the Company has been changed to c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB and its registered number is 05176902.
- 1.6 In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Joint Administrators are to be exercised by any or all of the Joint Administrators.

## 2 Progress of the Administration

- 2.1 Attached at Appendix A is the Joint Administrators' Receipts and Payments Account for the period 24 February 2012 to 23 August 2012
- 2.2 This report should be read in conjunction with the Joint Administrators' Statement of Proposals dated 16 April 2012 (the Proposals)
- 2.3 The analysis of receipts and payments for the period excludes the following cost which has been incurred but not yet paid. Costs will be paid within the agreed period with the supplier.

Cost category	Supplier	Amount not yet paid £
Solicitor's fees	Squire Sanders (UK) LLP	17,295
Total		17,295

- 2.4 As stated in the Proposals, the Company's realisable assets were the intercompany loans and the shareholdings in Bournston (Stockton) Limited (Stockton), Bournston South Street Limited (South Street) and Bournston (the Point at West Bridgford) Limited (together the Subsidiaries).
- 2.5 It was expected that the intercompany loans would be repaid from cash generation of Stockton and South Street and that the repayment of these loans would enable the Joint Administrators' objective of rescuing the Company as a going concern to be met. In this instance the Company would have been returned to the Director.
- 2.6 As shown at Appendix A, some repayments have been received from the Subsidiaries. However, a review of the Subsidiaries' cash flows prepared by the Director established that the Subsidiaries were in fact insolvent. This was due to the forecast cash generation being insufficient to cover ongoing trading costs, service charge deficit from previous periods, overheads (which included an allocation of central overheads incurred, together with

associated companies commonly controlled by the Director) and the required levels of capital expenditure to maintain the properties

- 2.7 Given the Subsidiaries' financial position, the Director took independent advice and concluded that the most appropriate course of action was to place the three Subsidiaries into Administration
- 2.8 As a result, Ryan Grant, Simon Wilson and Anne O'Keefe were appointed Joint Administrators of the Subsidiaries by the Director on 11 June 2012.
- 2.9 Following the appointment of Administrators over the Subsidiaries, it became clear that the objective of rescuing the Company as a going concern is no longer achievable. As such, the Joint Administrators are pursuing the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- 2.10 Any further receipts into the Company are subject to the quantum of realisations achieved (including trading profits) from the Subsidiaries. The Joint Administrators' realisation strategies for the Subsidiaries were detailed in their Statement of Proposals dated 27 July 2012 (the Subsidiaries' Proposals).

### **3 Assets still to be realised**

- 3.1 As stated above, the assets of the Company relate to intercompany/related party loans and shareholdings in the Subsidiaries.
- 3.2 The intercompany loans repayable from Stockton and South Street represent an unsecured claim against those companies. Any future realisations from these intercompany debts will be dependent on the level of asset realisations achieved within the Subsidiaries
- 3.3 The Company is also owed approximately £1.6 million from Bournston Developments Limited (BDL), which is commonly owned by the Director. The Director has indicated that BDL is unable to repay any of this debt. The Joint Administrators remain in discussion with the Director on this matter

### **4 Investigations**

- 4.1 The Joint Administrators conducted investigations into the conduct of the Director and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act, and Statement of Insolvency Practice 2 - Investigations by Office Holders in Administrations and Insolvent Liquidations. The information provided to the Department of Business, Innovation and Skills in respect of the Director's conduct is confidential. Based upon the outcome of the Joint Administrators' initial investigations, the Joint Administrators wished to complete further investigations in respect of the Subsidiaries and this is expected to be concluded by the end of October 2012.

### **5 Pre-administration costs**

The pre-administration costs were reported in the Proposals and were deemed approved following a meeting of creditors held by correspondence. To date, no pre-appointment fees have been drawn, although this will be completed shortly.

5.1 Below are pre-appointment fees incurred by Zolfo Cooper.

Charged by	Brief description of services provided	Total amount approved £
Zolfo Cooper	Pre-appointment planning and strategy	10,873

## 6 Joint Administrators' remuneration

- 6.1 The relevant creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by the Joint Administrators and their staff on matters arising in the Administration.
- 6.2 The Joint Administrators' time costs for the period 24 February 2012 to 23 August 2012 are £73,590. This represents 324 hours at an average rate of £227 per hour. Attached at Appendix B is a Time Analysis for the period which provides details of the activity costs incurred by staff grade. Approval of the Joint Administrators' remuneration has been sought in accordance with rule 2.106 of the Insolvency Rules 1986 as amended.
- 6.3 Principal areas of activity during the period are discussed in further detail below.
- **Administration and planning** - time has been incurred implementing and monitoring the initial case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
  - **Investigations** - time has been incurred conducting investigations into the Director's conduct together with the Company's dealings prior to the appointment of the Joint Administrators and the submission of a report to the Department for Business, Innovation and Skills pursuant to the Company Directors Disqualification Act 1986.
  - **Realisation of assets - fixed charge** - time has been incurred formulating a realisation strategy for the Company's assets.
  - **Realisation of assets - floating charge** - understanding the Company's investments and reviewing the forecast cash generated from net rent to repay the intercompany debts.
  - **Creditors** - time has been incurred notifying all creditors of the appointment and preparing statutory reports. Time has also been spent reporting to the secured creditor.
- 6.4 To date, no fees or disbursements have been drawn on account.
- 6.5 Appendix C contains additional information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, disbursements and details of their current charge-out rates by staff grade.

## **7 Estimated outcome for creditors**

### **Secured creditor - AIB Group (UK) Plc**

- 7.1 The Company granted fixed and floating charges to the secured creditor on 23 December 2010. At the date of appointment the secured creditor was owed £674,369 in respect of an overdraft provided to the Company (excluding accrued interest and charges).
- 7.2 The Bank also holds security cover via cross guarantees provided by the Subsidiaries. It is expected that the Bank will suffer a shortfall respect of its principle indebtedness

### **Preferential creditors**

- 7.3 The Company had no employees and as such, no preferential creditor claims have been received or are anticipated.

### **Unsecured Creditors' Fund**

- 7.4 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Joint Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund).
- 7.5 As the Company granted a floating charge to the secured creditor after 15 September 2003, the Joint Administrators are required to create an Unsecured Creditors' Fund.
- 7.6 The value of the Company's net floating charge property will be dependent upon the level of intercompany loan repayments achieved from the Subsidiaries during the Administration.
- 7.7 Based on current information, the Joint Administrators estimate the value of the Company's net floating charge property will be insufficient to enable a distribution to be made to this class of creditor. As such, the Joint Administrators have not separately estimated the net floating charge property or the Unsecured Creditors' Fund.

## **8 Ending the Administration**

### **Creditors' voluntary liquidation**

- 8.1 Based on current information, the Joint Administrators do not think that a dividend will be paid to the unsecured creditors. In light of this, exit by creditors' voluntary liquidation (CVL) will not be a viable exit option.

### **Solvent exit from Administration**

- 8.2 This option was discussed in the Proposals but, as noted above due to the change in objective, this is also no longer considered possible.

### **Compulsory liquidation of the Company**

- 8.3 A liquidator of a company has greater powers to investigate, and if required, take action on behalf of the company to recover funds for the benefit of creditors. This could apply if prior to its insolvency, transactions had been entered into by the company without commercial justifications, which diminished the net asset position of the company. If the Joint Administrators become aware of transactions requiring further investigation and potential action by a liquidator, they may make an application to court to end the Administration, and request that the court places the Company into compulsory liquidation, if funds are not available for unsecured creditors which would permit the Joint Administrators to exit into CVL. The Joint Administrators will send notice of any such application to the Company and its creditors.

### **Dissolution of the Company**

- 8.4 Based on current information the Joint Administrators think that the Company has no property which might permit a distribution to its unsecured creditors and as such, they will file a notice together with their final progress report at court and with the Registrar of Companies for the dissolution of the Company. The Joint Administrators will send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.
- 8.5 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Joint Administrators ceases to have effect.

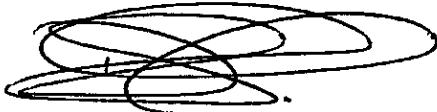
## **9 Creditors' rights**

- 9.1 Within 21 days of the receipt of the 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 Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs), which have been itemised in this progress report.
- 9.2 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 progress report, make an application to court on the grounds that the basis fixed for the Joint Administrators' remuneration, the remuneration or the expenses incurred by the Joint Administrators as set out in this progress report are excessive.

## 10 Next report

- 10.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised.

For and on behalf of  
Bournston Estates Limited



Ryan Grant  
Joint Administrator

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**Receipts and Payments Account for the period  
24 February 2012 to 23 August 2012**
**Appendix A**

<b>Statement of affairs</b>		<b>24/02/2012 - 23/08/2012</b>
<b>£</b>		<b>£</b>
<b>Floating charge assets</b>		
<b>Receipts</b>		
	Suspense account	220
	- TPWB pre-app interco loan repayment	9,000
600,000	Rialto pre-app interco loan repayment	32,106
385,000	Foundry pre-app interco loan repayment	10,874
	Bank Interest	174
		<u>52,374</u>
<b>Payments</b>		
<b>Category 1 disbursements:</b>		
	Stationery and postage	184
		<u>(184)</u>
	<b>Balance</b>	<u><b>52,190</b></u>
<b>Represented by</b>		
	Floating interest bearing	57,664
	Rialto FY13 deposits (to be transferred to Stockton)	(5,474)
		<u><b>52,190</b></u>

# Time Analysis for the period 24 February 2012 to 23 August 2012

## Appendix B

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
<b>Administration and planning</b>							
Planning		2.5		3.9	6.4	1,111.00	174
Strategy and control	19.7		5.7	5.1	30.5	9,490.00	311
Statutory duties	0.1	1.0	4.4	3.4	8.9	1,667.00	187
Case administration		6.7	21.1	6.7	34.5	7,216.00	209
Accounting and treasury	0.2	2.1	0.3	17.6	20.2	2,526.50	125
Travel and waiting time		3.0		3.5	6.5	1,197.50	184
Internal documentation	0.1	0.7	2.9	1.7	5.4	1,053.00	193
<b>Investigations</b>							
Director conduct reports		1.7	1.4	1.6	4.7	942.50	201
Other investigations	5.2			34.1	39.3	5,975.50	152
Internal documentation			3.6		3.6	792.00	220
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy		5.2			5.2	1,378.00	265
Asset identification and valuation	0.1				0.1	34.00	340
Sale of assets	0.3				0.3	102.00	340
Asset accounting and administration				0.2	0.2	23.00	115
<b>Realisation of assets - debtors</b>							
Debt collection				1.5	1.5	172.50	115
Internal and external documentation		0.5			0.5	132.50	265
<b>Realisation of assets - floating charge</b>							
Asset realisation strategy	3.5	81.0		9.3	93.8	23,873.00	255
Asset identification and valuation		0.8	0.4	0.8	2.0	392.00	196
Sale of assets	0.1		0.2	0.2	0.5	103.00	206
Recovery of assets				0.3	0.3	34.50	115
Asset accounting and administration	1.1	2.6		9.2	12.9	2,082.50	161
<b>Creditors</b>							
Creditor claims			2.9		2.9	667.00	230
Reporting to creditors	14.2	9.2	4.0	2.7	30.1	9,059.00	301
Creditor meetings		0.2			0.2	53.00	265
Secured creditors	5.5	0.4	0.4	2.5	8.8	2,491.50	283
Unsecured creditors		1.5	2.6	0.2	4.3	994.50	231
Employees		0.1			0.1	26.50	265
<b>Totals</b>	<b>80.1</b>	<b>119.2</b>	<b>49.9</b>	<b>104.5</b>	<b>333.7</b>	<b>73,589.50</b>	<b>227</b>

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

## Appendix C

### 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 Joint 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 Joint 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 treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution

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

#### 1.2 Professional advisors

On this assignment the Joint Administrators have used the professional advisors listed below. The Joint 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	Hourly rate and disbursements

The Joint 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.

#### 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 Joint 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 ten pence per sheet for notifications and reports to creditors and other copying.
- Printing - charged at the rate of ten 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 this assignment effective from 1 January 2011 is detailed below.

Description	£
<b>Partner/director</b>	
Partner 1*	445
Partner 2*	395
Director	340
<b>Senior associate</b>	
Senior associate 1*	315
Senior associate 2*	265
<b>Associate/analyst</b>	
Associate	230
Analyst*	220
<b>Junior analyst and support staff</b>	
Junior analyst*	115
Senior treasury associate	155
Treasury associate	105
Treasury analyst	80
Support	75
<b>*Key</b>	
<i>Partner 1 - partners with three or more years' experience at partner level</i>	
<i>Partner 2 - partners with fewer than three years' experience at partner level</i>	
<i>Senior associate 1 - staff with two or more years' experience at senior associate level</i>	
<i>Senior Associate 2 - staff with fewer than two years' experience at senior associate level</i>	
<i>Analyst - staff with more than one year's experience at analyst level</i>	
<i>Junior analyst - first year analysts</i>	