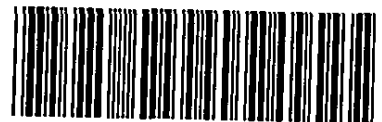


Joint Liquidators' Progress Report for the Period 30 July 2013 to 29 July 2014

Bournston Estates Limited
In Liquidation

12 September 2014

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1 Statutory information

- 1.1 Bournston Estates Limited (the Company) was placed into Administration on 24 February 2012, following which, I was appointed Joint Liquidator of Bournston Estates Limited (the Company) together with Simon Wilson on 30 July 2013, by the court.
- 1.2 The Liquidation is being handled by Zolfo Cooper's Birmingham office, situated at 35 Newhall Street, Birmingham, B3 3PU.
- 1.3 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.
- 1.4 In the preceding Administration, a resolution was approved by creditors, whereby any act required or authorised to be done by the Joint Administrators may be done by all or any one or more of them. This resolution is carried through into the Liquidation.

2 Progress of the Liquidation

- 2.1 The Joint Liquidators' Receipts and Payments Account for the period from 30 July 2013 to 29 July 2014 (the Period) is attached at Appendix A.
- 2.2 This report should be read in conjunction with the Joint Administrators' final report dated 4 July 2014 (the Report).
- 2.3 The Company's subsidiaries, Bournston (South Street) Limited (South Street), Bournston (Stockton) Limited (Stockton) and Bournston (the Point at West Bridgford) Limited (The Point) (together the Subsidiaries) also entered Administration on 11 June 2012. The Company together with the Subsidiaries will be referred to as the Group.

Bournston Developments Limited (BDL)

- 2.4 As per the Report, there was a loan due from BDL to the Company of £1.6 million. Following BDL confirming it was not in a position to repay the loan, the Company took steps to issue a Winding up Petition. Subsequently BDL was placed into Liquidation on 22 April 2013. Initially, the Official Receiver indicated that no funds would be available for the unsecured creditors and therefore BDL would be moved into dissolution. However, further information has recently become available whereby the dissolution of BDL has been postponed by the Official Receiver whilst a potential source of recovery is investigated.
- 2.5 If a liquidator of BDL is able to recover funds, this may result in the Company receiving an unsecured dividend distribution.
- 2.6 At present the likelihood, quantum and timing of any such distribution is not yet clear, however, an update will be provided in the next report.

Intercompany loans

- 2.7 As detailed in the Report, Stockton had a potential mis-selling claim against the secured lender for an interest rate hedging instrument that was entered into in 2008 (the Hedging Claim). The Hedging Claim position has now been finalised and the independent reviewer has confirmed that the Hedging Claim fell outside the Financial Conduct Authority's criteria for review. No funds are therefore to be received by Stockton in respect of the Hedging Claim.

- 2.8 The Company submitted an unsecured claim against South Street and Stockton in respect of intercompany loans. Insufficient floating charge realisations are expected to be achieved by South Street and Stockton to enable a distribution to their respective unsecured creditors and therefore no monies are expected from either of the companies

Costs incurred and paid

- 2.9 As per the Report, £3,500 was due to Squire Sanders (UK) LLP. This was paid prior to the Company moving to Compulsory Liquidation.

3 Assets still to be realised

- 3.1 There is a possibility that a distribution may be available from BDL, however, the likelihood, quantum and timing of any dividend is currently unknown. No other realisations are expected.

4 Joint Liquidators' fees

- 4.1 A meeting of creditors, held by correspondence on 8 May 2012, resolved that the basis of the Joint Administrators' fees be fixed by reference to the time properly spent by the Joint Administrators and their staff on matters arising in the Administration. The resolution passed in the Administration is valid and remains in place in the Liquidation of the Company.
- 4.2 The Joint Liquidators' time costs for the Period are £4,456. This represents 19 hours at an average rate of £230 per hour. A Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade is attached at Appendix B.
- 4.3 A copy of 'A Creditors' Guide to Liquidators' Fees' can be downloaded from Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>). If you would prefer this to be sent to you in hard copy please contact Sundip Nar and he will forward a copy to you.
- 4.4 No fees or disbursements have been drawn by the Joint Liquidators
- 4.5 Additional information in relation to the Joint Liquidators' policy on staffing, the use of sub-contractors, disbursements and details of their current charge-out rates by staff grade is attached at Appendix C.

5 Estimated Outcome for Creditors

Secured Creditor - AIB Group (UK) Plc

- 5.1 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 (excluding accrued interest and charges) under its security.
- 5.2 The secured creditor also holds security via cross guarantees provided by the Subsidiaries. It is estimated that the secured creditor is likely to suffer a shortfall on its principle indebtedness, although at present the quantum of such a shortfall is unknown as the Administrations of Stockton and South Street are yet to be completed

Preferential Creditors

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

Unsecured Creditors' Fund

- 5.4 Pursuant to s176A of the Insolvency Act 1986, where there is a floating charge which was created on or after 15 September 2003, the Liquidators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund), commonly known as the 'Prescribed Part'.
- 5.5 As the Company granted a floating charge to the secured creditor after 15 September 2003, the Joint Liquidators are required to create an Unsecured Creditors Fund. The Joint Liquidators confirm that based on current information and realisations to date, there are insufficient funds to establish an Unsecured Creditors' Fund. This position may change should BDL be in a position to make a distribution to the Company.

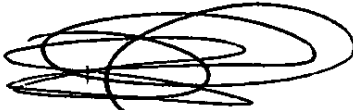
6 Creditors' rights

- 6.1 Within 21 days of the receipt of the report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% of the value of the unsecured creditors), may request in writing that the Joint Liquidator provide further information about their remuneration or expenses which have been itemised in this progress report.
- 6.2 Any secured creditor, or an unsecured creditor (with the concurrence 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 Liquidators' remuneration is inappropriate, or that the remuneration or the expenses incurred by the Joint Liquidators as set out in this progress report are excessive.

7 Next report

- 7.1 The Joint Liquidators are required to provide a progress report within two months of the end of the next year of the Liquidation. If the Liquidation has been completed before then a final meeting will be called and a draft report circulated before that meeting.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Ryan Grant', written over a series of overlapping horizontal lines.

Ryan Grant
Joint Liquidator

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**Receipts and Payments Account for the period
30 July 2013 to 29 July 2014**
Appendix A

	£
Floating charge assets	
Receipts	
Petitioner deposit	1,165
	<u>1,165</u>
Payments	
Official Receiver's fees	2,235
ISA quarterly fees	44
Bank charges	44
	<u>(2,323)</u>
Balance of floating charge assets	<u>(1,158)</u>
Total balance	<u>(1,158)</u>
Represented by	
Insolvency Services Account	(1,158)
	<u>(1,158)</u>

Statement of Insolvency Practice 7 states the headings used in the Receipts and Payments Account should follow those used in any prior statement of affairs (SOA) or estimated outcome statement. The SOA was not provided by the Company's directors and therefore a comparison by category cannot be made.

Time Analysis for the period 30 July 2013 to 29 July 2014

Appendix B

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning	0.1	-	-	-	0.1	36.00	360
Strategy and control	0.1	0.4	4.2	0.1	4.8	1,021.00	213
Statutory duties	0.1	-	2.4	0.2	2.7	673.00	249
Case administration	0.1	-	0.4	2.8	3.3	379.50	115
Accounting and treasury	0.1	0.8	3.8	-	4.7	1,141.00	243
Internal documentation							
Realisation of assets - debtors			0.2	-	0.2	72.00	360
Internal and external documentation	0.5	-	-	-	0.5	251.50	359
Realisation of assets - floating charge		2.0	-	-	2.0	660.00	330
Recovery of assets	-	-	-	0.3	0.3	33.00	110
Asset accounting and administration							
Creditors				0.3	0.3	33.00	110
Internal documentation				-	-	-	-
Reporting to creditors	0.5	-	-	-	0.5	207.50	415
Totals	1.5	3.2	11.0	3.7	19.4	4,455.50	230

Additional information in relation to the Joint Liquidators' fees 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 Liquidators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact constitution of the 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 Liquidators' charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, the Joint Liquidators would advise that time spent by treasury in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do the Joint Liquidators seek to charge and recover their time in this regard.

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

1.2 Professional advisors

On this assignment the Joint Liquidators have not used any professional advisors.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a category 1 disbursement generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by the Joint Liquidators and their staff.

Category 2 disbursements do require prior approval by creditors before they are paid. They have not yet been incurred however if they are, they will be drawn in accordance with the resolution approved by creditors.

2 Charge Out Rates

A schedule of Zolfo Cooper charge-out rates for this assignment 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.

Rates from 1 April 2014		Rates pre 1 April 2014	
Description	£	Description	£
Partner 1	445	Partner 1	445
Partner 2	415	Partner 2	415
Director	390	Director	360
Associate director	340	Associate director	320
Senior associate	280	Senior associate	280
Associate	250	Associate	240
Analyst	220	Analyst	220
Junior analyst	150	Junior analyst	125
Senior treasury associate	170	Senior treasury associate	170
Treasury associate	110	Treasury associate	110
Treasury analyst	85	Treasury analyst	85
Support	79	Support	79