

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Bournston (South Street) Limited

Company number

05967208

In the  
Birmingham District Registry

(full name of court)

Court case number  
6370 of 2012(a) Insert full  
name(s) and  
address(es) of  
administrator(s)We (a)  
R K Grant  
Zolfo Cooper  
35 Newhall Street  
Birmingham  
B3 3PUS Wilson  
Zolfo Cooper  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1ABA C O'Keefe  
Zolfo Cooper  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB

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

From

To

(b) Insert date

(b) 26 April 2014

(b) 25 October 2014

Signed

Joint Administrator

Dated

13 November 2014

**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

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

# Administrators' Progress Report for the period 26 April 2014 to 25 October 2014

Bournston (Stockton) Limited  
Bournston (South Street) Limited  
Both in Administration

13 November 2014

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## **1 Why this report has been prepared**

- 1.1 As you will be aware Ryan Grant, Simon Wilson and Anne O’Keefe (the Administrators) were appointed on 11 June 2012.
- 1.2 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months. This progress report covers the period 26 April 2014 to 25 October 2014 (the Period) and this report should be read in conjunction with all previous reports.
- 1.3 This report has been prepared in accordance with rule 2.47 of the Insolvency Rules 1986.
- 1.4 As previously reported, the Administrations of Bournston (Stockton) Limited (Stockton) and Bournston (South Street) Limited (South Street) (together the Companies) will now end on 10 December 2015.
- 1.5 The purpose of this report is to provide statutory and financial information about the Companies and to provide an update on the progress of the Administrations, including details of assets realised during the Period, details regarding the Administrators’ fees and the expected outcome for each class of creditor
- 1.6 As a reminder an administrator of a company must perform their functions with a view to achieving one of the following statutory objectives:
  - Objective 1: rescuing a company as a going concern;
  - Objective 2: achieving a better result for a company’s creditors as a whole than would be likely if a company were wound up (without first being in administration); or
  - Objective 3: realising property in order to make a distribution to one or more secured or preferential creditors.
- 1.7 In both these cases the Administrators are pursuing the second statutory objective. Further details on the actions taken to achieve this objective can be found in section 3 of this report.
- 1.8 Details of the Administrators’ fees and costs incurred are detailed at Appendices C to G.
- 1.9 More information relating to the Administration process, Administrators’ fees and creditors’ rights can be found on Zolfo Cooper’s creditor portal (<http://www.zcinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received.
- 1.10 If you require a hard copy of this report or have any queries in relation to the contents of this report or the Administrations generally, please contact Sundip Nar on 0161 838 4500, [creditorreports@zolfocooper.eu](mailto:creditorreports@zolfocooper.eu) or write to Zolfo Cooper’s office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

## 2 Summary of information for creditors

### Estimated dividend for creditors

Description	Stockton	Stockton	South Street	South Street
	Estimated debt (£)	Likely level of return (£) or (pence/£)	Estimated debt (£)	Likely level of return (£) or (pence/£)
Secured creditor	27,800,000	unknown	27,800,000	unknown
Unsecured creditors	11,407,000	Nil	2,030	Nil

### Notes:

The estimated debt for the unsecured creditors has been taken from claims received to date.

The estimated debt for the secured creditor has been taken from the information provided shortly after the appointments; therefore it does not include accrued interest and charges. The Administrators estimate that the secured creditor will suffer a shortfall, although this is yet to be quantified.

The Companies are part of a group (the Group) which includes Bournston Estates Limited (BEL) and Bournston (the Point at West Bridgford) Limited (the Point), both BEL and the Point were formally in Administration. BEL is currently in Compulsory Liquidation and following conclusion of the Administration, the Point was dissolved on 15 September 2013.

The secured creditor's debt is cross guaranteed across the Group and as such each company within the Group is joint and severally liable for the entire amount. As a result, the full debt is included as a liability of each company above.

The Companies had no employees and as such, no preferential claims have been received or are expected.

Based on current information there will be insufficient funds to enable a distribution to the unsecured creditors.

The likely levels of returns are estimated and are subject to change.

For further information please refer to section 6 of this report.

### **3 Progress of the Administrations**

#### **Bournston (Stockton) Limited**

- 3.1 Stockton owns a 382 bed student accommodation development based in Stockton (Rialto Court). The day to day management of Stockton continues to be undertaken by Mezzino Limited (Mezzino).
- 3.2 Jones Lang LaSelle (JLL) was appointed January 2014 to oversee the management of Rialto Court and to provide advice in respect of the most appropriate disposal strategy. As previously reported, Stockton has a nomination agreement with Durham University, which guarantees minimum rent of £1.75 million per annum for the six year period to September 2019. The guaranteed rental income under the nominations agreement is subject to annual upward revisions depending upon various factors.
- 3.3 As at 25 October 2014, rental income totalling £3.84 million has been collected since the date of appointment. At the date of this report, Mezzino were holding £0.58 million of rent receipts, which was in the process of being remitted to the Administrators. These additional rent receipts are not reflected in the receipts and payment account as at 25 October 2014.
- 3.4 All capital and service charge expenditure required to maintain the asset continues to be funded through ongoing trading income.
- 3.5 The Administrators continue to implement a holding strategy for Rialto Court, principally due to the guaranteed rental income, to maximise realisations prior to disposal. This will allow the Administrators to utilise the significant cash generated from holding the asset to make distributions to the secured creditor to reduce their indebtedness, whilst allowing the Administrators to consider opportunities to enhance the value of the asset and ultimately agree an appropriate marketing strategy with JLL.

#### **Bournston (South Street) Limited**

- 3.6 South Street owns a 112 bed development located in Loughborough which provides student accommodation (the Foundry). All tenants are individually sourced, and there is no nomination agreement in place.
- 3.7 Mezzino are instructed to oversee the day to day management of the Foundry and JLL oversee the management and provide disposal advice.
- 3.8 As at 25 October 2014, rental income totalling £0.9 million has been collected since the date of appointment. At the date of this report, Mezzino were holding £58,000 of rent receipts, which was in the process of being remitted to the Administrators. These additional rent receipts are not reflected in the receipts and payment account as at 25 October 2014.
- 3.9 The Administrators have worked alongside Mezzino to promote and develop the Foundry and as a result, the Foundry is 100% occupied for the second consecutive academic year. In addition, gross rents (excluding sundry income) for the FY14/15 academic year are approximately £30,000 ahead of the rates achieved in the previous academic year.
- 3.10 A marketing process for the disposal of the Foundry commenced on 1 October 2014. This involved JLL issuing sales brochures to the market and advertising the Foundry in the local and national press. To date, JLL have received a number of expressions of interest. A deadline for submission of offers was set for Friday 31 October 2014. A further update will be provided to creditors in the next progress report.

## **4 Investigations**

- 4.1 The Administrators conducted investigations into the conduct of the Companies' director and transactions entered into prior to the Companies' insolvency, as required by the Company Directors Disqualification Act 1986, and Statement of Insolvency Practice 2 - Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the investigations, there were no matters identified that required further action.

## **5 Assets still to be realised**

- 5.1 Rialto Court and the Foundry (and the associated future rental income) remain to be realised.

## **6 Estimated outcome for creditors**

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

- 6.1 Details of the security held by the secured creditor and individual indebtedness of each entity has been provided in previous reports.
- 6.2 The Companies are part of a wider group, which includes BEL and the Point. The secured creditor holds cross guarantees across the Group.
- 6.3 The secured creditor's debt across the Group totals approximately £27.8 million and based on current information the secured creditor will suffer a shortfall.

### **Preferential creditors**

- 6.4 The Companies had no employees and as such, no preferential claims are expected.

### **Unsecured Creditors' Fund**

- 6.5 Where there is a floating charge created on or after 15 September 2003, the Administrators are required to create a fund from a company's net property, available for the benefit of unsecured creditors (Unsecured Creditors' Fund), commonly known as the 'prescribed part'.
- 6.6 As the Companies granted a floating charge to the secured creditor after 15 September 2003, the Administrators are required to create an Unsecured Creditors' Fund. Due to minimal floating charge realisations being made, which in the first instance will be utilised to pay costs, the estimated value of the Companies' net floating charge property is nil. Therefore, the value of the Unsecured Creditors' Fund will also be nil and accordingly there will be insufficient funds for an unsecured dividend.

## **7 What happens next**

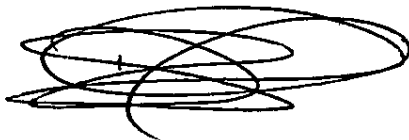
### **Creditors' rights**

- 7.1 Within 21 days of the receipt of this 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 Administrators provide further information about their fees or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 7.2 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 report, make an application to court on the grounds that the basis fixed for the Administrators' fees are inappropriate, or that the fees charged or the expenses incurred by the Administrators during the period of this report are excessive.

### **Next report**

- 7.3 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administrations, or earlier if the Administrations have been finalised. For details of the proposed exit routes please see Appendix H

For and on behalf of  
The Companies



Ryan Grant  
Administrator  
Encs



## Appendix A. Statutory information

### Company information

	Stockton	South Street
Company name	Bournston (Stockton) Limited	Bournston (South Street) Limited
Registered number	06126332	05967208
Registered offices	c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	
Court details	High Court of Justice, Chancery Division, Birmingham District Registry	
Court reference	6371 of 2012	6370 of 2012

### Appointor's information

Name	Address	Position
Paul Kilmister	c/o Ossington Chambers, 6-8 Castle Gate, Newark, Nottinghamshire, NG24 1AX	Director

### Administrators' information

Name	Address	IP number	Name of authorising body
Ryan Grant	Zolfo Cooper, 35 Newhall Street, Birmingham, B3 3PU	009637	Insolvency Practitioners Association
Anne O'Keefe	Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008375	Insolvency Practitioners Association
Simon Wilson	Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008963	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

**Appendix B. Receipts and Payments Accounts for the period  
26 April 2014 to 25 October 2014 and Cumulative  
Accounts for the period since appointment**

**Bournston (Stockton) Limited**

Statement of Affairs £	Period £	Cumulative £
<b>Fixed charge assets</b>		
<b>Receipts</b>		
12,000,000 Property	-	-
Rental income held on deposit	-	175,896
Service charge refund	-	50,100
Rental income 11/12	818	54,509
Rental income 12/13	2,768	1,810,923
Rental income 13/14	402,750	1,928,927
Rental income 14/15	46,268	46,944
Bank interest	650	4,112
	<b>453,254</b>	<b>4,071,411</b>
<b>Payments</b>		
Service charge costs	309,780	1,541,840
Agents' fees	2,800	58,181
Capital expenditure	110,825	169,897
Building inspection and repair works	-	91,217
Pre-appointment legal fees	-	5,544
Legal fees and disbursements	-	107,327
Data protection costs	-	70
Administrators' pre-appointment fees	-	9,511
Joint Administrators' fees	-	210,000
Category 1 disbursements:		
Travel and subsistence	-	1,282
Telephone charges	-	64
Redirection of mail	-	147
Stationery and postage	-	11
Category 2 disbursements:		
Internal printing and photocopying	-	826
Mileage	-	379
Irrecoverable VAT	25,588	128,950
Professional fees	3,300	6,685
Bank charges	-	45
	<b>(452,294)</b>	<b>(2,331,976)</b>
<b>Distributions</b>		
Fixed chargeholder	250,000	1,438,000
	<b>(250,000)</b>	<b>(1,438,000)</b>
<b>Balance of fixed charge assets</b>	<b>(249,040)</b>	<b>301,435</b>

**Bournston (Stockton) Limited (continued)**

Statement of Affairs £	Period £	Cumulative £
<b>Floating charge assets</b>		
Receipts		
VAT refund	-	434
Rates refund	-	2,227
Cash held on appointment	-	58
Other income	-	186
Bank interest	4	19
	<u>4</u>	<u>2,924</u>
Payments		
Preparation of Statement of Affairs	-	150
Category 1 disbursements		
Stationery and postage	-	22
Insolvency bond	-	30
Statutory advertising	-	92
Bank charges	-	25
	<u>-</u>	<u>(319)</u>
<b>Balance of floating charge assets</b>	<u>4</u>	<u>2,605</u>
<b>Total balance</b>		<u>304,040</u>
Represented by		
VAT receivable		745
Interest bearing accounts		303,295
		<u>304,040</u>

The Company is not able to recover all VAT incurred on payments and therefore an element of the VAT is irrecoverable

**Bournston (South Street) Limited**

Statement of Affairs	Period	Cumulative
£	£	£
<b>Fixed charge assets</b>		
<b>Receipts</b>		
3,000,000 Property	-	-
Rental income held on deposit	-	53,977
Rental income 11/12	748	13,480
Rental income 12/13	5,224	332,899
Rental income 13/14	71,629	428,313
Rental income 14/15	119,220	120,876
Tax refund	240	240
Bank interest	178	849
	<u>197,239</u>	<u>950,634</u>
<b>Payments</b>		
Service charge costs	113,689	514,296
Agents' fees	3,204	20,773
Pre-appointment legal fees	-	5,544
Legal fees and disbursements	3,003	27,257
Data protection costs	-	70
Administrators' pre-appointment fees	-	9,511
Joint Administrators fees	-	120,000
Category 1 disbursements		
Telephone charges	-	35
Insolvency bond	-	30
Redirection of mail	-	220
Stationery and postage	-	7
Statutory advertising	-	107
Category 2 disbursements		
Photocopying	-	151
Insurance repair payment	16,108	16,108
Capital expenditure	6,676	6,676
Irrecoverable VAT	6,480	41,335
Statement of Affairs costs	-	150
	<u>(149,160)</u>	<u>(762,270)</u>
<b>Fixed creditors</b>		
Fixed chargeholder	50,000	50,000
	<u>(50,000)</u>	<u>(50,000)</u>
<b>Balance of fixed charge assets</b>	<u>(1,920)</u>	<u>138,364</u>
<b>Total balance</b>		<u>138,364</u>
<b>Represented by</b>		
VAT receivable		1
Interest bearing account		138,363
		<u>138,364</u>

The Company is not able to recover all VAT incurred on payments and therefore an element of the VAT is irrecoverable

## Appendix C. Costs incurred and not yet paid

The analyses of the receipts and payments for the Period exclude the following costs which have been incurred but not yet paid. All costs will be paid within the period agreed with each supplier.

Cost category	Company	Supplier	Amount not yet paid £
Solicitors	Stockton	Squire Sanders (UK) LLP	4,671
Solicitors	South Street	Squire Sanders (UK) LLP	1,219
Total			5,890

## Appendix D. Time Analyses and details of time spent

The Administrators' time costs for the Period for Stockton are £22,609. This represents 87 hours at an average rate of £260 hour.

The Administrators' time costs for the Period for South Street are £16,911. This represents 66 hours at an average rate of £257 hour.

Detailed below are Time Analyses for the Period which provide details of the costs incurred by activity and by staff grade.

### Bournston (Stockton) Limited

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Strategy and control	0.9	-	0.3		1.2	433.50	361
Statutory duties		-	-	0.9	0.9	81.50	91
Case administration	0.1	-	0.3	1.0	1.4	255.00	182
Accounting and treasury	0.3	0.4	1.5	8.5	10.7	1,353.00	126
Travel and waiting time	7.0	-			7.0	2,905.00	415
Internal documentation		0.4	0.3		0.7	211.00	301
Investigations							
Director conduct reports	1.6	-		-	1.6	641.50	413
Realisation of assets - fixed charge							
Asset realisation strategy	0.8	-	0.5		1.3	442.00	340
Asset identification and valuation	0.7	-	2.9		3.6	938.00	261
Sale of assets	0.2				0.2	83.00	415
Asset accounting and administration	0.8	0.3		2.2	3.3	770.00	233
Trading							
Trading strategy	3.0	-	19.9		22.9	5,865.50	243
Trading activities	3.2		4.2		7.4	2,249.50	304
Accounting and administration		0.1	9.5		9.6	2,124.00	221
Creditors							
Internal documentation	1.1				1.1	454.50	415
Reporting to creditors	3.5	0.3	7.9		11.7	3,340.50	286
Secured creditors	1.3		0.9	0.2	2.4	739.00	308
<b>Totals</b>	<b>24.5</b>	<b>1.5</b>	<b>48.2</b>	<b>12.8</b>	<b>87.0</b>	<b>22,608.50</b>	<b>260</b>

### Bournston (South Street) Limited

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Strategy and control	0.2	-	0.2		0.4	133.00	333
Statutory duties		-	0.5	1.0	1.5	200.00	133
Case administration	0.1	-	0.3	1.5	1.9	330.00	174
Accounting and treasury	0.5	0.5	1.5	6.1	8.6	1,252.50	146
Travel and waiting time	2.0	-			2.0	780.00	390
Internal documentation		0.4	0.6		1.0	277.00	277
Realisation of assets - fixed charge							
Asset realisation strategy	1.0		0.5		1.5	525.00	350
Asset identification and valuation	6.1	-	3.7		9.8	3,220.00	329
Sale of assets	0.5	-	1.0		1.5	427.50	285
Asset accounting and administration	0.4	0.3		1.9	2.6	551.00	212
Trading							
Trading strategy	1.8		6.5		8.3	2,149.50	259
Trading activities			3.6		3.6	792.00	220
Accounting and administration		0.1	8.4		8.5	1,682.00	221
Creditors							
Internal documentation	0.9				0.9	373.50	415
Reporting to creditors	3.4	0.3	6.6		10.3	3,010.00	292
Secured creditors	1.4	-	2.1		3.5	1,008.00	288
<b>Totals</b>	<b>18.3</b>	<b>1.4</b>	<b>35.5</b>	<b>10.5</b>	<b>65.7</b>	<b>16,911.00</b>	<b>257</b>

Principal areas of activity for the Administrations during the Period are discussed in further detail below.

- Administration and planning - implementing and monitoring the case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
- Realisation of assets: fixed charge - reviewing the current strategy and working with JLL to plan and initiate the marketing strategy for South Street. Time has also been incurred complying with security and insurance requirements at the properties.
- Trading - preparing and monitoring trading budgets and forecasts, overseeing Mezzino and the ongoing trading of the businesses including capital expenditure, and meetings with Durham University for Stockton Treasury time relating to trading receipts and payments is also recorded here.
- Creditors - time has been incurred preparing statutory reports for creditors Time has also been spent dealing with general correspondence and reporting to the secured creditor.

Cumulative Time Analyses for the period since the Administrators' appointment are attached at Appendix E

## Appendix E. Cumulative Time Analyses for the period since appointment

### Bournston (Stockton) Limited

	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		0.4	-	7.2	7.6	992.00	131
Strategy and control	18.7	11.8	10.9	6.2	47.6	13,844.50	291
Statutory duties	2.2	3.9	2.6	4.1	12.8	2,899.00	226
Case administration	1.0		4.2	9.9	15.1	2,531.50	168
Accounting and treasury	2.9	3.3	8.9	77.4	92.5	11,348.50	123
Travel and waiting time	22.7	5.5	-	2.0	30.2	11,108.00	368
Internal documentation	1.3	1.2	7.3	10.6	20.4	3,663.00	180
<b>Investigations</b>							
Director conduct reports	12.0	3.7	4.9	3.0	23.6	7,185.50	304
Other investigations	0.8	3.0	-		3.8	1,121.00	295
Internal documentation	0.2	-	1.2		1.4	343.00	245
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy	9.7	105.5	2.0		117.2	32,910.50	281
Asset identification and valuation	0.7	0.4	14.6	0.1	15.8	3,728.00	236
Sale of assets	14.3	1.2	0.5	0.2	16.2	6,152.00	380
Asset accounting and administration	0.9	1.5	0.4	6.7	9.5	1,882.00	198
<b>Realisation of assets - floating charge</b>							
Asset realisation strategy	0.3	-	-		0.3	118.50	395
Asset identification and valuation	-	0.3	0.4	0.6	1.3	236.50	182
Sale of assets	0.6	-	-		0.6	243.00	405
Asset accounting and administration		0.1	-	0.4	0.5	67.50	135
<b>Trading</b>							
Trading strategy	13.6	100.9	38.4	13.6	166.5	42,315.50	255
Trading activities	45.0	16.8	19.5	24.3	105.6	29,778.00	282
Accounting and administration	1.8	0.1	19.3	20.7	41.9	7,161.50	171
<b>Creditors</b>							
Internal documentation	16.6	-	-	1.1	17.7	6,927.50	391
Creditor strategy	1.0	-	-		1.0	415.00	415
Reporting to creditors	35.5	11.2	35.3	7.9	89.9	26,339.50	293
Creditor meetings	2.0	-	-		2.0	830.00	415
Secured creditors	26.4	100.2	2.0	2.3	130.9	38,457.50	294
Unsecured creditors		1.7	2.0	4.8	8.5	1,472.50	173
Employees		-	0.2		0.2	46.00	230
Shareholders and other stakeholders	0.3		-		0.3	118.50	395
<b>Totals</b>	<b>238.9</b>	<b>372.7</b>	<b>174.6</b>	<b>205.7</b>	<b>991.9</b>	<b>257,732.00</b>	<b>260</b>



## Bournston (South Street) Limited

	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	-		-	7.1	7.1	816.50	115
Strategy and control	12.5	9.4	10.0	6.1	38.0	10,459.50	275
Statutory duties	2.2	1.9	3.3	4.3	11.7	2,509.50	214
Case administration	0.9		4.7	9.8	15.4	2,613.50	170
Accounting and treasury	1.8	2.7	10.0	59.4	73.9	9,354.50	127
Travel and waiting time	2.0	2.5		2.0	6.5	1,672.50	257
Internal documentation	1.4	1.2	6.4	6.3	15.3	3,090.50	202
<b>Investigations</b>							
Director conduct reports	2.2	3.8	4.9	3.2	14.1	3,334.50	236
Other investigations	0.5	2.9	-		3.4	976.00	287
Internal documentation	0.2		0.9		1.1	277.00	252
<b>Realisation of assets - fixed charge</b>							
Asset realisation strategy	7.3	39.4	0.8	-	47.5	13,723.50	289
Asset identification and valuation	4.9	0.1	17.3	0.1	24.4	6,446.00	273
Sale of assets	11.3	1.3	1.0	0.2	13.8	5,144.50	373
Asset accounting and administration	0.8	1.2	0.4	5.0	7.4	1,453.50	196
<b>Realisation of assets - debtors</b>							
Debt collection				0.3	0.3	34.50	115
<b>Realisation of assets - floating charge</b>							
Asset identification and valuation	-		0.4	0.6	1.0	157.00	157
Sale of assets	0.2	-			0.2	79.00	395
Asset accounting and administration	-			0.2	0.2	22.00	110
<b>Trading</b>							
Trading strategy	7.4	59.5	20.0	8.5	95.4	24,287.50	255
Trading activities	6.5	13.2	13.0	16.1	48.8	10,911.00	224
Accounting and administration	1.4	0.1	14.3	18.7	34.5	5,724.00	166
<b>Creditors</b>							
Internal documentation	15.2				15.2	6,292.00	414
Creditor strategy	1.0				1.0	415.00	415
Reporting to creditors	25.2	9.8	32.6	4.9	72.5	20,903.50	288
Creditor meetings	2.0				2.0	830.00	415
Secured creditors	15.6	65.5	2.4	1.8	85.3	24,868.00	292
Unsecured creditors		0.9	2.2	2.2	5.3	1,000.50	189
Employees			0.2	-	0.2	46.00	230
<b>Totals</b>	<b>125.1</b>	<b>215.4</b>	<b>144.8</b>	<b>156.8</b>	<b>642.1</b>	<b>157,898.50</b>	<b>246</b>

## **Appendix F. Administrators' fees, disbursements and pre-appointment costs**

### **Fees**

A copy of 'A Creditors' Guide to Administrations' 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 the Administrators and they will forward a copy to you.

Approval of the Administrators' fees has been sought in accordance with rule 2.106 of the Insolvency Rules 1986. On 27 July 2012 the secured creditor approved that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administrations.

To date fees totalling £210,000 have been drawn in respect of Stockton, of which £61,000 was drawn in respect of trading. Disbursements of £2,853 have also been drawn on account.

To date fees totalling £120,000 have been drawn in respect of South Street, of which £30,000 was drawn in respect of trading. Disbursements of £550 have also been drawn on account.

### **Disbursements**

The following category 2 disbursements have been drawn.

- Photocopying - charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying.
- Printing - charged at the rate of 10 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

## **Appendix G. Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9**

### **Policy**

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

### **Staff allocation and the use of sub-contractors**

The 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, an associate director or 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 Administrators' charge-out rate schedule overleaf provides details of all grades of staff.

With regard to support staff, time spent by treasury staff in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Administrators have not utilised the services of any sub-contractors in these cases.

### **Professional advisors**

On these assignments the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangements with them, which are subject to review on a regular basis

Name of professional advisor	Basis of fee arrangement
Squire Sanders (UK) LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium
GVA Grimley Limited (valuation and disposal advice)	Hourly rate, fixed fees and disbursements
Mezzino Limited (managing agent)	Agreed monthly rates and disbursements
Jones Lang LaSelle (property management)	Percentage of realisations

The 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 these assignments and the basis of their fee arrangements with them.

## 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 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. Details of category 2 disbursements charged on these cases are provided in Appendix F.

## Charge-out rates

A schedule of Zolfo Cooper charge-out rates for these assignments 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.

Description £	Rates from 1 April 2014	Description £	Rates pre 1 April 2014
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

## **Appendix H. Exit routes and discharge from liability**

### **Extension**

Following a Court approved extension of two years for both Administrations, the Administrations are due to end on 10 December 2015. The Administrators continue to hold the properties and liaise with their agents in respect of the separate strategies for disposing of the properties. If further extensions are required, creditors will be notified in advance of the Court applications being made.

### **Dissolution of the Company**

Based on current information, the Companies are unlikely to have property to permit a distribution to their unsecured creditors. The Administrators will therefore file notices, together with their final progress reports, at court and with the Registrar of Companies for dissolution of the Companies. The Administrators will send copies of these documents to the Companies and their creditors. The appointments will end following the registration of the notices by the Registrar of Companies.

### **Discharge from liability**

The Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointments as Administrators cease to have effect.