

AM23

Notice of move from administration to dissolution



Companies House

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COMPANIES HOUSE

1 Company details

Company number 06126332

Company name in full Bournston (Stockton) Limited

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Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice, Chancery Division,
Birmingham District Registry

Court number 63712012

3 Administrator's name

Full forename(s) Ryan

Surname Grant

4 Administrator's address

Building name/number 35

Street Newhall Street

Post town Birmingham

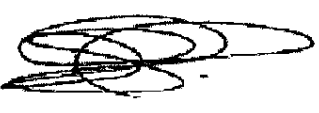
County/Region

Postcode B33PU

Country

AM23

Notice of move from administration to dissolution

5	Administrator's name ①	
Full forename(s)	Anne	
Surname	O'Keefe	
		① Other administrator Use this section to tell us about another administrator.
6	Administrator's address ②	
Building name/number	26	
Street	Spring Gardens	
Post town	Manchester	
County/Region		
Postcode	M 2 1 A B	
Country		
		② Other administrator Use this section to tell us about another administrator.
7	Final progress report	
<input checked="" type="checkbox"/> I have attached a copy of the final progress report		
8	Sign and date	
Administrator's signature	Signature X  X	
Signature date	d 2 d 1 m 1 m 2 y 2 y 0 y 1 y 7	

Administrators' Final Progress Report for the period 15 October 2017 to 15 December 2017

Bournston (Stockton) Limited
In Administration

22 December 2017

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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 15 October 2017 to 15 December 2017 (the **Period**), and should be read in conjunction with all previous reports.
- 1.3 This report has been prepared in accordance with rule 18.2 of the Insolvency (England and Wales) Rules 2016.
- 1.4 All matters in this Administration have now been finalised and the purpose of this report is to provide a final update on the progress of the Administration, including details of assets realised during the Period, details regarding the Administrators’ fees and the outcome for each class of creditor. For details of the exit route please see section 8.
- 1.5 Details of the Administrators’ fees and disbursements incurred are provided at Appendices C and D.
- 1.6 More information relating to the Administration process, Administrators’ fees and creditors’ rights can be found on AlixPartners’ creditor portal (<http://www.alixpartnersinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received.
- 1.7 If you require a hard copy of this report or have any queries in relation to its contents or the Administration generally, please contact Melissa Fielding on 0161 838 4529, by email at creditorreports@alixpartners.com, or write to AlixPartners’ office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

2. Summary of information for creditors

Dividend distributions

Description	Estimated debt £	Level of return £
Secured creditor	27.8 million	12.3 million
Unsecured creditors	756,135	Nil

Notes:

The Company is part of a group (the **Group**) which included Bournston Estates Limited (**BEL**), Bournston (the Point at West Bridgford) Limited (the **Point**) and Bournston (South Street) Limited (**South Street**). BEL, the Point and South Street were all formerly in Administration. BEL is currently in compulsory liquidation, whilst the Point and South Street were dissolved on 15 September 2013 and 14 July 2015, respectively.

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

A final distribution of £0.2 million has been made with this final report which brings total distributions from the Company to £12.3 million.

Total distributions to the secured creditor from Group realisations are £17.4 million.

The assumed debt for the secured creditor has been ascertained from the information provided shortly after the appointment; therefore, it does not include accrued interest and charges. The secured creditor has suffered a shortfall.

As the Company had no employees, no preferential claims have been received.

The estimated debt for the unsecured creditors has been taken from the director's Statement of Affairs. As there have been insufficient floating charge realisations made, the net property and resulting prescribed part (see paragraph 7.5) is nil. As such, there have been no funds to facilitate a distribution to unsecured creditors.

For further information please refer to section 7 of this report.

3. Administrators' proposals

- 3.1 As a reminder, the administrator of a company must perform their functions with a view to achieving one of the following objectives:

Objective 1: rescuing the company as a going concern;

Objective 2: 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); or

Objective 3: realising property in order to make a distribution to one or more secured or preferential creditors.

- 3.2 In this case the Administrators pursued the second statutory objective. The strategy for achieving this objective was to continue to collect the rental income from the sole property asset while a disposal strategy was formulated and subsequent sale completed.

4. Progress of the Administration

- 4.1 Attached at Appendix B is the Administrators' Receipts and Payments Account for the Period, together with a Cumulative Account for the period since appointment. All costs incurred to date have been paid which include property costs under the operational service charge.
- 4.2 In addition to their statutory objective, the Administrators have duties imposed by insolvency and other legislation and their regulating professional bodies. The Administrators have set out information in respect of the progress of these duties in addition to that of the realisation of assets and distribution of available funds.

Realisation of assets – fixed charge

- 4.3 Please see previous reports for background information relating to the student accommodation development based in Stockton-On-Tees (**Rialto Court**), which was the sole asset on appointment. The day to day management of Rialto Court has been undertaken by Mezzino Limited (**Mezzino**). Jones Lang LaSalle (**JLL**) have assisted the Administrators in providing asset disposal and capital expenditure advice.

Property

- 4.4 As previously reported, a sale of Rialto Court was completed 6 October 2017 for £7.75 million to L1 UK Property Nominee A1 PTY Limited and L1 UK Property Nominee A2 PTY Limited. Please note that the director's Statement of Affairs included a value of £12 million for the property however, this was only indicative at the date of appointment and did not represent an accurate estimated to realise value. The sale achieved represents fair value following a full marketing process.
- 4.5 The consideration was received in full on completion and can be seen in Appendix B, with £26,000 allocated to fixtures and fittings (in line with the agents' valuation).
- 4.6 Since the last report, the Administrators have worked in conjunction with Mezzino to reconcile the service charge and capital expenditure accounts. These have been finalised and all outstanding costs have been discharged.

Rental income (trading)

- 4.7 Total rental income of approximately £9.9 million has been collected in the Administration.

Service charge refund

- 4.8 A service charge refund of £50,100 has been recovered in the Administration.

Other matters

- 4.9 Total bank interest of £9,021 has been received in the Administration.

Administration (including statutory reporting)

- 4.10 In addition to their duties relating to realising and distributing the assets of the Company, the Administrators must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986. These include, notifying the stakeholders of the appointment and preparing bi-annual reports to creditors advising of the progress of the Administration. The Administrators are responsible for liaising with HM Revenue and Customs to determine the final position in respect of corporation tax and other taxes that may be owed by or to the Company, and for filing tax returns for the duration of the Administration.
- 4.11 In order to ensure the matters of the Administration are being progressed sufficiently, the Administrators have a duty to conduct periodic case reviews and complete case checklists. In addition, the Administrators' treasury function will also comply with cash accounting requirements including raising payments, processing journal vouchers and posting receipts, preparing bank reconciliations and statutory returns.
- 4.12 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex. Where the costs of statutory compliance and reporting to creditors exceeds the initial estimate, it will generally be because the duration of the case has been longer than expected, due to for example protracted realisation of assets, and therefore additional periodic reports have had to be prepared and distributed to stakeholders.

5. Unrealised assets

- 5.1 All assets have now been realised and the Receipts and Payments Account at Appendix B reflects the final position on both realisations achieved and payments discharged during the course of the Administration.

6. Investigations

- 6.1 The Administrators conducted investigations into the conduct of the directors and transactions entered into prior to the Company's 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 Administrators' investigations, there were no matters identified that required further action.

7. Outcome for creditors

Secured creditor – AIB Group (UK) Plc

- 7.1 Details of the security held by the secured creditor and individual indebtedness of the Company has been provided in previous reports.
- 7.2 The Company is part of a Group, for which the secured creditor's debt totals approximately £27.8 million. Each company in the Group is jointly and severally liable for the entire debt.
- 7.3 The secured creditor has received total distributions of £12.3 million from the Company, bringing total Group distributions to £17.4 million. The secured creditor has suffered a shortfall.

Preferential creditors

- 7.4 The Company had no employees and as a consequence, no preferential claims have been received.

Unsecured Creditors' Fund

- 7.5 Where there is a floating charge which was created on or after 15 September 2003, the Administrators 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'.
- 7.6 The Administrators confirm the value of the Company's net floating charge property to be nil and consequently the Unsecured Creditors' Fund is nil, resulting in no funds available for a distribution to unsecured creditors.

8. What happens next

Exit route

- 8.1 The Company has no property to permit a distribution to its unsecured creditors other than by way of the Unsecured Creditors' Fund. The Administrators will therefore file a notice, together with their final progress report, at court and with the Registrar of Companies for dissolution of the Company. The 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.

Discharge from liability

- 8.2 As approved by the secured creditor, the Administrators will be discharged from liability under paragraph 98 of schedule B1 of the Insolvency Act 1986 directly after their appointment as Administrators ceases to have effect.

Creditors' rights

- 8.3 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 Administrators provide further information about their fees or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 8.4 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 Administrators' fees is inappropriate, or that the fees or the expenses incurred by the Administrators as set out in this progress report are excessive.

For and on behalf of
Bournston (Stockton) Limited



Catherine Williamson
For Ryan Grant
Administrator

Encs

Appendix A. Statutory information

Company information

Company name	Bournston (Stockton) Limited
Registered number	06126332
Registered office	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	Ossington Chambers, 6-8 Castle Gate, Newark, Nottinghamshire, NG24 1AX
Trading address	Rialto Court, 66 Bridge Road, Stockton Tees, TS18 3DG
Trading name	Bournston (Stockton) Limited
Court details	High Court of Justice, Chancery Division, Birmingham District Registry
Court reference	6371 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 Kevin Grant	c/o AlixPartners, 35 Newhall Street, Birmingham, B3 3PU	009637	Insolvency Practitioners Association
Anne Clare O'Keefe	c/o AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008375	Insolvency Practitioners Association
Simon Wilson	c/o 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.

Extension of Administration

The Administration was initially extended for a period of six months with the consent of the secured creditor, meaning the Administration was due to end on 10 December 2013.

A further extension request for a period of two years was completed by court application in December 2013. This was approved and meant that the Administration was due to end on or before 10 December 2015.

A further court application was approved in December 2015 to extend the Administration for a period of twelve months, meaning it was due to end on or before 10 December 2016.

A further application was approved by the court in November 2016 to extend the Administration by a further two years to 10 December 2018.

Appendix B. Receipts and Payments Account for the period 15 October 2017 to 15 December 2017 and a Cumulative Account for the period since appointment

Statement of Affairs £	Period £	Cumulative £
Fixed charge assets		
Receipts		
12,000,000 Property	-	7,724,000
Pre-appointment rental income	-	175,896
Service charge refund	-	50,100
Rental income 11/12	-	55,795
Rental income 12/13	-	1,809,624
Rental income 13/14	-	1,743,495
Rental income 14/15	-	1,841,541
Rental income 15/16	-	1,993,561
Rental income 16/17	-	2,013,172
Rental income 17/18	3,276	204,507
Non-refundable deposit	-	50,000
Other rental income	-	70,953
Bank interest	166	9,131
	3,442	17,741,775
Payments		
Service charge costs	710	3,308,792
Agents' fees	7,494	136,427
Capital expenditure	26,431	755,271
Building inspection and repair works	-	91,217
Pre-appointment legal fees	-	5,544
Legal fees and disbursements	50,080	231,746
Administrators' pre-appointment fees	-	9,511
Administrators' fees	31,314	481,314
Category 1 disbursements:		
Specific penalty bond	-	1,250
Travel and subsistence	-	2,809
Telephone charges	-	92
Storage costs	75	81
Stationery and postage	-	32
Redirection of mail	-	147
Data protection costs	-	70
Sundry	-	17
Category 2 disbursements:		
Internal printing and photocopying	-	1,103
Mileage	-	581
Insurance	6,775	6,775
Irrecoverable VAT	28,799	357,275
Professional fees	-	58,173
Bank charges	-	45
	(151,678)	(5,448,272)
Distributions		
Fixed chargeholder	7,983,148	12,293,503
	(7,983,148)	(12,293,503)
Balance of fixed charge assets	(8,131,384)	-

Statement of Affairs £	Period £	Cumulative £
Floating charge assets		
Receipts		
VAT refund	-	434
Cash held on appointment	-	58
Fixtures and fittings	-	26,000
Rates refund	-	2,275
Other income	-	186
Bank interest	-	56
	-	29,009
Payments		
Administrators' fees	28,686	28,686
Preparation of Statement of Affairs	-	150
Category 1 disbursements:		
Stationery and postage	-	14
Insolvency bond	-	30
Statutory advertising	-	92
Bank charges	-	37
	28,686	(29,009)
Balance of floating charge assets	28,686	-
Total balance	(8,102,698)	-

Note: The above is subject to small rounding differences. The Company is not able to recover any VAT incurred on payments and therefore the VAT is irrecoverable.

Appendix C. Administrators' fees and pre-administration costs

Fees

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.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 Administration.

Fees totalling £510,000 have been drawn. Of this amount, £120,000 has been drawn in respect the supervision of trading, which has included the ongoing management of rental collections with Mezzino.

Administrators' details of time spent to date

The Administrators' time costs for the Period are £17,462. This represents 56 hours at an average rate of £315 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade.

	Employee grade (hours)				Hours incurred	Cost incurred	Average rate per hour
	Managing director /director	Vice president	Associate/analyst	Treasury/support			
Administration and planning							
Strategy and control	0.1	2.8	0.5	-	3.4	1,257.50	370
Statutory duties	-	3.0	-	-	3.0	1,155.00	385
Case administration	-	0.2	0.5	-	0.7	212.00	303
Accounting and treasury	2.3	0.7	0.5	2.3	5.8	1,740.50	300
Internal documentation	-	-	3.1	-	3.1	837.00	270
Investigations							
Other investigations	-	-	0.2	-	0.2	31.00	155
Realisation of assets - fixed charge							
Sale of assets	-	2.2	-	-	2.2	847.00	385
Asset accounting and administration	-	0.3	-	1.4	1.7	295.00	174
Realisation of assets - floating charge							
Asset accounting and administration	0.3	-	-	0.1	0.4	145.00	363
Trading							
Trading activities	1.5	-	-	-	1.5	697.50	465
Accounting and administration	-	0.2	-	0.2	0.4	95.00	238
Creditors							
Reporting to creditors	4.3	3.0	22.0	-	29.3	8,728.00	298
Secured creditors	-	3.5	-	0.2	3.7	1,382.50	374
Unsecured creditors	-	0.1	-	-	0.1	38.50	385
Totals	8.5	16.6	26.6	4.2	55.5	17,461.50	315

A cumulative time analysis from the date of the Administrators' appointment to the end of the Period is set out below.

	Employee grade (hours)					£	
	Managing director /director	Vice president	Associate/analyst	Treasury/support	Hours incurred	Cost incurred	Average rate per hour
Administration and planning							
Planning	-	0.4	-	7.2	7.6	992.00	131
Strategy and control	36.8	15.9	13.3	6.2	72.2	24,216.00	335
Statutory duties	2.3	7.0	10.5	4.9	24.7	6,254.00	253
Case administration	2.0	0.7	14.5	12.9	30.1	6,150.50	204
Accounting and treasury	9.5	6.1	14.0	102.5	132.1	19,213.00	145
Travel and waiting time	40.1	5.5	-	2.0	47.6	18,893.50	397
Internal documentation	1.5	2.1	25.2	11.3	40.1	8,921.50	222
Investigations							
Director conduct reports	13.6	3.7	4.9	3.0	25.2	7,857.00	312
Other investigations	0.8	3.0	0.2	-	4.0	1,152.00	288
Internal documentation	0.2	-	1.2	-	1.4	343.00	245
Realisation of assets - fixed charge							
Asset realisation strategy	30.2	106.3	25.3	-	162.4	49,517.00	305
Asset identification and valuation	30.3	0.4	33.8	0.1	64.6	21,680.50	336
Sale of assets	130.9	9.7	19.1	0.2	159.9	66,412.50	415
Asset accounting and administration	3.6	6.3	2.2	22.3	34.4	7,436.00	216
Realisation of assets - floating charge							
Asset realisation strategy	1.5	-	-	-	1.5	676.50	451
Asset identification and valuation	-	0.3	0.9	0.6	1.8	366.50	204
Sale of assets	1.9	-	-	-	1.9	844.50	444
Recovery of assets	-	0.3	-	-	0.3	108.00	360
Asset accounting and administration	1.5	1.1	0.1	2.3	5.0	1,289.00	258
Trading							
Trading strategy	25.5	100.9	147.4	13.6	287.4	76,587.50	266
Trading activities	58.5	16.8	30.3	24.3	129.9	38,816.00	299
Accounting and administration	1.8	1.0	46.5	23.8	73.1	14,625.50	200
Creditors							
Internal documentation	17.4	-	-	1.1	18.5	7,277.00	393
Creditor strategy	1.0	-	-	-	1.0	415.00	415
Reporting to creditors	80.9	20.0	120.9	21.8	243.6	73,981.50	304
Creditor meetings	2.0	-	-	-	2.0	830.00	415
Secured creditors	39.3	107.0	32.5	3.2	182.0	55,149.00	303
Unsecured creditors	-	2.0	2.0	5.5	9.5	1,898.00	178
Employees	-	-	0.2	-	0.2	46.00	230
Shareholders and other stakeholders	0.3	-	-	-	0.3	118.50	395
Totals	533.4	416.5	545.6	268.8	1,764.3	511,857.00	290

Details of the progress of the Administration, together with an explanation of why the work was undertaken are set out in section 4.

Appendix D. Administrators' expenses and disbursements

Expenses of the Administration

An analysis of the costs paid over the course of the Administration is provided below. All costs incurred have been paid and nothing further is outstanding.

	Paid in prior period £	Paid in the period £	Total cost £
Legal costs	181,666	50,080	231,746
Capital expenditure	728,840	26,431	755,271
Professional fees	58,173	-	58,173
Property holding costs*	3,308,082	710	3,308,792
Agent's fees	128,933	7,494	136,427
Total	4,405,694	84,715	4,490,409

*Property holding costs are the costs incurred whilst preserving Rialto Court. These include insurance, security, utilities, business rates and repairs and maintenance.

Administrators' disbursements

Category 1 disbursements of £4,634 have been drawn on account. Approval to draw category 2 disbursements has been given by the secured creditor and £1,684 have also been drawn in relation to the below:

- 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; and
- business mileage for staff travel – charged at the rate of 45 pence per mile.

Appendix E. Additional information in relation to the Administrators' fees

Policy

Detailed below is AlixPartners'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 managing director, a vice president, 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 their treasury department 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 this case.

Professional advisors

On this assignment the Administrators have used the professional advisors listed below. The 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 Patton Boggs LLP (legal advice)	Hourly rate and disbursements
Willis Towers Watson Limited (insurance)	Risk based premium
GVA Grimley Limited (valuation and initial disposal advice)	Hourly rate, fixed fees and disbursements
Mezzino Limited (managing agent)	Agreed monthly rates and disbursements
Jones Lang LaSalle (disposal agents)	Percentage of realisations
Jones Lang LaSalle (property management)	Percentage of instructed works

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 the assignment and the basis of their fee arrangement 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 approval prior to being paid and have been drawn in accordance with the approval given, they may include:

- 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; and
- business mileage for staff travel – charged at the rate of 45 pence per mile.

Charge-out rates

A schedule of AlixPartners' charge-out rates for this assignment effective from 1 January 2017 is detailed below. Time is charged by managing directors and case staff in units of six minutes.

Description	Rates from 1 January 2017 £
Managing director	465-510
Director	445
Vice president	385
Associate	270-305
Analyst	155-270
Treasury and support	90-175