

In accordance with
Rule 3.60 of the
Insolvency (England
& Wales) Rules 2016
& Paragraph 83(3) of
Schedule B1 to the
Insolvency Act 1986.

AM22

Notice of move from administration to creditors' voluntary liquidation



Companies House

SATURDAY



A10 *A7EK984Z*
15/09/2018 #319
COMPANIES HOUSE

1 Company details

Company number 0 9 1 7 5 0 7 6

Company name in full Pinnacle (Angelgate) Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Court details

Court name High Court of Justice, Chancery Division

Court case number C R - 2 0 1 7 - 0 0 6 0 1 5

3 Administrator's name

Full forename(s) Duncan

Surname Swift

4 Administrator's address

Building name/number The French Quarter

Street 114 High Street

Post town Southampton

County/Region

Postcode S O 1 4 2 A A

Country

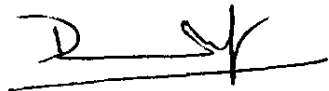
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Notice of move from administration to creditors' voluntary liquidation

5	Administrator's name ①		
Full forename(s)	Neil		① Other administrator Use this section to tell us about another administrator.
Surname	Dingley		
6	Administrator's address ②		
Building name/number	1 Lakeside		② Other administrator Use this section to tell us about another administrator.
Street	Festival Way		
	Festival Park		
Post town	Stoke on Trent		
County/Region			
Postcode	S T 1 5 R Y		
Country			
7	Appointor/applicant's name		
	Give the name of the person who made the appointment or the administration application.		
Full forename(s)	Chan Mei		
Surname	Fong		
8	Proposed liquidator's name		
Full forename(s)	Duncan		
Surname	Swift		
Insolvency practitioner number	8 0 9 3		
9	Proposed liquidator's address		
Building name/number	The French Quarter		
Street	114 High Street		
Post town	Southampton		
County/Region			
Postcode	S O 1 4 2 A A		
Country			

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Notice of move from administration to creditors' voluntary liquidation

10	Proposed liquidator's name ¹		Other liquidator Use this section to tell us about another liquidator.
Full forename(s)	Neil		
Surname	Dingley		
Insolvency practitioner number	9 2 1 0		
11	Proposed liquidator's address ²		Other liquidator Use this section to tell us about another liquidator.
Building name/number	1 Lakeside		
Street	Festival way		
	Festival Park		
Post town	Stoke on Trent		
County/Region			
Postcode	S T 1 5 R Y		
Country			
12	Period of progress report		
From date	d 2 d 8 m 0 m 3 y 2 y 0 y 1 y 8		
To date	d 1 d 4 m 0 m 9 y 2 y 0 y 1 y 8		
13	Final progress report		
	<input checked="" type="checkbox"/> I have attached a copy of the final progress report.		
14	Sign and date		
Administrator's signature	Signature X  X		
Signature date	d 1 d 4 m 0 m 9 y 2 y 0 y 1 y 8		

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Notice of move from administration to creditors' voluntary liquidation



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Dawn Sherin
Company name	Moore Stephens
Address	The French Quarter
	114 High Street
Post town	Southampton
County/Region	
Postcode	S O 1 4 2 A A
Country	
DX	
Telephone	023 8082 1535



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



Important information

All information on this form will appear on the public record.



Where to send

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The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



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For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

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PINNACLE (ANGELGATE) LIMITED ("THE COMPANY")

Final progress report to the creditors pursuant to Rule 3.53 of
the Insolvency (England and Wales) Rules 2016

14 September 2018

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This report is intended for use by those parties entitled to a copy thereof under the Insolvency (England and Wales) Rules 2016. It may contain information that is privileged, confidential or exempt from disclosure and any dissemination, distribution or copying of it and its attachments is strictly prohibited.

Any estimated outcomes for creditors are for illustration only and cannot be relied upon as guidance as to the actual outcome for creditors.

Duncan Swift and Neil Dingley are authorised to act as insolvency practitioners in the UK by the Institute of Chartered Accountants in England and Wales. All of our work is conducted in accordance with the Insolvency Code of Ethics.

1. Statutory information

Company name:	Pinnacle (Angelgate) Limited	
Company number:	09175076	
Registered office:	The French Quarter 114 High Street Southampton SO14 2AA	
Court reference:	High Court of Justice, Chancery Division No. CR-2017-006015	
Date of appointment:	28 September 2017	
Joint Administrators:	Duncan Swift	Neil Dingley
Joint Administrators' address:	The French Quarter 114 High Street Southampton SO14 2AA	1 Lakeside, Festival Way Festival Park Stoke on Trent ST1 5RY
Paragraph 100(2) statement:	The Administrators may exercise any of the powers conferred on them by the Insolvency Act 1986 jointly or individually.	

2. Conduct of the administration

Introduction

- 2.1. A detailed explanation of the background leading to the appointment of the Joint Administrators and the steps taken post appointment was included in the Joint Administrators' proposals of 21 November 2017 ("the Proposals"). All of the terms and abbreviations used in this report are as defined in Section 2 of the Proposals.
- 2.2. There have been no deviations or amendments to the Proposals which were approved by Buyers and other creditors without modifications.
- 2.3. At paragraph 9.8 of the Proposals the Joint Administrators specifically proposed:
- 1) *That the Administrators will continue to manage the affairs of the Company in order to achieve the objective of the Administration.*
 - 2) *That a closing deadline ("the Deadline") be set for the submission of Development Site build-out proposals from interested parties of 17:00 GMT Wednesday 17 January 2018. Following which the Administrators assisted by LSH and Lester Aldridge will assess the feasibility and viability of these proposals, and.*
 - (i) *Should there be a feasible and viable proposal; or a preferred proposal if more than one, the Administrators would put this to Buyers to consider, possible in the form of a CVA proposal, on or before 31 March 2018; or,*
 - (ii) *Should there not be any feasible and viable proposal the Administrators will advise Buyers, within 10 days, of this position being determined. At the same time the Administrators shall also advise Buyers of their plans to then realise value from the Development Site and of any application to Court (to sell free from the charge of Buyerco and the unilateral notices held by certain Buyers) should that be required to facilitate a sale. Please note the release of Buyerco's charge by way of such a court application does not change the obligation on the Administrators to account for the Development Site sale proceeds to all Buyers, whether directly or via Buyerco.*

- 3) *That the Administrators continue their investigations, with the assistance of Lester Aldridge, into the Company's spending of £28.7m drawn down by it from Buyerco to identify possible legal bases for commercial recovery*
- 4) *That the Administrators continue to share information regarding Buyers claims received in PAL with the directors of Buyerco. Similarly, that the directors of Buyerco share information regarding Buyers entitlements to the monies held by Buyerco with the Administrators.*
- 5) *Subject to it being confirmed there is no conflict, that the Administrators will instruct Irwin Mitchell to assess the claims of Buyers and other creditors the Administrators have deemed valid to receive a dividend from the Company to be payable as an administration expense. Similarly, the directors of Buyerco will instruct Irwin Mitchell to assess the entitlements of Buyers; as calculated by Moore Stephens' staff from the Administrators' office, deemed to be refundable from the monies held by Buyerco. Irwin Mitchell's costs in relation to their work for the Company to be payable as an administration expense. And, Irwin Mitchell's costs in relation to their work for Buyerco to be payable from the monies held by Buyerco.*
- 6) *That the Administrators will seek to borrow, and Buyerco's directors will seek to have Buyerco lend, £200,000 from the monies presently held by Buyerco. This amount, together with interest at a rate equivalent to that which would have been earned had it been retained in Irwin Mitchell's client account, to be repaid first by the Administrators from net realisations in the Administration. The £200,000 to be used by the Administrators to pay*
 - (i) *the pre-administration costs detailed at Section 8 [of the Proposals] in accordance with the Court Order of 28 September 2017;*
 - (ii) *the initial Development Site holding costs in relation to (2) above; and,*
 - (iii) *any balance on account of the disbursements incurred in the course of investigations in relation to (3) above or,*
 - (iv) *on account of the Administrators' remuneration and expenses including legal fees, or,*
 - (v) *with reference to paragraph 7.4 (iii) [of the Proposals] on account of any legal costs incurred in dealing with threats if legal proceedings asserted by any part of the Group in relation to the Administrators' lawful enquiries of PAL's dealings with individual persons and other companies connected with the Group*
- 7) *Subject to it being confirmed there is no conflict, that the Administrators will perform the process of making payments to.*
 - (i) *Buyers in respect of:*
 - a) *any entitlement they have to monies held by Buyerco; and*
 - b) *any dividend from the Company; and*
 - (ii) *other creditors in respect of any dividend from the Company.*

In relation to (i)(a), this will be deemed to be at the instruction of Buyerco's directors.
- 8) *That in the event that the Development Site cannot be built-out and the Administrators achieve sufficient realisations to enable a dividend to be paid to Creditors; the Company be placed into creditors' voluntary liquidation. It is proposed that the Administrators, Duncan Swift and Neil Dingley of Moore Stephens be appointed joint liquidators of the Company pursuant to Rule 3.60 of the Insolvency (England and Wales) Rules 2016. The joint liquidators are to act either alone or jointly. In accordance with paragraph 83(7), Schedule B1 of the Insolvency Act 1986 and Rule 3.60(6)(b) of the Insolvency (England and Wales) Rules 2016, Creditors may nominate different insolvency practitioners as to the proposed joint liquidators, provided that the nominations are made after the receipt of the proposals and before the proposals are approved.*
- 9) *That in the event there are insufficient funds to pay a dividend to Creditors, the Company should be dissolved in due course.*
- 10) *That the remuneration of the Administrators be fixed as set out [in paragraph 5.1] below*
- 11) *That if the Development Site is sold, all of the Administrators' remuneration and expenses be paid out of the proceeds of the sale to the extent these costs cannot be attributed to and paid from other asset realisations. This may require the assent of Buyerco as noted at paragraph 9.4 [of the Proposals].*

Alternatively, that if the Development Site is built-out all of the Administrators' remuneration and expenses to be paid as a cost of the development project, whether implemented within a CVA or not, to the extent these costs cannot be paid from other asset realisations.

- 12) *That the Administrators be given their release 14 days after filing of either Form AM22 (move to creditors' voluntary liquidation) or Form AM23 (move to dissolution) with the Registrar of Companies, whichever is applicable*

2.4. Please note the following changes have occurred in relation to Buyerco since the Proposals were issued:

- (i) Mr Robert Linaker resigned as a director on 20 February 2018. Mr Gary Langton remains as sole director.
- (ii) Buyerco has changed its solicitors to Addleshaw Goddard LLP on the transfer of Mr Chris Perrin to that firm from Irwin Mitchell LLP. All references to Irwin Mitchell at paragraph 9.8 of the Proposals should be read as referring to Addleshaw Goddard.

2.5. We issued our six-month Progress Report to Buyers and other creditors; for the period 28 September 2017 to 27 March 2018, ("the First Progress Report") on 23 April 2018. This report should be read in conjunction with the First Progress Report and the 15 e-shot communications sent by us to Buyers between 6 October 2017 and 18 July 2018.

Activity since 27 March 2018

2.6. The receipts and payments account attached at Appendix I details the asset realisations and payments during the Administration together with the receipts and payments since the First Progress Report with comparison to the director's statement of affairs values.

2.7. We have undertaken the following activities in the 171 days from 28 March to 14 September 2018 inclusive:

- (i) Together with Lester Aldridge and LSH, we continued the process of challenging MCC's opinion on the planning position and preparing the Development Site for sale by way of on-line auction (as instructed by us on 14 March 2018).
- (ii) As reported to Buyers in our e-shot communication of 23 April 2018, we successfully applied to the High Court for an order that the charge of Buyerco and the unilateral notices registered by certain Buyers be removed to facilitate the sale of the Development Site.
- (iii) As reported to Buyers in our e-shot communication of 2 May 2018 the on-line auction of the Development Site resulted in a sale exchange with Far East Consortium ("FEC") at a price of £5.2m plus VAT on 26 April 2018.
- (iv) As reported to Buyers in our e-shot communication of 18 May 2018, completion of the sale of the Development Site required the UK Land Registry to remove Buyerco's legal charge and the 454 unilateral notices held by certain Buyers from the property titles with FEC being contractually bound to complete the transaction by paying the balance of the purchase price following this removal.

This process required us and Lester Aldridge to have extensive communications with the UK Land Registry as well as with FEC's own solicitors to complete the process. Notably, the UK Land Registry mistakenly commenced a formal legal process in respect of a single objection from a holder of a unilateral notice despite being ordered by the High Court on 20th April 2018 to remove all notices. To assist the Land Registry, we obtained an amended court order which specifically directed it to immediately cancel and remove the notices and the charge.

As reported to Buyers in our e-shot communication of 18 July 2018 the sale of the Development Site to FEC for £5.2m was completed on 13 July 2018 and we have received all of the sale proceeds.

Our completion of the sale of the Development Site and the tile stock (referred to at (v) below) means that all known tangible assets of the Company have been realised. In other words, only intangible assets of the Company; such as the PMNet intercompany loan (described by the directors as 'HMRC debtor' in the Company's Statement of Affairs) and potential legal recovery actions against the Company's directors and other related parties, remain to be realised.

These intangible asset realisations are as easily achievable by a Liquidator of the Company as an Administrator. For this reason and the saving of legal costs which would be incurred in extending the Administration term and there being no legal impediment we have decided to convert the Administration to CVL as noted at paragraph 2.8.

- (v) As noted in the First Progress Report, following our conclusion that a Build-Out was not feasible, we had instructed LSH to sell by private treaty the 100 pallets of ceramic tiles owned by the Company. The tile stock was stored at a warehouse facility previously controlled by Pinnacle Alliance.

On 6 April 2018 the warehouse landlord gave the Pinnacle Alliance tenant company notice of immediate cessation of its tenancy at will due to non-payment of rent.

We communicated with the landlord and met with them on 24 April 2018. After providing proof of the Company's ownership of the tile stock the landlord kindly agreed to us concluding the private treaty sale process and the purchaser's removal of the tile stock from the warehouse without cost to the Company. The successful purchaser offered and paid £22,750 plus VAT for the tile stock on 21 May 2018. Their removal of the tile stock from the warehouse was completed on 8 June 2018.

- (vi) We have continued to make formal enquiries of PMNet's liquidators and of Mr Mills regarding the £2.9m intercompany loan due from PMNet to PAL (described by the directors as 'HMRC debtor' in the Company's Statement of Affairs).

After numerous requests, we have been supplied with a copy of PMNet's VAT invoice raised on 20 September 2017 in respect of the £13,162,236 of sales commissions charged to and paid by PAL to PMNet.

On receipt of the PMNet invoice we have submitted an input VAT refund claim to HMRC in the amount of £2,857,922. If PMNet's invoice is valid and HMRC permit the refund claim this may result in a net refund to PAL of £233,391 after crown set-off by HMRC of its pre-administration claim of £2,624,531 noted at section 8.

This activity will be continued by us as Liquidators.

- (vii) We have continued to make formal enquiries of the Company's director and his associates; to identify the ultimate beneficial owner of MVG Holdings; the Company's ultimate parent company. Our enquiries are continuing in this regard and will be continued by us as Liquidators.
- (viii) We have made formal enquiries of solicitors and other professional advisors known to have acted for the Company, or for MVG Holdings, to identify the ultimate beneficial owner of MVG Holdings group. Our enquiries are continuing in this regard and will be continued by us as Liquidators.

- (ix) We have continued to reconcile the Company's records of Buyers to those listed by Buyerco (and listed by the director of the Company in his Statement of Affairs) for the purpose of communications and to ensure the identification of all Buyers.

Following completion of the Development Site sale which gives rise to the prospect of Buyers receiving distributions (from the Company or from Buyerco as noted at (xv) below) we have extended this activity to include the work necessary to validate Buyers' claims based on proofs of debt received. The validation work has been assisted by our recovery, after numerous requests, of the files of David Roberts & Co, solicitors who acted for the Company in relation to the apartment sale contracts entered into with Buyers in 2014 and 2015.

These files, which amount to some 460 sets of records, were delivered to us by the Archives Team of the Solicitors Regulatory Authority ("SRA") on 10 August 2018. The SRA closed the firm of Wirral Solicitors Limited trading as David Roberts & Co on 12 July 2018. We shall continue the Buyer reconciliation and claim validation work as Liquidators.

- (x) We have continued our investigations into the Company's dealings in the three-year period prior to our appointment on 28 September 2017. This has included further communication with the Company's current director, Mr Mills, and our summoning further meetings with him and with other parties identified as potential associates. We have identified eight individuals as potential associates and we have now met with four of these (two in this period) since our appointment to clarify their role and involvement in the Company's affairs. Two of the remaining four have only recently been identified and the other two have not yet attended to our requests.

Should we consider that these inquiries have reached a point at which recourse to the Courts is necessary, we shall determine this with the assistance of the Creditors' Committee.

Our investigations here will be continued by us as Liquidators in consultation with the Creditors' Committee then as the Liquidation Committee.

- (xi) We have continued our investigations into the Company's dealings with PHD and with Novagrove Limited ("Novagrove").

We were supplied with Development Site contracts and drawings by the Administrators of PHD which were made available to prospective purchasers of the Development Site to view in the auction sale process noted at (i).

As previously reported at paragraph 7.4(viii) of the Proposals we have notified PHD's administrators that we anticipate PAL has a claim of c.£3.6m against PHD in respect of construction work overpayments.

Turning to Novagrove, which was the vendor of part of the Development Site to PAL for £2.0m on 23 January 2015, we have requested the LPA Receivers' files relating to their prior sale to Novagrove of that part of the Development Site for £1.0m made earlier that day.

Our investigations here will be continued as Liquidators.

- (xii) On 6 July 2018 we further considered with Lester Aldridge the outputs of our investigations to identify potential asset recoveries.

As noted in the First Progress Report we have identified two substantive potential legal recovery actions that may be pursued against the Company's directors and other related parties. We have continued to scope these actions in terms of basis, required evidence, respondents, amount of claim, costs to pursue and additional required evidence.

In consultation with the Creditors' Committee we expect to formally launch the first of these claims within the next three months. We shall continue this activity as Liquidators, and in consultation with the Creditors' Committee then as the Liquidation Committee.

We regret we are unable to provide additional information on these potential claims as it is confidential, commercially sensitive; and in certain instances subject to legal privilege.

- (xiii) In the period we have held two further meetings of the Creditors' Committee; and, we have responded to all of the questions and comments of the Creditors' Committee members arising in this period.
- (xiv) We have issued four e-shot communication to Buyers in this period to advise of key events in the progression of the Administration. We have also responded to over 30 individual Buyer enquiries over and above Buyer claim and Creditor Committee correspondence.
- (xv) As noted at Section 8 of the First Progress Report we shall have to make an application to Court for directions as to how the proceeds of sale from the Development Site should be distributed. Specifically, whether this distribution should be made by us to Buyerco or to individual Buyers, there being in our view no other creditors entitled to participate in this distribution.

Together with Lester Aldridge and with input from Counsel we have drafted this application to Court.

Following conversion of the Administration to Liquidation we shall share the draft application with Buyerco before submitting it in final form to the Court as an application by us as Liquidators. We shall send a copy of the submitted application to all Buyers by way of a further e-shot communication.

- 2.8. We have made no application to extend the term of the Administration beyond 27 September 2018 as we consider other realisations are likely to yield a distribution to Buyers and other creditors; as unsecured creditors of the Company, which is not a distribution by virtue of Section 176(2)(a) of the Insolvency Act 1986.

In other words, we have decided the Administration can now be ended with the Company moved into CVL, the Joint Administrators becoming the Joint Liquidators; and, the Creditors' Committee becoming the Liquidation Committee, with all creditor rights and other matters remaining unchanged. We have advised the Creditors' Committee of our decision.

- 2.9. This report is our final report in the Administration. It has been sent to Companies House together with a statutory notice of move from Administration to CVL. In accordance with Section 83 of the Insolvency Act 1986, on Companies House registration of the notice the Administration shall cease and at the same time the Company shall be placed into CVL.

3. Investigations

- 3.1. An appropriate submission on the actions of the directors has been forwarded to the Disqualification Unit of the Department for Business, Energy & Industrial Strategy in accordance with the Joint Administrators' statutory duties. Please note that the content of this submission is of a confidential nature and so cannot be disclosed to third parties by the Joint Administrators.

4. Pre-administration costs

- 4.1. Moore Stephens incurred time costs of £41,168.80 and pre-administration expenses of £48,755.69 prior to appointment with a view to placing the Company into Administration.
- 4.2. Payment of these pre-appointment costs and expenses, as an expense of the Administration, has been made in accordance with the Court Order dated 28 September 2017 as detailed in the Proposals.

5. Joint administrators' remuneration

- 5.1. The remuneration of the Joint Administrators has been fixed on the basis set out in the Proposals as follows:
- *A set fee of £30,000 in relation to statutory compliance, statutory reporting and planning for the first year of the Administration and £15,000 for each subsequent year or subsequent part-year.*
 - *In relation to the Development Site, a set fee of £35,000 for considering all build-out proposals received by the Deadline. And:*
 - (i) if built-out, a further set fee of £300,000 based on a 3-year build period. This further fee includes all of the activities and inquiries of the Administrators to monitor the build-out and to obtain the Company's records in relation to the Development Site (including contracts, plans, drawings, title deeds, easement and utility agreements) from the various third parties which are understood to have these records in their possession. Or,*
 - (ii) if marketed and sold 'as is' a further 4% of the realised value, before any mortgage, fixed charge and selling costs including property agent's sales fees and legal fees. This further fee would be to include all of the activities and inquiries of the Administrators to obtain the Company's records in relation to the Development Site (including contracts, plans, drawings, title deeds, easement and utility agreements) from the various third parties which are understood to have these records in their possession. this further fee also includes the Administrators' work to validate Buyer's claims and make distributions to Buyers from the net sale proceeds of the Development Site.*
 - *A set fee of £120,000 for the Administrators' investigation and formal inquiries into the Company's spending of £28.7m drawn by it from Buyerco with identification of possible legal bases for commercial recovery including the wherewithal of potential respondents to be able to compensate the Company*

This work is to include the Administrators reporting on director conduct to the Director Conduct Reporting Service in accordance with the Company Directors Disqualification Act 1986.

And, the Administrators are to seek further approval from Creditors, either directly or via a Creditors' Committee if one is formed, for the fee basis for any recovery work to be undertaken if, as and when any recoverable realisations from these investigations appear likely. this further fee to include the Administrators work to validate Buyer's claims (if there has not been a sale of the Development Site) and to validate the claims of any other creditors, and, to make distributions to Creditors from the net realisations recovered as a result of the investigations
 - *30% of any realisation of any other assets not detailed above, for example if a sale of the stock of tiles is undertaken. And,*

- *4% of the gross value of assets available for distribution to Buyers of refunds of their entitlements from monies presently held by Buyerco [Paragraph 5.2, Note 1] This fee to include the work of the Administrators and their staff to validate Buyer entitlements to the monies presently held by Buyerco as well as distributing those entitlements to Buyers on behalf of Buyerco and the cost of indemnifying Buyerco's present directors in respect of such distributions [Paragraph 5.2, Note 2]*

5.2. The notes below do not form part of the Proposals replicated at paragraph 5.1 but are included here for clarity:

Note 1: Please note this fee only relates to the distribution of those monies that were held by Buyerco at the date of our appointment.

Note 2: The Administrators' fees for distributing any monies realised from assets in the Administration of PAL are separately provided for within the fee amount at 5.1 (ii).

5.3. Authorisation for the remuneration at paragraph 5.1 was obtained from the general body of creditors on 11 December 2017 and the Creditors' Committee on 3 January 2018.

5.4. Examples of work, which may be undertaken in an Administration, is attached at Appendix II.

5.5. We have detailed our work in the period at paragraph 2.7 of this report; and, in relation to the first 6-months of the Administration in paragraphs 2.5 and 2.6 of the First Progress Report.

In addition, we have dealt with all statutory matters and administrative work in relation to the Administration and either required by legislation or necessary to perform the basic duties of an Administrator.

5.6. In our e-shot communication of 18 May 2018 we summarised to Buyers as five steps of further work to be undertaken in the Company's insolvency (whether in Administration or CVL). As Step 1, completion of the Development Site sale has been achieved, we summarise the remaining four steps as:

Step 2: Following the sale of the Development Site the Administrators and Buyerco must agree how the sale proceeds after costs ("Net Sale Proceeds") are to be allocated. This must be done with reference to UK trust law and UK insolvency law and as described at paragraph 2.7 (xv) will require an application to the High Court for directions.

The application would be to determine the order of priority of Buyers' claims, individually and/or collectively, to receive distributions from the Company and from Buyerco.

An application would be sent to Buyers before it is heard by the Court, in the same way the application for the removal of the legal charge and unilateral notices was sent to Buyers. And, Buyerco and we as Liquidators will advise you of the outcome of the Court application.

Step 3: We as the Liquidators, in conjunction with Buyerco, must agree each Buyer's claim amount. We are not able at this time to give a precise estimate on how long it will take to establish the claims of all Buyers. It may take between three and six months and it is being conducted in parallel with the other continuing work described in paragraph 2.7.

Any Buyer, who has not already done so, should make their claim for monies owed to them by completing a Proof of Debt Form available for download from www.ips-docs.com as detailed at Appendix I to the e-shot communication of 18 May 2018.

Step 4. We as Liquidators in consultation with the Liquidation Committee and Buyerco will have to consider whether any part of the Net Sale Proceeds; and on what terms, may be used by us as Liquidators to fund the legal recovery actions noted at paragraphs 2.14-2.16 of the First Progress Report.

This consideration will be influenced by the outputs of our continuing investigatory activities described at paragraph 2.7.

This consideration may influence the total amount of the first distribution to Buyers and the timing of subsequent distributions to Buyers from Net Sale Proceeds. And,

Step 5: If the legal recovery actions (paragraph 2.7(xii)) and/or the VAT refund claim (paragraph 2.7(vi)) yield net asset recoveries ("Net Asset Recoveries"); the work at Step (3) will have to be undertaken to agree the claims of any other creditors (non-Buyers), who may be entitled to participate with Buyers in distributions made from such Net Asset Recoveries.

In addition, we as Liquidators will continue to keep the Liquidation Committee informed on a regular basis; and will issue annual progress reports to Buyers and other creditors in the Liquidation and further e-shot communication to Buyers in respect of salient events, together with other compliance work required to be performed in a liquidation.

5.7. During the period since the previous progress report, asset realisation from the sale of the Development Site totals £5,200,000 and realisations from other asset realisations total £22,750. Therefore, in addition to the fixed fees of £185,000 we are entitled to receive further remuneration of £214,825.

5.8. £399,825 has been drawn in respect of the remuneration of the Joint Administrators as detailed below:

Fee basis		Remuneration entitlement £'000	Remuneration drawn in period £'000	Total remuneration £'000
<u>Statutory compliance, statutory reporting and planning</u>				
Year 1	£30k fixed fee	30.0	15.0	30.0
Subsequent years	£15k fixed fee	-	-	-
<u>Development Site</u>				
Consideration of build-out proposals	£35k fixed fee	35.0	10.0	35.0
Build-out (based on 3-year build)	£300k fixed fee	-	-	-
Sold 'as is'	£4%	208.0	208.0	208.0
<u>Investigation</u>	£120k fixed fee	120.0	110.0	120.0
<u>Other asset realisations</u>	30%	6.8	6.8	6.8
<u>Assets available for distribution</u>	4%	-	-	-
Totals		399.8	349.8	399.8

5.9. Should you wish to receive a copy of "A Creditors' Guide to Administrators' Fees" this is available on the Moore Stephens website <http://www.moorestephens.co.uk/corporaterecovery.aspx> or by requesting a copy from this office in writing or by telephone.

6. Joint administrators' expenses

6.1. A schedule of all expenses incurred in the Administration, together with those incurred since the First Progress Report, is provided at Appendix III.

Agent's fees & expenses

- 6.2. Fees of £146,200 and expenses of £9,966 have been paid to LSH in relation to the Development Site as detailed below:

Detail	Fee basis	Amount (£)
<u>Fees</u>		
Consultancy	Time costs	35,000.00
Planning advice	Time costs	3,000.00
Building surveying advice	Time costs	3,500.00
Security inspections	Time costs	700.00
Sale of Development Site	2% of sale price	104,000.00
Total fees		146,200.00
<u>Disbursements</u>		
General out-of-pocket disbursements		705.50
Site clearance		2,450.00
Online auction		6,811.00
Total disbursements		9,966.50
Total fee and expenses		156,166.50

- 6.3. Fees of £1,500 and expenses of £940 have been paid to LSH in relation to the sale of the stock of tiles.
- 6.4. Fees of £10,500 have been paid to a specialist enquiry agent in respect of our investigations into the director and his associates.
- 6.5. The total of these fees and expenses fall within the estimates provided at Appendix VI of the Proposals.

Legal fees & expenses

- 6.6. Fees of £97,332 and expenses of £8,448 have been paid to Lester Aldridge in relation to the Development Site as detailed below:

Detail	Fee basis	Amount (£)
<u>Fees</u>		
Professional services	Time costs	97,331.75
Total fees		97,331.75
<u>Disbursements</u>		
Land Registry & TM Property Searches		852.35
Counsel's fees		7,415.00
HMCTS (Court fee)		155.00
Telegraphic transfer fee		5.50
Travel		15.10
Postage		4.67
Total disbursements		8,447.62
Total fee and expenses		105,779.37

- 6.7. Fees of £41,763 and travel disbursements of £21 have been paid to Lester Aldridge in relation to general advice regarding the Administration and investigation matters. A further £13,462 has been accrued and will carry over to the Liquidation for payment.
- 6.8. The total of these fees and expenses fall within the estimates provided at Appendix VI of the Proposals.

Insurance

- 6.9. Risk based insurance premiums totalling £1,120 have been paid to JLT Specialty, insurance brokers. This exceeds the estimate provided at Appendix VI of the Proposals by 12% but can be accounted for within the 10% general expenses provision given within that estimate.

Other expenses

- 6.10. Other property expenses: The sum of £11,123 has been paid to HT Scaffolding Limited for remedial works and contract hire of fencing and hoarding to secure the Development site.
- 6.11. Translation fees: The sum of £312 has been paid to Bostico International in respect of translating our initial notice to appointment to creditors. These fees were charged at a rate per word translated.
- 6.12. Telephone: The sum of £1,337 has been paid to Powwownow for services provided to allow remote access by Buyers to the physical meeting of creditors held on 11 December 2017. The fee was based on the number of participants on the call, the length of the call and the number of add-on services required, e.g. telephone poll and electronic record.
- 6.13. Committee expenses: Expenses totalling £134 have been paid to Creditors' Committee members in respect of overseas telephone calls made to join the Committee meetings held on 3 January, 25 January and 17 May 2018. The call charges have been converted at the exchange rate reported by the Bank of England as at the day of each meeting. Call charges for the meeting held on 8 August 2018 will be settled in the Liquidation.
- 6.14. Travel, hotel & subsistence: costs of £4,037 have been incurred by the Administrators and their staff in visiting the Development Site and meeting with advisors, former suppliers of the Company, directors (past and present) and other connected parties. £1,399 has yet to be reimbursed and will carry over into the Liquidation.
- 6.15. Office holders' outlays: These comprise postage of £10, computer consumable of £12, statutory advertising of £150 and specific penalty bond of £92.50 all of which have been recharged at cost.
- 6.16. These 'other expenses' can be accounted for within the 10% general expenses provision shown within the estimates provided at Appendix VI of the Proposals.

7. Creditors' rights

- 7.1. Within 21 days of receipt of this report, a secured creditor, or an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question) or any unsecured creditor with the permission of the court may request in writing that the Joint Administrators provide further information about their remuneration or expenses which have been itemised in the progress report.
- 7.2. Within 14 days of receipt of the request, the Joint Administrators must provide all of the information asked for, except so far as they consider that:
- the time or cost of preparation of the information would be excessive, or
 - disclosure of the information would be prejudicial to the conduct of the Administration or might reasonably be expected to lead to violence against any person, or
 - they are subject to an obligation of confidentiality in respect of the information.

The Joint Administrators are also required to give reasons for not providing all of the requested information.

- 7.3. Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may, within 8 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 charged, or the expenses incurred by the Joint Administrators as set out in the progress report are excessive.

8. Liabilities

Secured creditors

- 8.1. Buyerco held a legal charge ("the Charge") dated 23 January 2015 over the Development Site.
- 8.2. There are no other charges held over the Company. As there are no floating charges the 'prescribed part' under S176A of the Insolvency Act 1986 does not apply.
- 8.3. Buyerco has formally notified us that in its opinion the value of the Charge; essentially Buyerco's entitlement under the Charge (such entitlement to be held for the benefit of the Buyers), should be calculated by reference to the total sum transferred by it to PAL. Buyerco calculates this sum as £28,726,023.
- 8.4. However, for the purposes of distributing any or all of the net proceeds of sale of the Development Site, it is not clear to us whether Buyerco's 'entitlement' constitutes an effective claim (in other words that the Administrators should distribute net proceeds of sale to Buyerco). Or, if it is otherwise, the net proceeds of sale should be distributed by us; whether as Administrators or as Liquidators of PAL, to individual Buyers in proportion to the total claims of all Buyers against the Company.
- 8.5. As the Development Site has been sold and following conversion of the Administration to CVL we shall as liquidators make an application to Court for directions as to how the net proceeds of sale should be distributed; specifically, whether to Buyerco or to individual Buyers, there being no other creditors entitled to participate in this distribution.
- 8.6. We shall send a copy of our application for these directions to all Buyers when these are filed at Court. This being in the same manner as we sent all Buyers a copy of our application for the release of Buyerco's legal charge and the Unilateral Notices referred to at paragraph 2.7(ii).

Preferential creditors

- 8.7. The Company appears to have had no employees and the Administrators are not aware of any preferential creditors.

Unsecured creditors

- 8.8. There are two categories of unsecured creditor in the Company:
- (i) Buyers who, whether or not they hold a Unilateral Notice over the Development Site, by virtue of Buyerco's legal charge are the only creditors entitled to receive distributions from the Development Site net sale proceeds if those proceeds do not have to be remitted by the Administrators to Buyerco as noted at paragraph 8.4.

Buyers are also entitled to rank for distributions from any other asset realisations equally as unsecured creditors with the other unsecured creditors at (ii) below.
 - (ii) Other unsecured creditors, being third parties with valid claims such as HMRC and/or employees and/or professional or trade suppliers if there are any.

These other unsecured creditors will be entitled to rank for distributions equally with Buyers from any asset realisations other than the Development Site. In this case this means the other unsecured creditors will only receive a distribution if the potential legal recovery actions and/or (paragraph 2.7(vi)) the recovery of the pre-Administration input VAT are successful.

8.9. We have received the following claims:

Category	Director's Statement of Affairs		Actual Claims Received	
	No.	Amount £	No.	Amount £
<u>Buyers:</u>	342	29,673,721	222	23,363,777
<u>Other:</u> HMRC	N/A	Nil	1	2,624,531
Total	342	29,673,721	223	25,988,308

- 8.10. HMRC's claim noted above has been lodged based on the £5.1m paid by PAL to PHD in 2015. PAL had not made appropriate deductions from these payments as required by the Income Tax (Construction Industry Scheme) Regulations 2005. This claim has not yet been validated by us.
- 8.11. For the reasons outlined at paragraph 8.4, at this stage we are unable to comment on the amount and timing of a distribution from the net sale proceeds of the Development Site to Buyers.
- 8.12. Until the potential asset realisations noted at paragraph 2.7(vi) and (xii) have been further progressed, we are unable to comment on the amount and timing of any consequent distributions to Buyers and other unsecured creditors.



Duncan Swift
Joint Administrator

Joint Administrators' receipts and payments account

Pinnacle (Angelgate) Limited – In Administration

	Statement of affairs £	From 28/03/2018 To 14/09/2018 £	From 28/09/2017 To 14/09/2018 £
RECEIPTS			
Freehold land & property - fixed	9,000,000.00	5,200,000.00	5,200,000.00
Stock	Nil	22,750.00	22,750.00
HMRC debtor	2,857,922.00	Nil	Nil
Interest gross of tax		6.96	6.96
Advance from AMBL		Nil	200,000.00
		<u>5,222,756.96</u>	<u>5,422,756.96</u>
RECEIPTS			
Agent's fees & expenses – fixed		(156,166.50)	(156,166.50)
Legal fees & expenses – fixed		(89,967.02)	(105,779.37)
Other property expenses – fixed		(3,602.85)	(11,122.64)
Insurance – fixed		(560.00)	(1,120.00)
Office holders' fees – fixed		(208,000.00)	(243,000.00)
Agent's fees & expenses		(2,440.20)	(2,440.20)
Agent's fees & expenses – Investigation		(10,500.00)	(10,500.00)
Legal fees & expenses		(41,784.25)	(41,784.25)
Pre-appointment legal fees		Nil	(33,611.50)
Bank charges		Nil	(21.00)
Translation fees		(311.94)	(311.94)
Telephone		(1,336.98)	(1,336.98)
Computer consumables		(12.49)	(12.49)
Committee expenses		(134.31)	(134.31)
Statutory advertising		(75.00)	(150.00)
Specific penalty bond		(92.50)	(92.50)
Travel		(1,584.97)	(1,584.97)
Hotel & subsistence		(1,052.37)	(1,052.37)
Pre-appointment fees		Nil	(41,168.80)
Pre-appointment disbursements		Nil	(15,008.00)
Administrators' fees		(116,825.00)	(156,825.00)
Fixed charge VAT recovery – fixed		(103,171.70)	(103,171.70)
Fixed charge VAT recovery		103,171.70	103,171.70
		<u>(634,446.38)</u>	<u>(823,222.82)</u>
Net Receipts/(Payments)		<u>4,588,310.58</u>	<u>4,599,534.14</u>
MADE UP AS FOLLOWS			
NatWest: Fixed charge current account			4,579,639.79
NatWest: Floating charge current account			19,894.35
			<u>4,599,534.14</u>

Examples of work undertaken in an administration

Pinnacle (Angelgate) Limited – In Administration

Examples of the work which may be undertaken, but which is not limited to, include:

Statutory compliance, administration and planning

- Setting up and maintenance of internal hard copy files and case file on the Insolvency Practitioners System (IPS)
- Data input including basic details of case, assets, creditor names and addresses
- Obtaining specific penalty bond
- Setting up of the administration bank account including inputting details on the IPS system
- Preparation and filing (with the Registrar of Companies) of various statutory forms including change of registered office form, notice of appointment and statement of affairs
- Advertisement of notice of appointment and the notice to creditors to claim in The Gazette
- Notification to the Registrar of Companies of the formation of a creditors committee (if applicable)
- Convening and holding meetings of members and creditors
- Holding meetings and reporting to the creditors' committee
- Letters to the directors regarding the provisions of sections 216 and 217 of the Insolvency Act 1986, enclosing directors' questionnaires
- Obtaining approval for the basis of fees from creditors
- Initial notification to HM Revenue & Customs
- Preparation and distribution of the administrators' proposals to members and creditors
- Preparation and distribution of progress reports to members and creditors
- Preparation and submission of statutory receipts and payments accounts
- General administration of case including case planning and strategy
- Completion of internal reviews including asset realisation review, 6-month review and annual reviews
- Collection, preservation and review of the Company's book and records
- Written and verbal communications with the unsecured creditors
- Dealing with lease and hire purchase creditors in conjunction with our agents
- Liaising with the Company's former professional advisors and bankers
- Review work pursuant to the Statement of Insolvency Practice 2
- Review of creditor questionnaire and other information received in relation to the affairs of the Company
- Review of directors' questionnaires
- Preparation of the administrators' submission on the actions of the directors to the disqualification unit of the Department for Business, energy & Industrial Strategy
- Correspondence with compliance department in respect of on-going case issues/matters.
- Complying with money laundering regulations
- Completing bill requisitions and raising invoices against time incurred in respect of work carried out and outlays incurred
- Reconciliation of post appointment bank accounts to the administration records
- Maintaining time-costs and disbursement schedules on firm's PMS system (including timesheet entries)
- Arrangement and review of insurance policies in relation to the Company's assets
- Preparation and submission of corporation tax returns
- Preparation and submission of VAT returns
- Chargeable gains tax calculations
- Closure formalities.

Appendix II continued

Asset realisations

- Identifying, securing and insuring the assets
- Instructing agents to value assets
- Liaising with agents regarding the realisation of assets
- Liaising with solicitors regarding the realisation of assets
- Liaising with secured creditors regarding the realisation of charged assets
- Liaising with pre-appointment bankers regarding the closure of the Company's bank accounts
- Dealing with retention of title claims in conjunction with our agents
- Written and verbal correspondence with debtors.
- Monitoring and collection of outstanding debtors, retentions and work in progress.
- Property, business and asset sales.
- Tax reclaims

Investigations

- Liaising with the Company's former professional advisors and bankers.
- Review work pursuant to the Statement of Insolvency Practice 2.
- Liaising with solicitors in relation to investigations
- Forensic accounting
- Review of Company's bank statements
- Further review of the Company's book and records
- Review of directors' questionnaires
- Land Registry and Companies House searches
- Consideration of legislation relating to, but not limited to, wrongful trading, fraudulent trading, antecedent transactions, preferences, transactions at undervalue.

Distribution to creditors

- Processing of creditors' proof of debt forms and entering onto IPS system.
- Liaising with agents in relation to the agreement of creditor claims
- Liaising with solicitors in relation to contentious proof of debt forms
- Agreement of creditors' claims
- Calculation and payment of dividends
- Preparation of distribution paperwork including the notice of declaration.

Schedule of expenses incurred

Pinnacle (Angelgate) Limited – In Administration

Please find below a schedule of all expenses incurred in the previous 6-month period and cumulatively since appointment:

Cost description	Undrawn costs brought forward from previous period(s) £	Cost incurred £	This period from 28/03/2018 to 14/09/2018 Cost drawn £	Cost incurred £	Cumulative from 28/09/2018 to 14/09/2018 Cost drawn £
Agent's fees & expenses - fixed	-	156,166.50	156,166.50	156,166.50	156,166.50
Legal fees & expenses – fixed	-	89,967.02	89,967.02	105,779.37	105,779.37
Other property expenses – fixed	1,073.93	2,528.92	3,602.85	11,122.64	11,122.64
Insurance	-	560.00	560.00	1,120.00	1,120.00
Agent's fees & expenses	-	2,440.20	2,440.20	2,440.20	2,440.20
Agent's fees & expenses - Investigation	-	10,500.00	10,500.00	10,500.00	10,500.00
Legal fees & expenses	-	55,246.25	41,784.25	55,246.25	41,784.25
Translation fees	311.94	-	311.94	311.94	311.94
Telephone	1,336.98	-	1,336.98	1,336.98	1,336.98
Postage	-	10.24	-	10.24	-
Computer consumables	12.49	-	12.49	12.49	12.49
Committee expenses	102.36	31.95	134.31	134.31	134.31
Statutory advertising	-	75.00	75.00	150.00	150.00
Specific penalty bond	92.50	-	92.50	92.50	92.50
Travel	1,636.47	666.84	1,584.97	2,303.31	1,584.97
Hotel & subsistence	1,052.37	681.14	1,052.37	1,733.51	1,052.37
Total	5,619.04	318,874.06	309,621.38	348,460.24	333,588.52
Total undrawn costs carried forward					£14,871.72

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