

Liquidator's Progress Report

S.192

Pursuant to Sections 92A and 104A and 192
of the Insolvency Act 1986

To the Registrar of Companies

Company Number

01306635

Name of Company

Bellnorth Limited

I / We

Jason James Godefroy, Level 14, The Shard, 32 London Bridge Street, London, SE1 9SG

Ian Robert, Devonshire House, 60 Goswell Road, London, EC1M 7AD

the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986

The Progress Report covers the period from 26/01/2015 to 25/01/2016

Signed



Date

23/03/2016

Duff & Phelps Ltd
The Shard
32 London Bridge Street
London, SE1 9SG

Ref BNI011/JJG/PXC/OS/LQE

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Progress Report to Creditors

23 March 2016

Bellnorth Limited

(In Creditors' Voluntary Liquidation)

Joint Liquidators' Annual Progress Report to Creditors
for the period from 26 January 2015 to 25 January 2016
Pursuant to Section 104A of the Insolvency Act 1986 (as amended)
and Rule 4.49C of the Insolvency Rules 1986 (as amended)

Duff & Phelps Ltd
The Shard
32 London Bridge Street
London
SE1 9SG

Kingston Smith & Partners LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Definitions

Word or Phrase	Definition
the Act	The Insolvency Act 1986 (as amended)
the Appointment Date	26 January 2011, being the date of appointment of the Joint Liquidators
Argent	Argent FM Limited, the building contractor
BIS	The Department for Business, Innovation & Skills
Boca	Boca Limited, the holder of fixed and floating charges over the undertaking and all of the property and assets, present and future, by way of a debenture and legal charge, created on 26 February 2009, but released on 22 December 2010
the Company	Bellnorth Limited (In Creditors' Voluntary Liquidation) Company Number 01306635
the Cumulative Period	26 January 2011 to 25 January 2016
DHRL	Dorset House Residential Limited
DHTA	Dorset House Tenants Association
the Director	Mr Philip Wallis, the director of the Company
Duff & Phelps	Duff & Phelps Ltd, The Shard, 32 London Bridge Street, London SE1 9SG
Headlease	The headlease of the Property
Headlease Sale Agreement	Sale of the Property's headlease to DHRL on 22 December 2010
HMRC	HM Revenue & Customs
the Joint Liquidators	Jason Godefroy of Duff & Phelps and Ian Robert of Kingston Smith
Kingston Smith	Kingston Smith & Partners LLP, Devonshire House, 60 Goswell Road, London EC1M 7AD
LVT	Leasehold Valuation Tribunal
Prescribed Part	Pursuant to Section 176A of the Act, where a floating charge is created after 15 September 2003, a designated amount of a company's net property (floating charge assets less costs of realisation) shall be made available to non-preferential unsecured creditors
the Property	Dorset House, Gloucester Place, London NW1 5AG
the Reporting Period	26 January 2015 to 25 January 2016
the Rules	The Insolvency Rules 1986 (as amended)

SoA

Statement of Affairs, documentation supplied by the Director outlining
the Company's financial position as at the Appointment Date

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- 1 The Joint Liquidators' Receipts and Payments Accounts
- 2 Analysis of Time Charged and Expenses Incurred

1 Introduction

- 1 1 The Joint Liquidators refer to the last report to creditors dated 24 March 2015
- 1 2 The purpose of this annual progress report is to detail the Joint Liquidators' acts and dealings together with the conduct of the Liquidation since their last report

2. Background

- 2 1 The Joint Liquidators were appointed on the Appointment Date
- 2 2 The Company's registered office is The Shard, 32 London Bridge Street, London SE1 9SG, formerly, 43-45 Portman Square, London W1H 6LY. The Company's registration number is 01306635
- 2 3 The Company's former registered office prior to the Liquidation was Unit 5, 19-21 Crawford Street, London W1H 1PJ. The trading address was Dorset House, 170-172 Marylebone Road, Paddington London NW1 5AR
- 2 4 Further background information on the Company can be found in the Joint Liquidators' previous progress reports. Copies of the Joint Liquidators' previous progress reports are available on request. Please contact this office should you require a copy

3 Joint Liquidators' Receipts and Payments Accounts

- 3 1 A receipts and payments account for Reporting Period is shown in Appendix 1, together with the Cumulative Period of the Liquidation

4 Asset Realisations

Ground Rent Arrears

- 4 1 As previously reported, the SoA detailed that there was an amount of approximately £3,400 owing to the Company, from the leaseholders of the Property, in respect of ground rents due. The ground rent arrears remain subject to dispute and any realisations in this regard are uncertain

Service Charge Arrears

- 4 2 Further to the terms of the Headlease Sale Agreement, completed prior to the Appointment Date, the Company retains the right to request that service charge arrears can be assigned back to the Company, under certain conditions
- 4 3 As previously reported, prior to the Liquidation of the Company, substantial service charge costs were incurred by the Company on behalf of the Property, resulting in a claim in excess of £3,000,000 being made by Argent. This matter was referred to a LVT Hearing in order to determine what amounts are payable in respect of the service charge arrears by the leaseholders via the service charge

- 4.4 The LVT ordered that the amount payable by the tenants as service charges was £2,062,980. In accordance with the terms of the Headlease Sale Agreement, the collection of service charge arrears is the responsibility of DHRL. The Joint Liquidators continue to liaise with DHRL's managing agent regarding the collection of monies awarded at the LVT Hearing.
- 4.5 The managing agent acting on behalf of DHRL has confirmed that £840,000 has been collected to date in relation to service charge arrears and this has been paid to Argent in accordance with the LVT order, however there have not been any recoveries during the Reporting Period.
- 4.6 The Joint Liquidators have agreed with Argent that the Company will receive a proportion of realisations (net of costs) recovered from the service charge by Argent. As there have been no recoveries during the Reporting Period, there have been no receipts into the Liquidation estate in this regard during the Reporting Period.
- 4.7 Some residents of the Property are claiming set off against monies purportedly due to them from the Company. One resident has brought a test case before the Court. The outcome of this case is likely to impact on the overall recovery of service charges and accordingly the quantum of commission payable to the Liquidation estate. The test case is currently on hold pending the review of the Headlease Sale Agreement, outlined below.

Headlease Sale Agreement

- 4.8 As previously reported, DHTA has instructed solicitors to apply to the Court for an Order setting aside the Headlease Sale Agreement. DHTA alleges that the lease was transferred at an undervalue.
- 4.9 The Joint Liquidators have not raised an objection to an application being made by DHTA to set aside the transfer of the Headlease. If this application is successful, this would possibly result in the Headlease reverting to the Company.
- 4.10 An initial hearing took place in July 2015, during which the Judge granted leave to DHTA to make the application under Section 423 of the Act.
- 4.11 The first meeting of the application has yet to take place due to a number of adjournments. The adjournments have been as a result of ongoing discussions between DHRL and DHTA to see whether settlement can be achieved. However, these negotiations have now broken down and the first Directions Hearing has been re-listed to take place on 22 April 2016.
- 4.12 An update on the Section 423 Application will be provided in the next progress report.

5. Investigations

- 5.1 The Joint Liquidators have a statutory obligation to file a report with BIS regarding the conduct of all directors of the Company that served in the three years prior to the Liquidation. This report was submitted to the Insolvency Practitioners Compliance Unit on 25 July 2011. The content of the report is confidential.

6 Dividend Prospects / Prescribed Part

Secured Creditors

- 6.1 The Company granted Boca fixed and floating charges over the undertaking and of all the property and assets, present and future, by way of a debenture and legal charge created on 26 February 2009. Boca's fixed charge over the long leasehold interest was released on 22 December 2010, prior to the Joint Liquidators' appointment.

- 6.2 At the Appointment Date, the Company had no liability to Boca.

Preferential Creditors

- 6.3 As at the Appointment Date, the Company had no employees and it is therefore anticipated that there will not be any preferential claims.

- 6.4 The Joint Liquidators have not received any preferential claims to date.

Prescribed Part

- 6.5 The Prescribed Part will not apply in this case as there is no outstanding liability to the floating charge holder.

Non-Preferential Unsecured Creditors

- 6.6 According to the SoA, non-preferential unsecured creditors totalled £1,032,235.

- 6.7 The claims received from non-preferential unsecured creditors to date can be summarised as follows:

	£
Leaseholders of the Property	5,533,068
Argent	3,803,024
Dorset House Service Charges	996,188
DHRL	933,533
Trade and Expense Creditors	61,792
Total	<u>11,327,605</u>

- 6.8 Based on current information, it is unlikely that there will be sufficient realisations to enable a dividend to be paid to the non-preferential unsecured creditors of the Company and therefore no claims against the Company have been adjudicated upon by the Joint Liquidators.

7. Costs and Expenses

- 7.1 The basis of the Joint Liquidators' remuneration was fixed at 90% of the time properly charged by them and their staff, at the Liquidation Committee meeting held on 9 January 2012.

- 7.2 Duff & Phelps' time costs in the Reporting Period total £16,923. Duff & Phelps has not drawn any remuneration during the Reporting Period.

- 7.3 Kingston Smith's time costs in the Reporting Period total £13,186. Kingston Smith has not drawn any remuneration during the Reporting Period.

- 7.4 The time costs incurred in the Reporting Period by Duff & Phelps and Kingston Smith are attached at Appendix 2.

- 7 5 The Joint Liquidators have incurred the following expenses in the Reporting Period in dealing with the Liquidation of the Company, which have been paid

Company	Role	Amount Incurred £	Amount Paid £
Accurate Mailing Services Limited	Mailing costs for issuing correspondence to creditors	255	255
HMRC	Corporation Tax charges	2	2
The Royal Bank of Scotland plc	Bank charges	2	2
Brebners Limited	Tax Adviser's fees	1,066	1,066
Francis Wilkes & Jones	Legal Fees & Disbursements in relation to the provision of advice concerning S423 Application	2,000	2,000
JG Collection Services	Storage	141	Nil

- 7 6 The Joint Liquidators' choice of professional advisors was based on their perception of the experience and ability of the respective firms/individuals to perform their work, the complexity and nature of the assignment and the basis of their fee
- 7 7 It should be noted that the above figures have been stated exclusive of VAT, however, as the Company is not VAT registered, it cannot reclaim any input VAT on the above costs
- 7 8 Information regarding the fees and disbursements of Liquidators, including details of the Duff & Phelps disbursements policy and hourly charge out rates for each grade of staff that may undertake work on this case, is in a document called "A Creditors' Guide to Liquidators' Fees" This can be viewed and downloaded from the Joint Liquidators' website at <http://www.duffandphelps.com/services/restructuring/corporate-restructuring-and-debt-advisory/Creditor-Guides-and-Employee-Fact-Sheets> Should you require a copy, please contact this office Information regarding the disbursement and charge out rate policy of Kingston Smith is attached at Appendix 2
- 7 9 Any secured creditor, or any non-preferential unsecured creditor (with the support of at least 10% in value of the non-preferential unsecured creditors), or the permission of the Court, may apply to the Court on the grounds that the remuneration or basis fixed for the Joint Liquidators' remuneration or the expenses incurred by the Joint Liquidators are considered to be excessive This application must be made no later than eight weeks after receipt of the progress report, where the charging of the remuneration or the incurring of expenses in question occurs

8. Further Information

- 8 1 In accordance with Rule 4 49E of the Rules, secured creditors and unsecured creditors (with the concurrence of at least 5% in value of total unsecured claims) may make a request in writing to the Liquidator for further information about the remuneration or expenses set out in this progress report This should be done within 21 days of receipt of this report

9. Conclusion

- 9 1 The Joint Liquidators shall be continuing the Liquidation and have a duty to provide creditors with a progress report on an annual basis
- 9 2 The Joint Liquidators' were appointed on the Appointment Date and, in accordance with the Act/Rules, no meeting of creditors is required
- 9 3 Should you have any queries, or require any further information, please do not hesitate to contact Olivia Shields, of this office

Yours faithfully
For and on behalf of
Bellnorth Limited



Jason Godefroy
Joint Liquidator

Appendix 1

Joint Liquidators' Receipts and Payments Accounts

Bellnorth Limited (In Creditors' Voluntary Liquidation)**Joint Liquidators' Receipts & Payments Accounts for the Cumulative and Reporting Periods**

SoA	The Reporting Period	The Cumulative Period
£	£	£
Asset Realisations		
NIL Non-Domestic Rates Refund	NIL	7,401 34
NIL 10% Commission of Argent Recoveries	NIL	63,000 00
NIL Argent Contribution to Liquidators' Costs	NIL	99,900 00
3,400 00 Ground Rents Arrears	NIL	NIL
NIL Bank Interest Gross	4 48	53 74
NIL Postal Refund	NIL	31 15
20,473 00 Cash at Bank	NIL	20,353 66
NIL Assignment of Legal Rights	NIL	5,100 00
NIL Argent Contribution to Legal Costs	NIL	157,480 00
	4 48	353,319 89
Cost of Realisations		
NIL Tax Advisor's Fees	NIL	(897 50)
NIL Joint Liquidators' Remuneration	NIL	(154,416 66)
NIL Joint Liquidators' Disbursements	NIL	(779 59)
NIL Accountant's Fees	(1,066 00)	(1,066 00)
NIL Legal Fees	(1,500 00)	(133,499 99)
NIL Legal Disbursements	(500 00)	(500 00)
NIL Corporation Tax Charges	(2 14)	(11 99)
NIL Irrecoverable VAT	(664 19)	(58,858 99)
NIL Stationery & Postage	(254 95)	(960 80)
NIL Statutory Advertising	NIL	(226 80)
NIL Bank Charges	(1 85)	(54 25)
	(3,989 13)	(351,272 57)
Preferential Creditors		
(800 00) Employees - Employment Tribunal Award	NIL	NIL
	NIL	NIL
Floating Charge Creditors		
NIL Boca	NIL	NIL
	NIL	NIL
Unsecured Creditors		
(933,621 00) Dorset House Service Charge Account	NIL	NIL
(75,900 00) Employees - Employment Tribunal Award	NIL	NIL
(22,614 30) Trade & Expense Creditors	NIL	NIL
(100 00) HM Revenue & Customs	NIL	NIL
	NIL	NIL
Distribution		
(476 00) Ordinary Shareholders	NIL	NIL
	NIL	NIL
(1,009,638 30)	(3,984 65)	2,047 32
Represented By		
Main Current Account		2,047 32
		2,047 32

Appendix 2

Analysis of Time Charged and Expenses Incurred

Belinorth Limited (In Creditors' Voluntary Liquidation)
Analysis of the Joint Liquidators' Time Costs for the Reporting Period

Classification of Work Function	Partner	Manager	Hours Senior	Assistant	Support	Total Hours	Time Cost (£)	Avg Hourly Rate (£)
Administration and Planning								
Case Review and Case Diary Management	0 00	1 00	2 35	2 20	0 00	5 55	1 543 00	278 02
Cashiering and Accounting	0 00	0 70	2 50	3 50	0 00	6 70	1 809 00	270 00
IPS Set Up and Maintenance	0 00	0 10	0 00	0 10	0 00	0 20	60 00	300 00
Statutory Matters (Meetings and Reports and Notices)	0 00	0 80	4 55	8 50	0 00	13 85	2 951 00	213 07
Strategy, Planning and Control	0 00	3 40	4 30	2 90	0 00	10 60	3 442 00	324 72
Tax Compliance / Planning	0 00	0 50	1 00	2 90	0 00	4 40	928 00	210 91
Creditors								
Communications with Creditors / Employees	0 00	0 40	1 05	0 60	0 00	2 05	621 00	302 93
Creditors Committee	0 00	0 40	2 00	0 00	0 00	2 40	872 00	363 33
Non Pref Creditors / Employee Claims Handling	0 00	0 00	3 00	5 30	0 00	8 30	1 656 00	199 52
Secured Creditors	0 00	0 20	0 00	0 00	0 00	0 20	96 00	480 00
Investigations								
Financial Review and Investigations (S238/239 etc)	0 00	0 10	1 10	0 00	0 00	1 20	477 00	397 50
Forensic Sales Ledger Investigation	0 00	0 00	0 20	0 00	0 00	0 20	68 00	340 00
Realisation of Assets								
Book Debts	0 00	0 10	0 00	0 00	0 00	0 10	48 00	480 00
Freehold and Leasehold Property	0 00	1 50	3 60	0 00	0 00	5 10	1 944 00	381 18
Other Intangible Assets	0 00	0 00	1 20	0 00	0 00	1 20	408 00	340 00
Total Hours	0 00	9 20	26 85	26 00	0 00	62 05		272 73
Total Fees Claimed	0 00	4,411 00	9,172 00	3,340 00	0 00		16,923 00	

Category 1 Disbursements	
Classification of Work	(£)
Travel	16 39
Total	16 39

Category 2 Disbursements

There have been no Category 2 Disbursements during the Reporting Period

Bellnorth Limited

Summary of Fees and Expenses

From 26/01/2015 to 25/01/2016

Time Costs

The following is a summary of the time costs incurred by the Office Holder and his staff in the administration of this matter. It should be read in conjunction with the Office Holder's Report for the period referred to above.

Work Activity	Partner Hrs	Manager / Supervisor Hrs	Other Hrs	Total Hrs	Time Costs (£)	Average Costs (£)
Administration & Planning	1 42	3 08	0 08	4 58	1,601 68	349 71
Case Planning/Information Capture/Interviews	1 17			1 17	460 84	393 88
Cashiering - set-up, maintenance & control of accs	0 25			0 25	98 75	395 00
Dealing with company/Debtor re general admin		0 33		0 33	111 67	338 39
General Admin/Billing/Filing		0 25	0 08	0 33	92 92	281 58
Strategy reviews/Checklists/Diary Compliance		2 50		2 50	837 50	335 00
Creditors	4 17	2 08		6 25	2,343 76	375 00
Correspondence/Preparation of Reports/Meetings	4 17	2 08		6 25	2,343 76	375 00
Investigations		19 00		19 00	6,365 00	335 00
Litigation - document review		19 00		19 00	6,365 00	335 00
Realisation of Assets		8 58		8 58	2,875 43	335 13
Debtors & Claims		7 25		7 25	2,428 76	335 00
Freehold & Leasehold property/matrimonial home		1 33		1 33	446 67	335 84
Grand Total	5 58	32 75	0 08	38 42	13,185 87	

Notes

1 All costs are shown excluding VAT and include an element of undrawn work in progress. It should also be noted that the office holder's fees and other expenses included in his Abstract Receipts and Payments, will include irrecoverable VAT, where the insolvent was not formerly registered for VAT.

2 The time accounting system utilised by Kingston Smith & Partners LLP does not allow for analysis of time, by task, prior to 30 November 2002.

3 The number of hours shown have been rounded to two decimal places.

Disbursements

Category 1 Disbursements

141 44

These are out of pocket expenses which are directly attributable to the case. These are charged to the case and billed as funds allow.

Category 2 Disbursements

These are costs which are allocated to the case, where no direct costs are applicable. In this case, category 2 disbursements have been charged to the case as follows:

KINGSTON SMITH & PARTNERS LLP
STATEMENT OF POLICY ON FEES IN INSOLVENCY PROCEEDINGS

Introduction

This statement has been prepared in accordance with guidelines set out in Statement of Insolvency Practice 9 issued by the Association of Business Recovery Specialists (R3) as at 1 December 2015

The following information applies to all appointments of partners or staff of Kingston Smith & Partners LLP, to act as any of the following -

Liquidator, Receiver, Administrator or Administrative Receiver of a Limited Company
Trustee in Bankruptcy
Supervisor of an Individual, Company or Partnership Voluntary Arrangement
Administrator under the Insolvent Estates Order

When acting as Nominee, the provisions of the Insolvency Act require that the amount of the fees payable to the Office-holder be specified within the Debtor's proposals. Such fees will nevertheless be fixed to take account of the Office-holder's expected time costs arising as referred to below

Policy on fees

Unless otherwise fixed in accordance with the Insolvency Act 1986, an Office Holder's fees are charged by reference to time costs, as incurred, charged at the firm's usual rates applicable at the time the work is carried out. Rates may be varied from time to time, at the sole discretion of Kingston Smith & Partners LLP, and such changes will be notified in retrospect with each report to Creditors. It is the policy of Kingston Smith & Partners LLP to use as junior grade of staff as compatible with the efficient conduct of the matter in order to ensure costs are kept to a minimum.

As at 1 November 2015 the rates applicable are

Grade	£
Partner	395
Licensed Insolvency Practitioner	350
Senior Manager	335
Supervisor/Assistant Manager/Manager	275/300
Junior Administrator/Administrator/ Senior Administrator	140/180/240
Cashier/Experienced Cashier	180/260
Support Staff	110

Rates vary between individuals, reflecting experience and qualification. For certain more complex tasks, Kingston Smith & Partners LLP may seek to apply a higher rate in respect of work undertaken, but subject to prior authorisation in accordance with the Act. Kingston Smith & Partners LLP do not charge time spent by support staff or for work of a general cashiering nature. However, in instances where it is cost effective to carry out work of a specific nature, rather than use an external source, a time charge is made. Time is usually charged in units of 5 minutes.

For further information on the manner in which an Office Holder's fees may be fixed, please refer to the guidance notes in relation to fees which can be downloaded from www.kspllp.co.uk/creditorsguidetofees

Disbursements

Category 1 Disbursements

These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the office holder or his or her staff.

Category 1 disbursements can be drawn without prior approval, although an office holder should be prepared to disclose information about them in the same way as any other expenses.

Category 2 Disbursements

These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage or storage.

Category 2 disbursements may be drawn if they have been approved in the same manner as an office holder's remuneration. When seeking approval, an office holder should explain, for each category of expense, the basis on which the charge is being made.

Kingston Smith & Partners LLP proposes to recover category 2 disbursements as follows

Ordinary correspondence	No charge is levied for stationery or postage as this is deemed to be paid by secretarial time as charged
Circulars and reports	A charge for production of each copy of a circular report is made at 15p per sheet Postage is also charged on the issue of reports at the prevailing rate
For storage	Storage is either billed to specific cases by the storage company or alternatively at 16p per box per week
Licences	IPS is used in all formal appointments and will be charged at £75.00 Encompass may be used to assist with formal insolvency cases. Where this is used a charge of £80.00 will be levied if appropriate
Accountancy work	Charges for the use of Kingston Smith LLP to assist with Corporation Tax, accountancy, employee or other matters can be paid as deemed necessary
Rooms	Where used for meetings at Kingston Smith & Partners LLP are charged by reference to comparable commercial facilities available locally, currently as follows: London £200/Other offices £100
Mileage	Insolvency Practitioner and staff mileage re-imbursed at HMRC approved rates – currently 45p / mile

Authorising Bodies

Ian Robert, Michaela Hall, Brian Baker, Chris Purkiss and Ryan Davies are authorised to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England & Wales