

2.24B

The Insolvency Act 1986

Administrator's progress report

| | |
|--|---|
| Name of Company Acre 1127 Limited (Formerly Castle Galleries Limited) | Company number 01639743 |
| In the High Court of Justice, Royal Courts of Justice <small>(full name of court)</small> | Court case number 14060 of 2009 |

(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)
 Nicholas Hugh O'Reilly
 Vantis Business Recovery Services
 PO Box 2653
 66 Wigmore Street
 London
 W1A 3RT

Philip Lewis Armstrong
 Vantis Business Recovery Services
 PO Box 2653
 66 Wigmore Street
 London
 W1A 3RT

administrator(s) of the above company attach a progress report for the period

(b) Insert date

| | |
|----------------------------|-------------------------------|
| From 26 May 2009 | To 25 November 2009 |
|----------------------------|-------------------------------|

Signed


 Joint / Administrator(s)

Dated

18 December 2009

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

The contact information that you give will be visible to searchers of the

Nicholas Hugh O'Reilly
 Vantis Business Recovery Services
 PO Box 2653
 66 Wigmore Street
 London
 W1A 3RT

DX Number

 020 7467 4000
 DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

TUESDAY



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 COMPANIES HOUSE

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Acre 1127 Limited (Formerly Castle Galleries Limited) (In Administration)

Report to creditors pursuant to
Rule 2.47 of the Insolvency Rules 1986

18 December 2009

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1. Glossary and disclaimers

| | |
|---|---|
| The Company | Acre 1127 Limited (Formerly Castle Galleries Limited) (In Administration) |
| The Administrators/Joint Administrators | Nicholas Hugh O'Reilly, licensed by the Insolvency Practitioners' Association, & Philip Lewis Armstrong, licensed by the Institute of Chartered Accountants in England and Wales, of Vantis Group Limited, 66 Wigmore Street, London, W1U 2SB |
| Washington Green Retail | Washington Green Retail Limited |
| Washington Green Fine Art | Washington Green Fine Art Publishing Company Limited |
| Halcyon | Halcyon Fine Art Group Limited |
| The Directors | Ehud Sheleg and Glyn Washington |
| De Montfort | De Montfort Fine Art Limited |
| The Bank | Barclays Commercial Bank |

The references in this report to sections, paragraphs or rules are to the Insolvency Act 1986 ("IA 86"), Schedule B1 of the Insolvency Act 1986 ("Sch B1") and the Insolvency Rules.

The Joint Administrators act as agents of the Company and without personal liability.

The affairs, business and property of the Company are being managed by Nicholas Hugh O'Reilly & Philip Lewis Armstrong who were appointed Joint Administrators on 26 May 2009.

2. Introduction

I write further to my appointment as Joint Administrator of the Company, with Phil Armstrong, to report on the progress of the administration under Rule 2.47 of the Insolvency Rules 1986.

In accordance with Paragraph 100(2) Sch B1 IA86 the appointment of the Joint Administrators included a declaration that during the period of the administration they may act jointly or concurrently as the Administrators of the Company.

This report should be read in conjunction with my previous communications in this matter. Statutory information about the company and the Administrators is attached as Appendix A.

3. The Administrators' Proposals

The objective(s) of the administration were:-

1. To rescue the Company as a going concern; or
2. To achieve 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
3. To realise property in order to make a distribution to one or more secured or preferential creditors.

The proposals were approved at a meeting of creditors held on 4 August 2009.

A copy of the Administrators' proposals is attached at appendix B.

4. Progress of the Administration

I attach at Appendix C an abstract of my receipts and payments for the period from 26 May 2009 to 25 November 2009.

4.1 Sale of Business and Assets

As outlined in my proposals, the sale of the business and certain assets to Acre 1127 Limited (a related party, under the control of the Directors of the Company) as a going concern for the equivalent cash value of £1.5 million completed on 27 May 2009, with the first payment of £325,000 being paid to the Administrators' solicitors upon completion.

Acre 1127 Limited subsequently changed its name to Washington Green Retail Limited and the Company changed its name to Acre 1127 Limited.

Washington Green Retail has made two further payments, each of £150,500. The balance of the purchase price is made up by the waiver by Halcyon and Washington Green Fine Art of the right to receive up to £874,000 dividend from Company assets. The agreement guarantees a dividend of 11p in the £ for unsecured creditors, with any shortfall in assets being made up by a further payment from Washington Green Retail.

The only additional asset realisations which have occurred in this period are refunds paid to the Administrators for pre-payments of rates and utilities and a motor vehicle which was transferred to Washington Green Retail at market value as it had been inadvertently left out of the sale of the business as a going concern.

4.2 Premises

Substantial time has been spent dealing with the assignment and surrender of leases for the various gallery premises. This action is ongoing with some premises still requiring assignment or surrender. The Administrators granted Washington Green Retail a three month license to occupy the various gallery premises for the purpose of taking assignment of or arranging surrender of the leases. This was extended by a further two months by the Administrators but this period has since expired. Any arrangement for ongoing occupation of the premises by Washington Green Retail is between themselves and the respective landlords.

4.3 De Montfort judgment appeal

After taking legal advice, the Administrators have sought leave in the name of the Company to appeal the judgment of over £1 million plus interest and costs obtained against the Company by De Montfort. Leave has been granted to appeal on grounds as to quantum. Clarification is being sought on whether leave will also be granted to appeal the judgement in its entirety. The impact of a successful appeal will be to decrease De Montfort's claim against the Company, thereby increasing all creditors share in the assets of the administration. The legal costs and security for De Montfort's costs are being met by a third party so will not be a cost of the administration.

4.4 Move from Administration to Liquidation

No further asset realisations are anticipated. However, as stated above, a reduction in the value of De Montfort's claim may benefit creditors as a whole. It is anticipated that the Company will be placed into liquidation by 31 January 2009. At this time the Liquidators will review claims received so that an interim dividend can be paid to unsecured creditors.

5 Creditors

5.1 Estimated Outcome for Secured Creditors

As at the date of administration, there was no indebtedness from the Company to the Bank. However there was a debenture created on 29 April 2005 and registered on 13 May 2005 containing fixed and floating charges over the Company's assets.

The Bank may have a contingent claim under cross guarantees, however, the administrators are not aware that any claim has crystallised under the guarantees at this time.

5.2 Estimated Outcome for Preferential Creditors

Preferential creditors consist of employees' arrears for wages, within certain prescribed limits and holiday pay.

As stated in Section 4 of this report the business and assets of the Company were sold as a going concern. As a result, all employees of the Company and their respective liabilities were taken on by the Purchasing Company. Accordingly, there are no expected preferential claims in this administration.

5.3 Estimated Outcome for Unsecured Creditors

The statement of affairs indicates that a dividend will be available to unsecured creditors. As stated above this is likely to be 11p in the £ or higher.

The Administrators have further considered the possibility of a prescribed part for unsecured creditors under S176A of the Insolvency Act 1986. A prescribed part is not appropriate because it only applies where there will be a distribution to the floating charge holder.

6 Statutory matters

7

6.1 Administrators' Remuneration

At the creditors' meeting on 4 August 2009 creditors passed a resolution that my remuneration should be calculated on a time cost basis. Remuneration of £63,819 has been drawn to date. 248 hours have been spent on this case to date, giving a total of £68,508 charged to the administration at an average rate of £277 per hour. An analysis of the time charged, showing different grades of staff and the type of work undertaken, is attached at Appendix C.

7. Form 2.24B, formal notice of the progress report, is also attached.

If you have any queries about this report or the progress of the administration, please do not hesitate to contact Marcus McMillan at this office.



Nicholas Hugh O'Reilly
Joint Administrator

Licensed by Insolvency Practitioners Association

Acre 1127 Limited (Formerly Castle Galleries Limited)**Appendix A****Statutory Information**

| | |
|---|--|
| Court in which administration proceedings were brought: | High Court of Justice, Chancery Division, Companies |
| Court reference number: | 14060 of 2009 |
| Date of incorporation: | 1 June 1982 |
| Company number: | 01639743 |
| Registered office: | 44 Upper Gough Street, Birmingham, West Midlands, B1 1JL |
| Business address: | 44 Upper Gough Street, Birmingham, West Midlands, B1 1JL |
| Directors: | Ehud Sheleg Glyn Washington |
| Company secretary: | Trevor Dawson |

The shareholding of the Company is:-

| Name | Shares | Type | Percentage shareholding |
|--------------------------------|---------------|-------------|--------------------------------|
| Halcyon Fine Art Group Limited | 1 | Ordinary | 100% |

Extracts from the financial statements and management accounts available are summarised below:-

| Period Ended | Turnover | Gross Profit | Net Profit/ (Loss) | Dividend paid | P & L a/c c/fwd |
|---------------------|-----------------|---------------------|---------------------------|----------------------|----------------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| 31/03/09 | 5,043 | 3,377 | (962) | 0 | (9,626) |
| 31/10/08 | 21,133 | 10,041 | (2,734) | 0 | (3,838) |
| 30/04/07 | 9,261 | 5,223 | (2,768) | 0 | (3,795) |
| 30/04/06 | 8,252 | 3,927 | (1,001) | 0 | (783) |

THE INSOLVENCY ACT 1986

**STATEMENT OF THE PROPOSALS OF THE JOINT ADMINISTRATORS
OF ACRE 1127 LIMITED (IN ADMINISTRATION)**

PURSUANT TO PARAGRAPH 49(1) OF SCHEDULE B1 TO THE INSOLVENCY ACT 1986

1. These are the proposals of Nicholas Hugh O'Reilly and Phillip Lewis Armstrong, the Joint Administrators of Redcart Limited pursuant to paragraph 49(1) of schedule B1 to the Insolvency Act 1986.
2. The Joint Administrators think that objective (a) of the administration, as detailed in paragraph 3(1) of Schedule B1 of the Insolvency Act 1986, will not be achieved as the Company can not be rescued as a going concern. As such it is envisaged that objective (b) will be achieved, that a better result for creditors as a whole would be achieved than had the Company been wound up.
3. The Joint Administrators propose that
 - a) they will continue to deal with the administration of the Company.
 - b) that if they think the Company has sufficient property to permit a distribution to its unsecured creditors, they will send notice to the Registrar of Companies in accordance with paragraph 83 of schedule B1 to the Insolvency Act 1986 for the Company to be placed into Creditors Voluntary Liquidation. The proposed liquidators are to be Nicholas Hugh O'Reilly and Phillip Lewis Armstrong.
 - c) if they think the Company has no property which might permit a distribution to its unsecured creditors, they will send a notice to the Registrar of Companies in accordance with paragraph 84 of schedule B1 to the Insolvency Act 1986 and three months after the filing of the notice the Company will be deemed to be dissolved having given due consideration to point (a) above.
 - d) the Joint Administrators' fees be agreed and drawn on a time cost basis in accordance with their charge out rates applicable from time to time plus disbursements.
 - e) The Joint Administrators be granted their discharge from liability in accordance with Paragraph 98(2)(b) of Schedule B1 to the Insolvency Act 1986, 21 days after ceasing to act.

Dated this 17th day of July 2009



Phil Armstrong
Joint Administrator
Licensed by the Insolvency Practitioners Association

The Joint Administrators act as agents of the Company and without personal liability.

The affairs, business and property of the Company are being managed by Hugh O'Reilly and Phillip Lewis Armstrong who were appointed Joint Administrators on 26 May 2009.

Acre 1127 Limited (Formerly Castle Galleries Limited)
(In Administration)

Summary Of Receipts And Payments
26 May 2009 To 25 November 2009

For the Period 26 May 2009
to 25 December 2009

| SoA * | Fixed Charge | Floating Charge | Total |
|--|-----------------|--------------------|----------------|
| £ RECEIPTS | £ | £ | £ |
| 15,500 Goodwill | 6,454 | | 6,454 |
| 250,000 Plant & Equipment | | 104,333 | 104,333 |
| Motor Vehicles | | 1,597 | 1,597 |
| 257,500 Rent Deposits and Pre-payments | | 107,463 | 107,463 |
| 27,000 Cash at Bank | | 11,268 | 11,268 |
| 200,000 Costs Indemnity | | 83,467 | 83,467 |
| 625,000 Work in Progress | | 208,667 | 208,667 |
| 125,000 Book Debts | | 104,333 | 104,333 |
| Rates Refunds | | 22,499 | 22,499 |
| Utilities Refunds | | 1,425 | 1,425 |
| Rent | | 30,153 | 30,153 |
| Rental Service Charge | | 175 | 175 |
| Bank Interest | | 134 | 134 |
| VAT Payable | | 3,454 | 3,454 |
| VAT Control Account | | 15,610 | 15,610 |
| | 6,454 | 694,579 | 701,033 |
| PAYMENTS | | | |
| Administrators' Remuneration | | 63,819 | 63,819 |
| Administrators' Disbursements | | 1,533 | 1,533 |
| Legal Fees | | 46,062 | 46,062 |
| Agents/Valuers Fees | | 7,500 | 7,500 |
| Locksmith | | 80 | 80 |
| Advertising | | 135 | 135 |
| Insurance | | 5,182 | 5,182 |
| Rent | | 12,050 | 12,050 |
| VAT Receivable | | 22,081 | 22,081 |
| | 0 | 158,441 | 158,441 |
| Balances in Hand | 6,454 | 536,138 | 542,592 |
| | 6,454 | 536,138 | 542,592 |

* All cash expected under Statement of Affairs received. Balance of payment to be made by waiver of dividend
Therefore no cash will be received.

Acre 1127 Limited (Formerly Castle Galleries Limited) (In Administration)
Analysis of time costs
for the period 26 May 2009 to 25 November 2009

| Time costs | | | | | | | |
|-------------------------------|----------------|----------------|-----------------------------------|---------------------------------------|--------------------|------------------|---------------------------|
| Classification of work | Partner | Manager | Other senior professionals | Assistants & support staff | Total hours | Time cost | Total average cost |
| Admin & Planning | 6.50 | 18.85 | 80.75 | 13.70 | 119.80 | 30,101.00 | 251.26 |
| Investigations | 1.00 | - | 6.60 | - | 7.60 | 1,947.00 | 256.18 |
| Realisation of Assets | 1.00 | 5.65 | 34.70 | - | 41.35 | 9,873.25 | 238.77 |
| Trading | - | - | - | - | - | - | - |
| Creditors | 4.50 | 5.55 | 22.50 | - | 32.55 | 8,953.50 | 275.07 |
| Case Specific Matters | 27.00 | - | 19.40 | - | 46.40 | 17,633.00 | 380.02 |
| Total | 40.00 | 30.05 | 163.95 | 13.70 | 247.70 | 68,507.75 | |
| Total fees claimed | | | | | | 63,819.00 | |

| Disbursements | |
|----------------------|-----------------|
| Category 1 | 1,533.17 |

Charge out rates with effect from 1/05/08

| Grade | £/h |
|------------------------------|------------|
| Partner | 360-445 |
| Manager | 260-310 |
| Other senior professionals | 160-210 |
| Assistants and support staff | 140-163 |

Charge out rates with effect from 1/11/08

| Grade | £/h |
|------------------------------|------------|
| Partner | 395-495 |
| Manager | 295-350 |
| Other senior professionals | 160-250 |
| Assistants and support staff | 140-250 |

Examples of work

Admin & Planning

Case planning
Administrative Set-up
Appointment Notification
Maintenance of records
Statutory reporting

Investigations

SIP 2 - A Liquidator's Investigation into the affairs of an insolvent company
Company Directors Disqualification Act 1986
Antecedent transactions

Realisation of Assets

Identifying, insuring and securing assets
Retention of title
Property Business and asset sales
Debt collection

Trading

Management of operations
Accounting for trading
Ongoing employee issues

Creditors

Communication with creditors
Creditors claims (including employees and other preferential creditors)

Case Specific Matters

Proof of Debt – General Form
ACRE 1127 LIMITED (FORMERLY CASTLE GALLERIES LIMITED)
(IN ADMINISTRATION)

Date of Administration: 26 May 2009

| | | |
|-----|--|---|
| 1. | Name of creditor | |
| 2. | Address of creditor | |
| 3. | Total amount of claim, including any value added tax and outstanding uncapitalised interest as at the date of the company went into administration. | £ |
| 4. | Details of any documents by reference to which the debt can be substantiated. (Note: any document or evidence to substantiate the claim may be called for) | |
| 5. | If the total amount shown above includes value added tax, please show: a) amount of value added tax b) amount of claim NET of value added tax | £ £ |
| 6. | If total amount above includes outstanding uncapitalised interest please state amount | £ |
| 7. | If you have filled in both box 3 and 5, please state whether you are claiming the amount shown in box 3 or the amount shown in box 5(b) | |
| 8. | Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under Section 386 of, and schedule 6 to, the Insolvency Act 1986 (as read with schedule 3 to the Social Security Pensions Act 1975) | Category Amount(s) claimed as preferential £ |
| 9. | Particulars of how and when debt incurred | |
| 10. | Particulars of any security held, the value of the security, and date it was given | |
| 11. | Signature of creditor or person authorised to act on his behalf | |
| | Name in BLOCK LETTERS | |
| | Position with or relation to creditor | |

Admitted to vote for £

Admitted preferentially for £

Admitted non preferentially for £

Date

Date

Administrator

Administrator