

The Insolvency Act 1986

Administrator's progress report

Name of Company Freshfield Contracting Limited	Company number 02102901
In the High Court of Justice, Chancery Division [full name of court]	Court case number 9103 of 2012

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

1/ We (a) Kirstie Jane Provan of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT and Jonathan James Beard of Begbies Traynor (Central) LLP, 2/3 Pavillion Buildings, Brighton, East Sussex, BN1 1EE

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

(b) Insert dates

from

to

(b) 11 September 2013

(b) 10 March 2014

Signed


 Joint / Administrator(s)

Dated

31/3/14

Contact Details

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

Begbies Traynor (Central) LLP	
32 Cornhill, London, EC3V 3BT,	
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COMPANIES HOUSE

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Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

Kirstie Jane Provan and Jonathan James Beard were appointed Joint Administrators on 28 November 2012

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents and without personal liability

Freshfield Contracting Limited (In Administration)

Progress report of the Joint Administrators pursuant to Rule 2.47 and 2.112 of The Insolvency Rules 1986

Period 11 September 2013 to 10 March 2014

Important Notice

This progress report has been produced by the Joint Administrators solely to comply with their statutory duty to report to creditors on the progress of the administration. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than this report to them, or by any other person for any purpose whatsoever.

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1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Freshfield Contracting Limited (In Administration)
"the administration"	The appointment of Joint Administrators under Schedule B1 to the Insolvency Act 1986 on 28 November 2012
"the Joint Administrators", "we", "our", "us"	Kirstie Jane Provan of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT and Jonathan James Beard of Begbies Traynor (Central) LLP, 2/3 Pavilion Buildings, Brighton, East Sussex, BN1 1EE
"the Act"	The Insolvency Act 1986 (as amended)
"the Rules"	The Insolvency Rules 1986 (as amended)
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act), and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Act

2. STATUTORY INFORMATION

Name of Company	Freshfield Contracting Limited
Trading name(s)	Freshfield Contracting Limited
Date of Incorporation	24 February 1987
Company registered number	02102901
Company registered office	32 Cornhill, London, EC3V 3BT

3. DETAILS OF APPOINTMENT OF JOINT ADMINISTRATORS

Names of the Joint Administrators	Kirstie Jane Provan, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 32 Cornhill, London, EC3V 3BT and Jonathan James Beard, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, 2/3 Pavillion Buildings, Brighton, East Sussex, BN1 1EE
Date of appointment	28 November 2012
Date of resignation	N/A
Court	High Court of Justice, Chancery Division
Court Case Number	9103 of 2012
Person(s) making appointment / application	Clydesdale Bank Plc ("the Bank")
Acts of the Joint Administrators	The Joint Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.
EC Regulation on Insolvency Proceedings	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.
Extensions of the administration period	The administration period was extended with the consent of the secured creditors on 3 October 2013 for a period of 6 months to 28 May 2014.

4 PROGRESS DURING THE PERIOD

Attached at Appendix 1 is the Joint Administrators' abstract of receipts and payments for the period from 11 September 2013 to 10 March 2014 together with a cumulative abstract of receipts and payment from the date of their appointment to 10 March 2014

Harbour Club Apartments, Harbour Quay, Eastbourne, BN23 5QG ("the Apartments")

As outlined in the Joint Administrators' proposals and previous reports to creditors, the development comprises twenty four Apartments in total, seventeen of which had yet to be sold as at the date of the Joint Administrators' appointment

During the reporting period, offers have been accepted, subject to contract, in respect of two of the Apartments. A further Apartment is being marketed for sale, a further four are currently empty, one has been taken off the market due to water damage and one is unfinished.

The Joint Administrators, following the recommendation of their agents, Waterside Properties Limited ("Waterside"), and with the agreement of the Bank, have taken the decision that no more than three Apartments will be offered for sale at any one time. The remaining nine unsold Apartments are presently tenanted on Assured Shorthold Tenancies ("ASTs") or are vacant to allow for appropriate repair works.

In due course the Joint Administrators intend to serve notices to vacate in respect of the ASTs as sales of the Apartments complete. Following the sale of all of the Apartments, the Joint Administrators will sell the freehold. It is anticipated that this could take two to three years to complete.

The current strategy is in the process of being reviewed by the Joint Administrators and the Bank.

Sale of Apartment 16

The Joint Administrators have agreed a sale, subject to contract, of Apartment 16. The Joint Administrators' solicitors, DLA Piper UK LLP ("DLA"), are liaising with the purchaser's solicitors in respect of the sale and it is hoped that the sale will complete shortly. Details of the purchase price will be provided to creditors in due course, once the sale has completed.

Sale of Apartment 7

The Joint Administrators have also agreed a sale, subject to contract, of Apartment 7. The Joint Administrators' solicitors, DLA Piper UK LLP ("DLA"), are liaising with the purchaser's solicitors in respect of the sale and it is likewise hoped that this sale will complete in the near future. Details of the purchase price will be provided to creditors in due course, once the sale has completed.

Rentals

Since the date of the Joint Administrators' previous report, further tenants have given notice and have left their Apartments. Replacement tenants have not been sought due to ongoing strategy review with the Bank.

Waterside – Estate Agents

Waterside are collecting the rental income for the tenanted Apartments. All rents are being paid over to the Joint Administrators net of Waterside's management fee and any repair or maintenance costs incurred in respect of the Apartments.

During the reporting period, Waterside have carried out the following work:

- Collected rent in respect of the tenanted Apartments,
- Liaised with the tenants of the Apartments,
- Managed the maintenance queries and requests from the tenants of the Apartments,
- Dealt with check out reports for the Apartments which are now unoccupied,
- Provided their thoughts on the sales of the Apartments and the appropriate marketing strategy,
- Hosted on site visits to the Apartments,
- Secured a sale, subject to contract, of two of the Apartment,
- Instructed contractors in respect of the repairs and maintenance of the Apartments, and
- Produced sales brochures and advertised / marketed the Apartments for sale

Waterside have collected rental payments totalling £38,050 during the reporting period, before deduction of their fees. They have drawn fees against rent collections of £3,425 in the period.

Ross & Co ("Ross") - Managing Agents

During the period Ross have collected ground rent totalling £2,185 from the owner occupiers of the Apartments and dealt with various maintenance tasks in respect of the Apartments. Ross have also produced the service charge budget for the current year and produced the accounts for the previous year, and have spent time advising the Joint Administrators on the proposed works which need to be undertaken both in the Apartments and in the communal areas of the building.

The Joint Administrators have paid the sum of £6,149 to Ross in respect of the additional Service Charge levy which was charged for the period from 1 January to 31 December 2013, for the unsold Apartments. This was required due to the unforeseen costs which arose in the period and a reserve fund is now being built up in the 2014 budget to avoid this occurring going forward.

Ross' fees have been agreed at a fixed fee of £968.75 per quarter which is to be paid in advance from the Service Charge account, and 5% of any major works expended which is payable in arrears. No fees have been paid in the period.

DLA

DLA are currently liaising with the solicitors acting for the purchasers of Apartments 7 and 16.

Warranty Claims

As previously detailed the Apartments have warranty cover in place with a national warranty provider. There is water damage in one of the Apartments.

The Company's claim with the warranty provider has been frustratingly slow to date. It has now been established that initial reports are in the process of being prepared which will detail the causes of the water ingress and proposed measures to repair these issues.

The Joint Administrators, through Ross, continue to chase for information and updates in this regard.

The Joint Administrators instructed Land and Building Guarantees to ascertain what warranties were in place for the Apartments. The position has now been clarified.

Repair Works

The Joint Administrators' proposals and previous reports highlighted the issues with the development, being caused by the ingress of water into several of the Apartments and into the communal areas. Several tranches of work have now been carried out, resolving the water ingress into the Apartments and the communal areas of the building.

Receipts and Payments – 11 September 2013 to 10 March 2014

Receipts

Rent Waterside have collected £38,050 of rent in respect of the tenanted Apartments

Ground Rent An amount of £2,185 has been received from the owner occupiers of the Apartments

Sundry Refund An amount of £43 was received in respect of an overpayment in respect of the water supply

Bank Interest Bank interest of £42 has been received in the period

Payments

Waterside's Fees An amount of £3,425 plus VAT has been paid to Waterside in respect of their management fees for the collection of the rent of the tenanted Apartments

Ross Ross have been paid £98 in respect of the collection of the ground rents

Building and Land Guarantees An amount of £1,275 plus VAT has been paid to Building and Land Guarantees in respect of the work undertaken in establishing the position of the warranties which are in place for the Apartments

Joint Administrators' Disbursements The Joint Administrators have drawn disbursements of £168 in the period

Legal Disbursements DLA have been paid £1,598 plus VAT in respect of their disbursements incurred to date

Water Supply The Joint Administrators have made payment of £237 in respect of the water supply in the unoccupied Apartments

Heat and Light The Joint Administrators have made payment of £193 plus VAT in respect of the heat and light in the unoccupied Apartments

Council Tax The Joint Administrators have paid £3,988 plus VAT in respect of Council Tax for the unoccupied Apartments

Bank Charges Bank charges of £120 have been incurred in the period

Repairs and Maintenance The Joint Administrators have made payment totalling £44,973 plus VAT in respect of costs incurred by contractors to investigate and repair the water ingress issues which are currently affecting the development. This sum also includes the general maintenance costs relating to the development and to the unsold Apartments

Service Charge The Joint Administrators have paid of £6,149 to Ross in respect of the additional Service Charge levy due in respect of the unoccupied Apartments for the final half of the year

5. ESTIMATED OUTCOME FOR CREDITORS

Details of the sums owed to each class of the Company's creditors were provided in the Joint Administrators' statement of proposals

On the basis of realisations to date and estimated future realisations, the Joint Administrators' estimate an outcome for each class of the Company's creditors as follows

Secured creditors

It appears unlikely that there will be sufficient asset realisations to repay the Bank's indebtedness in full. Mr Flood, the second charge holder, is not presently anticipated to receive any payment in respect of his indebtedness. This situation may change depending upon the level of recoveries achieved from the sales of the Apartments and the freehold.

Preferential creditors

Based upon realisations to date and estimated future realisations, there will be insufficient funds available to enable a dividend to be paid to the sole preferential creditor.

Unsecured creditors

Based upon realisations to date and estimated future realisations there will be insufficient funds available to enable a dividend to be paid to the unsecured creditors.

6. THE JOINT ADMINISTRATORS' REMUNERATION & DISBURSEMENTS

The Joint Administrators' remuneration has been fixed by reference to the time properly given by them (as Joint Administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration and they are authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration and which are attached at Appendix 2 of this report.

The Joint Administrators' time costs for the period from 11 September 2013 to 10 March 2014 amount to £28,809.75 which represents 128.3 hours at an average rate of £224.64 per hour.

The following further information in relation to their time costs and disbursements is set out at Appendix 2.

- ☐ Begbies Traynor (Central) LLP's policy for re-charging disbursements
- ☐ Begbies Traynor (Central) LLP's charge-out rates
- ☐ Narrative summary of time costs incurred
- ☐ Table of time spent and charge-out value for the period 11 September 2013 to 10 March 2014

As at 10 March 2014, the Joint Administrators have not drawn any fees against their total time costs of £162,137.25 which have been incurred since the date of their appointment.

In addition to the time costs information disclosed at Appendix 2 for the period of this report, the Joint Administrators' previous progress reports contained details of the time costs incurred as at the date of each report.

To 10 March 2014, the Joint Administrators have drawn disbursements in the sum of £781 plus VAT.

A copy of 'A Creditors Guide to Joint Administrators' Fees (E&W) 2011' which provides guidance on creditors' rights on how to approve and monitor an Administrator's remuneration and on how the remuneration is set can be obtained online at www.begbies-traynor.com/creditorsguides. Alternatively, if you require a hard copy of the Guide, please contact our office and we will arrange to send you a copy.

7. JOINT ADMINISTRATORS' EXPENSES

A statement of the expenses incurred by the Joint Administrators during the period of this report is attached at Appendix 3

8. ASSETS THAT REMAIN TO BE REALISED

The Apartments

As at the date of the Joint Administrators' appointment there were seventeen unsold Apartments

At present, two Apartments are sold subject to contract. Following completion of these sales, 15 Apartments will remain to be released

The Freehold Property

Following completion of the sale of all of the Apartments, the Joint Administrators will proceed to release the freehold of the development

9. OTHER RELEVANT INFORMATION

Submission on Director's conduct

As detailed in their statement of proposals, the Joint Administrators have a duty to make a submission to the Department for Business, Innovation and Skills on the conduct of the director. The Joint Administrators have complied with their duties in this respect.

Extension of administration

In accordance with Paragraph 78(2) of Schedule B1 to the Insolvency Act 1986 the administration has been extended for a period of 6 months with the consent of the secured creditors. The administration is currently due to expire on 28 May 2014 and accordingly it is necessary for the Joint Administrators to make an application to the Court to further extend the administration to allow time for all the Apartments to be sold. The Joint Administrators are seeking an extension for a period of 3 years.

Proposed exit route from Administration

As previously set out in the Joint Administrators' proposals, the exit routes being considered for the administration are either dissolution or creditors' voluntary liquidation.

10. CREDITORS' RIGHTS

Right to request further information

Pursuant to Rule 2.48A of the Rules, within 21 days of the 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 that creditor, (or an unsecured creditor with less than 5% in value of the unsecured creditors, but with the permission

of the court), may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been detailed in this progress report

Right to make an application to court

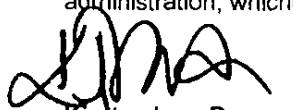
Pursuant to Rule 2.109 of the Rules, any secured creditor or an unsecured creditor with the concurrence of at least 10% in value of the unsecured creditors including that creditor (or any unsecured creditors with less than 10% in value of the unsecured creditors, but with the permission of the court), may within 8 weeks of receipt of this progress report make an application to court on the grounds that the remuneration charged or the expenses incurred by the Joint Administrators as set out in this progress report are excessive or, in relation to the basis fixed for the Joint Administrators' remuneration, inappropriate

11. CONCLUSION

Paragraph 76 of Schedule B1 to the Act provides that the appointment of an administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding six months.

In order to ensure that the objective of the administration is achieved and that the Joint Administrators have fully discharged their duties as Joint Administrators, it is necessary to extend the period of the administration. Accordingly the Joint Administrators intend to seek the consent of the court to extend the period of administration for 3 years up to 27 May 2017.

The Joint Administrators will report again in approximately six months time or at the conclusion of the administration, whichever is the sooner.



Kirstie Jane Provan
Joint Administrator

Dated

31/12/14

ACCOUNT OF RECEIPTS AND PAYMENTS

Period 11 September 2013 to 10 March 2014

Freshfield Contracting Limited - In Administration
Receipts and Payments from 28 November 2012 to 10 September 2013 and
Receipts and Payments from 11 September 2013 to 10 March 2014

Notes	Receipts and payments from 28 November 2012 to 10 September 2013 £	Receipts and payments from 11 September 2013 to 10 March 2014 £	Total £
Receipts			
Rental income	99,433	38,050	137,483
Ground rent	1,700	2,185	3,885
Cash at bank	6	-	6
Council tax refund	87	-	87
VAT refund	320	-	320
Insurance refund	317	-	317
Sundry refund	457	43	500
Bank interest	20	42	62
	102,339	40,321	142,660
Payments			
Waterside's fees in relation to the rental of the apartments	(9,094)	(3,425)	(12,518)
Agent's fees	(5,010)	(1,373)	(6,383)
Joint Administrators' pre-administration disbursements	(196)	-	(196)
Joint Administrators' disbursements	(613)	(168)	(781)
Legal disbursements	-	(1,598)	(1,598)
Water rates	(29)	(237)	(266)
Heat and light	(121)	(193)	(314)
Council tax	(1,576)	(3,988)	(5,563)
Bank charges	(60)	(120)	(180)
Repairs and maintenance and other costs	(3,619)	(44,973)	(48,592)
Service charge	(21,400)	(6,149)	(27,549)
Distribution to chargeholder	(9,738)	-	(9,738)
	(51,456)	(62,222)	(113,678)
Net Receipts / (Payments)	50,883	(21,901)	28,982

Notes

The above analysis does not include VAT and it is assumed that all VAT is recoverable

TIME COSTS AND DISBURSEMENTS

- a Begbies Traynor (Central) LLP's policy for re-charging expenses/disbursements,
- b Begbies Traynor (Central) LLP's charge-out rates,
- c Narrative summary of time costs incurred, and
- d Table of time spent and charge-out value for the period from 11 September 2013 to 10 March 2014 and a cumulative table to time spent to date

BEGBIES TRAYNOR CHARGING POLICY

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to draw remuneration on the basis of the time properly spent in dealing with the case. It also applies where further information is to be provided to creditors regarding the office holder's fees following the passing of a resolution for the office holder to be remunerated on a time cost basis. Best practice guidance¹ requires that such information should be disclosed to those who are responsible for approving remuneration.

In addition, this note applies where creditor approval is sought to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. Best practice guidance² requires that such charges should be disclosed to those who are responsible for approving the office holder's remuneration, together with an explanation of how those charges are calculated.

OFFICE HOLDER'S FEES IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

The office holder has overall responsibility for the administration of the estate. He/she will delegate tasks to members of staff. Such delegation assists the office holder as it allows him/her to deal with the more complex aspects of the case and ensures that work is being carried out at the appropriate level. There are various levels of staff that are employed by the office holder and these appear below.

The firm operates a time recording system which allows staff working on the case along with the office holder to allocate their time to the case. The time is recorded at the individual's hourly rate in force at that time which is detailed below.

EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

Best practice guidance classifies expenses into two broad categories:

- ❑ *Category 1 disbursements (approval not required)* - specific expenditure that is directly related to the case usually referable to an independent external supplier's invoice. All such items are charged to the case as they are incurred.
- ❑ *Category 2 disbursements (approval required)* - items of incidental expenditure directly incurred on the case which include an element of shared or allocated cost and which are based on a reasonable method of calculation.

(A) The following items of expenditure are charged to the case (subject to approval):

- Internal meeting room usage for the purpose of statutory meetings of creditors is charged at the rate of £150 per meeting,
- Car mileage is charged at the rate of 45 pence per mile,
- Storage of books and records (when not chargeable as a *Category 1 disbursement*) is charged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates,

¹ Statement of Insolvency Practice 9 (SIP 9) – Remuneration of insolvency office holders in England & Wales

² *Ibid* 1

- Displaying properties for sale on the 'Accelerated Property Sales from Begbies Traynor' section of the Begbies Traynor website is charged at the rate of £75 00 per property,
-
- (B) The following items of expenditure will normally be treated as general office overheads and will not be charged to the case although a charge may be made where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 disbursement*
- Telephone and facsimile
- Printing and photocopying
- Stationery

BEGBIES TRAYNOR CHARGE-OUT RATES

Begbies Traynor is a national firm. The rates charged by the various grades of staff that may work on a case are set nationally, but vary to suit local market conditions. The rates applying to the London office as at the date of this report are as follows

Grade of staff	£
Partner	495
Director	395
Senior Manager	365
Manager	315
Assistant Manager	270
Senior Administrator	235
Administrator	185
Trainee Administrator	160
Support	160

Time spent by support staff such as secretarial, administrative and cashiering staff is charged directly to cases. It is not carried as an overhead.

Time is recorded in 6 minute units

SUMMARY OF OFFICE HOLDERS' TIME COSTS

CASE NAME	Freshfield Contracting Limited
CASE TYPE	ADMINISTRATION
OFFICE HOLDERS	Kirstie Jane Provan and Jonathan James Beard
DATE OF APPOINTMENT	28 November 2012

1 CASE OVERVIEW

- 1.1 This overview and the time costs analysis attached is intended to provide sufficient information to enable the body responsible for the approval of the office holders' fees to consider the level of those fees in the context of the case

1.2 **Complexity of the case**

The administration involves monitoring the sales process, the rentals, maintenance and the other issues arising in relation to the unsold Apartments. There is also the additional issue of the pursuance of the warranty claims in respect of water damage affecting one of the Apartments and the communal areas which is complex, together with working with various third parties to resolve issues with the water ingress and related matters to enable sales to complete.

1.3 **Exceptional responsibilities**

There have been several issues with the Apartments, specifically in respect of the problems caused by the ingress of water. The Joint Administrators' staff have been required to attend the site on several occasions, alongside various contractors, to rectify the situation and to produce a strategy of how the issues should be tackled.

The Joint Administrators have also spent a lot of time assessing the best strategy to sell and rent the Apartments and this has had to be considered alongside the Bank and Waterside.

1.4 **The office holders' effectiveness**

As set out in the Joint Administrators' proposals, the strategy for the administration is to continue to collect rent from the tenants of the leased Apartments whilst the remaining Apartments are marketed for sale.

A marketing strategy has been implemented by the Joint Administrators, working alongside Waterside. The Apartments are being advertised on Waterside's website and are also listed on Begbies Traynor's Accelerated Properties Sales website.

The Joint Administrators and Waterside have agreed a sale, subject to contract, of two of the Apartments. The Joint Administrators, in conjunction with the Bank, are reviewing their strategy for the sale of the Apartments and for the repair works which need to be carried out.

1.5 **Nature and value of property dealt with by the office holders**

The Company owns 17 Apartments located at Harbour Club Apartments, Harbour Quay, Eastbourne, BN23 5QG.

The Company also owns the freehold of the development.

1.6 **Anticipated return to creditors**

It is not anticipated that there will be any funds available for any unsecured creditors.

1 7 Time costs analysis

An analysis of time costs incurred between 11 September 2013 and 10 March 2014 prepared in accordance with Statement of Insolvency Practice 9 is attached showing the number of hours spent by each grade of staff on the different types of work involved in the case, and giving the average hourly rate charged for each work type

The time costs analysis provides details of work undertaken by the office holders and their staff following their appointment only

1 8 The views of the creditors

The Joint Administrators have a duty to investigate the affairs of the insolvent Company, and to consider the conduct of the director. The Joint Administrators welcome any correspondence or information from creditors to assist with their investigations into the affairs of the Company

The Joint Administrators will send progress reports to all known creditors every six months and will ensure that the Bank is kept fully apprised of any developments during the administration

1 9 Approval of fees

The Joint Administrators' remuneration has been fixed by reference to the time properly given by them (as Joint Administrators) and the various grades of their staff calculated at the prevailing hourly charge out rates of Begbies Traynor (Central) LLP in attending to matters arising in the administration

1 10 Approval of expenses and disbursements

The Joint Administrators are authorised to draw disbursements, including disbursements for services provided by their firm (defined as category 2 disbursements in Statement of Insolvency Practice 9) in accordance with their firm's policy, details of which accompanied the Statement of Proposals for achieving the purpose of administration

1 11 Category 2 disbursements

In accordance with the resolution obtained in relation to expenses and disbursements, the following Category 2 disbursements and disbursements which should be treated as Category 2 disbursements have been charged to the case since the date of the Joint Administrators appointment

Other amounts paid or payable to the office holders' firm	
Type and purpose	Amount £
Mileage	495 00
TOTAL	495 00

1 12 Other professionals employed and their costs

Waterside - Estate Agents

Waterside have been appointed by the Joint Administrators to market the Apartments for sale and their commission for each sale has been agreed at 1.5% plus VAT

Their rental collection fees have been agreed at 9% plus VAT on the gross amount of all rents payable and collected, together with an initial administration set up fee of £50 plus VAT per Apartment

Ross - Managing Agents

After consultation with the owner occupiers, a local firm, Ross, have been engaged as managing agents by the Joint Administrators to deal with day to day maintenance of issues in the communal areas, along with queries from the residents, owners and tenants

Ross' fees have been agreed as a fixed fee of £968 75 plus VAT per quarter which is to be paid in advance from the service charge account and 5% of any major works expended which is payable in arrears

Jones Lang LaSalle ("JLL") – Valuations

Further to the Bank's request, JLL were instructed to conduct a valuation of the Apartments along with the freehold of the development

The total cost for the production of the JLL report was £3,750 plus disbursements and VAT, which have been settled from funds held

KAD

The Joint Administrators instructed KAD to draw up Land Registry compliant plans for the development

KAD's fees for the production of these plans were £925 plus VAT, which increased from the original estimate due to the complexity of the work required and these fees have been settled in full

DLA

DLA were retained by the Joint Administrators to advise of the validity of the Bank's security, together with the validity of the Joint Administrators' appointment. DLA will also provide general legal advice on matters arising in the administration as and when required, as well as preparing the documentation in relation to the sale of the Apartments

No fees have been paid to DLA to date

Land and Building Guarantees

Land and Building Guarantees were instructed to ascertain the position of the warranties which are in place for both the individual Apartments and the communal areas. They have been paid £1,275 plus VAT in respect of their fees

1 14 Staffing and management

Appropriately experienced staff undertook the various tasks arising, to ensure that matters were properly dealt with at the least cost to the Administration. It is the policy of Begbies Traynor that all grades of staff charge time which solely relates to the case. The analysis in the report seeks to give some indication of the various tasks undertaken by the Joint Administrators and their staff but is not intended to be, nor should be viewed as, an exhaustive list

2 SUMMARY OF WORK CARRIED OUT SINCE OUR LAST REPORT

Since the date of the Joint Joint Administrators' last report, the following work has been carried out

- Updating the Bank regarding the progress of the administration,
- Producing cash flow forecasts for the administration of the Company,
- Statutory compliance matters,
- All administration banking requirements,
- Administering all insurance requirements over the Company's assets,
- Dealing with enquiries from the Company's creditors and suppliers,
- Liaising with agents with regards to the sale and rental of the Apartments,
- Liaising with the managing agents with regards to the continued maintenance of the Apartments,
- Liaising with solicitors regarding the Apartment sales and issues affecting the development and working on the resolution of these issues,
- Liaising with a third party regarding the building warranties which are in place,

- Organising and funding the required maintenance works to address the water ingress currently affecting the development,
- Conducting internal meetings to discuss case strategy and progress, and
- Producing the administration extension report

[illegible]

STATEMENT OF EXPENSES

Type of expense	Name of party with whom expense incurred	Amount incurred £	Amount discharged £	Balance (to be discharged) £
Mileage	Begbies Traynor (Central) LLP	93 60	93 60	Nil
Conference Call	Meeting Zone Ltd	6 93	6 93	Nil
Postage	Begbies Traynor (Central) LLP	50 36	Nil	50 36
Storage	Archive Solutions	4 16	Nil	4 16