

The Insolvency Act 1986

2.24B**Administrator's progress report**

Name of Company
Alexander Developments (North East) Limited

Company number
02666308

In the High Court of Justice, Chancery Division, Companies Court

Court case number
621 of 2011

We
Paul Nicholas Dumbell
KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

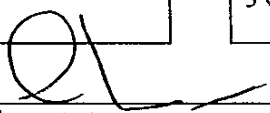
Brian Green
KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

Richard Heis
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Administrators of the above company attach a progress report for the period

from	to
4 April 2011	3 October 2011

Signed


Joint Administrator

Dated

31 October 2011

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.

Hollie Watson KPMG LLP St James' Square Manchester M2 6DS United Kingdom DX Number DX 724620 Manchester 42		Tel 0161 246 4792 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

SATURDAY



A44

05/11/2011

123

COMPANIES HOUSE



**Alexander Developments (North East)
Limited (in Administration)**

**Report to Creditors pursuant
to Rule 2.47 of the
Insolvency (Amendment)
Rules 2003**

KPMG LLP

31 October 2011

This report contains 7 pages

Appendices contain 5 pages

PD/NS/HW



Notice: About this Report

This Report has been prepared by Paul Nicholas Dumbell, Richard Heis and Brian Green, the Joint Administrators of Alexander Developments (North East) Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose.

It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context. This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Alexander Developments (North East) Limited or other companies in the same group.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors. Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk.

To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Paul Nicholas Dumbell, Richard Heis and Brian Green are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators act as agents for Alexander Developments (North East) Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the Administration.



Alexander Developments (North East) Limited (in Administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
31 October 2011

Contents

1	Executive summary	1
2	Statement of Proposals	2
3	Progress to date	2
4	Comments on the Appendices	5

Appendices

1	Statutory information
2	Administrators' receipts and payments account for the period 4 April 2011 to 3 October 2011
3	Analysis of Joint Administrators' time costs for the period 4 April 2011 to 3 October 2011
4	Schedule of expenses for the period 4 April 2011 to 3 October 2011



1 Executive summary

- This progress report covers the period from the appointment of the Joint Administrators on 4 April 2011 to 3 October 2011 ("the Period")
- The Joint Administrators' Statement of Proposals was approved on 9 June 2011 and has not been modified
- Alexander Developments (North East) Limited (in Administration) ("the Company") is a residential property developer formed in 1991. At appointment, the Company's main assets were a partially built residential development at Valley Rise, Tow Law, various freehold reversionary interests and two land options
- The Company is part of a group of 21 companies, of which McInerney Group Limited (in Administration) is the parent company. On 4 April 2011, the Joint Administrators of the Company were also appointed Administrators over the following companies within the group

McInerney Group Limited
McInerney Homes Limited
William Hargeaves Limited
Bowey Homes Limited
Lancing Homes Limited
Gold Homes (The Wave) Limited

In addition, the Joint Administrators were appointed Joint Liquidators of the following companies within the group

Space Developments (UK) Limited
Augusta Developments Limited

- Following the appointment of the Joint Administrators, an assessment was made as to whether to proceed with the immediate disposal of the site or to transfer the site to Ludgate Hill Developments Limited ("Ludgate") a solvent subsidiary of McInerney Group Limited (in Administration), to be built out by Miller Homes Limited ("Miller"). It was decided to progress the site to immediate disposal, and, following a lack of acceptable offers, it was decided to enter the development for sale at auction in October 2011, at which a bid was accepted
- The majority of the Company's operational commitments have now ceased with ongoing costs primarily being security for the site

Paul Dumbell
Joint Administrator



2 Statement of Proposals

The Joint Administrators' Statement of Proposals was circulated on 27 May 2011

Pursuant to Paragraph 52 (1)(b) of Schedule B1 to the Insolvency Act 1986 a creditors' meeting was not convened and one was not subsequently requisitioned. As a result the Statement of Proposals, as circulated, was deemed to have been approved on 9 June 2011 pursuant to Rule 2.33 (5A) with the exception of any proposals in relation to the Joint Administrators' fees, disbursements or discharge of liability.

3 Progress to date

3.1 Residential development

As detailed in our previous report to creditors, it was decided that the optimal strategy to maximise the value of the sites owned by the McInerney Group Limited (in Administration) and its subsidiaries (together "the Group") was to hive down certain sites to Ludgate Hill Developments Limited ("Ludgate") and develop them through to completion. Miller Homes Limited ("Miller") was selected as the preferred bidder to build out the selected sites under a Development Management Agreement ("DMA").

The DMA was exchanged on 4 April 2011 and completed on 18 April 2011 following a consultation process with the employees of McInerney Homes Limited (in Administration) ("MHL"), the Group's major trading subsidiary, in line with the Transfer of Undertakings (Protection of Employment) Regulations ("TUPE"). Ten sites, categorised as "A sites", were hived down to Ludgate to be developed by Miller.

The Company's site at Valley Rise, Tow Law was one of the 13 remaining sites across the Group that did not hive down to Ludgate. A further review of the site was undertaken by Ludgate, Miller and the Joint Administrators to assess the optimal route to maximise value. This involved marketing the property for sale to understand the amount achievable from immediate disposal, then comparing the outcome to the value that could be generated by building out the development in Administration, together with the anticipated costs and risks involved.

To market the site, interested parties were identified via specialist sector knowledge from within KPMG, our existing database contacts, parties that had been introduced by GVA Grimley Limited ("our Agents") and new parties coming forward as a result of our external press communication.

An online data room was established to house the information on the sites and this allowed all parties to easily access the information once a non-disclosure agreement had been signed. To date, 96 interested parties have been sent non-disclosure agreements, 61 of which have returned signed copies and been granted access to the data room.



As offers at an acceptable level were not received for the Company's site at Valley Rise, Tow Law, it was decided based on the advice of our Agents to enter the site for sale at auction, along with two other sites owned by McInerney Homes Limited (in Administration). The three sites were entered for sale at auction during October 2011, at which bids were received and accepted.

The Joint Administrators, in conjunction with their Agents, continue to market and sell the other Group assets which include development sites that have not transferred to Miller, licensed sites and land options. The Joint Administrators have also sold the Group's social housing business to Partner Construction Limited.

3.2 Other assets

3.2.1 Land options

The Group holds 11 land options across the UK, each with different terms and values. Of these, two are held by the Company relating to land at the following sites:

Hexham Road, Throckley
Bogma Hall Farm, Coxhoe

The option agreements have been reviewed in conjunction with our Agents, and the sites have been inspected. The options have been marketed in the same way as the site at Valley Rise, Tow Law, and information regarding the agreements has been housed in the online data room set up for interested parties.

As no offers have been received to date, the options are being reviewed further to assess the best way to maximise value. A further update on these will be provided in our next report to creditors.

3.2.2 Reversionary interests

A number of the Company's historic developments were sold leasehold, with the freehold interest retained by the Company. Therefore there are a number of sites where ground rents are due on an annual or six-monthly basis. The Joint Administrators have contacted all known parties who are liable for ground rents and requested all outstanding amounts to be paid up to date. A total of £1,819 has been received as at 3 October 2011.

The Joint Administrators continue to pursue outstanding ground rents and an update on these collections will be provided in our next report to creditors.

Further information is currently being collated on the freehold portfolio, which will be marketed for sale as detailed previously when sufficient information has been obtained.

3.3 Employees

At the date of appointment only one employee was employed by the Company. This employee resigned from the business upon appointment and is now a director of Partner Construction Limited, which acquired the Group's social housing business.



3.4 Communication

The Joint Administrators wrote to all known creditors on 11 April 2011 advising them of their appointment.

Following this, the Joint Administrators' Statement of Proposals was circulated to all creditors of the Company on 27 May 2011.

A further progress report will be provided to creditors in May 2012.

3.5 Liabilities

3.5.1 Secured creditors

The banking syndicate of The Royal Bank of Scotland plc ("RBS") and Lloyds Banking Group plc ("LBG") (together "the Banks") provided a loan and overdraft facility to the Group as a whole. At the date of appointment, the total indebtedness outstanding across the Group, excluding interest and charges, was approximately £82 million.

As security, the Banks had obtained numerous fixed charges over the Group's land and work in progress, in addition to fixed and floating charges against the other assets of the Group.

3.5.2 Preferential creditors

Preferential claims relate to the preferential part of employees' claims for arrears of wages, holiday pay and pension contributions, and are paid from the floating charge realisations. As the Company's single employee transferred to Partner Construction Limited, who took on all associated employee liabilities of the Group's social housing business, we do not anticipate that there will be a preferential claim.

3.5.3 Unsecured creditors

The Statement of Affairs indicated that the Company does not have any unsecured creditors.

3.6 Expenses for the period

3.6.1 Receipts and payments

The receipts and payments for the period are set out in the attached receipts and payments account (see Appendix 2).

3.6.2 Office holders remuneration

The Joint Administrators' time costs to 3 October 2011 are £27,251 and expenses to this date total £172. A detailed analysis of time spent, and charge out rates, for each grade of staff for the various areas of work carried out, in accordance with the provisions of SIP 9, is attached at Appendix 3 to this report.

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the



analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Rules.

A creditors' guide to Administrators' fees can be found at

http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20E&W.pdf

However, if you are unable to access this guide and would like a copy please contact Hollie Watson at KPMG LLP, St James' Square, Manchester, M2 6DS.

The Joint Administrators proposed that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration at their normal hourly rate of charging.

Under Rule 2.106 of the Rules, where the Administrator has made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act that, on the basis that there will be no surplus available to creditors, there will be no meeting of creditors convened then the proposals relating to Administrators' remuneration shall be taken as passed if passed with the approval of each secured creditor of the Company, and also the approval of the preferential creditors (whose debt amounts to more than 50% of the total preferential debt) where the Administrator intends to make a preferential distribution.

Creditors are reminded that the quantum of office holder remuneration can be challenged by unsecured creditors representing at least 10% by value of total unsecured claims, including that creditor's claim, by making an application to court in accordance with Rule 2.109 of the Rules. The full text of this rule can also be provided on request.

Please note that no fees or disbursements have been drawn by the Joint Administrators to date. In accordance with Rule 2.106, the Joint Administrators will seek approval from the secured creditors prior to the drawing of any fees or disbursements.

3.6.3 Other information

In accordance with Rule 2.48A of the Rules, additional information about the expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities. A request must be made within 21 days of receipt of this report.



4 Comments on the Appendices

4.1 Appendix 1: Statutory information

Information to creditors required by statute is contained in Appendix 1 to this report

4.2 Appendix 2: Receipts and payments account for the period

An analysis of receipts and payments for the period 4 April 2011 to 3 October 2011 is attached at Appendix 2

4.2.1 Receipts

4.2.1.1 Ground rent

Outstanding ground rent of £1,819 has been received to date

4.2.1.2 Bank interest

Bank interest of £1 has been received in the Period

4.2.2 Payments

No payments have been made in the Period

4.3 Appendix 3: Analysis of office holders' time costs

An analysis of the Joint Administrators' time costs for the period 4 April 2011 to 3 October 2011 is contained in Appendix 3 to this report

The Joint Administrators' time costs to 3 October 2011 are £27,251 and expenses to this date total £172

The Joint Administrators' time costs include time spent on the following activities

- A total of £3,488 in time costs has been spent in realising the assets of the Company
- A total of £4,364 in time costs has been spent in correspondence with creditors and dealing with creditor claims. This is inclusive of general correspondence and reporting in accordance with statute and also specific matters brought to/by creditors, where action was required
- A total of £13,389 in time costs has been spent in dealing with statutory and regulatory compliance

4.4 Appendix 4: Expenses for the period

Expenses for the period are summarised in Appendix 4, which include the time costs as analysed in Appendix 3



Alexander Developments (North East) Limited (in Administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
31 October 2011

Expenses for this period total £53,806, all of which is accrued. These expenses include accrued legal fees, agents' fees, insurance and the Joint Administrators' time costs and expenses.

These costs will be paid by McInerney Homes Limited (in Administration) in the first instance, therefore all accrued expenses other than the Joint Administrators' time costs and expenses will be repaid to McInerney Homes Limited (in Administration).



Appendix 1

Statutory information

Appointment	
For period	4 April 2011 to 3 October 2011
Company name	Alexander Developments (North East) Limited
Nature of business	Construction
Court details	The Administration Order was made on 4 April 2011 in Manchester County Court number 621 of 2011 application by the qualifying floating charge holder
Date of appointment	4 April 2011
Extension obtained	Not applicable
Office holder details	Paul Nicholas Dumbell, Brian Green and Richard Heis were appointed on 4 April 2011 and are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales
Registered number	02666308
Present registered office	c/o KPMG LLP St James' Square Manchester M2 6DS
Basis of remuneration	Time cost
Fee resolution date	Fee resolution has not yet been approved



Alexander Developments (North East) Limited (in Administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
31 October 2011

Appendix 2

Administrators' receipts and payment account for the period 4 April 2011 to 3 October 2011

Alexander Developments (NE) Ltd (In Administration) Administrators' Abstract of Receipts & Payments			
Statement of Affairs		From 04/04/2011 To 03/10/2011	From 04/04/2011 To 03/10/2011
400,212.00	FIXED CHARGE ASSETS Freehold property	- - NIL NIL	- NIL NIL
(400,212.00)	FIXED CHARGE CREDITORS Fixed charge creditor	NIL NIL	NIL NIL
	ASSET REALISATIONS Ground Rent	- - 1,819.22 1,819.22	- 1,819.22 1,819.22
	OTHER REALISATIONS Bank interest net of tax	1.47 1.47	1.47 1.47
		1,820.69	1,820.69
	REPRESENTED BY		
	Floating charge current		1,820.69 1,820.69



Alexander Developments (North East) Limited (in Administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
31 October 2011

Appendix 3

Analysis of office holders' time costs for the period 4 April 2011 to 3 October 2011

04/04/2011 to 03/10/2011

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Trading							
Cashiering							
General (Cashiering)			0.90		0.90	£157.50	£175.00
Administration & planning							
General (Cashiering)			0.30		0.30	£52.50	£175.00
General							
Books and records			1.95		1.95	£341.25	£175.00
Fees and WIP			1.85	1.10	2.95	£444.75	£150.76
Statutory and compliance							
Appointment and related formalities	5.50		18.30		23.80	£6,160.00	£258.82
Bonding and bordereau			0.25	1.10	1.35	£164.75	£122.04
Checklists & reviews		4.25	7.90		12.15	£3,188.75	£262.45
Reports to debenture holders	1.00		8.00		9.00	£2,380.00	£264.44
Strategy documents	2.00	1.00			3.00	£1,495.00	£498.33
Tax							
Post appointment corporation tax	0.10	0.80	3.13		4.03	£1,007.84	£175.00
Post appointment VAT		6.70	0.15	0.50	7.35	£2,528.75	£344.05
Creditors							
Creditors and claims							
General correspondence			3.05		3.05	£533.75	£175.00
Statutory reports	0.50	3.00	12.50		16.00	£3,830.00	£239.38
Investigation							
Directors							
D form drafting and submission			6.70		6.70	£1,172.50	£175.00
Directors questionnaire / checklist			1.75		1.75	£306.25	£175.00
Realisation of assets							
Asset Realisation							
Freehold property	2.00		6.00		8.00	£2,035.00	£254.38
Open cover insurance			1.00		1.00	£175.00	£175.00
Other assets			3.00		3.00	£525.00	£175.00
Rent			0.30		0.30	£52.50	£175.00
Sale of business			4.00		4.00	£700.00	£175.00
Total in period					110.58	£27,251.09	£246.44



Alexander Developments (North East) Limited (in Administration)
Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003
KPMG LLP
31 October 2011

Category 1 expenses

Expense name	Expense value £
Bonding	30 00
Advert placement/advertising	142 14
Total	172.14

Chargeable rates from 1 October 2010

Grade	Rate per hour £
Partner	535
Associate Partner	460
Director	460
Senior Manager	425
Manager	345
Assistant Manager	240
Assistant	175
Support	110



Appendix 4

Schedule of expenses for the period 4 April 2011 to 3 October 2011

Section	Account	Accrued	Paid	Total
Fixed charge costs	Administrators' fees	2,035 00	-	2,035 00
	Legal fees	4,005 21	-	4,005 21
	Agents'/Valuers' fees	198 92	-	198 92
	Other property expenses	5,896 39	-	5,896 39
	Insurance of assets	1,002 52	-	1,002 52
		13,138.04	-	13,138.04
Cost of realisations	Administrators' fees	25,216 09	-	25,216 09
	Administrators' expenses	172 14	-	172 14
	Agents'/Valuers' fees	961 48	-	961 48
	Legal fees	14,544 59	-	14,544 59
		40,894.30	-	40,894.30
TOTAL		54,032.34	-	54,032.34