

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, Manchester District Registry
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Court case number
621 of 2011

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

from

to

4 October 2011

10 February 2012

Signed

Joint Administrator

Dated

3 April 2012

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
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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

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

**Report to creditors pursuant
to Rule 2.112(2) of the
Insolvency (Amendment)
Rules 2003**

KPMG LLP

6 March 2012

This report contains 9 pages

Appendices contain 4 pages

PD/NS/HW



Alexander Developments (North East) Limited (In Administration)
Report to creditors pursuant to Rule 2.112(2) of the Insolvency (Amendment) Rules 2003
KPMG LLP
6 March 2012

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 2.112(2) of the Insolvency (Amendment) Rules 2003
KPMG LLP
6 March 2012

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1 Executive summary

- This progress report covers the period from 4 October 2011 to 10 February 2012 ("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

The ownership of the development assets held by McInerney Group Limited (in Administration) and its subsidiaries (together "the Group") at the date of the appointment of the Joint Administrators are shown in the table below:

Company	Residential developments				Social housing contracts	Land options
	A sites	B sites	C sites	Total		
McInerney Group Ltd	-	-	-	-	2	-
McInerney Homes Ltd	6	11	-	17	18	9
Lancing Homes Ltd	2	-	-	2	-	-
Bowey Homes Ltd	2	-	1	3	1	-
Alexander Developments (North East) Ltd	-	1	-	1	-	2
Gold Homes (The Wave) Ltd	-	1	-	1	-	-
McInerney UK Ltd	-	-	-	-	3	-
Total	10	13	1	24	24	11



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- Following the appointment of the Joint Administrators, an assessment was made as to whether to proceed with the immediate disposal of the site at Valley Rise 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, categorised as a "B site", to immediate disposal. Following a lack of interest and any acceptable offers, it was decided to enter the development for sale at auction in October 2011, at which a bid was accepted. The sale of the development completed during the Period for the sum of £40,000.
- The Company's option agreement for land at Throckley was discovered to be invalid during the Period as the agreement was not registered correctly with the Land Registry at the time the option was entered into with the landowner. Further consideration is being given to the option agreement for land at Coxhoe to assess the best way to maximise value as no offers have been received to date.
- The Company's operational commitments have now ceased with the only ongoing obligation being the provision of security for the small piece of remaining land at the back of the development 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 Group was to hive down certain sites to Ludgate and develop them through to completion. 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 across the Group, 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 on 18 April 2011. A further review of the site was undertaken by Ludgate, Miller and the Company to assess the optimal route to maximise value. This involved marketing the property for sale to ascertain 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, 99 interested parties have been sent non-disclosure agreements, 71 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 MHL. The three sites were entered for sale at auction during October 2011, at which bids were received and accepted. The Company's site at Tow Law was sold for the sum of £40,000.

A small parcel of additional land at the back of the site was not included in the auction sale of the development land. The Joint Administrators and their Agents are currently assessing this piece of land to determine the best approach to maximise value, including the possibility of entering the land for sale at auction along with other sundry pieces of land owned by the Group. An update on this will be provided in our next report to creditors in six months' time.

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 ("Partner"), a company of which former Company director Barry Smith is a director.

3.2 Other assets

3.2.1 Land options

On appointment, the Group held 11 land options across the UK, each with different terms and values. Of these, two were held by the Company relating to land at the following sites.

Hexham Road, Throckley
Bogma Hall Farm, Coxhoe

The Joint Administrators have reviewed the option agreements together 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 included in the online data room set up for interested parties.

The option agreement for land at Throckley was discovered to be invalid during the Period due to a late registration of the agreement with the Land Registry at the time the agreement was made between the Company and the landowner. There is therefore no value in this option agreement for the Company.

As no offers have been received to date for the option agreement for land at Coxhoe, further consideration is being given to the agreement to assess the best way to maximise value. A further update on this 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 to 31 December 2011. No further ground rents have been received during the Period.



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

Two of the ex-directors of the Company are currently conducting an exercise using their own knowledge and search results from the Land Registry to identify all land still owned by the Company. A schedule is being compiled to record all the available information on each piece of land, to include relevant information on the number of plots at each site and ground rents available for collection under the terms of the leases. When the schedule is complete it will be passed to our Agents for their review and recommendations, following which the freehold portfolio will be marketed for sale in the same manner as the B sites and licensed sites.

An update on the sales of the freehold reversions will be provided in our next report to creditors in six months' time.

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, 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. The Joint Administrators' first progress report was circulated to all creditors on 28 October 2011.

A further progress report will be provided to creditors in September 2012 when it is anticipated that the Joint Administrators' proposals will have been completed. If the Joint Administrators' proposals have been completed, it is currently intended that the Company will be dissolved three months after the date of that report.

3.5 Extension of the Administration

The Joint Administrators' proposals have yet to be fully completed, and consequently the Joint Administrators are not in a position to conclude the Administration at this time.

The Joint Administrators are required to deal with the following issues before they pursue an exit of the Administration:

- sale of the remaining piece of land at Tow Law;
- realisation of funds from the Company's interest in the option agreement for land at Coxhoe;
- sale of the Company's freehold portfolio;



- distribution to the secured creditors, and
- completion of ongoing statutory matters

Consequently, in accordance with Paragraph 78 of Schedule B1 of the Insolvency Act 1986, the Joint Administrators are seeking consent from the secured creditors for a six month extension to the Administration. We hope that the above matters will be resolved within the six month period and steps will then be taken to end the Administration

3.6 Liabilities

3.6.1 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.

3.6.2 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, 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.

3.6.3 Unsecured creditors

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

3.7 Expenses for the period

3.7.1 Receipts and payments

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

3.7.2 Office holders remuneration

The Joint Administrators' time costs for the Period are £13,812 and no expenses have been incurred. 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

3.7.3 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 October 2011 to 10 February 2012 is attached at Appendix 2

4.2.1 Receipts

4.2.1.1 *Freehold property*

The sum of £40,000 has been received for the development site at Tow Law

4.2.1.2 *Bank interest*

Bank interest of £1 has been received in the Period

4.2.1.3 *Sundry refunds*

Sundry refunds of £9 have been received from utility companies

4.2.1.4 *Cash held by solicitors on appointment*

Funds of £5,573 were held by solicitors at the date of our appointment in respect of pre-appointment sales and ground rent collections. This has now been paid to the Company

4.2.2 Payments

4.2.2.1 *Legal fees*

Legal fees of £1,289 have been paid to Clarion Solicitors Limited for their work on the auction sale of the Company's development site at Tow Law

4.2.2.2 *Auctioneers' fees*

The sum of £400 has been paid to the auctioneer for the sale of the Company's development site at Tow Law.

4.2.2.3 *Irrecoverable VAT*

VAT of £306 has been paid that cannot be recovered as it relates to the sale of the site at Tow Law, which is a VAT exempt supply.

4.3 Appendix 3: Analysis of office holders' time costs

An analysis of the Joint Administrators' time costs for the period 4 October 2011 to 10 February 2012 is contained in Appendix 3 to this report.



The Joint Administrators' time costs for the Period are £13,812 and no expenses have been incurred

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

- A total of £5,368 in time costs has been spent in realising the assets of the Company, in particular the development site at Tow Law
- A total of £3,926 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 £3,925 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

Expenses for this Period total £27,486, £1,995 of which has been paid in the Period and £25,490 of which is accrued. Accrued expenses include accrued legal fees, agents' fees, insurance, security costs and the Joint Administrators' time costs

These costs will be paid by MHL in the first instance, therefore all accrued expenses other than the Joint Administrators' time costs will be repaid to MHL in due course



Appendix 1

Statutory information

Appointment	
For period	4 October 2011 to 10 February 2012
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



Appendix 2

Joint Administrators' receipts and payment account for the period 4 October 2011 to 10 February 2012

Statement of Affairs		Alexander Developments (NE) Ltd (In Administration) Administrators' Abstract of Receipts & Payments	
		From 04/10/2011 To 10/02/2012	From 04/04/2011 To 10/02/2012
400,212.00	FIXED CHARGE ASSETS		
	Freehold property	40,000.00	40,000.00
		40,000.00	40,000.00
	FIXED CHARGE COSTS		
	Legal fees	1,289.45	1,289.45
	Auctioneer Fees	400.00	400.00
	Irrecoverable VAT	305.69	305.69
		(1,995.14)	(1,995.14)
(400,212.00)	FIXED CHARGE CREDITORS		
	Fixed charge creditor	NIL	NIL
		NIL	NIL
	ASSET REALISATIONS		
	Ground Rent	NIL	1,819.22
		NIL	1,819.22
	OTHER REALISATIONS		
	Bank interest, net of tax	0.91	2.38
	Sundry refunds	9.00	9.00
	Cash held by solicitors on appointment	5,573.39	5,573.39
		5,583.30	5,584.77
		43,588.16	45,408.85
	REPRESENTED BY		
	Fixed charge current		38,004.86
	Floating charge current		7,403.99
			45,408.85



Alexander Developments (North East) Limited (in Administration)
Report to creditors pursuant to Rule 2.112(2) of the Insolvency (Amendment) Rules 2003

KPMG LLP

6 March 2012

Appendix 3

Analysis of the Joint Administrators' time costs for the period 4 October 2011 to 10 February 2012

04/10/2011 to 10/02/2012

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashflow			2.10	0.90	3.00	£466.50	£155.50
General (Cashflow)			0.10		0.10	£24.00	£240.00
Reconciliations (i.e. IP3 accounting review)							
Statutory and compliance			5.60		5.60	£980.00	£175.00
Appointment and related formalities			0.50	0.80	1.30	£175.50	£135.00
Bonding and hardware	0.20	1.00	7.50		8.70	£1,944.60	£223.61
Checklist & review	0.10				0.10	£33.50	£335.00
Pre-appointment checks	0.10		2.40		2.50	£603.60	£241.44
Reports to debenture holders	0.50				0.50	£267.50	£535.00
Strategy documents							
Tax							
Post appointment corporation tax		0.30			0.30	£103.50	£345.00
Creditors							
Creditor and claim			7.50		7.50	£1,767.50	£235.67
General correspondence	0.10	1.00	9.50		10.60	£2,188.50	£207.73
Statutory reports							
Realisation of assets							
Asset Realisation			22.50		22.50	£5,387.50	£239.56
Realised property							
Total in period					62.80	£13,812.00	£219.94
Fees drawn					Hours/Costs to date		
	B/c		0.00		109.48	26,870.60	245.07
	In the period		0.00		62.80	13,812.00	219.94
	C/c		0.00		172.28	40,682.60	235.91

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 October 2011 to 10 February 2012

Section	Account	Accrued	Paid	Total
Fixed charge costs	Administrators' fees	5,971 00	-	5,971 00
	Legal fees	5,191 28	1,289 45	6,480 73
	Auctioneers' fees	-	400 00	400 00
	Agents'/Valuers' fees	76 79	-	76 79
	Irrecoverable VAT	-	305.69	305.69
	Other property expenses	35 71	-	35 71
	Insurance of assets	483 47	-	483 47
		11,713.25	1,995.14	13,708.39
Cost of realisations	Administrators' fees	7,841 00	-	7,841 00
	Agents'/Valuers' fees	242 78	-	242 78
	Legal fees	5,693 43	-	5,693.43
		13,777.21	-	13,777.21
TOTAL		25,490.46	1,995.14	27,485.60