

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,
Manchester District RegistryCourt case number
621 of 2011

We

Paul Nicholas Dumbell
KPMG LLP
St James' Square
Manchester
M2 6DS
United KingdomBrian Green
KPMG LLP
St James' Square
Manchester
M2 6DS
United KingdomRichard Heis
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

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

from

11 February 2013

to

10 August 2013

Signed


Joint Administrator

Dated

9 September 2013

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

WEDNESDAY



A42

A2GPPAOY
11/09/2013
COMPANIES HOUSE

#93



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

**Report to creditors pursuant
to Rule 2.47 of the
Insolvency Rules 1986 (as
amended)**

KPMG LLP

9 September 2013

This report contains 6 pages

Appendices contain 7 pages

PD/GC/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.



Contents

1	Executive summary	1
2	Progress to date	2
3	Comments on the Appendices	6

Appendices

1	Statutory information
2	Joint Administrators' receipts and payments accounts for the period 11 February 2013 to 10 August 2013
3	Analysis of the Joint Administrators' time costs for the period 11 February 2013 to 10 August 2013
4	KPMG Restructuring policy for the recovery of disbursements
5	Schedule of expenses for the period 11 February 2013 to 10 August 2013

Glossary of terms

Agents	GVA Grimley Ltd
Banks	The Royal Bank of Scotland plc and Lloyds Banking Group plc
Company	Alexander Developments (North East) Ltd (in Administration)
Group	McInerney Group Ltd, McInerney Homes Ltd, William Hargreaves Ltd, Lancing Homes Ltd, Bowey Homes Ltd, Alexander Developments (North East) Ltd, Gold Homes (The Wave) Ltd, Space Developments (UK) Ltd and Augusta Developments Ltd
Solicitors	Freshfields Bruckhaus Deringer LLP



1 Executive summary

- This progress report covers the period from 11 February 2013 to 10 August 2013 ("the Period")
- Alexander Developments (North East) Limited (in Administration) ("the Company") is a residential property developer formed in 1991. The Company's main assets at appointment were a partially built residential development at Valley Rise, Tow Law, which was sold in a prior period, and various freehold reversionary interests
- The Company entered into contracts for the sale of two freehold reversions, known as Haughton Manor and Bowesfield Park, prior to the appointment of the Joint Administrators. These sales continue to progress but have been delayed by restrictions on the title documents and the requirement for Section 5 notices to be issued to the leaseholders. The Section 5 notice period lapsed during the prior period and the requisite 50% of leaseholders did not respond, therefore contracts are currently being finalised. However, there remain issues with the restrictions on the title for Bowesfield Park
- The Company's remaining assets comprise sundry land and additional freehold reversionary interests. Information on these assets was entered into a data room for interested parties and the deadline for offers lapsed during the Period. Our Agents continue to liaise with the two highest bidders for the packages of freehold reversionary interests to confirm their final unconditional offers. No offers were received for the packages containing parcels of sundry land
- During the Period the Joint Administrators successfully applied to court for a six month extension to the Administration to allow sufficient time for the sale of the remaining sundry land and freehold reversionary interests

Paul Dumbell
Joint Administrator

2 Progress to date

2.1 Residential development

The Company's partially built residential development at Tow Law was sold at auction in October 2011 for £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 instructed their Agents to market this land for sale in a disposal of a portfolio of land owned by the Group, which is discussed further in section 2.2

2.2 Sundry land and freehold reversions

As previously reported, our Agents collated the remaining sundry land and freehold reversionary interests owned by the Group into various packages for sale and entered information on these into a data room for interested parties

The deadline for offers lapsed during the Period and several offers were received for the packages containing freehold reversionary interests in houses and apartments. The two highest bidders have since been liaising with our Agents to obtain further information on any potential liabilities on each site in relation to outstanding planning conditions. Due to the amount of time that has passed since the developments have completed and the need to liaise with various local authorities, it is expected to take several weeks before sufficient information becomes available for final unconditional offers to be made. An update on these sales will therefore be provided in our next report to creditors in six months' time.

No offers were received for the packages containing parcels of sundry land. The parcels of sundry land will therefore now be sold on an individual basis should any further interest be received. However, it is not deemed cost effective to continue pro-actively marketing these parcels of land due to the lack of interest received to date.

An offer was received for the remaining land at Tow Law as discussed in section 2.1. This offer was accepted following a recommendation to do so from our Agents and is expected to complete shortly, therefore this amount will be included in the receipts and payments account attached to our next report.

An update on any further sundry land sales will be provided in our next report to creditors in six months' time.

2.2.1 Haughton Manor and Bowesfield Park

It was established in a prior period that the Company had entered into contracts for the sale of two freehold reversionary interests in apartment blocks, known as Haughton Manor and Bowesfield Park, prior to the appointment of the Joint Administrators. These

sales are being progressed to completion following discussions with the purchaser and a review by the Joint Administrators and their Agents

Section 5 notices were required to offer first refusal to the leaseholders of the completed apartments before a sale of the freehold reversionary interests could complete to a third party, which delayed completion of the sale by two months. No responses were received therefore the sale agreements are now being finalised

The sale of Bowesfield Park has been delayed further because there is a restriction on the title in favour of a third party, which will hold up the sale until this party gives consent to the transfer. The Joint Administrators continue to liaise with this third party to establish what is needed to allow the necessary consent to be provided

An update on these sales will be provided in the next report to creditors

2.3 Funding

The Banks provided a loan facility to the Group to fund the costs of the Administrations. This facility was provided to meet the general costs of the Group as a whole, including legal fees, agents' fees and security costs, until the Group had sufficient funds from asset realisations

All of the loans drawn down by the Group on this facility were repaid by MHL during the prior period. The Company's total draw downs of £40,959 are therefore subrogated to MHL. This loan remains outstanding and will be repaid from future realisations

2.4 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' circulated progress reports to all creditors on 28 October 2011, 4 April 2012, 10 September 2012 and 1 March 2013

A further progress report will be provided to creditors in six months' time

2.5 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

During the Period the Joint Administrators successfully applied for an order from the court to extend their term of office by six months to 3 April 2014, pursuant to Paragraph 76(2)(a) of Schedule B1 of the Insolvency Act 1986

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

- sale of the Company's freehold reversions and sundry land,

- repayment of the intercompany loan from MHL, and
- completion of ongoing statutory matters

2.6 Liabilities

2.6.1 Secured creditors

The Banks provided a loan and overdraft facility to the Group as a whole. The total indebtedness outstanding across the Group at the date of appointment, excluding interest and charges, was approximately £82.0 million.

The Banks had obtained numerous fixed charges over the Group's land and work in progress as security, in addition to fixed and floating charges against the other assets of the Group. Our Solicitors were instructed to assess the validity of the Banks' security and has confirmed that it is valid.

2.6.2 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. The Company's sole employee transferred to Partner Construction Ltd, who took on all associated employee liabilities of the Group's social housing business, therefore we do not anticipate that there will be any preferential claims.

2.6.3 Unsecured creditors

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

2.7 Expenses for the period

2.7.1 Receipts and payments

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

2.7.2 Office holders' remuneration

The Joint Administrators' time costs for the Period are £23,716 and category one disbursements of £35 have been incurred. No category two disbursements have been incurred in the Period. Total time costs to date are £92,779 and total disbursements are £277. 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 Statement of Insolvency Practice 9 ("SIP 9"), is attached at Appendix 3 to this report. Further information on the categorisation and recovery of disbursements is attached at Appendix 4.

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 Insolvency (Amendment) Rules 2003 ("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. Approval has been received from the secured creditors.

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.

In accordance with Rule 2 106, the Joint Administrators sought and received approval from the secured creditors to draw fees of £26,868 and disbursements of £30, which were drawn in the prior period.

2 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.

3 Comments on the Appendices

3 1 Appendix 1: Statutory information

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

3.2 **Appendix 2: Receipts and payments account for the Period**

An analysis of receipts and payments for the Period is attached at Appendix 2

3.2.1 **Receipts**

3.2.1.1 **Bank interest**

Bank interest of £10 has been received in the Period

3.2.2 **Payments**

No payments were made in the Period

3.3 **Appendix 3: Analysis of office holders' time costs**

An analysis of the Joint Administrators' time costs for the Period is contained in Appendix 3 to this report

The Joint Administrators' time costs for the Period are £23,716 and expenses of £35 have been incurred

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

- A total of £9,331 in time costs has been incurred in realising the Company's freehold property, including the sundry land and freehold reversionary interests
- A total of £4,200 in time costs has been spent in dealing with post-appointment VAT and Corporation Tax matters
- A total of £3,909 in time costs has been spent reporting to creditors in accordance with statute.
- A total of £2,488 in time costs has been spent reporting to the Banks

3.4 **Appendix 4: Expenses for the period**

Expenses for the Period are summarised in Appendix 5, which include the time costs as analysed in Appendix 3

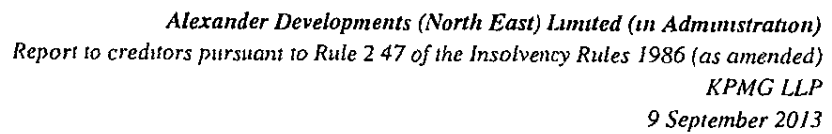
Expenses for this Period total £32,413, all of which is accrued. Accrued expenses include legal fees, insurance costs and the Joint Administrators' time costs and expenses



Appendix 1

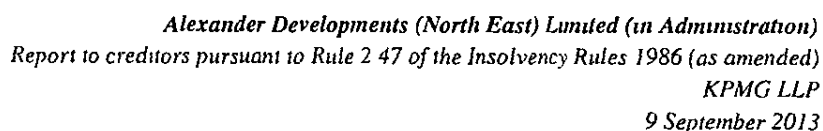
Statutory information

Appointment	
For period	4 April 2011 to 10 August 2013
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
Extensions obtained	6 months to 3 October 2012 by consent of the secured creditors, 12 months to 3 October 2013 and six months to 3 April 2014 by application to court
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	24 June 2011



Joint Administrators' receipts and payments accounts for the period 11 February 2013 to 10 August 2013

See Notice About this Report All rights reserved



Statement of Affairs	From 11/02/2013 To 10/08/2013	From 04/04/2011 To 10/08/2013
400,212 00		
FIXED CHARGE ASSETS		
Freehold property	NIL	40 000 00
Bank interest gross	7 19	7 19
Bank interest, net of tax	NIL	49 54
	7 19	40 056 73
FIXED CHARGE COSTS		
Administrators' fees	NIL	7 720 20
Administrators' expenses	NIL	8 62
Legal fees	NIL	10 485 94
Auctioneer Fees	NIL	700 00
Agents'/Valuers' fees	NIL	5 275 71
Other property expenses	NIL	5 932 10
Insurance of assets	NIL	2 008 89
Irrecoverable VAT	NIL	305 69
	NIL	(32 137 15)
(400 212 00)		
FIXED CHARGE CREDITORS		
Fixed charge creditor	NIL	NIL
	NIL	NIL
ASSET REALISATIONS		
Ground Rent	NIL	1 919 22
	NIL	1,919 22
OTHER REALISATIONS		
Bank interest gross	3 25	3 23
Bank interest net of tax	NIL	36 52
Sundry refunds	NIL	12 00
Cash held by solicitors on appointment	NIL	6 811 31
Intercompany loan from MHL	NIL	40,958 91
	3 25	47 821 97
COST OF REALISATIONS		
Administrators' fees	NIL	19 147 98
Administrators' expenses	NIL	21 38
Agents'/Valuers' fees	NIL	6 204 26
Legal fees	NIL	20 238 02
	NIL	(45 611 64)
	10 42	11 749 13
REPRESENTED BY		
Floating ch. VAT receivable		3 833 87
Fixed charge current		7 619 58
Floating charge current		4 129 55
Fixed charge VAT receivable		1 605 76
Floating ch. VAT control		(3 833 87)
Fixed charge VAT control		(1 605 76)
		11 749 13



Appendix 3

Analysis of the Joint Administrators' time costs for the period 11 February 2013 to 10 August 2013

11/02/2013 to 10/08/2013

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (U.A. business)			4.30		4.30	£795.50	£185.00
Reconciliations (C.I.P.s accounting reviews)			0.10		0.10	£25.00	£250.00
Statutory and compliance							
At commitment and related liabilities			6.00		6.00	£1,110.00	£185.00
Checklist & review			4.00		4.00	£837.50	£209.38
Reports to debenture holders	3.50		3.00		6.50	£2,487.50	£382.69
Statutory returns and payments accounts			0.40		0.40	£100.00	£250.00
Strategy documents	0.50				0.50	£282.50	£565.00
Tax							
Post-appointment corporation tax	0.04	3.67	8.00		11.70	£3,050.56	£260.67
Post-appointment VAT		2.30			2.30	£1,149.00	£499.57
Creditors							
Creditors and claims							
General correspondence			1.60		1.60	£361.00	£225.03
Statutory reports	3.00	1.50	9.40		13.90	£3,909.00	£281.22
Realisation of assets							
Asset Realisation							
Freehold property			41.30		41.30	£9,330.50	£225.92
Health & safety			1.50		1.50	£277.50	£185.00
Total in period					94.10	£23,715.56	£248.77
Fees drawn							
13/1			£26,868.18		292.17	£69,063.00	£236.21
In the period			£0.00		94.10	£23,715.56	£252.02
C/I			£26,868.18		386.27	£92,778.56	£240.06



Alexander Developments (North East) Limited (in Administration)
Report to creditors pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended)
KPMG LLP
9 September 2013

Chargeable rates from 1 October 2012

Grade	Rate per hour
	£
Partner	565
Associate Partner	485
Director	485
Senior Manager	450
Manager	365
Assistant Manager	250
Assistant	185
Support	115

Category 1 expenses

Expense name	Expense value (£)
B/f	242 14
Court fees	35 00
Total for Period	35 00
C/f	277.14



Appendix 4

KPMG Restructuring policy for the recovery of disbursements

Where funds permit the officeholder will look to recover both category 1 and category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows.

Category 1 disbursements These are costs where there is specific expenditure directly referable both to the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Any disbursements paid from the estate are disclosed within the attached summary of disbursements.

The only Category 2 disbursements that KPMG Restructuring currently charges is mileage, this is calculated as follows:

Mileage claims fall into three categories:

Use of privately-owned vehicle or car cash alternative – 40p per mile

Use of company car – 60p per mile

Use of partner's car – 60p per mile

For all of the above car types, when carrying passengers an additional 5p per mile per passenger will also be charged where appropriate.



Appendix 5

Schedule of expenses for the period 11 February 2013 to 10 August 2013

Section	Account	Accrued (£)	Paid (£)	Total (£)
Fixed charge costs	Administrators' fees	11,818 00	-	11,818 00
	Administrators' expenses	35 00	-	35 00
	Legal fees	7,800 00	-	7,800 00
	Insurance of assets	862 52	-	862 52
		20,515.52	-	20,515.52
Cost of realisations	Administrators' fees	11,897 56	-	11,897 56
		11,897.56	-	11,897.56
TOTAL		32,413.08	-	32,413.08