

AM10

Notice of administrator's progress report



Companies House

THURSDAY



A17 *A783RXZ6* 14/06/2018 #217
COMPANIES HOUSE

1 Company details

Company number 0 2 7 7 7 5 6 0

Company name in full DDK Estates Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Gareth

Surname Harris

3 Administrator's address

Building name/number Central Square
Street 5th Floor
29 Wellington Street

Post town Leeds

County/Region

Postcode L S 1 4 D L

Country

4 Administrator's name ①

Full forename(s) Keith

Surname Marshall

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number Central Square
Street 5th Floor
29 Wellington Street

Post town Leeds

County/Region

Postcode L S 1 4 D L

Country

② Other administrator
Use this section to tell us about
another administrator.

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6

Period of progress report

From date	d 1	d 7	m 1	m 1	y 2	y 0	y 1	y 7
To date	d 1	d 6	m 0	m 5	y 2	y 0	y 1	y 8

7

Progress report

☒ I attach a copy of the progress report

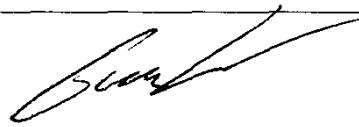
8

Sign and date

Administrator's
signature

Signature

X



X

Signature date

d 1	d 3	m 0	m 6	y 2	y 0	y 1	y 8
-----	-----	-----	-----	-----	-----	-----	-----

AM10

Notice of administrator's progress report



Presenter information

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

Contact name	Gareth Harris
Company name	RSM Restructuring Advisory LLP
Address	Central Square 5th Floor 29 Wellington Street
Post town	Leeds
County/Region	
Postcode	L S 1 4 D L
Country	
DX	
Telephone	0113 285 5000



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



Important information

All information on this form will appear on the public record.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

In the matter of

DDK Estates Limited In Administration

(‘the Company’)

in the High Court of Justice, Business and Property Courts in Manchester no 3117 of 2017

Joint Administrators’ progress report

13 June 2018

Gareth Harris and Keith Marshall

Joint Administrators

RSM Restructuring Advisory LLP

Central Square

5th Floor

29 Wellington Street

Leeds LS1 4DL

Tel: 0113 285 5000

Email: restructuring.leeds@rsmuk.com

Sections

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1 Purpose of report

This report has been prepared in accordance with insolvency legislation to provide creditors with information relating to the progress of the Administration in the period from 17 November 2017 to 16 May 2018.

This report has been prepared solely to comply with the statutory requirements of the relevant legislation. It has not been prepared for use in respect of any other purpose, or to inform any investment decision in relation to any debt or financial interest in the Company. Any estimated outcomes for creditors are illustrative and may be subject to significant change.

Neither the Joint Administrators nor RSM Restructuring Advisory LLP accept any liability whatsoever arising as a result of any decision or action taken or refrained from as a result of information contained in this report.

2 Progress of the Administration in the previous six months

The costs incurred to date and those expected to be incurred in dealing with the matters below are set out in detail at Section 6.

2.1 Realisation of assets

The Joint Administrators are obliged to realise and get in the Company's property and maximise realisations. In some cases this does not result in sufficient realisations to result in a financial benefit to creditors, after taking into account the costs and expenses of realisation and dealing with the legislative requirements of administering the case. Details of the realisations made are set out below, with information relating to dividends, if any, contained within Appendix A

As reported in the Joint Administrators' proposals, the Company's main assets consisted of:

- The property at Pittman Way, Preston;
- The property at Derby House, Preston;
- The property at Salterforth Mill;
- Land in Salterforth (and option); and
- Proceeds of a negligence claim brought by the Company prior to Administration

Legal advice has continued to be sought in respect of these assets due to their complex nature and will continue to be required as the assets are realised.

Pittman Way, Preston

The property situated at Pittman Way, Preston comprised of a large industrial / retail warehouse unit extending to approximately 72,000 square ft divided into two and occupied by a wholesaler and gym operator. Both tenants were subject to long term leases and there was no obvious opportunity to add material value to the property prior to marketing.

GVA Grimley Limited ('GVA') prepared a report and valuation of the Company's properties (including Pittman Way) prior to the Company entering into Administration. Their fee for this was agreed by the secured creditor, N M Rothschild & Sons Limited ("Rothschild") at £5,000 plus VAT and this has been discharged during the period of this report.

GVA and HDAK Commercial Property Consultants ('HDAK') acting as Joint Agents were tasked with marketing the property for sale and their fees in relation to this were agreed by Rothschild at 1.5% of sale price (to be apportioned equally between GVA and HDAK).

Prior to entering into a formal marketing process, the Joint Administrators were approached by Ribston UK Industrial Property Partnership ('Ribston') with a direct offer for the property in excess of the valuation provided by GVA.

The offer of £4.35m was subsequently accepted following consultation with Rothschild and after receiving a letter of recommendation from GVA to accept an offer without taking the property to market. GVA had valued the property in the region of £3.5m to £3.75m, and as such accepting a direct offer was shown to be in both the interests of the Company and its creditors. As part of this, Ribston agreed to

pay a £20,000 non-refundable deposit and entered into a lockout period for 6 weeks commencing on 5 February 2018. During the lockout period the Joint Administrators (and their representatives) were not to actively seek buyers for the property or correspond with, or reply to any other interested parties save that it was agreed that the Joint Administrators, their agents and advisors may reply to an interested party to confirm the existence of an exclusivity agreement.

The Joint Administrators' engaged Schofield Sweeney LLP to agree the terms of the sale and prepare the sales contract. The sale completed on 9 March 2018 for a total consideration of £4,347,345, after apportionment of rent and service charge totalling £2,655 in favour of Ribston.

To date, costs discharged in respect of the sale of Pittman Way include £5,000 plus VAT to GVA for their valuation (as disclosed above) and £10,000 plus VAT to Schofield Sweeney LLP in respect of their legal fees and conveyancing. Costs are still to be discharged for property insurance and remain under review in conjunction with the Joint Administrators' insurance brokers, JLT Speciality Limited.

Derby House, Preston

The property situated at Derby House, Preston comprised a four storey brick built office block extending to appropriately 15,000 square ft.

At the date of Administration, the property was let to 5 tenants (with 2 vacant spaces), the Company having securing a new tenant immediately prior to Administration. The rent deposit from the new tenant was held by Langleys LLP ('Langleys'), the Company's Pre-Administration legal representatives. The rent deposit net of professional costs of £22,757 was subsequently received and made available to the Administration estate on 13 February 2018.

GVA and HDAK were retained on a Joint Agency basis to market Derby House for sale and their fees were agreed at 2% of sale price (to be apportioned equally).

As with the property at Pittman Way, a direct offer of £900,000 was received by the Joint Administrators prior to marketing at a level similar to the valuation report provided by GVA.

After further consultation with GVA it was agreed that whilst £900,000 was a strong offer, GVA could not state for certain that this was the best offer obtainable in the market

In order to test the market fully, sales particulars were subsequently circulated to in excess of 200 parties, including local and national property investors. Viewings were coordinated by GVA and HDAK.

On 5 March 2018 all interested parties were invited to submit formal bids by 12noon on 9 March 2018. As a result, a total of 10 bids were submitted as well as a number of verbal offers from parties at various levels. Whilst a higher offer by £2,000 was available, GVA recommended acceptance of an unconditional cash offer from M20 Property Group ("M20 Property") of £1.05m.

Schofield Sweeney LLP were again engaged to agree the terms of the sale and prepare the sales contract.

The sale has now concluded outside the period covered by this report. Contracts were exchanged on 25 May 2018, with a 10% deposit paid by M20 Property. The sale completed on 9 June 2018 with the balance of consideration received less an apportionment for rent in favour of the purchaser. Further details will be included in the Joint Administrators' next progress report.

Trading - Tenants at Pittman Way and Derby House

As reported above, both these properties were tenanted, and have continued to be managed by HDAK whilst the Joint Administrators have taken steps to realise the Company's freehold property interests. HDAK have been retained by the Joint Administrators to continue to act on behalf of the Company to minimise disruption with a view to maximising sale value for the property than would otherwise have been available had the properties been vacant.

The tenants also pay a service charge proportionate to their percentage level of building occupancy.

As part of the trading exercise time has been spent by the Joint Administrators and their staff ensuring that the Company complies with its duties as Landlord of the properties. This has included ensuring that the correct insurance covers are in place for all properties, all well as making sure that all liabilities regarding utilities, rates, and service charges for the properties are paid and re-invoiced to tenants where applicable.

The trading accounts for Pittman Way and Derby House are attached to this report at Appendix B. The monies for Derby House for the period covered by this report continue to be held by HDAK. Following completion of the sale on 9 June 2018, these monies will be requested for the benefit of the Administration.

The final outcome for trading at Pittman Way and Derby House is expected to result in a surplus for the Administration.

Salterforth Mill

Prior to the Administration the Company identified a prospective purchaser for Salterforth Mill at Kelbrook Road, Salterforth, which was being marketed by Pettys Chartered Surveyors ("Pettys"). Heads of Terms were circulated on 25 October 2017 prior to the Joint Administrators' appointment.

Pettys' professional fees for marketing the property and negotiating the sale had been agreed previously with the Company at 1.5% of sale price plus VAT.

During the period covered by this report the purchaser has withdrawn their offer. Pettys have since found an alternative purchaser, and details of their recommendation have been forwarded to Rothschild who have agreed that the Joint Administrators should proceed with the sale.

Specific details cannot be disclosed at this time as the sale has not yet completed however, further information will be contained in the Joint Administrators next report.

Land in Salterforth / Option agreement

This relates to the land located adjacent to the Mill in Salterforth, which was acquired by the Company from SNL Realisations (2011) Limited in 2007 and 2011, and which is now subject to an Option agreement with Seddon Homes Limited ('Seddon') dated 16 November 2017.

The Company granted Seddon an option for 3 years to purchase the freehold and leasehold interest in the land. Seddon was required to prepare a draft planning application within 24 weeks of the date of the Option agreement. This was completed within the timeframe set by the agreement and submitted to the Joint Administrators for approval. Seddon submitted the application on 22 May 2018, and further developments are awaited in this regard.

The option fee of £10,000 was conditional upon satisfactory searches being received by Seddon, and on appointment the monies were being held by Langleys. Following confirmation from Seddon's solicitors that the searches were satisfactory, the fee was requested and was received from Langleys on 16 February 2018. The Joint Administrators will seek to maximise any future realisations from the Option agreement.

Proceeds of negligence claim

Prior to the appointment of Joint Administrators, the Company was pursuing a negligence claim against a third party in respect of losses of £1.3m. Following a mediation meeting on 9 October 2017 the claim was settled at £250,000. This was considered to be at a level which was acceptable to the Company particularly in view of the Company's impending Administration. The proceeds which were available after costs were £155,000 which was paid to the Company before being placed into the RSM client account pending the appointment of Joint Administrators. These funds have been transferred to the estate account for the benefit of the Administration.

Cash at Bank

The Company was holding funds of approximately £10,274 in its bank account at the date of Administration. These have now been realised for the benefit of the Administration.

Pre-appointment Insurance Claim

In the period covered by this report, it has been brought to the Joint Administrators' attention that there was an incident which resulted in some flood damage at Derby House during October 2017.

As a result of this the Company has been passed costs of £2,300 in respect of the damage and rectification process. The Joint Administrators are currently reviewing the position in conjunction with JLT Speciality Limited and the Company's Pre-Administration insurers to determine the extent of any liability which falls on the Company and if so whether an insurance claim can be made to meet the costs.

Claim for compensation for mis- selling of Interest Rate Hedging Product ('IRHP')

The Joint Administrators investigations into IRHPs are still ongoing, however, as previously reported no realisations are expected as the Joint Administrators are not aware that the Company was ever sold an IRHP.

2.2 Investigations

In accordance with the Joint Administrators' statutory obligations, they have filed the appropriate documentation with the Department for Business, Energy and Industrial Strategy in relation to the conduct of the director.

The Joint Administrators can advise you that, following their initial assessment, no further investigations were deemed necessary.

2.3 Case specific matters

Debts due from related Companies

The director's statement of affairs indicated the Company has outstanding debtor balances due from two associated companies as follows:-

Broughton Group Limited	£1,465,212
Broughton Holdings Limited	£5,024

Recovery of these is currently being investigated however we understand from the director that both companies are dormant and unable to pay the debts due. No realisations therefore are expected from this source.

Tax Refunds

Following the sale of all of the properties it will be necessary for the Joint Administrators to conduct a review of the Company's position in respect of Corporation Tax, and to establish whether a Terminal Loss Relief Claim will be available to the Company. This work may result in further realisations of benefit to the Administration.

VAT

The Company was previously registered as part of a VAT group which was disbanded automatically by HM Revenue and Customs following the insolvency event of the appointment of Joint Administrators. Following advice taken from RSM UK Tax and Accounting Limited the Joint Administrators have spent time in relation to the reinstatement of the VAT registration, which was needed in order to minimise the significant costs which would otherwise be incurred in the form of unclaimable VAT from the Company's property interests.

2.4 Administration and planning

Certain aspects of the work that the Joint Administrators undertake are derived from the underlying legal and regulatory framework for cases of this nature. This work, which does not usually result in any direct financial benefit to creditors, is a necessary aspect of ensuring that the Joint Administrators are complying with both of their legislative and best practice responsibilities, and ensuring that the case is managed efficiently and effectively. It includes matters such as:

- Periodic case reviews, ongoing case planning and strategy
- Maintaining and updating computerised case management records
- Dealing with routine correspondence not attributable to other categories of work
- Investigation into the Directors conduct in the period leading up to Administration.
- Ongoing consideration of ethical and anti-money laundering regulations
- General taxation matters, including seeking tax clearance from HMRC
- Preparation of receipts and payments accounts, maintenance of cashiering records
- Consideration of Health and Safety and environmental regulations

3 Matters preventing closure

3.1 Assets remaining to be realised

As detailed above at 2.1, the properties at Derby House and Salterforth Mill are still undergoing a sale process. The sale of Derby House has completed outside the period of this report.

Further realisations are also expected to be made in respect of the land at Salterforth and the Option agreement.

The position regarding the intercompany debts continues to be investigated by the Joint Administrators although, as both Companies are dormant there is not expected to be any realisations from this source.

4 Creditors' claims and dividend prospects

Dividend prospects and projected returns to creditors, where known, are detailed in Appendix A, including any amount under the prescribed part. Please note that these are indicative only and should not be used as the sole or principal basis for any bad debt provision or other purposes. They may be subject to revision and additional costs.

The agreement of creditors' claims by the Joint Administrators (or any subsequently appointed Supervisor or Liquidator) is a separate matter and will be dealt with as appropriate in due course, initially by reference to the proofs of debt lodged in the proceedings by creditors themselves.

The Joint Administrators are obliged to deal with a number of matters in relation to creditors to comply with both the legislative and best practice requirements and to ensure creditors are kept informed. Creditors will only derive an indirect financial benefit from this work on cases where a dividend has been paid. These matters include:

- Preparation and issue of progress reports and associated documentation
- Maintenance of schedules of preferential and unsecured creditors' claims
- Dealing with correspondence and telephone calls
- Where necessary, consideration of creditors' claims; acceptance or rejection of claims and complying with legislative obligations in relation to adjudication of creditors' claims generally for voting and, if applicable, dividend purposes
- Review of creditor claim supporting documentation
- Calculation and payment of dividend(s) to one or more classes of creditors

5 Receipts and payments summary

The Joint Administrators attach as Appendix B a summary of their receipts and payments for the period from 17 November 2017 to 16 May 2018.

An account of the Joint Administrators' trading, which is prepared on a cash basis, for the period from 17 November 2017 to 16 May 2018 is attached. Please see Section 2 for further details of the estimated final position in respect of trading.

5.1 VAT basis

Receipts and payments are shown net of VAT with any amount due to or from HM Revenue and Customs shown separately.

6 Costs and Joint Administrators' remuneration

The firm's charging, expenses and disbursements policy was provided with the Joint Administrators' proposals. A further copy is attached.

6.1 Pre-Administration costs

The Joint Administrators' proposals dated 11 January 2018 detailed un-paid Pre-Administration costs totalling £20,760. The sums below have been approved.

The pre-appointment fees outstanding to JLT Speciality Limited will be discharged in due course.

Pre - Administration costs charged / incurred			
To whom paid	Amount approved £ (plus VAT)	Date approved	Date paid
RSM Restructuring Advisory LLP	14,159.00	6 April 2018	26 April 2018
Schofield Sweeney LLP	3,500.00	6 April 2018	20 April 2018
JLT Specialty Limited	3,101.00	6 April 2018	-

6.2 Joint Administrators' remuneration and disbursements

The Joint Administrators' remuneration was approved by the secured creditor, Rothschild as set out below:

In accordance with the fee estimate provided to creditors on 11 January 2018, as attached to the Joint Administrators' proposals, the Joint Administrators shall be authorised to draw their remuneration (plus VAT) based upon time costs limited to the sum of £155,012 (plus VAT).

Sums drawn in respect of remuneration in the period covered by this report are shown in the attached receipts and payments account.

6.3 Remuneration and expenses (including disbursements) incurred in the period from 17 November 2017 to 16 May 2018

In accordance with insolvency legislation the Joint Administrators are required to report remuneration 'charged'. This reflects the time charged to the case. In accordance with the fees estimate the Joint Administrators cannot draw more than £155,012 without obtaining the further approval of the secured creditor.

If there are insufficient realisations to allow the Joint Administrators' approved remuneration to be paid in full, any balance will be written off. Details of any write off will be set out in the final report.

Details of the amount of remuneration drawn in the period are detailed in the section below headed 'Total remuneration incurred and paid to date since appointment'.

6.3.1 Category 2 disbursements

Approval was also given by the secured creditor to the drawing of disbursements, including category 2 disbursements, at the rates prevailing at the time the costs were incurred. Details of disbursements incurred in this period, and whether they have been paid, are attached.

6.3.2 Expenses and Category 1 disbursements

Details of the expenses (which include category 1 and category 2 disbursements) of £62,326 that are likely to be incurred during the course of the Administration were provided with the Joint Administrators' proposals.

A statement of the expenses incurred during the period compared to the original estimate is attached. This includes all expenses incurred by the Joint Administrators in the period of the report irrespective of whether they have been paid or not and may include estimated amounts where actual invoices have not been received. The amounts paid in the period are also included, and are shown in the receipts and payments abstract at Appendix B together with cumulative figures where this is the second, or subsequent, progress report.

As at the date of this report the quantum of the expenses (including disbursements) incurred and anticipated to be incurred is in line with the estimate provided to creditors with the Joint Administrators' proposals. It is not anticipated that they will exceed this estimate.

6.4 Other professional costs

Whilst professional costs are not subject to approval by the relevant approving body, all professional costs are subject to review before being paid.

Schofield Sweeney LLP, solicitors, have been retained as legal advisors in view of their general experience and expertise in these matters. They have provided advice on the sale of the Company's property assets and on the validity of the Administration appointment. Their remuneration has been agreed on the basis of their standard hourly charge-out rates, plus VAT and disbursements. Their agreed fees of £12,000 and disbursements of £102 plus VAT have been paid to date.

Langleys LLP, solicitors, have been paid £286 plus VAT in respect of legal costs on the Option agreement and new tenancy at Derby House.

HDAK Commercial Property Consultants ('HDAK'), managing agents, acted on behalf of the Company prior to the Administration and have been retained to assist the Joint Administrators with the invoicing and collection of rent, dealing with tenant queries / issues and administering the service charge. HDAK's management fees are paid directly through the service charge.

GVA Grimley Limited ('GVA'), valuation agents, have been retained as agents to consider and provide their commentary on likely sale receipts, sales strategy and marketing costs and fees in connection with both Pittman Way and Derby House.

The remuneration for HDAK and GVA has been agreed as follows:-

- Pittman Way 1.5% of sale price (to be apportioned equally between GVA and HDAK);
- Derby House 2% of sale price (to be apportioned equally between GVA and HDAK);
- A marketing budget of £6,000 plus VAT (combined for both properties) payable on the sale of the properties plus disbursements.

As detailed earlier in this report, the Joint Agents have not received a fee for the marketing and sale of Pittman Way. GVA have however been paid £5,000 plus VAT for their valuation of the Company's property assets completed prior to the Administration appointment. These fees have been agreed as payable by the Company's secured creditor, as they form part of the Pre-Administration costs.

Staincliffe LLP have been instructed in respect of the decommissioning of utilities including water supply and site clearance at Salterforth Mill. This was a condition imposed by the Joint Administrators insurers, JLT Speciality Limited. Their agreed fees for the decommissioning and clearance work of £2,250 plus VAT have been paid.

Other professional costs that have been incurred are shown on the attached schedule. The receipts and payments abstract at Appendix B sets out which of these costs have been paid. All such costs are subject to review before being paid and any payments made in the period are disclosed in the receipts and payments account at Appendix B, together with cumulative figures where appropriate.

6.5 Total remuneration incurred and paid to date since appointment

Time cost basis

Time costs of £40,838 have been incurred in the current period. Of this, a total of £30,000 (plus VAT) has been paid and £10,838 remains outstanding. A summary of time costs is attached, and the sums paid are reflected in the attached receipts and payments account.

Fees drawn to date are within the estimated amount of £155,012 approved by the secured creditor. On present information, and on the assumption that the matters remaining to be dealt with in the Administration do not turn out to be more onerous than anticipated, and that no new issues come to light, it is not anticipated that this estimate will be exceeded. Should the position change, and those assumptions prove to be invalid, an increase in fees may need to be sought with the approval of the secured creditor.

7 Creditors' right to information and ability to challenge remuneration and expenses

In accordance with the provisions of the relevant legislation creditors have a right to request further information about remuneration or expenses (other than Pre-Administration costs) and to challenge such remuneration or expenses.

A request for further information must be made in writing within 21 days of receipt of this report.

Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to court that the remuneration charged, the basis fixed or expenses incurred by the Joint Administrators are in all the circumstances excessive.

Any such challenge must be made no later than eight weeks after receipt of the report which first discloses the charging of remuneration or incurring of the expenses in question.

A Creditors' Guide to Administrators' Fees, which provides information for creditors in relation to the remuneration of an Administrator, can be accessed at <http://rsm.insolvencypoint.com> under 'general information for creditors'. A hard copy can be requested from my office by telephone, email or in writing.

Should you have any further queries please do not hesitate to contact James Woodhead of this office.



Gareth Harris
RSM Restructuring Advisory LLP
Joint Administrator

Gareth Harris and Keith Marshall are licensed to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants in England and Wales

Insolvency Practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment

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

Appendix A

Statutory, dividend and other information

Company Information	
Company name:	DDK Estates Limited
Date of appointment:	17 November 2017
Functions:	The Joint Administrators' appointment specified that they would have power to act jointly and severally. The Joint Administrators' have exercised, and will continue to exercise, all of their functions jointly and severally as stated in the notice of appointment.
Previous company names:	Broughton Estates Limited (from 6 January 1993 to 14 January 2014)
Company registered number:	02777560
Date of incorporation:	6 January 1993
Trading name:	DDK Estates Limited
Trading address	51-63 St Dunstons Road, Worthing, West Sussex, BN13 1AA
Principal activity:	Development and Selling Of Real Estate.
Registered office:	RSM Restructuring Advisory LLP Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL
Previous registered office:	10 South Parade Leeds LS1 5QS

Administration information		
Appointor:	N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London, EC4N 8AL	
Joint Administrators:	Gareth Harris and Keith Marshall	
Details of any extension:	None to date	
Proposed exit route:	Dissolution	
Correspondence address & contact details of case manager	James Woodhead 0113 285 5000 RSM Restructuring Advisory LLP, Central Square, 5th Floor, 29 Wellington Street, Leeds LS1 4DL	
Name, address & contact details of Joint Administrators	Primary Office Holder Gareth Harris RSM Restructuring Advisory LLP Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL 0113 285 5000 IP Number: 14412	Joint Office Holder: Keith Marshall RSM Restructuring Advisory LLP Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL 0113 285 5000 IP Number: 9745

Dividend prospects	Owed	Paid to date	Estimated future prospects
Secured creditor (N M Rothschild & Sons Limited)	£8,381,753 as taken from the director's statement of affairs	£4,198,095	Potential shortfall
Preferential creditors	Nil	N/a	N/a
Unsecured creditors	£605,964 as taken from the director's statement of affairs	Nil	Potential dividend under Prescribed Part
Estimated net property	£229,076 based on the director's statement of affairs (and before costs)		
Estimated prescribed part available for unsecured creditors	Between NIL and £48,815 based on the director's statement of affairs (and before costs)		
Whether and why the Joint Administrators intend to apply to court under S176(A)(5) IA86	N/A		

Appendix B - Receipts and payments abstract for the period 17 November 2017 to 16 May 2018

Receipts and Payments Abstract: DDK Estates Limited In Administration

Bank, Cash and Cash Investment Accounts: From: 17 November 2017 to 16 May 2018

		17/11/2017 to 16/05/2018		Total to 16/05/2018	
SQA Value £		£	£	£	£
	SECURED ASSETS				
0.00	Freehold Land and Property	4,347,345.20		4,347,345.20	
0.00	Option - Salterforth Mill	10,000.00		10,000.00	
0.00	Monies held by lawyers	22,756.80		22,756.80	
0.00	Proceeds of Negligence Claim	155,000.00		155,000.00	
0.00	Rent held by agents	36,650.35		36,650.35	
			4,571,752.35		4,571,752.35
	COST OF REALISATIONS				
0.00	Clearance and Decommissioning of	(2,250.00)		(2,250.00)	
0.00	Joint Administrators' Fees	(15,000.00)		(15,000.00)	
0.00	Legal Fees - Sale of Pittman Way	(10,000.00)		(10,000.00)	
			(27,250.00)		(27,250.00)
	SECURED CREDITORS				
0.00	Fixed Charge Claims	(4,198,095.20)		(4,198,095.20)	
			(4,198,095.20)		(4,198,095.20)
	POST APPOINTMENT TRADING				
0.00	Trading Surplus - Pittman Way	74,558.76		74,558.76	
			74,558.76		74,558.76
	ASSET REALISATIONS				
0.00	Bank Interest - Net Of Tax	71.14		71.14	
0.00	Bank Interest Gross	2.99		2.99	
0.00	Cash at Bank on Appointment	10,274.15		10,274.15	
			10,348.28		10,348.28
	COST OF REALISATIONS				
0.00	Advertisements	(84.60)		(84.60)	
0.00	Joint Administrators' Fees	(15,000.00)		(15,000.00)	
0.00	Joint Administrators' Pre-appointment fees	(14,159.00)		(14,159.00)	
0.00	Legal Disbursements	(102.00)		(102.00)	
0.00	Legal Fees - general	(2,286.00)		(2,286.00)	
0.00	Pre Appointment Legal Fees	(3,500.00)		(3,500.00)	
0.00	Property Advertisements - Derby	(197.20)		(197.20)	
0.00	Property Agents Fees - GVA	(5,000.00)		(5,000.00)	
			(40,328.80)		(40,328.80)
0.00			390,985.39		390,985.39
	REPRESENTED BY				
	Floating Account - RBS			397,381.38	
	VAT Receivable (Payable)			(6,395.99)	
					390,985.39
					390,985.39

Appendix B - Trading account for the period 17 November 2017 to 16 May 2018

		£
Pittman Way		
Post Appointment Sales (Trading)		
Rent		75,000.00
Insurance and Repairs contribution		2,158.50
Total Post Appointment Sales (Trading):		<u>77,158.50</u>
Gross Profit:		77,158.50
Cost of Goods Sold		
Trading Expenditure		
Maintenance and heating repairs		(2,599.74)
Total Trading Expenditure:		<u>(2,599.74)</u>
Net Trading Income:		74,558.76
Net Income:		<u>74,558.76</u>

		£
Derby House		
Post Appointment Sales (Trading)		
Rent		26,120.51
Total Post Appointment Sales (Trading):		<u>26,120.51</u>
Gross Profit:		26,120.51
Cost of Goods Sold		
Trading Expenditure		
Maintenance and heating repairs		(19,532.54)
Total Trading Expenditure:		<u>(19,532.54)</u>
Net Trading Income:		6,587.97
Net Income:		<u>6,587.97</u>

*Derby House monies held by HDAK

RSM Restructuring Advisory LLP

Charging, expenses and disbursements policy statement

Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time.
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators.
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate.
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done.
- The current charge rates for RSM Restructuring Advisory LLP Leeds are attached.
- Time billed is subject to Value Added Tax at the applicable rate, where appropriate.
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it.
- RSM Restructuring Advisory LLP's charge out rates are reviewed periodically.

Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate.
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to the relevant approving party, but do not require approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 1' disbursements.
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) or payments to outside parties that the firm or any associate has an interest, require the approval of the relevant approving party prior to being drawn from the insolvency estate. These are known as 'category 2' disbursements.
- A decision regarding the approval of category 2 disbursements at the rates prevailing at the time the cost is incurred to RSM Restructuring Advisory LLP Leeds was sought from the relevant approving party in accordance with the legislative requirements.
- General office overheads are not re-charged to the insolvency estate as a disbursement.
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of the relevant approving party.
- Expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate, where appropriate.

Appendix F

Statement of expenses incurred by the Joint Administrators in the period from 17 November 2017 to 16 May 2018

	£			
	Original estimate	Incurred to date 17/11/17 to 16/5/18	Expected future	Expected total
Joint Administrators' Disbursements:				
- Bond	85.00	85.00		85.00
- Website fee	8.00	8.00		8.00
- Mileage (Category 2)	54.40	54.40		54.40
Joint Administrators' Expenses:				
- Legal Fees (Schofield Sweeney)	20,873.00	2,000.00	20,000.00	22,000.00
- Legal Fees (Langleys LLP)	NIL	286.00	NIL	286.00
- Legal Disbursements (Schofield Sweeney)	352.00	102.00	200.00	302.00
- *Agents' Fees (GVA)	uncertain	5,000.00	10,500.00	15,500.00
- *Agents' Fees (HDAK)	Uncertain	NIL	10,500.00	10,500.00
- Statutory Advertising	250.00	84.60	150.00	234.60
- Mail Redirection	204.00	NIL	NIL	NIL
- Storage Agent	500.00	NIL	500.00	500.00
- Insurance	35,000.00	**see below	**see below	**see below
- Contingency (clearance, security)	5,000.00	2,250.00	2,750.00	5,000.00
- Property Advertisements	NIL	197.20	NIL	197.20
Total	62,326.40	10,067.20	44,600.00	54,667.20

*Fees payable under the terms of the Joint Agency will be calculated as a % of the final sale price of the property outlined earlier in this report.

**The insurance position is currently being finalised in conjunction with the Joint Administrators' insurance brokers JLT Speciality Limited. The overall expected cost is still expected to be in line with the original budget, however remains dependant on the early sale of the Company's remaining property assets.

Appendix E

Table of Joint Administrators' category 2 disbursements incurred to date

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest					
	£				
Type and purpose	Original estimate	Incurred to date		Paid to date	Unpaid to date
Mileage	54.40	54.40		-	54.40
Total	54.40	54.40		-	54.40

Appendix F

Statement of expenses incurred by the Joint Administrators in the period from 17 November 2017 to 16 May 2018

	£			
	Original estimate	Incurred to date 17/11/17 to 16/5/18	Expected future	Expected total
Joint Administrators' Disbursements:				
- Bond	85.00	85.00		85.00
- Website fee	8.00	8.00		8.00
- Mileage (Category 2)	54.40	54.40		54.40
Joint Administrators' Expenses:				
- Legal Fees (Schofield Sweeney)	20,873.00	2,000.00	20,000.00	22,000.00
- Legal Fees (Langleys LLP)	NIL	286.00	NIL	286.00
- Legal Disbursements (Schofield Sweeney)	352.00	102.00	200.00	302.00
- *Agents' Fees (GVA)	uncertain	5,000.00	10,500.00	15,500.00
- *Agents' Fees (HDAK)	Uncertain	NIL	10,500.00	10,500.00
- Statutory Advertising	250.00	84.60	150.00	234.60
- Mail Redirection	204.00	NIL	NIL	NIL
- Storage Agent	500.00	NIL	500.00	500.00
- Insurance	35,000.00	**see below	**see below	**see below
- Contingency (clearance, security)	5,000.00	2,250.00	2,750.00	5,000.00
- Property Advertisements	NIL	197.20	NIL	197.20
Total	62,326.40	10,067.20	44,600.00	54,667.20

*Fees payable under the terms of the Joint Agency will be calculated as a % of the final sale price of the property outlined earlier in this report.

**The insurance position is currently being finalised in conjunction with the Joint Administrators' insurance brokers JLT Speciality Limited. The overall expected cost is still expected to be in line with the original budget, however remains dependant on the early sale of the Company's remaining property assets.

Appendix G – Time Cost Analysis

Joint Administrators' time cost analysis for the period from 17 November 2017 to 16 May 2018

Hours Spent	Partners	Directors / Associate Directors	Managers	Assistant Managers	Administrators	Support Staff	Total Hours	Total Time Costs	Average Rates
Administration and Planning									
Appointment	0.0	0.5	0.0	3.3	0.0	8.3	12.1	£ 2,027.50	167.56
Background information	0.0	0.0	0.0	0.0	0.0	0.4	0.4	£ 48.00	120.00
Case Management	3.1	2.6	0.0	34.2	6.2	9.9	56.0	£ 12,768.00	228.00
Director(s)/debtor/bankrupt	0.0	0.6	0.0	0.0	0.0	0.0	0.6	£ 219.00	365.00
Post-appointment - general	0.4	0.0	0.0	0.2	0.0	3.4	4.0	£ 651.00	162.75
Pre-appointment matters	0.0	0.0	0.0	0.0	0.5	0.0	0.5	£ 110.00	220.00
Receipts and Payments	0.3	0.1	0.0	3.6	8.7	1.5	14.2	£ 2,711.00	190.92
Statement of Affairs	0.0	0.3	0.0	1.4	0.8	0.2	2.7	£ 653.50	242.04
Tax Matters	1.2	0.6	5.2	5.5	12.3	1.4	26.2	£ 4,898.00	186.95
Total	5.0	4.7	5.2	48.2	28.5	25.1	116.7	£ 24,086.00	206.39
Investigations									
Investigations/CDDA	0.5	0.7	0.0	5.3	0.0	4.8	11.3	£ 2,370.00	209.73
Total	0.5	0.7	0.0	5.3	0.0	4.8	11.3	£ 2,370.00	209.73
Realisation of Assets									
Assets - general/other	0.0	0.3	0.0	0.4	0.0	0.3	1.0	£ 243.50	243.50
Land and Property	0.5	1.1	0.0	1.3	0.4	2.4	5.7	£ 1,294.50	227.11
Sale of business	0.0	0.0	0.0	0.0	0.3	0.0	0.3	£ 31.50	105.00
Total	0.5	1.4	0.0	1.7	0.7	2.7	7.0	£ 1,569.50	224.21
Creditors									
1st creditors/shareholders meetings and reports	1.1	5.2	0.0	24.2	0.8	3.4	34.7	£ 8,956.00	258.10
Other Creditor Meetings and Reports	0.0	0.0	0.0	5.2	0.0	0.0	5.2	£ 1,274.00	245.00
Secured Creditors	0.0	1.0	0.0	2.4	0.0	0.7	4.1	£ 1,104.50	269.39
Unsecured Creditors	0.0	0.5	0.0	0.3	0.0	1.6	2.4	£ 453.00	188.75
Total	1.1	6.7	0.0	32.1	0.8	5.7	46.4	£ 11,787.50	254.04
Case Specific Matters - Shareholders									
Shareholders / Members	0.0	0.4	0.0	0.0	0.0	0.0	0.4	£ 146.00	365.00
Total	0.0	0.4	0.0	0.0	0.0	0.0	0.4	£ 146.00	365.00
Case Specific Matters - Legal Matters									
Legal Matters	0.0	1.7	0.0	0.7	0.0	0.5	2.9	£ 879.00	303.10
Total	0.0	1.7	0.0	0.7	0.0	0.5	2.9	£ 879.00	303.10
Total Hours	7.1	15.6	5.2	88.0	30.0	38.8	184.7	£ 40,838.00	221.10
Total Time Cost	£ 3,434.00	£ 5,896.50	£ 1,196.00	£ 21,560.00	£ 3,992.50	£ 4,759.00	£ 40,838.00		
Case Specific Matters - Legal Matters									
Legal Matters	0.0	1.7	0.0	0.7	0.0	0.5	2.9	£ 879.00	303.10
Total	0.0	1.7	0.0	0.7	0.0	0.5	2.9	£ 879.00	303.10
Total Hours	7.1	15.6	5.2	88.0	30.0	38.8	184.7	£ 40,838.00	221.10
Total Time Cost	£ 3,434.00	£ 5,896.50	£ 1,196.00	£ 21,560.00	£ 3,992.50	£ 4,759.00	£ 40,838.00		
Average Rates	483.66	377.98	230.00	245.00	133.08	122.65	221.10		

Appendix H – Proof of Debt**Rule 14.4 Insolvency (England and Wales) Rules 2016**

In the High Court of Justice, Business and Property Courts in Manchester No 3117 of 2017
DDK Estates Limited In Administration
Company No: 02777560
Gareth Harris and Keith Marshall appointed as Joint Administrators to the above company on 17 November 2017

Relevant date for creditors' claims: 17 November 2017

1	Name of creditor If a company please also give company registration number	
2	Address of creditor for correspondence	
3	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the relevant date. Less any payments made after that date in relation to the claim, any deduction in respect of discounts and any adjustment by way of mutual dealings and set off in accordance with relevant legislation	£
4	Details of any documents by reference to which the debt can be substantiated. There is no need to attach them now unless the Joint Administrator has requested it	
5	If amount in 3 above includes outstanding uncapitalised interest please state amount.	£
6	Particulars of how and when debt incurred If you need more space append a continuation sheet to this form	
7	Particulars of any security held, the value of the security, and the date it was given.	£ Date
8	Particulars of any reservation of title claimed in respect of goods supplied to which the claim relates.	
	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Date	
	Position with or in relation to creditor	
	Address of person signing (if different from 2 above)	

Notes:

1. This form can be authenticated for submission by email, to restructuring.leeds@rsmuk.com, by entering your name in block capitals and sending the form as an attachment from an email address which clearly identifies you or has been previously notified to the office holder. If completing on behalf of a company, please state your relationship to the company.