

The Insolvency Act 1986

Administrator's progress report

Name of Company

Grindale Limited

Company Number

03362346

In the

High Court of Justice, Chancery Division, Birmingham
District Registry

(full name of court)

Court case number

8128 of 2011

(a) Insert full name(s) and
address(es) of
administrator(s)I / We (a) Mr Ian David Green of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street,
Leeds, LS1 4JP and Mr Toby Scott Underwood of PricewaterhouseCoopers LLP, 101 Barbirolli Square,
Lower Mosley Street, Manchester, M2 3PW

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

from

to

(b) Insert dates

(b) 21 July 2013

(b) 20 January 2014

Signed

Joint / Administrator(s)

Dated

14.02.14

Contact Details:

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

Kelly Lyons

Benson House 33 Wellington Street

Tel 0113 289 4006

DX Number

DX Exchange

MONDAY



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COMPANIES HOUSE

have completed and signed this form please send it to the Registrar of Companies at

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DX 33050 Cardiff



**Grindale Limited – in Administration
High Court of Justice, Chancery Division,
Companies Court, Birmingham District
Registry**

Case No. 8128 of 2011

**Joint Administrators' progress report for
the six months ended 20 January 2014**

14 February 2014

www.pwc.co.uk/grindale

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Abbreviations used in this report

"the Company"	Grindale Limited
"the Administrators"	Toby Scott Underwood and Ian David Green and formerly Nicholas Edward Reed
"Gateley's"	HBJ Gateley Solicitors
"IA86"	The Insolvency Act 1986
"IR86"	The Insolvency Rules 1986
"Sch B1 IA86"	Schedule B1 of the Insolvency Act 1986
"LPA Receivers"	Receivers appointed under the Law of Property Act 1925
"Natwest"	National Westminster Bank Plc

1. The Joint Administrators' final progress report

Introduction

In accordance with Rule 2 47 IR86, we write to provide creditors with details of the progress of the Administration since our previous report dated 31 July 2013

Our previous progress reports covering the period from our appointment (on 10 March 2011) to 20 July 2013 are still available at www.pwc.co.uk/grindale

Details of the steps taken during the Administration and the outcome of the Administration are set out below.

Strategy overview

The Company's principal asset is a portfolio of properties subject to fixed charge security in favour of various lenders. Our initial review of the Company's portfolio of 525 properties made it clear that the most appropriate strategy was to immediately gain control of the income stream and secure access to the books and records to compile information on the property portfolio. This then allowed us to form the most appropriate disposal strategy.

Changes in officeholder

As you may be aware, Nicholas Reed, one of the previous joint administrators has left the firm. An application was made to the Court to facilitate the removal of Nicholas Reed. The application was granted and, consequently, Nicholas Reed was removed as joint administrator with effect from 7 October 2013. Nicholas Reed will be released from all liability in respect of his conduct as administrator with effect from 28 days from the date of this report. Creditors have 28 days from receipt of this notice to apply to Court to vary or discharge this order of the Court.

Progress to date

The table below summarises the whole property portfolio by lender and shows the number of properties that have been sold to date.

Category	Sold	Unsold	Total	Sale proceeds
Administrators				
Bank of Ireland	124	0	124	£7.21m
Clydesdale	13	0	13	£1.27m
HSBC	43	0	43	£1.79m
NRAM	24	0	24	£1.98m
Dunfermline	200	2	202	£10.68m
	404	2	406	£22.93m
LPA Receivers				
Natwest	110	0	110	
Paragon Mortgages	6	0	6	
Barclays	1	0	1	
Skipton	1	0	1	
	118	0	118	
Other				
Woolwich	1	0	1	
Total	523	2	525	

Grindale Limited – in Administration

Joint Administrators' progress report for the period to 20 January 2014

1. The Joint Administrators' final progress report

GVA Grimley were appointed as selling agents in respect of the Dunfermline portfolio and we have a more limited involvement in the realisations of these properties, principally to account for rental income, costs and distribute proceeds to Dunfermline. Eddisons were appointed as selling agents for the remainder of the portfolio under our control.

We assisted our advisors and the lenders to ascertain and implement the most appropriate disposal strategy in order to achieve the highest level of realisations. At times it has been necessary to adapt the property disposal strategies to ensure interest in the property has been maintained.

As shown above, we have completed the sale of 404 properties, the majority of which have been through auction. The sale proceeds shown represent the gross sale proceeds before the deduction of the associated selling costs or other expenses of the Administration.

Progress in the period

The following table summarises the sales achieved in the period covered by this report.

Category	Previous periods	This period	Total sold	Unsold	Total	Sales proceeds
Bank of Ireland	122	2	124	0	124	£0.22m
Clydesdale	12	1	13	0	13	£0.12m
HSBC	43	0	43	0	43	-
NRAM	23	1	24	0	24	£0.26m
Dunfermline	187	13	200	2	202	£2.00m
Total	387	17	404	2	406	£2.60m

With regards to the Dunfermline properties, City Residential continues to be engaged directly by Dunfermline. The two remaining properties are under offer and we are expecting the sales to complete imminently.

During the period we received rental income of £23,055, bringing the total amount received to £1.95 million, as shown in the receipts and payments account in Section 3.

Other assets

We have previously reported to creditors on the realisation of other (non-property) assets. During the period of this report, we have received bank interest of £2,996.

Rule 2.67 IA86 sets out the priority of costs and expenses payable out of floating charge realisation. In this case, we expect a balance in the region of £15,000 will be distributed to 16 councils in relation to unpaid council tax. Each council will receive the same proportion in relation to its debt.

Receipts and payments account

An account of the receipts and payments in the Administration for the six months to 20 January 2014 is set out in section 3 to this report.

Outcome for creditors

Secured creditors

The majority of the Company's assets are secured by fixed charges. The secured creditors will not be repaid in full from the assets over which they have security.

Grindale Limited – in Administration

Joint Administrators' progress report for the period to 20 January 2014

1. The Joint Administrators' final progress report

The following distributions have been made to the secured creditors

Lender	Previous periods £	This period £	Total distributions £
Bank of Ireland	6,244,858 00	250,000.00	6,244,858 00
Clydesdale	992,553.00	0	992,553 00
Paragon Mortgages	10,960.77	0	10,960.77
Natwest	14,357 52	0	14,357 52
Dunfermline	7,168,436 60	1,250,000 00	7,168,436.60
NRAM	1,246,903 00	0	1,246,903 00
HSBC	1,364,829.00	0	1,364,829.00
Total	17,042,897.89	1,500,000.00	18,542,897.89

Preferential creditors

Preferential claims received to date total £1,500 00. Unfortunately, there will be insufficient net floating charge realisations to enable a distribution to preferential creditors.

This is partly due to the lower than expected realisations from the Company's investment, but also the council tax liabilities, which will absorb the balance of any floating charge funds.

Unsecured creditors

As a result of the shortfall to the secured creditors, there will not be a distribution to the unsecured creditors of the Company.

Similarly, there will not be a distribution available by virtue of the Prescribed Part (which is the part of any floating charge realisations that should be set aside from funds available to the lenders under the floating charge and made available to unsecured creditors). This is due to insufficient floating charge realisations, in particular, realisations arising from non-property investments.

Administrators' remuneration

The following information is included in Section 5 covering the period of this report:

- A narrative explaining the key tasks and work done under various categories of work,
- A summary of our policy for charging and recovering disbursements, and
- A summary of other professional firms working on this case during the period.

Our time costs in the period of this report are £66,022 bringing total time costs to £1,503,977. This does not necessarily reflect the amount that will be drawn as remuneration. All remuneration will be drawn from fixed charge asset proceeds and is therefore subject to the agreement of the secured creditor in each case.

The basis of our remuneration has been agreed with secured creditors of the Company. In each case, the basis of remuneration is a combination of:

- Fixed fee for statutory costs;
- Trading costs on a time cost basis; and
- Disposal fees on a percentage of gross property realisations.

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Joint Administrators' progress report for the period to 20 January 2014

1. The Joint Administrators' final progress report

Some of the fees will be subject to a cap where alternative disposal strategies have been undertaken such as the appointment of LPA Receivers

Creditors' rights

Creditors can find information on their rights regarding administrators' remuneration, online at the following address

<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-administrators-fees-final.pdf>

Alternatively, a copy can be provided free of charge by telephoning Kelly Lyons on 0113 289 4006.

Outstanding matters

The following is a summary of the key outstanding matters. Once these have been completed, we will be in a position to the end the Administration.

- Dunfermline distribution (following imminent sale of the remaining 2 properties);
- Final Administrators fees,
- Payments to councils and
- Final compliance matters.

Exit route from Administration

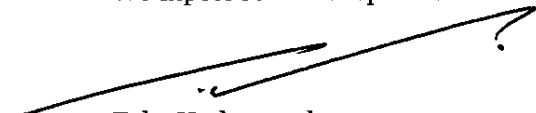
The Administration comes to an automatic end on 9 March 2014

The Administrators will cease to act once the relevant form has been filed at Companies House and the Company will be deemed dissolved three months later

Discharge

In accordance with a resolution of the secured creditor, we shall be discharged from liability pursuant to Paragraph 98(1) Sch B1 IA86 in respect of any action of ours as administrators, with effect from 14 days after our appointment as joint administrators ceases to have effect

We expect our next report to be issued shortly to confirm the end of the Administration.



Toby Underwood
Joint Administrator
For and on behalf of Grindale Limited

Mr Toby Scott Underwood, Mr Nicholas Edward Reed and Mr Ian David Green have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents without personal liability. Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales. The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

Grindale Limited – in Administration
Joint Administrators' progress report for the period to 20 January 2014

2. Statutory and other information

Court details for the Administration	High Court of Justice, Chancery Division Birmingham District Registry Case number 8128 of 2011
Full name:	Grindale Limited
Trading name:	Grindale Limited
Registered number	03362346
Registered address	c/o Benson House, 33 Wellington Street Leeds, LS1 4JP
Company directors:	Aryeh Ehrentreu
Company secretary:	Hannah Ehrentreu
Shareholdings held by the directors and secretary	Aryeh Ehrentreu – 5,000 Ordinary £1 shares Hannah Ehrentreu – 5,000 Ordinary £1 shares
Date of the Administration appointment	10 March 2011
Administrators' names and addresses	Nicholas Edward Reed and Ian David Green of PricewaterhouseCoopers LLP Benson House 33 Wellington Street, Leeds LS1 4JP and Toby Scott Underwood of PricewaterhouseCoopers LLP 101 Barbirolli Square, Lower Mosley Street Manchester M2 3PW
Changes in office holder:	Nicholas Reed was removed as joint administrator with effect from 7 October 2013
Details of any extension(s) to the initial period of appointment:	Extension granted by the Court until 9 March 2014
Appointor's / applicant's name and address	Clydesdale Bank plc 30 St Vincent Place, Glasgow G1 2HL
Objective being pursued by the Administrators	Objective (b), achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration), or failing that, Objective (c) realising property in order to make a distribution to one or more secured or preferential creditors
Division of the Administrators' responsibilities:	In relation to paragraph 100(2) Sch B1 IA86, during the period for which the Company is in administration, any act required or authorised under any enactment to be done by the administrators may be done by all or any of the persons for the time being holding that office
Proposed end of the Administration	Dissolution of the Company
Estimated dividend for unsecured creditors	Nil

Grindale Limited – in Administration

Joint Administrators' progress report for the period to 20 January 2014

2. Statutory and other information

Estimated values of the prescribed part and the company's net property:	Nil
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86	Not applicable
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No 1346/2000 of 29 May 2000)	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Receipts and payments account

Statement of Affairs		10 March 2011 to 20 July 2013	21 July 2013 to 20 January 2014	Total
£ RECEIPTS		£	£	£
Fixed Charge				
46,550,000 Freehold property *		20,319,736 00	2 605,398 60	22 925,134 60
Rental income		1 929,915 76	23 055 30	1 952 971 06
Land Registry fees		2,408 51	(731 39)	1 677 12
Refunds		298 15	-	298 15
Deposits held		71 58	-	71 58
Interest received gross		15,965 08	2 996 02	18 961 10
Total		22,268,395 08	2 630,718 53	24,899,113 61
PAYMENTS		£	£	£
Fixed Charge				
Service charges		47,090 17	488 24	47,578 41
Office holders fees		-	421,749 00	421 749 00
Council tax		21,264 06	(487 67)	20,776 39
Rent apportionments upon sale		93,583 79	-	93 583 79
Agent's fees		664,867 35	43,337 45	708,204 80
Agents disbursements		7,945 07	-	7 945 07
Managing agents fees		295,060 58	2,940 21	298,006 79
Auction entry fees		98,080 00	-	98,080 00
Security		1,815 81	-	1,815 81
Utilities		23,328 12	96 81	23,424 93
Selective Licensing		674 52	-	674 52
Rates		1 826 59	300 00	2,126 59
Debt collection fees		38 83	-	38 83
Insurance		119 162 21	248 00	119,410 21
Maintenance charges		32,744 12	-	32,744 12
Repairs and maintenance		453,178 51	17,894 33	471,072 84
Health & safety		30,998 20	-	30,998 20
Advertising		3,364 42	-	3,364 42
Distribution to LPA receiver		180,240 34	-	180,240 34
Legal disbursements		36,153 35	1,327 00	37,480 35
Legal fees		318,277 69	35 511 73	353,789 42
Bank charges		375 70	45 00	420 70
Irrecoverable VAT		238,710 48	100,275 60	338,986 08
Total		2,668,779 91	623,731 70	3 292 511 61
TOTAL		19,599,615 17	2,006,986 83	21,606,602 00
67,020,202 Secured creditors		17,752,349 89	1,500,000 00	19,252,349 89
		1,847,265 28	506,986 83	2,354,252 11
RECEIPTS		£	£	£
Floating Charge				
500,000 Investments		-	-	-
Third party funds		5 945 06	-	5,945 06
Shares		179 43	-	179 43
Insurance settlement		7,500 00	-	7,500 00
Professional fees		-	-	-
Refunds		45,210 35	-	45,210 35
Interest received gross		1,153 56	-	1,153 56
70 000 Cash at bank		-	-	-
Total		59,988 40	-	59,988 40
PAYMENTS		£	£	£
Floating Charge				
Advertising		73 62	-	73 62
Bank charges		994 90	-	994 90
Irrecoverable VAT		2,289 72	-	2,289 72
Legal fees		29 184 81	-	29,184 81
Total		32,543 05	-	32,543 05
TOTAL		27,445 35	-	27,445 35
- PREFERENTIAL CREDITORS		-	-	-
20 017,202 UNSECURED CREDITORS		-	-	-
Balance at bank (Non Interest bearing)		1,874,710 63	506,986 83	2,381,697 46

Please note the funds are held in a Barclays Bank current account and Yorkshire Bank current account

4. Statement of expenses

A statement of the expenses incurred in the period covered by this report is set out below

Expenses incurred (by date)	Unpaid expenses as at 20 July 2013 £	Incurred in this period	Paid in this period £	Total £
Administrators fees	1,503,977 00	66,022 00	421,749 00	1,148,250 00
Administrators expenses	4,501 80	77 50	-	4,579 30
Agent's fees and expenses	23,332 19	20,005 26	43,337 45	-
Bank charges	-	45 00	45 00	-
Managing agents fees	-	2,946 21	2,946 21	-
Insurance	40,000 00	248 00	248 00	40,000 00
Legal fees and expenses	-	36,838 73	36,838 73	-
Service charges	-	488 24	488 24	-
Utilities	-	96 81	96 81	-
Rates	-	300 00	300 00	-
Repairs and Maintenance	-	17,894 33	17,894 33	-
	1,571,810.99	144,962 08	523,943.77	1,192,829.30

5. Analysis of the Administrators' time costs and Category 2 disbursements

Explanation of work undertaken

Earlier in this report and in our previous correspondence with creditors we provided details on our strategy, progress to date and additional matters arising in the Administration. The key elements of which are explained further below

Area of work	Work undertaken in this period includes:
Strategy & Planning	<ul style="list-style-type: none"> • Liaison with Banks in relation to disposal strategies. • Case progression and internal meetings • Liaison with third party agents in relation to sales of properties and any changes in banks' strategies
Statutory and compliance	<ul style="list-style-type: none"> • Preparing and circulating the administrators' progress report. • Drafting this progress report
Accounting and treasury	<ul style="list-style-type: none"> • Periodic bank reconciliations • Payment of costs • Account postings for income received
Tax/VAT/Pensions	<ul style="list-style-type: none"> • Tax return preparation by internal Tax specialists for years ended 2012 and 2013 • Liaison with tax team to provide information for the tax returns
Freehold/leasehold property	<ul style="list-style-type: none"> • Updates to the various banks in relation to property sales. • Dealing with council tax queries and correspondence. • Dealing with council tax distributions from floating charge funds. • Liaising with solicitors in relation to queries.
Insurance	<ul style="list-style-type: none"> • Updating insurers in relation to property completions. • Forwarding pre appointment insurance claims to the pre appointment insurers
Reporting	<ul style="list-style-type: none"> • Preparing formal reports to the banks, providing them with an update on property sales and strategy • Informal correspondence sent to the banks on an <i>ad hoc</i> basis.
Distributions	<ul style="list-style-type: none"> • Preparing distribution schedules for the banks on an <i>ad hoc</i> basis. • Arranging for distributions to be made to the banks from sales proceeds of the properties.

5. Analysis of the Administrators' time costs and Category 2 disbursements

Hourly charge-out rates

The charge-out rates applicable to this case are set out below

Grade	Administrators' staff		Specialist departments £/hour
	Effective from 1 July 2012 £/hour	Effective from 1 July 2013 £/hour	
Partner	540	555	1075
Director	450	465	1085
Senior Manager	395	405	915
Manager	310	320	600
Senior Associate - qualified	233	240	410
Senior Associate - unqualified	172	177	-
Associate	146	152	210
Support staff	80	82	120

Specialist departments within our firm (such as Tax, VAT, Property and Pensions) may charge a small number of hours if and when we require their expert advice. Such specialists' rates do vary but the figures above provide an indication of the maximum rate per hour

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other members of staff. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time chargeable is three minutes (i.e. 0.5 units)

Disbursements

The table below shows the approved policy for charging the different categories of expenses, together with the costs incurred in the period

Category	Policy	£
1	All disbursements not falling under Category 2 are recharged at cost	12 87
2	Photocopying - At 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	64 63
2	Mileage - At a maximum of 67 pence per mile (up to 2,000cc) or 80 pence per mile (over 2,000cc)	-
	Total for the period	77.50
	Brought forward from previous period	4,501 80
	Total for the case (to 20 January 2014)	4,579.30

5. Analysis of the Administrators' time costs and Category 2 disbursements

Legal and other professional firms

The following table lists the professional firms instructed in this case

Service provided in the period	Name of firm / organisation	Reason selected	Basis of fees
Legal services and advice	HBJ Gateley	Legal expertise	Time costs plus expenses
Property disposal agents	GVA Grimley	Dunfermline Building Society appointment	% of sales proceeds
Marketing/disposal agents	Eddisons	Property expertise	% of sales proceeds
Rental collection	City Residential	Knowledge of property portfolio	% of rent collected