

The Insolvency Act 1986

Administrator's progress report**2.24B**

Name of Company The Gateway (Leeds) Limited	Company number 05037556
In the High Court of Justice Chancery Division Companies Court <small>[full name of court]</small>	Court case number 5914 of 2013

(a) Insert full name(s) and address(es) of administrator(s)

We (a) James Money and Sarah Megan Rayment of BDO LLP, 55 Baker Street, London, W1U 7EU.

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

(b) Insert date	From (b) 27 August 2013	to (b) 26 February 2014
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Signed


Joint Administrator

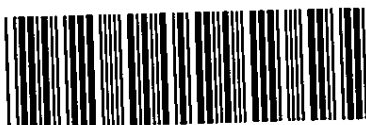
Dated

21.3.14

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.

BDO LLP, 55 Baker Street, London, W1U 7EU	
Our Ref	MJC/BJM/00235231
Tel 020 7893 2100	
DX Number	DX Exchange



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25/03/2014

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COMPANIES HOUSE

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

TUESDAY



Tel: +44 (0)20 7486 5888
Fax: +44 (0)20 7487 3686
DX 9025 West End W1
www.bdo.co.uk

55 Baker Street
London W1U 7EU

21 March 2014

Our Ref MJC/BJM/00232531

Please ask for
Matthew Tang
020 7893 2100

TO ALL CREDITORS AND MEMBERS

Dear Sirs

The Gateway (Leeds) Limited - In Administration ("the Company")

It is now 6 months since my appointment in respect of the Company. In accordance with Rule 2.47 of the Insolvency Rules 1986 I am now reporting the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

1 Statutory Information

- 1.1 The Joint Administrators are James Money and Sarah Megan Rayment of BDO LLP, 55 Baker Street, London, W1U 7EU and they were appointed in respect of the above Company on 27 August 2013. Under the provisions of paragraph 100(2) of Schedule B1 of the Insolvency Act 1986 the Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.
- 1.2 Following a downturn in the property market and difficult trading conditions, an application to the Court for the appointment of Joint Administrators was made by National Asset Loan Management Limited ("NALM"), being the holder of a Qualifying Floating Charge, on 27 August 2013, pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the High Court of Justice, Chancery Division, and the court case number is 5914 of 2013.
- 1.3 The Company's registered office is situated at 55 Baker Street, London, W1U 7EU and the registered number is 05037556.
- 1.4 I enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £836,505, together with a copy of my abstract account covering the last six month period, and report as follows.

2 Receipts and Payments

- 2.1 The receipts and payments shown are largely self-explanatory, although I would comment specifically on the following:



2.1.1 Residential apartments

As you are aware, on the commencement of the Administration there were 184 residential apartments remaining at The Gateway scheme in Leeds (the "Scheme"). Since my last report, I have sold 11 further apartments bringing the total to 12 sales in the Administration. This has generated additional realisations of £1.239m in the period. There are currently 172 apartments remaining to be sold.

2.1.2 NHBC Bond

With the assistance of my lawyers, I have recovered the sum of £289,729 in respect of an NHBC bond held in the name of the Company.

2.1.3 VAT refunds

A VAT refund in the sum of £1,004 has been recovered in this period relating to a final pre-Administration return.

2.1.4 Book debts

To date I have recovered book debts in the sum of £159,556 including £149,210 in the period since my last report. Remaining book debts totalling c. £110,000 are outstanding from one tenant. It is uncertain whether these funds are recoverable at this stage. I will keep creditors updated on this matter.

2.1.5 Residential rental income

In this period, I have collected £616,636 in respect of the income received from residential apartments at the Scheme, with the assistance of my managing agents, Morgans City Living ("Morgans").

2.1.6 Commercial rent

I have also recovered £108,371 in respect of rental income from commercial tenants at the Scheme.

- 2.2** I additionally attach a summary of the fees and expenses which have been paid in the last period of this Administration and the costs which have been accrued and not yet paid.

	Accrued in period but not paid (£)	Incurred in period and paid (£)
Electricity		444
Service charge		164,408
Residential management fees		63,597
Sundry expenses		40
Bank charges and interest		60
Residential maintenance and running costs		34,176
Deposits		500
Joint Administrators' fees	67,529	23,197
Joint Administrators' disbursements		501
Legal fees & disbursements		18,705
Agents' fees & disbursements		15,488
Marketing costs		6,315
Specific bond		60
Storage costs		177
Total	67,529	327,668

2.2.1 Electricity

Since the last period, electricity charges of £444 have been paid in respect of the electricity charges for the vacant commercial units.

2.2.2 Service charge

Service charge totalling £164,408 has been paid to the managing agents, Braemar Estates in respect of the on-going management and maintenance at the Scheme.

2.2.3 Residential management fee

As mentioned above, the residential apartments and tenants are being managed by Morgans. They have been paid £63,597 in this period in respect of managing residential tenants.

2.2.4 Residential maintenance and running costs

Costs totalling £34,176 have been paid in this period in respect of maintenance and running costs for the residential apartments as managed by Morgans.

2.2.5 Legal fees and disbursements

Legal fees and disbursements totalling £18,705 have been paid in this period to my lawyers, Ward Hadaway and Simmons & Simmons. These costs are in respect of dealing with residential property sales, assisting with book debt collections, NHBC bond recoveries, dealing with tenancy agreements and for general on-going legal advice.

2.2.6 Agents' fees and disbursements

Morgans have also been instructed as sales agents for the residential apartments. In this period, they have been paid £15,488 in respect of the sale of 11 properties as mentioned above.

2.2.7 Marketing costs

The vacant commercial units are being marketed by my joint agents, Jones Lang LaSalle ("JLL") and Knight Frank ("KF"). Marketing costs of £6,315 have been paid in this period.

3 Trading / Realisation of Assets

- 3.1 The Company was incorporated on 6 February 2004 and set up to acquire and develop the Scheme.
- 3.2 The Scheme was developed by a company called Scotfield Group ("Scotfield"), of which some of the directors of Scotfield are also directors of the Company.
- 3.3 As previously reported, at the date of my appointment there were 184 unsold residential apartments, c. 21,000 sq ft of vacant commercial space and c. 0.5 acres of development land.
- 3.4 Following my appointment, I have agreed a medium term strategy with NALM to realise the remaining Company assets. I have continued to sell residential apartments and market the vacant commercial units.
- 3.5 To date, one commercial tenant has been sourced by my joint agents, JLL and KF. The tenant is currently operating at the Scheme under a licence with lease terms being drafted by my lawyers, Simmons & Simmons.

4 Pre Appointment Costs

Under Rule 2.67A of the Insolvency Rules 1986 certain costs incurred in preparation and planning for the Administration may, with the approval of the creditors, be approved for payment from the Administration estate, as an expense of the Administration. Although time costs were incurred by our firm in planning during the pre-Administration period, approval of these costs is not being sought from the general body of creditors.

5 Future of the Administration

- 5.1 I would refer creditors to my earlier report, which outlined the three statutory purposes of the Administration.
- 5.2 The third statutory purpose is realising property in order to make a distribution to one or more secured or preferential creditors and in this case it will, unfortunately, only be possible to make distributions to the secured creditor, though there will probably be a Prescribed Part distribution to unsecured creditors
- 5.3 The Joint Administrators' proposals, which were deemed to be approved by creditors on 22 October 2013, anticipated exiting the Administration by way of dissolution or Creditors' Voluntary Liquidation ("CVL") if sufficient funds become available to enable a distribution to unsecured creditors under the Prescribed Part provisions.

6. Extension of Administration

I advise that Administration is due to expire on 26 August 2014. As there is insufficient time to realise all the remaining Company assets, an application will be made to extend the Administration in due course.

7. Prospects for Creditors

- 7.1 Under Section 176A of the Insolvency Act 1986 the Joint Administrators must state the amount of funds available to unsecured creditors in respect of the Prescribed Part. This provision only applies where a company has granted a floating charge to a creditor after 15 September 2003, as has happened in this case
- 7.1.2 Based on the information presently available, it is likely that there will be sufficient funds from asset realisations under the floating charge. At present, it is anticipated that funds totalling c. £150k will be available under the Prescribed Part. These funds are currently being set aside for unsecured creditors.

7.2 Secured Creditors

- 7.2.1 Under the debenture registered on 5 August 2004, the bank held fixed and floating charges over the assets of the Company. At the date of appointment, the indebtedness to the Bank was £65,561,296. This figure is subject to accruing costs and charges. Based on current information, it is likely that the Bank will suffer a shortfall.

7.2.2 Preferential Creditors

The Company does not have any employees. Therefore, based on current information there are no claims to be lodged by preferential creditors.

7.3 Unsecured Creditors

- 7.3.1 The creditors' claims notified to us to date total approximately £5,428. On the basis of current information, there will be sufficient funds to enable a payment of a dividend to unsecured creditors from Prescribed Part funds as detailed above. Therefore unsecured creditors are advised to complete a proof of debt form and attach any supporting

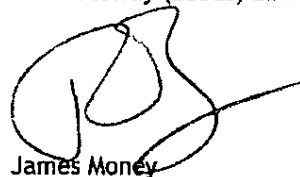
documentation and submit to this office. I attach a further proof of debt form at the end of this report for your completion

- 7 3 2 The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit <http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway> where you will find further information on how you may pursue the complaint.

8. Joint Administrators' Remuneration

- 8.1 Under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal or alternatively by reference to the time the Joint Administrators and their staff have spent in attending to matters in this Administration or, a fixed amount
- 8.2 The creditors have already approved the Joint Administrators' remuneration on time costs basis. To date costs of £131,035 have accrued and £23,197 have been drawn in respect of remuneration. I attach a schedule which summarises the time costs accrued to date and indicates the work undertaken in that respect.
- 8.3 Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. Category 1 disbursements of £501 have been recovered in this matter.
- 8.4 I provide at the end of this report an extract from the Insolvency Rules 1986 setting out the rights of creditors to request further information and/or challenge the remuneration or fees within the Administration.

Yours faithfully
For and on behalf of
The Gateway (Leeds) Limited



James Money
Joint Administrator

Authorised by the Institute of Chartered Accountants for England and Wales

Enc:

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses:-

Rule 2.48A Creditors' request for further information

(1) If—

- (a) within 21 days of receipt of a progress report under Rule 2.47—
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
- (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor, makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2.47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)

(2) The administrator complies with this paragraph by either—

- (a) providing all of the information asked for, or
- (b) so far as the administrator considers that—
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information, giving reasons for not providing all of the information

(3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of—

- (a) the giving by the administrator of reasons for not providing all of the information asked for, or
- (b) the expiry of the 14 days provided for in paragraph (1),
and the court may make such order as it thinks just

(4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2.109(1B) by such further period as the court thinks just.

Rule 2.109 Creditors' claim that remuneration is or other expenses are excessive

(1) 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 the court for one or more of the orders in paragraph (4).

(1A) Application may be made on the grounds that—

- (a) the remuneration charged by the administrator,
- (b) the basis fixed for the administrator's remuneration under Rule 2.106, or
- (c) expenses incurred by the administrator,
is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate.

(1B) The application must, subject to any order of the court under Rule 2.48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly.

Statement from the Insolvency Rules 1986 (as amended) regarding the rights of creditors in respect of the Joint Administrators' fees and expenses (continued):-**Rule 2.109 (continued)**

(3) The applicant shall, at least 14 days before the hearing, send to the administrator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it.

(4) If the court considers the application to be well-founded, it must make one or more of the following orders—

- (a) an order reducing the amount of remuneration which the administrator was entitled to charge;
- (b) an order fixing the basis of remuneration at a reduced rate or amount;
- (c) an order changing the basis of remuneration;
- (d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,
- (e) an order that the administrator or the administrator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report.

(5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the administration.

**The Gateway (Leeds) Limited
In Administration**

Summary of Joint Administrators' Receipts and Payments Account from 27 August 2013 (date of appointment) to 26 February 2014

RECEIPTS	Statement of Affairs (£)	Movement since last report (£)	Total (£)
Residential apartments	21,652,953	1,239,000	1,339,000
Commercial units	5,000,000	-	-
Land at Phase 3	500,000	-	-
NHBC bond	250,000	289,729	289,729
VAT refunds	235	1,004	1,239
Book debts	161,347	149,210	159,556
Cash at bank	70,902	-	45,906
Residential rental income		616,636	757,693
Commercial Rent		108,371	123,733
Council Tax Refunds		-	616
Ground Rent		527	583
Bank interest		64	65
Output VAT		554	3,627
			<u>2,721,748</u>
PAYMENTS			
Electricity		444	444
Service charge		164,408	164,408
Residential management fees		63,597	75,587
Sundry expenses		40	40
Bank charges & interest		60	85
Residential maintenance & running costs		34,176	50,191
Deposits		500	1,000
Joint Administrators' fees		23,197	23,197
Joint Administrators' disbursements		501	501
Legal fees & disbs		18,705	19,150
Agents' fees & disbs		15,488	16,738
Secured creditor		1,399,766	1,497,250
Marketing costs		6,315	6,315
Specific bond		60	60
Storage costs		177	177
Input VAT		13,420	17,088
Irrecoverable VAT		13,013	13,013
			<u>1,885,243</u>
Cash in hand			836,505
			<u>2,721,748</u>

**BDO LLP
55 Baker Street
London
W1U 7EU**

**James Money and Sarah Rayment
Joint Administrators
21 March 2014**

The Gateway (Leeds) Limited- In Administration

Summary of Time Charged and Rates Applicable for the Period From 27/08/2013 to 26/02/2014

Description	PARTNER		MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		GRAND TOTAL		AVERAGE RATE
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
A. Pre Appointment Matters					1.00	245.00			1.00	245.00	245.00
B Steps on Appointment			31.65	12,175.05	27.25	5,946.25	2.80	268.80	61.70	18,390.10	298.06
C Planning and Strategy	5.20	3,421.60			29.30	7,178.50			34.50	10,600.10	307.25
D. Case Progression			11.35	4,027.70	73.00	17,885.00	59.80	8,100.10	144.15	30,012.80	208.21
E. Assets Realisation / Dealing			31.95	13,032.15	44.00	10,780.00			75.95	23,812.15	313.52
F Trading Related Matters			7.50	2,902.50	122.95	30,122.75			130.45	33,025.25	253.16
G. Employee Matters											
H Creditor Claims					1.10	269.50	2.35	225.60	3.45	495.10	143.51
I Reporting			22.70	8,983.90	18.25	4,471.25	9.90	950.40	50.85	14,405.55	283.29
J Distribution & Closure					0.20	49.00			0.20	49.00	49.20
	5.20	3,421.60	105.15	41,121.30	317.05	76,947.25	74.85	9,544.90			

Net Total	502.25	131,035.05
Other Disbursements		501.07
Billed		-23,697.74
Grand Total		£107,838.38

PROOF OF DEBT

In The High Court of Justice
Chancery Division
Companies Court

No 5914 of 2013

The Gateway (Leeds) Limited
- In Administration -

Date of Administration 27 August 2013

- 1a Name of creditor
- 1b If Company - registered number
- 2 Address of creditor
- 3 Total claim including VAT and interest as at the date of the appointment of administrators £
(see overleaf)
- 4 Details of documents by which debt can be substantiated (please attach copy documents)
- 5 Amount of any interest included in claim £
- 6 Is the whole or part of the debt preferential? Yes / No
If so, state amount, and details £
See notes overleaf
- 7 Particulars of how and when debt incurred
- 8 Particulars and value of any security held and the date it was given
- 9 Details of any reservation of title in respect of goods to which the debt refer
- 10 Signature of creditor or other authorised person
Name in BLOCK LETTERS
Creditor's reference: .. .
- 11 Position or Relationship with Creditor
12 Address (if person signing is not the Creditor)

For Use of Administrator Only

13 Admitted to vote for £

Date

Joint Administrator

14 Admitted preferentially
for £

Date

Joint Administrator

Admitted non-preferentially
for £

Date

Joint Administrator

Guidance Notes re Preferential Debts:

The categories of preferential debts under S 386(1) of the Insolvency Act 1986 are as follows

- pension scheme contributions
- remuneration etc of employees
- Levies on Coal & Steel Productions.

VAT Bad Debt Relief

The provisions of the Finance Act, 1990, came into effect on 26 July, 1990, and introduced changes in the way that VAT on Bad Debts is recovered.

Your claim overleaf must be quoted inclusive of VAT. You may claim relief on your VAT return when the debt is at least six months old and has been written off. Any dividend you receive in respect of this claim will include payment in respect of the VAT element of your debt and you will be responsible for declaring such VAT to HM Revenue & Customs.