

The Insolvency Act 1986

Administrator's progress report

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

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

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

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

(b) Insert date

From

to

(b)
27 June 2015

(b)
26 December 2015

Signed

Joint Administrator(s)

Dated

20.1.16

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.

c/o Jacqueline Islam, BDO LLP, 55 Baker Street, London, W1U 7EU

Our Ref

Tel 020 7893 2985

DX Number

DX Exchange

you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

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COMPANIES HOUSE

20 January 2016

Please ask for
Jacqueline Islam
020 7893 2985**TO ALL CREDITORS**

Dear Sirs

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

It is now 28 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

The Joint Administrators are James Money and Sarah M 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.

The Administrators were appointed by National Asset Loan Management Limited ("NALM"), being the holder of a Qualifying Floating Charge 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.

The Company's registered office is situated at 55 Baker Street, London, W1U 7EU and the registered number is 05037556.

I enclose, for your information, a summary of my receipts and payments to date showing a balance in hand of £988,046, together with a copy of my abstract account covering the last six month period, and report as follows:

2 Receipts & Payments

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

2.1 Residential apartments

- 2.2 Since my last report, I have sold 46 further apartments, of which 4 are not reflected in the enclosed receipts and payments account as the completion monies were transferred



after our reporting date. This brings the total to 144 apartment sales during the course of the Administration. There are currently 40 apartments remaining to be sold.

2.3 Book debts

To date I have recovered book debts in the sum of £280,318 including £6,000 in the period since my last report.

2.4 Residential rental income

In this period, I have collected £288,026 in respect of the income received from residential apartments at the Scheme, with the assistance of my managing agents, Morgans City Living ("Morgans")

2.5 Commercial rent

I have also recovered £177,640 in respect of rental income from the commercial and retail space in the period since my last report.

2.6 Service charge & ground rent

Service charges totalling £175,604 and ground rent of £21,429 have been paid in the period since my last report to the managing agents, Braemar Estates, in respect of the on-going management and maintenance at the Scheme.

2.7 Residential management fees

As mentioned above, the residential apartments and tenants are being managed by Morgans. They have been paid £28,875 in this period in respect of managing residential tenants.

2.8 Residential maintenance and running costs

Costs totalling £25,635 have been paid in this period in respect of maintenance and running costs for the residential apartments as managed by Morgans.

2.9 Legal fees and disbursements

Legal fees and disbursements totalling £16,425 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, dealing with tenancy agreements, the application for the extension of the Administration and for general on-going legal advice.

2.10 Agents' fees and disbursements

In addition to their role as residential managing agents Morgans have also been instructed as sales agents for the residential apartments. In this period, we have paid agents fees and disbursements totalling £59,488.

3 Trading / Realisation of Assets

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 accordingly.

To date, commercial tenants continue to be sought by my joint agents, JLL and Knight Frank. We are continuing discussions with existing and prospective tenants.

4 Future of the Administration

4.1 I would refer creditors to my first report, which outlined the three statutory purposes of the Administration.

4.2 The third statutory purpose is realising property in order to make a distribution to one or more secured or preferential creditors.

4.3 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. Following a recent change in Insolvency legislation, a move to CVL will now be unlikely as the administrators will be able to make payments under the prescribed part whilst the company is still in administration (see 7.3.3 below).

5 Extension of Administration

5.1 As previously reported, the period of Administration was initially extended for six months with the consent of NALM, pursuant to Paragraph 78 of Schedule B1 of IA86 to 26 February 2015.

5.2 In view of the assets that still have to be realised, an application was granted by the High Court pursuant to Rule 2.112(1) of the Insolvency Rules 1986, for the Company's Administration to be extended for a further period of 28 months to 26 June 2017.

6 Prospects for Creditors

Secured Creditors

6.1 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.

6.2 Preferential Creditors

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

6.3 Unsecured Creditors

- 6.3.1 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
- 6.3.2 Based on the information presently available, it is anticipated that funds totalling c.£600k (limited to the statutory maximum) will be available under the Prescribed Part. These funds are currently being set aside for unsecured creditors.
- 6.3.3 Given the estimated length of time it will take to sell the Company's remaining properties (see paragraph 6 above) I previously considered that these funds should be distributed to unsecured creditors during the course of the administration and permission of the Court for such a distribution to be made has been obtained. In the event, recent changes to Insolvency legislation now enable such payments to be made without Court sanction.
- 6.3.4 The creditors' claims notified to us to date total approximately £45,699. On the basis of current information there will be sufficient funds available to enable payment in full to unsecured creditors from Prescribed Part funds as detailed above.

7 Administrators' Remuneration

The creditors have already approved the Administrators' remuneration on a time costs basis and to date time costs of £446,515 have accrued and £153,963 has been drawn in respect of remuneration as authorised by NALM as the Secured Creditor. Attached is a schedule which summarises the time costs since the commencement of the Administration to date and indicates the work undertaken in that respect. Additionally I attach a schedule showing the time costs for the period since my last report to the current date.

8 Disbursements

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 £2,101 have accrued and £1,658 has been recovered in this matter.

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.

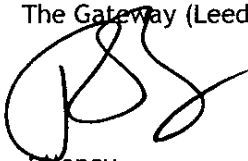
The Insolvency Service has established a central gateway for considering complaints in respect of Insolvency practitioners. In the event that you make a complaint to me but are not satisfied with the response from me then you should visit <http://www.bis.gov.uk/insolvency/contact-us/IP-Complaints-Gateway>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

9 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

If you require any further information regarding this matter, please do not hesitate to contact my colleague Jacqueline Islam or me

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

A handwritten signature in black ink, appearing to be 'J Money', written over the printed name.

J Money
Joint Administrator

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 December 2015

RECEIPTS	Statement of Affairs (£)	Movement since last report (£)	Total (£)
Residential apartments	21,652,953	4,761,000	17,052,500
Commercial units	5,000,000	-	-
Land at Phase 3	500,000	-	-
NHBC Bond	250,000	-	289,729
VAT Refunds	235	-	1,239
Insurance Claim	-	-	24,848
Book debts	161,347	6,000	280,318
Cash at Bank	70,902	-	45,906
Residential rental income		288,026	2,447,707
Commercial Rent		177,640	648,537
Council Tax Refunds		-	616
Bank Interest Net of Tax		499	1,431
Output VAT		14,639	17,707
Rates Refunds		-	118
Sundry Refunds		-	150
VAT Reclaim- annual adjustment		70	70
			<u>20,810,876</u>
PAYMENTS			
Repairs & Renewals		15	10,105
Electricity		3,922	18,453
Insurance		-	82,265
Professional Fees		-	1,250
Property Maintenance		190	6,838
Service Charge		175,604	395,885
Residential management fees		28,875	242,489
Sundry Expenses		528	568
Bank Charges & Interest		-	370
Residential maintenance & running costs		25,635	201,348
Deposits		-	1,000
Administrators Fees		19,482	153,963
Administrators Disbursements		-	1,658
Legal Fees & Disbs		16,425	99,919
Property sale costs		-	35
Agents' Fees & Disbs		59,488	211,661
Secured Creditor		4,764,905	18,244,763
Ground Rent		21,429	51,299
Marketing costs		-	9,981
Specific Bond		-	500
Corporation Tax		-	5
Storage Costs		-	300
Input VAT		2,053	17,610
Irrecoverable VAT		11,751	70,566
			<u>19,822,831</u>
Cash in hand			988,046
			<u>20,810,876</u>
BDO LLP	James Money and Sarah Rayment		
55 Baker Street	Joint Administrators		
London			
W1U 7EU	20-Jan-16		

Summary of Time Charged and Rates Applicable for the Period From 27/06/2015 to 26/12/2015

[illegible]

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
A. Pre Appointment Matters														
04. Documentation Review														
sub total														
A. Pre Appointment Matters														
B. Steps on Appointment														
02. Statutory Documentation			2.45	874.65					2.80	268.80			5.25	1,143.45
04. Meet Directors/Debtors etc			6.20	2,399.40				15.00	3,675.00				21.20	6,074.40
07. Attendance at Premises			23.00	8,901.00				10.00	1,720.00				33.00	10,621.00
12. Setting up Internal Files								2.25	551.25				2.25	551.25
sub total- B Steps on Appointment			31.65	12,175.05				27.25	5,946.25	2.80	268.80		61.70	18,390.10
C. Planning and Strategy														
02. Review Financial Position														
03. Review Bus Process/Systems	3.50	2,303.00						5.25	1,286.25				5.25	1,286.25
06. Meet Appointor/Committees													3.90	2,303.00
07. Strategy Planning	12.25	8,060.50						15.05	3,687.25				27.30	11,747.75
08. Reporting								9.75	2,388.75				9.75	2,388.75
sub total- C. Planning and Strategy	15.75	10,363.50						30.05	7,362.25				45.80	17,725.75

F Trading Related Matters

[illegible]

H Creditor Claims

			0.60	232.20				2.25	551.25	3.75	360.00					6.60	1 143.45
								0.35	85.75							0.35	85.75
			0.60	232.20				2.60	637.00	3.75	360.00					6.95	1 229.20

I Reporting

41 65	28,694 35	13 30	5,196 50				12 50	3,062 50	33 65	3,229 15				59 45	11,488 15
		122 65	48,043 80				2 95	768 25						167 25	77,504 40
		4 50	1,608 50				12 00	2,940 00						16 50	4,546 50
41 65	28,694 35	140 45	54,846 80				27 45	6,768 75	33 65	3,229 15				243 20	93,539 05

J Trading Related Matters

[illegible]

Net Total	1,509.35	440,514.65
Other Disbursements.		2,100.81
Billed		155,621.20
Grand Total		£292,994.26

The Insolvency Act 1986

Administrator's progress report

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

(a) Insert full name(s) and
address(es) of Administrator(s)I/We (a) James Money and Sarah M Rayment of BDO LLP 55 Baker Street, London, W1U 7EU

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

(b) Insert date

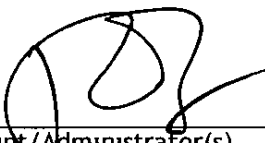
from

(b)
27 June 2015

to

(b)
26 December 2015

Signed


Joint Administrator(s)

Dated

20.1.16