

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

	From	to
(b) Insert date	(b) 27 December 2014	(b) 26 June 2015

Signed


Joint Administrator

Dated

14 July 2015

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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24/07/2015

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COMPANIES HOUSE

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DX 9025 West End W1
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55 Baker Street
London W1U 7EU

14 July 2015

Our Ref JDEM/BB/00232531

Please ask for
Brian Burke
020 7893 3734

TO ALL CREDITORS AND MEMBERS

Dear Sirs

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

It is 22 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.

This report should be read in conjunction with my previous report dated 16 January 2015.

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 £869,423, together with a copy of my abstract account covering the last six month period. Please note that the attached Receipts and Payments account only reflects the funds that have passed through the Joint Administrators hands as at 26 June 2015 and therefore does not reflect the funds that are currently being held by my solicitors and/or agents.



2 Receipts and Payments

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

2.2 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 28 further apartments bringing the total to 98 apartment sales plus 1 parking space sold individually during the course of the Administration. There are currently 86 apartments remaining to be sold.

2.3 Book debts

To date I have recovered book debts in the sum of £274,318 including £5,000 in the period since my last report. As outlined in my previous reports one tenant remains in consistent arrears and it is uncertain whether these funds will be recoverable. I will keep creditors updated on this matter.

2.4 Residential rental income

In this period, I have collected £428,327 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 £92,018 in respect of rental income from the commercial and retail space in the period since my last report.

2.6 Service charge & ground rent

No service charge or ground rent has 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. We have worked with the managing agents to conclude a detailed reconciliation of the account. This was concluded after the relevant period and in the balance of service charge and ground rent has been paid accordingly.

2.7 Residential management fees

As mentioned above, the residential apartments and tenants are being managed by Morgan's. They have been paid £41,414 in this period in respect of managing residential tenants.

2.8 Residential maintenance and running costs

Costs totalling £40,684 have been paid in this period in respect of maintenance and running costs for the residential apartments as managed by Morgan's.

2 9 Legal fees and disbursements

Legal fees and disbursements totalling £29,818 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 £48,169.

2 11 Marketing costs

The vacant commercial units are being marketed by my joint agents, Jones Lang LaSalle ("JLL") and Knight Frank ("KF"). Marketing costs of £96 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 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.

3.3 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.

3 4 To date, commercial tenants continue to be sought by my joint agents, JLL and KF. We are continuing discussions with existing and prospective tenants.

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.

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. 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)

6. Extension of Administration

In order to facilitate the sale of the Properties, the Joint Administrators sought approval from NALM, pursuant to Paragraph 78 of Schedule B1 of the Insolvency Act 1986, for the Administration to be extended for a further period of six months. This approval was given and the Administration was extended to 26 February 2015

In view of the assets that still have to be realised, an application was sought by the Joint Administrators from 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. This application was granted on 3 February 2015

7. Secured Creditors

- 7.1 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 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 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
- 7.3.2 Based on the information presently available, it is anticipated that funds totalling c. £454k will be available under the Prescribed Part. These funds are currently being set aside for unsecured creditors
- 7.3.3 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.
- 7.3.4 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 3 5 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

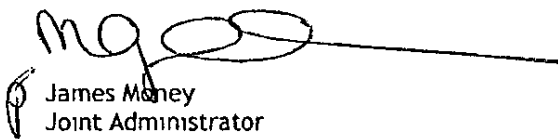
8 1 Under the terms of the Insolvency Rules 1986 the Joint Administrators are obliged to fix their remuneration in accordance with Rule 2 106(2) of the Insolvency Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators 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 £377,950 have accrued and £134,481 has been drawn in respect of remuneration. I attach a schedule which summarises the time costs accrued to date and indicate 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 £1,658 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 in the UK

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 June 2015**

RECEIPTS	Statement of Affairs (£)	Movement since last report (£)	Total (£)
Residential apartments	21,652,953	3,853,500	12,291,500
Commercial units	5,000,000	-	-
Land at Phase 3	500,000	-	-
NHBC Bond	250,000	-	289,729
VAT Refunds	235	-	1,239
Insurance Claim	-	8,420	24,848
Book debts	161,347	5,000	274,318
Cash at Bank	70,902	-	45,906
Residential rental income		428,327	2,159,681
Commercial Rent		92,018	470,897
Council Tax Refunds		-	616
Bank Interest Net of Tax		458	932
Output VAT		- 11,769	3,067
Rates Refunds		-	118
Sundry Refunds		150	150
			<u>15,563,002</u>
PAYMENTS			
Repairs & Renewals		-	10,090
Electricity		6,979	14,532
Insurance		-	82,265
Professional Fees		1,250	1,250
Property Maintenance		5,108	6,648
Service Charge		-	220,281
Residential management fees		41,414	213,614
Sundry Expenses		-	40
Bank Charges & Interest		-	370
Residential maintenance & running costs		40,684	175,713
Deposits		-	1,000
Administrators' Fees		46,425	134,481
Administrators' Disbursements		342	1,658
Legal Fees & Disbs		29,818	83,494
Property sale costs		-	35
Agents' Fees & Disbs		48,169	152,174
Secured Creditor		3,980,968	13,479,858
Ground Rent		-	29,870
Marketing costs		96	9,981
Specific Bond		-	500

Corporation Tax	-	5
Storage Costs	37	300
Input VAT	6,464	15,556
Irrecoverable VAT	17,403	58,815
VAT Paid	1,049	1,049
		<u>14,693,578</u>

Cash in hand		869,423
		<u>15,563,002</u>

BDO LLP
55 Baker Street
London
W1U 7EU

James Money and Sarah Rayment
Joint Administrators

14-Jul-15

The Gateway (Leeds) Limited

Summary of Time Charged and Rates Applicable for the Period From 27/08/2013 to 26/06/2015

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							1 00	245 00					1 00	245 00
sub total:-							1 00	245 00					1 00	245 00
A. Pre Appointment Matters														
B Steps on Appointment														
02 Statutory Documentation			2 45	874 45					2 80	268 80			5 25	1 143 25
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
11 Settling up Internal Files							2 25	551 25					2 25	551 25
sub total:-			31 65	12,175 05			27 25	5,946 25	2 80	768 80			61 70	18 390 10
B Steps on Appointment														
C Planning and Strategy														
02 Review Financial Position	3 50	2,303 00					5 25	1,286 25					5 25	1,286 25
03 Review Bus Process/Systems													3 50	2 303 00
06 Meet Appointor/Committees							15 05	3,487 25					27 30	11,747 75
07 Strategy Planning	12 25	8,040 50					9 75	2 388 75					9 75	2 388 75
08 Reporting														
sub total:-	19 75	10,343 50					24 05	7,842 25					48 10	17 725 75
C Planning and Strategy														
D Case Progression														
01 Insurance Matters			2 60	1,006 20			15 20	3,724 00					17 80	4,730 20
02 VAT	2 50	1,942 50	2 50	1 010 10			24 75	6,112 25	7 75	1 932 50			37 50	11 017 35
03 Taxation			0 50	193 50			0 30	73 50					0 80	267 00
04 Instruct/Use Solicitors			12 05	4,663 25			12 95	3 172 75					25 00	7,836 10

05 Investigations	1.30	503.10		2.60	666.00					4.10	1,189.10
06 Conduct Reports	0.30	107.10		2.25	551.25	2.80	268.80			5.35	927.15
07 Receipts/Payments Accounts	33.75	11,307.30		10.25	2,396.65	41.00	8,270.40			85.00	22,077.35
08 Remuneration Issues	0.60	232.20				0.40	38.40			1.00	270.60
09 Subsidiary Matters	3.20	1,214.40		1.00	245.00	3.60	345.60			7.80	1,805.00
10 Contractual Matters						0.25	24.00			0.25	24.00
13 General Meetings	0.60	232.20		1.00	245.00					1.60	477.20
14 General Discussions	5.60	2,244.60				1.25	120.00			7.05	2,364.60
15 Gen Admin/Correspondence	23.85	9,222.45		80.80	19,796.00	137.55	13,559.20	0.50	45.00	245.70	41,083.65
16 Maintain Internal Files						1.35	129.60			1.35	129.60
99 Other Matters										0.10	46.10
sub total	3.60	2,469.60	87.05	151.30	37,003.40	197.95	24,788.50	0.50	45.00	440.40	98,245.00
D Case Progression											

E. Assets Realisation / Dealing

03 Asset Tracing											
04 Agent Instruction/Dealing											
05 Sales Info Preparation											
06 Property Related Matters	1.30	853.40									
07 Debt Collection											
09 Dealing with other Assets											
14 Sale of Business/Assets											
sub total	1.30	853.40	340.20	82.40	20,188.00	1.50	367.50			375.40	138,816.10
E. Assets Realisation / Dealing											

F. Trading Related Matters

01 Establish Business Control											
03 Cashflow Forecasts											
05 Attendance at Premises											
06 Monitor/Supervise Trading											
07 Business Management											
08 Trading Accounts											
sub total			7.50	123.40	30,233.00	16.35	4,005.75			16.35	4,005.75
F. Trading Related Matters			7.50	123.40	30,233.00	16.35	4,005.75			16.35	4,005.75

H. Creditor Claims

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