

# Administrators' progress report

Name of Company

OSB Limited

Company Number

05319255

In the High Court of Justice, Chancery Division, Leeds  
District Registry

(full name of court)

Court case number

399 of 2013

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

We Toby Scott Underwood and Ian David Green of PricewaterhouseCoopers LLP, Benson House,  
33 Wellington Street, Leeds, LS1 4JP and David James Kelly of PricewaterhouseCoopers LLP, 101  
Barbican Square, Manchester, M2 3PW

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

from

to

(b) 15 September 2013

(b) 21 February 2014

(b) Insert dates

Signed

Joint Administrator

Dated

11/3/14

## 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.

Rachel Wilkinson

Benson House, 33 Wellington Street, Leeds, LS1 4JP

Tel 0113 289 4746

DX Number

DX Exchange

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

**Companies House, Crown Way, Cardiff, CF14 3UZ  
33050 Cardiff**

**DX**

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**OSB Limited  
(in Administration)**

Registered number: 05319255  
High Court of Justice, Chancery Division, Leeds District Registry  
Case No. 399 of 2013

**Joint Administrators' progress report for  
the period 15 September 2013 to  
21 February 2014**

**28 February 2014**

**[www.pwc.co.uk/opalstudents](http://www.pwc.co.uk/opalstudents)**

**PwC**  
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## Contents

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### Section

1	The Joint Administrators' progress report
2	Statutory and other information
3	Receipts and payments account
4	Statement of expenses incurred
5	Pre-Administration costs

### These abbreviations are used throughout this report:

"Bonington Halls" or "the Company"	OSB Limited
"the Group"	Opal Property Group Limited and its subsidiaries
"the Joint Administrators" or "we"	Toby Underwood, Ian Green and David Kelly
"Sch.B1 IA86"	Schedule B1 of the Insolvency Act 1986
"IR86"	The Insolvency Rules 1986
"PwC"	PricewaterhouseCoopers LLP
"the Bank" or "secured creditor"	Barclays Bank plc
"Grant Thornton" or "GT"	Grant Thornton UK LLP
"CRM"	Corporate Residential Management Limited
"Proposals"	Statement of proposals dated 7 May 2013
"the Property"	Student accommodation known as Bonington Halls
"DLA"	DLA Piper UK LLP

# **1. The Joint Administrators' progress report**

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## **Introduction**

We write to provide an update on the progress of the Administration of the Company, covering the period from 15 September 2013 to 21 February 2014. Our first progress report covered the six month period from the date of our appointment to 14 September 2013.

Further background information on the Company and events leading up to our appointment can be found in our Proposals circulated to creditors on 7 May 2013.

We are approaching the first anniversary of our appointment and, unless the period of the Administration is extended, the Administration will automatically end on 14 March 2014. For the reasons set out in this report, we consider that a six month extension is required for the Administration and, in the circumstances of this case, it is for the secured creditor to decide whether that extension is granted.

This report has been prepared to support our request for the extension. A copy of this report will subsequently be circulated to all creditors, together with notice of the extension if approved.

We are required to provide certain statutory information and this is included in Section 2.

## **Actions taken by the Administrators**

The Company's principal asset is the Property and therefore, as previously explained, we have continued to trade the business whilst a buyer is sought.

## **Trading**

CRM continue to collect rent on our behalf, deduct trading expenses from the rent collected and periodically remit the balance to us. Trading accounts to 31 December 2013 (the most recent date available) are shown at Section 3, which provide further detail.

CRM's management fees have been paid separately for the academic year 2012/2013 and are shown in the receipts and payments account. CRM will deduct management fees for the academic year 2013/2014 from the rents collected and these are included as part of the trading costs.

## **Sale of business/property disposal**

A detailed account of the marketing process and progress of the sale to 14 September 2013 was provided in our first progress report to creditors. Since then, we can report that a sale of the complete portfolio of eight properties is now at an advanced stage. We are confident that a sale as a portfolio will represent the best outcome for creditors as a whole in each of the eight companies (in the Group, over which we have been appointed).

At this stage, we are unable to provide further details of the sale, including the value that is currently expected to be achieved for the Property. However, we anticipate being able to report further progress when we write to creditors with notice of the extension in due course, as completion of the sale is expected imminently.

## **Receipts and payments account**

An account of the receipts and payments in the Administration for the period from 15 September 2013 to 21 February 2014 is set out in Section 3.

## **1. The Joint Administrators' progress report**

This includes a separate trading statement for the period since CRM have been appointed as managing agents. (A receipts and payments account for the period covered by the Platform Service Agreement was provided in our first progress report and is not repeated here for the purposes of this report.)

### **Expenses statement**

A statement of the expenses incurred in the period 15 September 2013 to 21 February 2014 is included at Section 4. The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period.

### **Outcome for creditors**

The outcome for all classes of creditors is principally dependent on the value realised for the Property in due course. The level of administration expenses and any surplus from trading operations will also be relevant factors.

#### *Secured creditor*

Until such time as the sale process is complete, we are unable to confirm the final outcome for the secured creditor.

#### *Preferential creditors*

There are no known preferential creditors in the Administration.

#### *Unsecured creditors*

Based on the directors' statement of affairs, the total unsecured creditor claims in the Company are £9,967,401

We previously reported that a dividend to unsecured creditors was unlikely. This position is unchanged.

#### *Prescribed part*

We are unable to comment on whether there will be funds available for distribution to the Company's unsecured creditors by virtue of the prescribed part in due course. The value of any floating charge realisations is currently under review (in conjunction with the ongoing sale negotiations), together with the costs likely to be attributable to any such floating charge assets. We will advise creditors further in the next report.

### **Administrators' remuneration**

The basis of our remuneration has not yet been determined. In the circumstances of this case and in accordance with statements made in our Proposals, it is for the secured creditor to fix the basis of our remuneration. We anticipate seeking fee approval (on a time costs basis) shortly.

## **1. The Joint Administrators' progress report**

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### **Creditors' rights**

A statement of creditors' rights in relation to administrators' remuneration and expenses is available at the following website:

<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 Rachel Wilkinson on 0113 289 4746.

### **Pre-Administration costs**

Information regarding the approval of the unpaid pre-Administration costs previously detailed in the Proposals can be found at Section 5 of this report.

### **Extending the Administration**

The Administration is due to automatically end on 14 March 2014. In order to allow sufficient time to deal with finalising the sale of the Property, any distributions to creditors and other post-completion matters (including our statutory obligations), we believe that an extension of six months (until 14 September 2014) is required. It is for the secured creditor to approve the extension.

### **Next report**


We anticipate our next report will be circulated to creditors at the earlier of the conclusion of the Administration or in approximately six months.

### **Discharge**

It is for the secured creditor to determine the time at which we shall be discharged from liability pursuant to Paragraph 98(1) Sch.B1 IA86 in respect of any action of ours as administrators. We will seek the secured creditor's consent shortly.

Yours faithfully

For and on behalf of the Company



Toby Underwood  
Joint Administrator  
OSB Limited

*Toby Scott Underwood, Ian David Green and David James Kelly have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents and act without personal liability. All 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.*

## 2. Statutory and other information

### Statutory and other information – OSB Limited

<b>Court details for the administration:</b>	The High Court of Justice, Chancery Division, Leeds District Registry, 399 of 2013
<b>Full name:</b>	OSB Limited
<b>Trading name:</b>	Bonington Halls, Nottingham, Student Accommodation
<b>Registered number:</b>	05319255
<b>Registered address:</b>	Benson House, 33 Wellington Street, Leeds, LS1 4JP
<b>Company directors:</b>	Gavin Robert Duncan, Craig Allan Mellor and Stuart Barrie Wall
<b>Company secretary:</b>	Craig Allan Mellor
<b>Shareholdings held by the directors and secretary:</b>	Not applicable
<b>Date of the administration appointment:</b>	15 March 2013
<b>Administrators' names and addresses:</b>	(1) Toby Scott Underwood of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP,  (2) Ian David Green of PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP, and  (3) David James Kelly of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, Manchester, M2 3PW
<b>Appointor's / applicant's name and address:</b>	Barclays Bank plc of 1 Churchill Place, London, E14 5HP
<b>Objective being pursued by the administrators:</b>	Possible rescue of the Company as a going concern (in exceptional circumstances) but most likely to seek to achieve 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)
<b>Division of the administrators' responsibilities:</b>	Any act required or authorised under any enactment to be done by an administrator may be done by any or all of the Administrators acting jointly or alone.
<b>Proposed end of the administration</b>	Subject to the outcome for creditors and mechanism of any disposal, but most likely to be dissolution following administration
<b>Estimated dividend for unsecured creditors:</b>	Likely to be nil
<b>Estimated values of the prescribed part and the company's net property:</b>	Currently under review, but likely to be nil
<b>Whether and why the administrators intend to apply to court under Section 176A(5) IA86:</b>	Unlikely to be applicable, but will be dependent on the value of any asset realisations attributed to assets captured by the floating charge.
<b>The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):</b>	The European Regulation on Insolvency Proceedings applies to this administration and the proceedings are main proceedings

### **3. Receipts and payments accounts**

Directors' Joint Administrators' receipts and Statement payments account				CRM's trading receipts and payments account			
	15/03/2013 to 14/09/2013	15/09/2013 to 21/02/2014	TOTAL		For the period to 31/08/13	01/09/2013 to 31/12/2013	Total
(£) RECEIPTS	(£)	(£)	(£)	RECEIPTS	(£)	(£)	(£)
18,900,000 Freehold property	0 00	0 00	0 00	Rental income	1,012,021.90	1,152,642.16	2,164,664.06
Net realisations from GT	614 00	0 00	614 00				
Net realisations from CRM	175,445 70	97,963 84	1,155,080 54				
Interest received gross	14 91	438 86	453 77				
Total	176,074 61	980,073 70	1,156,148 31	TOTAL			
PAYMENTS	(£)	(£)	(£)	PAYMENTS	(£)	(£)	(£)
26,132,435 Distribution to chargeholder	0 00	0 00	0 00	Trading expenses	210,413 27	618,848 63	829,261 90
Management fee	81,291 00	0 00	81,291 00	Payment to OSB Limited	499 459 89	655,600 65	1,155,080 54
Insurance	9,219 09	0 00	9,219 09				
Legal fees	0 00	891 53	891 53				
Legal disbursements	0 00	40 00	40 00				
Data Protection Act fees	0 00	35 00	35 00				
Professional fees	4,028 11	86,325 98	90,354 09				
Statutory advertising	75 37	0 00	75 37				
Bank charges	303 16	576 10	879 26				
Irrecoverable VAT	11,536 89	17,443 50	28,980 39				
Total	106,453 62	105,312 11	211,765 73	TOTAL	709,873 16	1,274,469 28	1,984,342 44
Balance	69,650 99	874,761 19	944,382 58	Balance	302,148 74	-121,827 12	180,321 62

- ① Comprises a payment to Grant Thornton (£27,710) and payments to CRM (£52,581)
- ② A further receipt of £6,385.10 was received into the bank account after the period covered by this report and further details of this will be provided to creditors in our next progress report
- ③ £344,014.19 of this amount was paid to QSB Limited on 23 September 2013 but relates to the period to 31 August 2013 so is included here
- ④ This amount was paid to QSB Limited on 27 January 2014 but relates to period 1 September 2013 to 31 December 2013 so is included here



## 4. Statement of expenses incurred

Rule 2.47 IR86 requires this report to include a statement of expenses incurred in the period of this report. However, in respect of trading costs, we did not consider it to be cost effective to produce the statement to 21 February 2014 and instead it represents expenses incurred in the period to 31 December 2013. This is principally due to the availability of monthly management accounts for the trading activities of the business.

The statement excludes any potential tax liabilities that may be payable as an expense of the Administration in due course because amounts due will depend on the position at the end of the tax accounting period.

Category	Unpaid expenses as at 14 September 2013 £	Incurred in this period £	Paid in this period £	Unpaid expenses as at 21 February 2014 £
Administrators' expenses ①	1,743.90	207.84		1,951.74
Trading costs ②	138,799.97	564,603.06	618,848.63	84,554.40
Legal fees	72,000.00	45,891.53	891.53	117,000
Legal disbursements		40.00	40.00	
Property agents	2,700.00			
Data protection fees		35.00	35.00	
Gross wages and salaries				
Professional fees		86,325.98	86,325.98	
Insurance ③	13,815.68	19,893.36		33,709.04
Bank charges		576.10	576.10	
<b>Total</b>	<b>229,059.55</b>	<b>717,572.87</b>	<b>706,717.24</b>	<b>237,215.18</b>

### Notes

① Joint Administrators' fees have been excluded as the basis has not yet been determined. Similarly, only Category 1 expenses are shown (as defined by Statement of Insolvency Practice #9), as a policy has not yet been approved for recovering any costs not paid to an independent third party.

② Monthly trading accounts are received from CRM in order for us to monitor trading performance of the business and reflect income and expenditure in our accounts. CRM's trading costs also include their management fee.

③ We have received up to date information from our insurers since the last progress report and the unpaid expenses reflect the current known position.

### 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	DLA	Approved legal advisor of PwC with extensive experience of insolvency cases.	Time costs, disbursements & expenses
Property marketing and selling agents	DTZ	Compared favourably in terms of experience and cost	Percentage of disposal price
Student accommodation managing agents	CRM	Compared favourably in terms of sector experience, systems and cost.	Percentage of cash collections
Insurance	Marsh Limited	Approved provider of insolvency insurance services to PwC	Insurance premiums at negotiated market rates

## 5. Pre-Administration costs

The following are costs incurred prior to our appointment but with a view to the Company entering administration. It is proposed that the unpaid costs will be paid as an expense of the Administration. Such payment is subject to approval under Rule 2.67 IR86 and not part of the Proposals subject to approval under Paragraph 53 Sch.B1 IA86.

	Unpaid amount (£)	Paid amount (£)
Fees charged by the Joint Administrators:	49,600.51	Nil
Expenses incurred by the Joint Administrators	Nil	Nil
Fees charged by other persons qualified to act as an insolvency practitioner	Nil	Nil
Expenses charged by other persons qualified to act as an insolvency practitioner	Nil	Nil
<b>Total</b>	<b>49,600.51</b>	<b>Nil</b>

This work included:

- Statutory and planning work in relation to the appointment, including internal compliance and risk procedures,
- Discussions with the Bank regarding the appointment;
- Discussions with lawyers and advisors regarding legal issues and placing the Company into administration; and
- Team briefings and preparation for site visits

It was necessary to incur these costs prior to our appointment in order for the appointment to be affected in an orderly manner and for immediate tasks (including initial communications and controls) to be done properly, thereby safeguarding student welfare and preserving value

It is expected that approval of pre-appointment costs will take place at the same time as approval is sought for our remuneration