

The Insolvency Act 1986

**Administrators' progress report**

Name of Company Cherry Tree Mortgages Limited
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Company number 05529374
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In the High Court of Justice, Chancery Division [full name of court]
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Court case number 8953 of 2008
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(a) Insert full name(s) and  
address(es) of  
administrator(s)

We (a) Anthony Victor Lomas, Steven Anthony Pearson, Gillian Eleanor Bruce and Julian Guy Parr of  
PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT

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

from

to

(b) Insert dates

(b) 13 October 2014

(b) 12 April 2015

Signed



Joint Administrator

Dated 7 May 2015

**Contact Details:**

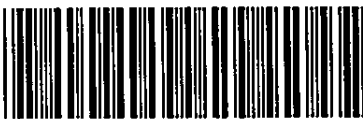
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to members of the public.

7 More London Riverside, London, SE1 2RT

Tel 0207 583 5000

DX Number

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08/05/2015

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Companies House, Crown Way, Cardiff, CF14 3UZ

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# ***Cherry Tree Mortgages Limited – In Administration***

Joint Administrators' progress  
report for the period 13 October  
2014 to 12 April 2015

7 May 2015

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# Contents

<b>Section 1</b>	<b><i>Purpose of the Joint Administrators' progress report</i></b>	<b>3</b>
<b>Section 2</b>	<b><i>Joint Administrators' actions to date</i></b>	<b>4</b>
<b>Section 3</b>	<b><i>Statutory and other Information</i></b>	<b>5</b>
<b>Section 4</b>	<b><i>Financial Information</i></b>	<b>6</b>
<b>Section 5</b>	<b><i>Receipts and Payments Account</i></b>	<b>7</b>
<b>Section 6</b>	<b><i>Joint Administrators' time costs for the period 1 October 2014 to 31 March 2015</i></b>	<b>8</b>

# **Section 1 Purpose of the Joint Administrators' progress report**

## **Introduction**

This is the 13th progress report prepared by the Joint Administrators (the "Administrators") of Cherry Tree Mortgages Limited (the "Company" or "Cherry Tree")

This report provides an update on the work the Administrators have undertaken and the progress made since their appointment, with particular focus on the progress made in the six months to 12 April 2015

## **Objectives of the Administration**

The Administrators are pursuing the objective of achieving a better result for the creditors of the Company as a whole, than would be likely if the Company were wound up (without first being in Administration)

The specific aims of the Administration were to

- Protect and control the Company's portfolios of assets, and
- Realise these assets, including mortgage portfolios, on a managed basis

Having achieved the specific aims, the Administrators are now seeking to conclude the Administration

## **Outcome for creditors**

On 24 June 2013, the Court gave the Administrators of Cherry Tree permission to agree and pay a dividend in respect of the admitted claims of its unsecured non-preferential creditors

To date, two interim dividends totalling 49 pence in the £ have been declared and paid to the Company's unsecured non-preferential creditors

It is anticipated that a further small dividend will be paid to creditors prior to the closure of the Administration

## **Future reports**

The Administrators will next report to creditors in approximately six months or upon the conclusion of the Administration, whichever is sooner.

Signed



GE Bruce  
Joint Administrator  
Cherry Tree Mortgages Limited

*AV Lomas, SA Pearson, GE Bruce and JG Parr have been appointed as Joint Administrators of Cherry Tree Mortgages Limited to manage its affairs, business and property as agents without personal liability. AV Lomas, SA Pearson, GE Bruce and JG Parr 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*

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## ***Section 2 Joint Administrators' actions to date***

### ***Background***

The principal activity of Cherry Tree was an investment in the equity release mortgage portfolio of More 2 Life Limited with funding that was procured from LB SF No.1.

### ***Administrators' actions to date***

The sale of Cherry Tree's entire mortgage portfolio was completed on 30 July 2009 for total consideration of £14.2m.

To date, the Administrators have received c £1.15m in respect of the sale of tax losses to other group companies. The Company does not expect any further realisations from this source.

The Administrators submitted a claim against Mable Commercial Funding Limited for £159k which has been admitted for dividend purposes. To date, the Company has received £38k in respect of this claim, equating to 24.1 pence in the £. Further dividends are expected, however, the quantum and timing are currently unknown.

As outlined in Section 1, Cherry Tree has declared and paid two interim dividends to the Company's unsecured non-preferential creditors totalling £12.9m.

The Administrators are now seeking to conclude the Administration and pay a final dividend to Cherry Tree's unsecured non-preferential creditors.

## Section 3 Statutory and other Information

<i>Court details for the Administration</i>	High Court of Justice, Chancery Division, Companies Court - case 8953 of 2008
<i>Full name</i>	Cherry Tree Mortgages Limited
<i>Trading name</i>	Cherry Tree Mortgages Limited
<i>Registered number</i>	05529374
<i>Registered address</i>	Level 23, 25 Canada Square, London E14 5LQ, United Kingdom
<i>Company directors</i>	CJ Patrick (resigned 28/11/08), EW Marley Shaw (resigned 28/11/08)
<i>Company secretary</i>	Clifford Chance Secretaries (CCA) Limited (resigned 01/12/08)
<i>Shareholdings held by the directors and secretary</i>	None of the directors own shares in the Company
<i>Date of the Administration appointment</i>	13 October 2008
<i>Current Administrators' names and addresses</i>	GE Bruce, SA Pearson, AV Lomas and JG Parr of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT
<i>Appointer's name and address</i>	The original appointment of Administrators was made by the directors of the Company, 25 Bank Street, London E14 5LE
<i>Objective being pursued by the Administrators</i>	Achieving a better result for creditors as a whole than would be likely if the Company was wound up (without first being in Administration)
<i>Division of the Administrators' responsibilities</i>	In relation to paragraph 100(2) Sch B1 IA86, during the period for which the Administration is in force, any act required or authorised under any enactment to be done by either or all of the Joint Administrators, may be done by any or one or more of the Joint Administrators.
<i>Details of any extensions of the initial period of appointment</i>	The High Court of Justice has granted five successive extensions to the Administration period to 30 November 2010, 30 November 2011, 30 November 2012, 30 November 2014 and more recently to 30 November 2015
<i>Proposed end of the Administration</i>	The Administrators are now pursuing closure of the Administration by way of dissolution
<i>Estimated dividend for unsecured creditors</i>	The Administrators declared a first interim dividend of 9p in the £ to unsecured non-preferential creditors on 20th September 2013. A second interim dividend of 40 pence in the £ was paid on 12 September 2014. It is anticipated that a final dividend will be paid to the unsecured non preferential creditors within the next six months.
<i>Estimated values of the prescribed part and Cherry Tree's net property</i>	Not applicable as there is no qualifying floating charge
<i>Whether and why the Administrators intend to apply to court under Section 176A(5) IA86</i>	Not applicable as there is no prescribed part
<i>The European Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000 of 29 May 2000)</i>	The European Regulation on Insolvency Proceedings applies to this Administration and these are the main proceedings

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## ***Section 4 Financial Information***

### ***Administrators' remuneration***

In May 2009, the Administrators requested and received consent from Cherry Tree's creditors for the Administrators' remuneration to be fixed by reference to the time properly given by them and the various grades of their staff. The Administrators were also authorised to draw their remuneration from time to time

Attached at Section 6, is a summary of the Administrators' time costs for the period 1 October 2014 to 31 March 2015, presented in accordance with the Statement of Insolvency Practice 9, together with a narrative of the work performed. Time costs for this period total £46,965 plus VAT, which represents 138.95 hours at an average hourly rate of £338. Details of time costs incurred in earlier periods have been provided in earlier reports

### ***Receipts and payments account***

An account of the receipts and payments for the six months to 12 April 2015, together with a cumulative total since commencement of the Administration, is set out in Section 5

Key movements in the period include £78.5k paid in respect of legal fees and £41.8k plus VAT drawn by the Administrators in respect of their remuneration for the period to 31 December 2014

Cash held as at 12 April 2015 totals c £1.6m.

## Section 5 Receipts and Payments Account

	As at 12-Apr-15 GBP (£)	Movements GBP (£)	As at 12-Oct-14 GBP (£)
<b>Receipts</b>			
Sale of mortgage portfolio	14,201,068	-	14,201,068
Inter-company debtors	38,383	-	38,383
Sale of tax losses	1,154,184	-	1,154,184
Tax function costs recharged	29,710	-	29,710
Interest received gross	232,252	-	232,252
<b>Total</b>	<b>15,655,597</b>	<b>-</b>	<b>15,655,597</b>

<b>Payments</b>			
Legal fees	150,103	78,497	71,606
Pension related legal costs	25,570	-	25,570
Employee costs	1,763	-	1,763
IT costs	5,741	-	5,741
Joint Administrators' remuneration	759,641	41,757	717,884
Joint Administrators' Category 1 disbursements	2,370	-	2,370
Statutory advertising	20,482	-	20,482
Irrecoverable VAT (see note 1)	146,433	9,660	136,773
<b>Total</b>	<b>1,112,103</b>	<b>129,914</b>	<b>982,189</b>

<b>Distributions to unsecured creditors</b>			
1st dividend of 9p in the £, declared in September 2013	2,375,042	-	2,375,042
2nd dividend of 40p in the £, declared September 2014	10,555,743	-	10,555,743
<b>Total</b>	<b>12,930,785</b>	<b>-</b>	<b>12,930,785</b>

<b>Cash in hand/ (movement in year)</b>	<b>1,612,709</b>	<b>(129,914)</b>	<b>1,742,623</b>
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<b>Cash in hand is represented by</b>			
HSBC (non-interest bearing)	1,612,709	(129,914)	1,742,623
<b>Total Cash</b>	<b>1,612,709</b>	<b>(129,914)</b>	<b>1,742,623</b>

### Notes:

(1) Due to the nature of the Company's former business, it is not entitled to recover input VAT on its costs



# Section 6 Joint Administrators' time costs for the period 1 October 2014 to 31 March 2015

Classification of work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total hours	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Accounting and Treasury Strategy and Planning	0.08	53	2.35	1,013	9.05	2,419	12.50	2,863	23.98	6,348
Statutory and Compliance	8.60	6,099	4.30	1,926	35.70	10,408	7.75	1,775	56.35	20,208
Tax and VAT	0.30	262	9.05	3,941	20.70	6,346	11.25	2,576	41.30	13,125
LBIE Recharges	2.80	2,751	1.60	1,021	6.40	2,160	4.18	689	14.98	6,621
	0.15	97	0.89	260	0.39	104	0.91	202	2.34	663
<b>Grand Total</b>	<b>11.93</b>	<b>9,262</b>	<b>18.19</b>	<b>8,161</b>	<b>72.24</b>	<b>21,437</b>	<b>36.59</b>	<b>8,105</b>	<b>138.95</b>	<b>46,965</b>
<b>Average Hourly Rate</b>		<b>776</b>		<b>449</b>		<b>297</b>		<b>222</b>		<b>338</b>

The Administrators' remuneration has been fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration. The minimum unit for time charged by the Joint Administrators and their staff is 0.05 of an hour.

\* Specialist departments within PricewaterhouseCoopers LLP, such as Tax, VAT and Pensions, do sometimes charge a small number of hours, should we require their expert advice. Their rates do vary, however, the figures shown given an indication of the maximum rate per hour. In common with all professional firms, the scale rates used by the Joint Administrators from PricewaterhouseCoopers LLP may periodically rise (for example to cover annual inflation cost increase) over the period of the Administration. Any material amendments to these rates will be advised to the creditors in the next statutory report.

Current charge out rates	Business Recovery Services		Specialist	
	From 1 July 2014	Max £/hr	From 1 July 2014	Max £/hr
Grade	From 1 January 2015		From 1 January 2015	
Partner	873	873	1,225	1,225
Director	666	765	1,076	1,076
Senior manager	512	512	905	905
Manager	431	431	660	660
Senior Associate	360	360	490	490
Associate/Support Staff	229	229	229	229

## Tax function costs

Certain group tax matters are managed through Lehman Brothers Limited ("LBL") as Group Paying Agent. When recoveries of Corporation Tax paid pre-appointment are paid to relevant estates, the associated PwC costs incurred by the relevant estates are re-apportioned by reference to quantum of refunds to each estate.

The final refund of pre-appointment Corporation tax has now been received by LBL and redistributed to certain group companies, and the final re-apportionment of costs is now known. Cherry Tree has not benefited from any tax refund so will not contribute to the costs. Time costs in relation to tax function costs of £29,710 previously reported in the Administration have now been recovered from other estates, as Cherry Tree received no benefit attributable to such costs. These costs had not actually been paid by Cherry Tree so a refund is not due to it. Accordingly, an adjustment of previously reported Administration time costs is detailed below.

Classification of Work	Partner/Director		Senior Manager/Manager		Senior Associate		Associate/Support Staff		Total	
	Hours	£	Hours	£	Hours	£	Hours	£	Hours	£
Tax function costs previously reported in Administration	12.08	11,366	45.56	17,550	3.30	795	-	-	60.94	29,710
Tax function costs recovered	(12.08)	(11,366)	(45.56)	(17,550)	(3.30)	(795)	-	-	(60.94)	(29,710)
<b>Total tax function costs attributable</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## ***Narrative of the Joint Administrators' time costs for the period 1 October 2014 to 31 March 2015***

### ***Accounting and Treasury - £6,348***

- Reconciliation of bank accounts,
- Arranging receipts and payments of funds and coding of movements,
- Monitoring flow of funds into bank accounts, and
- Dealing with compliance matters relating to funds

### ***Strategy and Planning - £20,208***

- Consideration of strategies to achieve early closure;
- Regular team meetings and discussions on case progression,
- Liaising with various teams on resource management and strategy going forward;
- Facilitating the extension of the Administration to November 2015,
- Reviewing financial information, and
- Updating strategy documents

### ***Statutory and Compliance - £13,125***

- Preparation of Administrators' 12th progress report;
- Preparation of Administrators' receipts and payments account,
- Circulation of progress report to creditors,
- Statutory filings at Companies House and Court,
- Preparing detailed remuneration summary and narrative of work undertaken,
- Undertaking six monthly review of Administration,
- Managing Administration database, and
- Reviewing of time costs in preparation for billing

### ***Tax and VAT - £6,621***

- Dealing with Corporation Tax and VAT queries,
- Tax compliance,
- Preparation of VAT returns, and
- VAT reconciliation

### ***LBIE Recharges - £663***

- This is an apportionment of the costs incurred by Lehman Brothers International (Europe) associated with the administration companies