

The Insolvency Act 1986

**Administrator's progress report**

Name of Company Manorcliff Properties Limited	Company number 05748235
In the High Court of Justice Chancery Division Manchester District Registry (full name of court)	Court case number 1927 of 2011

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

We (a)  
Matthew D Smith  
Deloitte LLP  
Athene Place  
66 Shoe Lane  
London  
EC4A 3BQ

William K Dawson  
Deloitte LLP  
PO Box 500  
2 Hardman Street  
Manchester  
M60 2AT

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

(b) Insert date

From (b) 20 October 2011	To (b) 19 April 2012
-----------------------------	-------------------------

Signed

  
Joint Administrator

Dated

18/3/12

**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

Matthew D Smith  
Deloitte LLP  
Athene Place  
66 Shoe Lane  
London  
EC4A 3BQ

+44 113 243 9021  
DX Exchange

SATURDAY



A44

\*A198D1UO\*

19/05/2012

#21

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**

**Manorcliff Limited**

**Court Case No. 1896 of 2011**

**Manorcliff Properties Limited**

**Court Case No. 1927 of 2011**

**Wayford Investments Limited**

**Court Case No. 1926 of 2011**

**- All in Administration ("the Companies")**

**SIX MONTHLY PROGRESS REPORT TO CREDITORS  
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986 AND THE INSOLVENCY  
(AMENDMENT) RULES 2010**

**17 May 2012**

**This report has been prepared for the sole purpose of updating the Creditors for information purposes  
The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from,  
in whole or in part, by Creditors for any purpose other than updating them for information purposes, or by  
any other person for any purpose whatsoever**

**Matthew David Smith and William Kenneth Dawson were appointed Joint Administrators of the  
Companies on 20 October 2011. The affairs, business and property of the Companies are managed by the  
Joint Administrators. The Joint Administrators act as agents of the Companies and contract without  
personal liability**

**All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency  
Practitioners**

**Matthew David Smith and William Kenneth Dawson  
Joint Administrators of the Companies - In Administration  
Deloitte LLP  
PO Box 500  
2 Hardman Street  
Manchester  
M60 2AT**

---

<b>1. INTRODUCTION</b>	<b>2</b>
<b>2. ADMINISTRATORS' PROPOSALS</b>	<b>3</b>
<b>3. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNTS</b>	<b>6</b>
<b>4. DISTRIBUTIONS TO CREDITORS</b>	<b>8</b>
<b>5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS</b>	<b>10</b>
<b>6. PRE-ADMINISTRATION COSTS</b>	<b>12</b>
<b>7. ADMINISTRATORS' REMUNERATION AND EXPENSES</b>	<b>13</b>

## **APPENDICES**

- 1. Statutory information**
- 2. Joint Administrators' Receipts and Payments accounts for the period 20 October 2011 to 19 April 2012**
- 3. SIP 2 (E&W)**

## **ABBREVIATIONS**

For the purpose of this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"the Rules"	Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010
"the Administrators"	Matthew David Smith and William Kenneth Dawson of Deloitte LLP
"the Companies"	Manorcliff Limited Manorcliff Properties Limited Wayford Investments Limited (All in Administration)
"Deloitte"	Deloitte LLP
"BoS"	Bank of Scotland Plc
"NR"	Northern Rock (Asset Management) Plc
"the Court"	Manchester District Registry
"MCL"	Manorcliff Limited
"MPL"	Manorcliff Properties Limited
"WIL"	Wayford Investments Limited
"EOS"	Estimated Outcome Statement
"SIP2 (E&W)"	Statement of Insolvency Practice 2 (England & Wales)
"SIP7 (E&W)"	Statement of Insolvency Practice 7 (England & Wales)
"SIP9 (E&W)"	Statement of Insolvency Practice 9 (England & Wales)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)
"Management"	Mr John Mulcahy
"Secured Creditors"	Bank of Scotland Plc and Northern Rock (Asset Management) Plc
"QFCH"	Qualifying Floating Charge Holder
"Grainger"	Grainger RAMP Limited
"Savills"	Savills Plc
"Sanderson Weatherall"	Sanderson Weatherall LLP
"PP"	Prescribed Part
"Gateley"	Gateley Scotland LLP

## **1. INTRODUCTION**

### **1.1 Introduction**

This report has been prepared in accordance with Rule 2.47 of the Rules to provide creditors with an update on the progress of the Administration of the Companies since our first report to creditors dated 1 December 2011

Given the information previously provided to creditors in our first report to creditors, we have not included detailed background information in respect of the Companies and have focused on progress of the Administration subsequent to that report

The Administrators' proposals as deemed approved following the issue of a notice under Paragraph 52(1) of Schedule B1 of the Act on 1 December 2011 and the expiry of 8 business days thereafter are detailed in section 2.1 below

A schedule of statutory information in respect of the Companies is attached at Appendix 1

### **1.2 Details of the appointment of the Administrators**

Matthew David Smith and William Kenneth Dawson of Deloitte were appointed Administrators of the Companies by The High Court of Justice, Chancery Division, Manchester District Registry on 20 October 2011, following the filing of Notices of Appointment of Administrators by the QFCH of the Companies

The Court having conduct of the proceedings is The High Court of Justice, Chancery Division, Manchester District Registry (case numbers 1896 of 2011, 1926 of 2011 and 1927 of 2011)

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally

### **1.3 Electronic communication with creditors**

Due to the small number of creditors, the Administrators will continue to communicate with creditors via post rather than electronic communications

## **2. ADMINISTRATORS' PROPOSALS**

### **2.1 Introduction**

As at the date of the Administrators' appointment, the Companies operated as a single business, letting and managing the 305 residential properties that are owned by the Companies

The collapse of the UK housing market resulted in a significant decline in the value of the Companies' portfolios. The erosion in value of the portfolios and a shortfall in rental receipts as compared to outgoings, resulted in the QFCH taking steps to place the Companies into Administration

As previously reported to creditors, the Administrators concluded that there was no possibility of the Companies being rescued as a going concern

Consequently, the Administrators have performed their functions in relation to the Companies with the objective set out in Paragraph 3(1)(b) of Schedule B1 of the Act, which is to achieve a better result for creditors than would be obtained through an immediate liquidation of the Companies

The Administrators' proposals in order to achieve this objective, which, as noted above, were deemed approved following the issue of a notice under Paragraph 52(1) of Schedule B1 of the Act on 1 December 2011 and the expiry of 8 business days thereafter are as follows

- 1 the Administrators continue to manage the affairs and any remaining assets of the Companies and the settlement of all Administration expenses,
- 2 the Administrators continue with their enquiries into the conduct of the Directors of the Companies and continue to assist any regulatory authorities with their investigation into the affairs of the Companies,
- 3 the Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each of the Companies unless the Administrators conclude, in their reasonable opinion, that a Company will have no assets available for distribution,
- 4 the Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application,
- 5 that, in the event the creditors of each Company so determine, at meetings of creditors, a Creditors Committee be appointed in respect of each or any Company comprising of not more than five and not less than three creditors of that Company or Companies,
- 6 that, if a Creditors' Committee is not appointed, the secured and, if appropriate, preferential creditors of each Company shall be asked to fix the basis of the Administrators' remuneration in accordance with Rule 2.106(5A)(a), to be fixed by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the Administrations, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when

the work is performed plus VAT. In addition those creditors shall also be asked to agree the Administrators' expenses of which the Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising in the Administrations, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred, plus VAT where applicable,

- 7 that, following the realisation of assets and resolution of all matters in the Administrations, and as quickly and efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administrations. This may include the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of the Companies or alternatively, seeking to put each or any of the Companies into Creditors' Voluntary Liquidation ("CVL") or Compulsory Liquidation, depending on which option will result in a better realisation for creditors,
- 8 that, if each or any of the Companies were to be placed into CVL, the Administrators propose to be appointed Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 4.174 of the Rules and that the basis of the Liquidators' remuneration be fixed by reference to the time given in attending to matters arising in the Liquidations. As per Paragraph 83(7) of Schedule B1 of the Act and Rule 2.117A(2)(b) of the Rules, the creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors. For the purposes of Section 231 of the Act the Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally, and
- 9 in the absence of Creditors' Committees, the secured creditors and, if appropriate, preferential of each Company agree that the Administrators be discharged from liability per Paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Administrators' filing their final report to creditors and vacating office.

## 2.2 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals

Proposal	Current status
<b>1</b>	The Administrators continue to manage the affairs of the Companies including the settlement of all Administration expenses
<b>2</b>	The investigation into the conduct of the Directors has been completed and a confidential return was filed with the Insolvency Service on 18 April 2012
<b>3 &amp; 4</b>	The Administrators have agreed the claim of the Secured Creditors and have not made a distribution to either of them to date There are no preferential creditors as at the date of this report We do not anticipate that there will be a dividend to the unsecured creditors and on this basis do not intend to agree any claims
<b>5 &amp; 6</b>	No Creditors' Committee has been appointed
<b>7</b>	Not yet applicable

<b>8</b>	Not yet applicable
<b>9</b>	Not yet applicable

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report



### **3. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNTS**

#### **3.1 Introduction**

Attached at Appendix 2 are abstract Receipts and Payments accounts for each of the Companies covering the period from 20 October 2011 to 19 April 2012

An EOS has not been included because this may prejudice the Secured Creditors' position and negotiations with potential interested parties

In this section, we have summarised the main asset realisations during the six month period and an estimation of those assets yet to be realised, together with details of costs incurred but as yet remain unpaid

#### **3.2 Asset realisations**

As at the date of appointment, the Companies' key assets were the property portfolios within each company. The Administrators have adopted a strategy of trading the businesses in order to continue to collect rental income from tenants whilst allowing a period in which to market the businesses and assets for sale.

The Administrators have acted to implement controls to monitor all rent receipts and control expenditure. During the first six months of the Administration, rent totalling £667,162.80 has been collected, this is split by company as follows:

- MCL £360,968.20
- MPL £265,290.80
- WIL £40,903.69

Total bank interest of £656 has also been received

#### **3.3 Estimated future realisations**

##### **Rent**

The Administrators continue to trade the businesses in order to collect rental income from tenants and to allow for a period in which to market the businesses and assets for sale.

Future rent receipts will be dependent upon the period taken to conclude the disposal of the property portfolios.

##### **Property Sales**

The Administrators have marketed the Companies' assets for sale as two separate portfolios, being the BoS portfolio (consisting of 274 properties secured to BoS split across all three of the Companies) and the NR portfolio (consisting of 31 properties secured to NR, all owned by MCL). At the same time offers have been invited for the Companies themselves.

The Administrators have engaged Grainger and Savills to advise in respect of the disposal process of the BoS portfolio. Thirty-seven parties were granted access to a data room and fourteen first round offers were received by 4 April 2012. Subsequent to the period of this report, seven parties were taken forward to a second round of bidding, following which five final offers were received by 4 May 2012. These offers are currently being considered.

The Administrators have engaged Sanderson Weatherall to advise in respect of the disposal process for the NR portfolio. Twenty parties were granted access to a data room and seven offers were received subsequent to the period of this report on 9 May 2012. These offers are currently being considered.

An update with regards to progress of these sales will be provided within our next report to creditors.

### **3.4 Costs incurred but remain unpaid**

Costs incurred during the period of this report, but which as yet remain unpaid, and are thus not reflected in the R&P at Appendix 2 are separately detailed below.

<b>Cost Description</b>	<b>Amount (£)</b>
Trading Purchases	15,676.38
General Overheads	2,027.33
Utilities	654.75
Professional Costs	30,210.88
<b>TOTAL</b>	<b>48,569.34</b>

### **3.5 Estimated outcome for creditors**

We do not believe there will be surplus fixed charge realisations after a distribution to the Secured Creditors nor do we believe that there will be any floating charge realisations to enable a distribution to unsecured creditors.

## **4. DISTRIBUTIONS TO CREDITORS**

### **4.1 Secured creditors**

BoS has fixed charges over all of the properties owned by MPL and WIL and 121 of the properties within MCL. BoS also has a floating charge over all assets owned by the Companies and all of the BoS debt is cross guaranteed across the Companies.

NR has fixed charges over 31 of the properties owned by MCL.

All of the rents received from the properties are also captured by the respective secured creditors' fixed charges.

The Companies' bank debt at the date of the appointment of the Administrators stood at £25,066,262. To date, no distributions have been made. We anticipate making a distribution to the Secured Creditors once the affairs of the Companies are suitably progressed.

### **4.2 Preferential creditors**

As previously reported to creditors, all wage arrears at the date of appointment were paid by the Administrators and there have not been any redundancies. Wages continue to be settled in full whilst the Companies trade during the Administration. As such, there are currently no preferential claims against the Companies. Should this position change, an update will be provided in future progress reports.

### **4.3 Prescribed Part**

By virtue of Section 176A(2)(a) of the Act, the Administrators must make a PP of the Companies' net property available for the satisfaction of unsecured debts. Net property is the amount of the Companies' property which would, but for this section, be available for the holders of floating charges created by the Companies.

The PP applies where there are floating charge realisations, net of costs to be set aside for unsecured creditors. This equates to

- 50% of net property up to £10,000,
- Plus, 20% of net property in excess of £10,000
- Subject to a maximum of £600,000

At present, it is not envisaged that there will be sufficient net floating charge realisations, after the costs of the Administration have been discharged, to enable a distribution to unsecured creditors by virtue of the PP.

Please note that should a PP distribution be made available, all known unsecured creditors of the relevant companies will be notified accordingly within future progress reports and asked to submit proof of debt. It may be necessary to make an application to the Court to disapply the PP under Section 176A(5) where the cost of making a PP distribution is deemed to be disproportionate to the benefits, however, we will keep creditors advised of this matter in due course.

#### **4.4 Unsecured creditors**

The Directors' Statements of Affairs for the Companies indicate that all trade creditors of the businesses are creditors of MCL only and to date, we have not received any evidence to the contrary. The unsecured creditor balance in the Directors' Statement of Affairs for MCL was £36,264. We have subsequently been notified of an additional creditor which we understand was accidentally omitted from the Directors' Statement of Affairs giving a total unsecured creditor balance of £90,264.

The Directors' Statements of Affairs for MPL and WIL showed that the unsecured creditor balance was nil.

After discharging the costs of the Administration, there will be insufficient realisations from fixed charge asset realisations to fully repay the Bank. There are no floating charge assets that we are aware of and accordingly, we do not anticipate that there will be any funds available to pay a dividend to the unsecured creditors.

## **5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS**

### **5.1 Extensions to the initial appointment period**

The Administrators do not currently anticipate that it will be necessary to seek an extension of the administration beyond the end of the initial period of their appointment. Should the sales of the Companies' assets not be finalised within the initial 12 month period, the Administrators may seek a 6 month extension from the Secured Creditors.

### **5.2 Investigations**

As part of the Administrators' statutory duties, an investigation into the conduct of the Directors of the Companies was completed.

In this regard, a confidential report was submitted to The Insolvency Service on 18 April 2012.

### **5.3 SIP2 (E&W) – Initial Assessment of Potential Recoveries**

As part of our duties as Administrators, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment included enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Companies.

Having completed this review, we identified no further avenues of recovery.

If you have any information that you feel we should be made aware of in relation to the above, please contact us as a matter of urgency.

### **5.4 Exit**

The exit route chosen in relation to the Companies will largely depend on the circumstances of the Administration. The Joint Administrators are in the process of realising the Companies' assets for the benefit of the creditors. Once this has been achieved it is anticipated that the Administrators will file a notice at the Court and with the Registrar of Companies confirming the purpose of the Administration has been sufficiently achieved. This is however subject to change and creditors will be advised accordingly of the exit route in the next progress report.

If there is a distribution to unsecured creditors, the Administrators are discharged from liability in respect of any action of theirs as Administrators pursuant to Paragraph 98(1) of Schedule B1 of the Act upon registration of the notice given pursuant to Paragraph 84 of Schedule B1 of the Act. Where there will be no distribution to unsecured creditors, the Administrators will seek their discharge from the Secured Creditors.

### **5.5 SIP13 (E&W) – Transactions with connected parties**

In accordance with the guidance given in SIP13 (E&W), details of the Companies' transactions with connected parties during the period of this report and the two years prior to our appointment are provided below:

- The Companies trade from premises owned by Kingsmill Properties Limited which is owned by John Mulcahy (a director of the Companies). The property is now under the control of LPA Receivers and the Administrators are in negotiations regarding

---

payment of rent for the period of occupation of the property, no payment has been made to date

- 23 properties, previously owned by Manorcliff Properties Limited, were transferred to John Mulcahy in 2008 and are currently managed by the Companies. We understand that the transfer took place more than two years prior to the Administrators' appointment
- The Companies' staff continue to manage these 23 properties during the Administrators' trading period and the Administrators are in negotiations with John Mulcahy in order to agree a management charge for this service, no payment has been received to date. Further details will be provided in our next report to creditors

We have reviewed these transactions and are of the opinion, based on the information available, that the transactions were carried out at arm's length

#### **5.6 EC Regulations**

As stated in the Administration Order in respect of the Companies, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation

---

## **6 PRE-ADMINISTRATION COSTS**

Pre-administration costs are defined as the remuneration charged and expenses incurred by the Administrator (or other person qualified to act as such) before the Companies entered into Administration but with a view to its doing so

The Joint Administrators and their staff incurred pre-Administration time costs totalling £33,340 which is made up of total hours of 62.5 at an average rate of £533

No pre-appointment costs or expenses are currently being charged in this matter and therefore we have not provided a detailed breakdown at this stage

## **7. ADMINISTRATORS' REMUNERATION AND EXPENSES**

### **7.1 Administrators' Remuneration**

#### **7.1.1 Basis of Remuneration**

The basis of the Administrators' Remuneration has not yet been fixed. However, the Administrators intend to have this fixed by seeking the approval of the Secured Creditors consequently, detailed breakdown of time costs have not been provided in this report.

Details of any resolutions passed and remuneration drawn will be provided in the next report to creditors.

#### **7.1.2 Remuneration**

##### *MCL*

The Administrators and their staff have incurred time costs totalling £323,966.00 which is made up of total hours of 806 at an average rate of £401.94. To date, no remuneration has been drawn by the Administrators.

##### *MPL*

The Administrators and their staff have incurred time costs totalling £236,158.00 which is made up of total hours of 599 at an average rate of £394.51. To date, no remuneration has been drawn by the Administrators.

##### *WIL*

The Administrators and their staff have incurred time costs totalling £31,060.75 which is made up of total hours of 83 at an average rate of £374.00. To date, no remuneration has been drawn by the Administrators.

"A Creditors' Guide to Remuneration" is available for download at [www.deloitte.com/uk/sip-9-england-and-wales](http://www.deloitte.com/uk/sip-9-england-and-wales)

Should you require a paper copy, please send your request in writing to the Administrators at the address on the front of this report and this will be provided to you at no cost.

#### **Expenses**

The Administrators' direct expenses for the period of this report are set out below. To date, no expenses have been paid.



Nature of expenses	MCL £	MPL £	WIL £
Mileage	3,589 11	0 00	0 00
Phones	157 96	0 00	0 00
Parking	48 93	0 00	0 00
Subsistence	277 30	0 00	0 00
Bonding	320 00	320 00	80 00
Postage	72 67	0 00	0 00
<b>Total</b>	<b>4,465 97</b>	<b>320 00</b>	<b>80 00</b>

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred

## 7.2 Charge out rates

The range of charge out rates for the separate categories of staff is based on our charge out rates for 2011 and 2012 as summarised below. Manager rates include all grades of assistant manager

Grade	2011 (£)	2012 (£)
<b>Partners /Directors</b>	560 to 895	585 to 920
<b>Managers</b>	280 to 670	295 to 700
<b>Assistants and Support Staff</b>	175 to 280	150 to 295

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Corporate Finance or Drivers Jonas Deloitte may be required on the case. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands.

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

With effect from 1 January 2012, charge out rates were increased by an average 5 % and the charge out rate bandings have been amended, where applicable, to reflect this change.

## 7.3 Other professional costs

As previously advised, Gateley were instructed by the Administrators to advise on appropriate legal matters and, Grainger, a firm of property agents, were instructed to assist with the asset management during the trading period and to provide advice in relation to asset disposal.

Grainger and Savills have been instructed to provide specific disposal advice in relation to the 274 properties charged to BoS

Sanderson Weatherall has been instructed to provide specific valuation and disposal advice directly in relation to the 31 properties charged to NR

No costs have been paid to date. All professional costs are reviewed and analysed before payment is approved.

#### **7.4 Creditors' right to request information**

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2.47(1)(fa) and 2.48A of the Rules.

#### **7.5 Creditors' right to challenge Remuneration and/or Expenses**

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2.109(4) of the Rules), reducing the amount or the basis of remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2.109 of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

**MANORCLIFF LIMITED**

**MANORCLIFF PROPERTIES LIMITED**

**WAYFORD INVESTMENTS LIMITED (ALL IN ADMINISTRATION)**

**STATUTORY INFORMATION**

Company Name	Manorcliff Limited	Manorcliff Properties Limited	Wayford Investments Limited
Previous Names	N/A	N/A	N/A
Proceedings	In Administration	In Administration	In Administration
Court	Manchester District Registry	Manchester District Registry	Manchester District Registry
Court Reference	1896 of 2011	1927 of 2011	1926 of 2011
Date of Appointment	20 October 2011	20 October 2011	20 October 2011
Joint Administrators	Matthew David Smith and William Kenneth Dawson Deloitte LLP PO Box 500 2 Hardman Street Manchester M60 2AT	Matthew David Smith and William Kenneth Dawson Deloitte LLP PO Box 500 2 Hardman Street Manchester M60 2AT	Matthew David Smith and William Kenneth Dawson Deloitte LLP PO Box 500 2 Hardman Street Manchester M60 2AT
Registered office Address	c/o Deloitte LLP PO Box 500 2 Hardman Street Manchester M60 2AT	c/o Deloitte LLP PO Box 500 2 Hardman Street Manchester M60 2AT	c/o Deloitte LLP PO Box 500 2 Hardman Street Manchester M60 2AT
Company Number	04840022	05748235	05508861
Incorporation Date	21 July 2003	20 March 2006	14 July 2005
Company Secretary	Anthony Stone	Anthony Stone	Anthony Stone
Bankers	Bank of Scotland Plc	Bank of Scotland Plc	Bank of Scotland Plc
Auditors	Bryant & Co	Bryant & Co	Bryant & Co
Appointment by	The QFCH – under Paragraph 14 of Schedule B1 of the Insolvency Act 1986	The QFCH – under Paragraph 14 of Schedule B1 of the Insolvency Act 1986	The QFCH – under Paragraph 14 of Schedule B1 of the Insolvency Act 1986
Directors at date of Appointment	John Mulcahy Anthony Stone Catherine McCarraher Sheila Lauchlan	John Mulcahy Anthony Stone	John Mulcahy Anthony Stone Sheila Lauchlan
Directors' Shareholdings	John Mulcahy (50%) Anthony Stone (50%)	John Mulcahy (100%)	Anthony Stone (100%)

**Manorchiff Limited - In Administration**

**Joint Administrators' Receipts and Payments account for the period 20 October 2011 to 19 April 2012**

	Notes	Statement of Affairs estimated to realise £	20 October 2011 to 19 April 2012 £
<b>TRADING ACCOUNT</b>			
<b>Receipts</b>			
Rent	1	68,397	360,968
Bank Interest		-	247
		<u>68,397</u>	<u>361,215</u>
<b>Payments</b>			
Direct Costs	2		23,577
Indirect Costs	3		16,019
Wages	3		39,597
Utilities	3		998
Lease Costs	3		1,107
Tenancy Deposit Transfers			650
PA YE/NI/Other Deductions	3		18,040
Bank Charges			131
Statutory Advertising	4		83
			<u>100,202</u>
Balance in Account			<u>261,013</u>
<b>Made up by</b>			
Balances in Hand			261,036
Sub Contractor Deductions Payable			(23)
			<u>261,013</u>

**Notes**

- 1 Management allocated a recoverable value of £68,397 in relation to rent debtors
- 2 Direct costs are property costs that can be specifically allocated to properties owned by MCL
- 3 General overheads have been allocated with reference to the total rent collected from the MCL properties as a proportion of the total rent collected by the Companies as at 19 April 2012
- 4 This is the only cost incurred to date that is not a trading expense

\* The company is not VAT registered and therefore the VAT incurred on any costs can not be recovered by the Companies. All costs are shown gross of VAT (where applicable)

**Manorcliff Properties Limited - In Administration**

**Joint Administrators' Receipts and Payments account for the period 20 October 2011 to 19 April 2012**

	Notes	Statement of Affairs estimated to realise £	20 October 2011 to 19 April 2012 £
<b>TRADING ACCOUNT</b>			
<b>Receipts</b>			
Rent	1	74,887	265,291
Bank Interest			363
		<u>74,887</u>	<u>265,654</u>
<b>Payments</b>			
Direct Costs	2		30,910
Indirect Costs	3		12,222
Wages	3		29,101
Utilities	3		733
Lease Costs	3		814
PAYE/NI/Other Deductions	3		13,258
Statutory Advertising	4		83
			<u>87,121</u>
			<u>178,533</u>
<b>Made up by</b>			
Balances in Hand			179,090
Sub Contractor Deductions Payable			(558)
			<u>178,533</u>

**Notes**

- 1 Management allocated a recoverable value of £74,887 in relation to rent debtors
- 2 Direct costs are property costs that can be specifically allocated to properties owned by MPL
- 3 General overheads have been allocated with reference to the total rent collected from the MPL properties as a proportion of the total rent collected by the Companies as at 19 April 2012
- 4 This is the only cost incurred to date that is not a trading expense

\* The company is not VAT registered and therefore the VAT incurred on any costs can not be recovered by the Companies. All costs are shown gross of VAT (where applicable)

**Wayford Investments Limited - In Administration**

**Joint Administrators' Receipts and Payments account for the period 20 October 2011 to 19 April 2012**

	Notes	Statement of Affairs estimated to realise £	20 October 2011 to 19 April 2012 £
<b>TRADING ACCOUNT</b>			
<b>Receipts</b>			
Rent	1	9,716	40,904
Bank Interest			46
		<u>9,716</u>	<u>40,950</u>
<b>Payments</b>			
Direct Costs	2		3,026
Indirect Costs	3		1,900
Wages	3		4,487
Utilities	3		113
Lease Costs	3		125
PAYE/NI/Other Deductions	3		2,044
Statutory Advertising	4		83
			<u>11,778</u>
Balance in Account			<u>29,171</u>
<b>Made up by</b>			
Balances in Hand			29,245
Sub Contractor Deductions Payable			(74)
			<u>29,171</u>

**Notes**

- 1 Management allocated a recoverable value of £9,716 in relation to rent debtors
- 2 Direct costs are property costs that can be specifically allocated to properties owned by WIL
- 3 General overheads have been allocated with reference to the total rent collected from the WIL properties as a proportion of the total rent collected by the Companies as at 19 April 2012
- 4 This is the only cost incurred to date that is not a trading expense

\* The company is not VAT registered and therefore the VAT incurred on any costs can not be recovered by the Companies. All costs are shown gross of VAT (where applicable)

---

## STATEMENT OF INSOLVENCY PRACTICE 2

---

### INVESTIGATIONS BY OFFICE HOLDERS IN ADMINISTRATIONS AND INSOLVENT LIQUIDATIONS

#### INTRODUCTION

- 1 In any corporate insolvency there may be concerns regarding the way in which the business was conducted, how trading was controlled, whether proper decisions were made at the time, and whether assets have been sold at an under-value or otherwise dissipated. The way in which directors have acted may also be criticised by third parties. Also, an office holder has a duty to investigate what assets there are (including potential claims against third parties including the directors) and what recoveries can be made.
- 2 Each of the above matters gives rise to the need for an office holder to carry out appropriate investigations, in order to address the specific duties of the office holder and to allay if possible the legitimate concerns of creditors and other interested parties.
- 3 This statement deals specifically with the circumstances of an administration or insolvent liquidation.

#### PRINCIPLES

- 4 This statement has been produced in recognition of the principles that
  - An office holder should carry out investigations that are proportionate to the circumstances of each case.
  - An office holder should report clearly on the steps taken in relation to investigations, and the outcomes.

#### KEY COMPLIANCE STANDARDS

##### Seeking information

- 5 The information available to an office holder upon appointment will vary from case to case depending on the extent of the office holder's prior involvement with the company, the publicity surrounding the insolvency, the quality and completeness of the company's books and records, and whether there has been a meeting of creditors. The office-holder should locate the company's books and records (in whatever form), and ensure that they are secured, and listed as appropriate.
- 6 In every case, the office holder should invite creditors to provide information on any concerns regarding the way in which the company's business has been conducted, and on potential recoveries for the estate, both
  - at any meeting of creditors at which the office holder's appointment is made or confirmed, or, in other cases, at any later meeting convened by the office holder, and
  - in the first communication sent to creditors by the office holder.
- 7 A similar invitation should also be extended to the members of any creditors' committee, upon or soon after the formation of the committee, and to any predecessor in office.
- 8 An office holder should always have in mind the need to ascertain, and if necessary investigate, what assets can be realised. Enquiries should encompass whether prior transactions by the company, or the conduct of any person involved with the company, could give rise to an action for recovery under the relevant legislation.

#### **Initial assessment**

- 9 Notwithstanding any shortage of funds, an office holder should consider the information acquired in the course of appraising and realising the business and assets of a company, together with any information provided by creditors or gained from other sources, and decide whether any further information is required or appropriate. The office holder should make enquiries of the directors and senior employees, by sending questionnaires and/or interviewing them, as appropriate.
- 10 In every case, an office holder should make an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate.
- 11 An office holder should determine the extent of the investigations in the circumstances of each case, taking account of the public interest, potential recoveries, the funds likely to be available to fund an investigation, and the costs involved.

#### **Further steps to be taken**

- 12 An office holder may conclude that there are matters (for example, the conduct of management, prior transactions susceptible to challenge, or the consequences of possible criminal offences) that require early investigation, either as a matter of public policy or because there are real prospects of recoveries for the estate. It is for the office holder to decide whether investigation and subsequent legal action should proceed as quickly as possible, without consultation with or sanction by creditors or a creditors' committee (but subject to any statutory requirement to obtain sanction).
- 13 In other cases, the office holder may decide that further investigation and legal action should be carried out only after consultation or with sanction, in particular where the office holder concludes that the outcome is uncertain and the costs that would be incurred would materially affect the funds available for distribution. In such cases, the office holder may consult with major creditors (if that is appropriate) or convene a meeting of the creditors' committee or the creditors to discuss any proposals for investigation and/or action. Alternatively, approval can be sought by written resolution.
- 14 Any proposals should include sufficient information (subject to considerations of privilege and confidentiality) to enable an informed decision to be made by those consulted, and are likely to include the costs that could be incurred and the possible range of returns to creditors.
- 15 There may be circumstances where there are clearly insufficient funds to carry out a detailed investigation or to take action for recovery of assets, and an office holder should consider whether it is appropriate to seek funding from creditors or other interested parties.

#### **Reporting to creditors**

- 16 Creditors should be given information regarding investigations, any action being taken, and whether funding is being provided by third parties; disclosure would be subject to considerations of privilege and confidentiality and whether investigations and litigation might be compromised.
- 17 The times at which information is provided to creditors will vary from case to case, but as a minimum an office holder should
  - include within the first annual or progress report a statement dealing with the office holder's initial assessment, whether any further investigations or action were considered, and the outcome, and
  - include within subsequent reports a statement dealing with investigations and actions concluded during the period, and those that are continuing.



**Other reporting requirements**

- 18 An office holder should be mindful of the impact of the outcome of investigations on reports on the conduct of directors and others, and possible offences, to the relevant authorities

**Record keeping**

- 19 An office holder should document, at the time, initial assessments, investigations and conclusions, including any conclusion that further investigation or action is not required or feasible, and also any decision to restrict the content of reports to creditors

**Effective Date: 2 May 2011**