

The Insolvency Act 1986

Administrator's progress report

Name of Company Trongate (GLA) Limited	Company number 05788646
In the High Court of Justice, Chancery Division, Leeds District Registry	Court case number 1000 of 2013

We
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administrators of the above company attach a progress report for the period

From 28 October 2015	To 27 April 2016
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Signed

A C O'Keefe
Administrator

Dated

16.5.16

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

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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

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Administrators' Progress Report for the period 28 October 2015 to 27 April 2016

Trongate (GLA) Limited
In Administration

19 May 2016

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1 Why this report has been prepared

- 1.1 As you will be aware Anne O’Keefe, Elizabeth Mackay and Simon Wilson (the **Administrators**) were appointed on 26 July 2013
- 1.2 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months. This progress report covers the period 28 October 2015 to 27 April 2016 (the **Period**) and should be read in conjunction with all previous reports
- 1.3 This report has been prepared in accordance with rule 2.47 of the Insolvency Rules 1986
- 1.4 The purpose of this report is to provide statutory and financial information about the Company and to provide an update on the progress of the Administration, including details of assets realised during the Period, details regarding the Administrators’ fees and the expected outcome for each class of creditor
- 1.5 As a reminder an administrator of a company must perform their functions with a view to achieving one of the following statutory objectives
- | | |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Objective 1 | rescuing a company as a going concern, |
| Objective 2 | achieving a better result for a company’s creditors as a whole than would be likely if a company were wound up (without first being in administration), or |
| Objective 3 | realising property in order to make a distribution to one or more secured or preferential creditors |
- 1.6 In this case the Administrators are pursuing the third statutory objective. Further details on the actions taken to achieve that objective can be found in section 3 of this report
- 1.7 Details of the Administrators’ fees and disbursements incurred are detailed at Appendices C to E
- 1.8 More information relating to the Administration process, Administrators’ fees and creditors’ rights can be found on AlixPartners’ creditor portal (<http://www.alixpartnersinfoportal.com>). Log-in details to access this information can be found within the covering letter you have received
- 1.9 If you require a hard copy of this report or have any queries in relation to the contents of this report or the Administration generally, please contact Hannah Smallwood on 0161 838 4552, by email at creditorreports@alixpartners.com, or write to AlixPartners’ office at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB

2 Summary of information for creditors

Estimated dividend for creditors

Description	Estimated debt £	Likely level of return £
Secured creditors	4.3 million	Uncertain
Unsecured creditors	624,872	Uncertain

Notes:

The estimated debt of the secured creditors was confirmed by Nationwide Building Society plc (**Nationwide**) in April 2016 and includes £100,000 of interest. Nationwide acts as security agent for two syndicated lenders, West Bromwich Building Society and Leeds Building Society (the **Lenders**)

The level of return for the secured creditors is currently uncertain and will be quantified upon the realisation of the Company's only assets, a property located in Glasgow and dilapidation settlements from former tenants. For further information, please see section 3 of this report.

The Company did not have any employees therefore there are no preferential creditors.

The estimated level of debt to unsecured creditors has been taken from the directors' Statement of Affairs. Dilapidation settlements, as detailed in section 3 of this report, may be subject to Nationwide's floating charge and result in a dividend being available to unsecured creditors via the Unsecured Creditors' Fund, as defined in section 4.7. The quantum of the dividend cannot be confirmed until the dilapidation claims have been finalised.

In respect of unsecured creditors, UK insolvency legislation stipulates that creditors of the same class should be treated equally. Hence the funds available for distribution are split on a pro-rata basis amongst all creditors of each class, regardless of the size of their claims. Unsecured creditors are invited to submit details of their claims and Statement of Claim forms to the Administrators. Further detail is provided in the enclosing letter issued to all unsecured creditors.

For further information please refer to section 4 of this report.

3 Progress of the Administration

- 3 1 Attached at Appendix B is the Administrators' Receipts and Payments Account for the Period, together with a Cumulative Account for the period since appointment. All expenses incurred in the Period have been paid
- 3 2 In addition to their statutory objective, the Administrators have duties imposed by insolvency and other legislation and their regulating professional bodies. The Administrators have set out information in respect of the progress of these duties in addition to the realisation of assets and distribution of available funds

Realisation of assets – fixed charge

Property

- 3 3 The Company's only asset is a property located at 176-189 Trongate, Glasgow, G1 5HF (the **Property**)
- 3 4 As detailed in previous reports, there is a fixed interest loan product between Nationwide and the Company which expires in January 2017. If the Property is sold prior to this date, an early release of the security will be required which will result in break costs being incurred. Nationwide, the only creditor to benefit from the realisation of the Property, has expressed its preference for the Property to be held until January 2017. The Administrators have agreed to hold the Property until January 2017, unless offers are received at a level that will satisfy the loan inclusive of break costs
- 3 5 GVA Grimley Limited (**GVA**) continue to manage the Property and collect rental income. To date, rental income totals £784,295. The secured creditors have the benefit of an assignment over the rent, therefore, rental income does not form part of the Administration estate. The rent is therefore collected by GVA and, after the deductions of GVA's agreed costs, remitted to the secured creditors. The Administrators, however, account for VAT payable on rental income and GVA remit VAT funds to the Administrators' account for this purpose

Strategy

- 3 6 A neighbouring tenant of the Property has expressed an interest in purchasing the Property with vacant possession
- 3 7 The Administrators are currently assessing this offer for purchase in light of the offers received for the ICL unit, as detailed below, and the wider disposal strategy
- 3 8 Once this has been agreed with the secured creditors, an update regarding the disposal strategy will be provided in the next report
- 3 9 As previously advised, two tenants (JD Sports (**JD**) and Instant Cash Loans (**ICL**)) confirmed that they would vacate the Property on their lease expiry, being December 2015 and March 2016 respectively. Both tenants have vacated the Property and GVA is currently negotiating dilapidation settlements with the tenants. An update regarding the dilapidation settlements will be provided once negotiations are finalised

Shoe Zone

- 3 10 The third tenant, Shoe Zone, continues to trade from the unit it occupies

ICL unit

- 3 11 GVA has marketed the unit previously occupied by ICL and received interest on both a letting and an acquisition basis. Both offers are being reviewed by the Administrators, GVA and the secured creditors. An update will be provided in the next report.

JD unit

- 3 12 GVA has marketed the unit and received interest in letting the unit from two parties. An acceptable offer is yet to be received, however, interest from an international fast-food chain, remains to be live. An update will be provided in the next report.

Other

- 3 13 In the Period, the Administrators have received £22,067 from the secured creditors as a contribution towards the costs of the Administration. In addition, bank interest of £49 has been received.

Realisation of assets – floating charge

Dilapidation settlements

- 3 14 As detailed above, GVA is currently negotiating dilapidation settlements with ICL and JD. On review of the deed of rental assignment, it is anticipated that funds will fall within Nationwide's floating charge. The Administrators are seeking legal advice in this regard.

Administration (including statutory reporting)

- 3 15 In addition to their duties relating to realising and distributing the assets of the Company, the Administrators must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986. These include, notifying the stakeholders of the appointment and preparing bi-annual reports to creditors advising of the progress of the Administration. The Administrators are responsible for liaising with HMRC to determine the final position in respect of corporation tax, VAT and other taxes that may be owed by or to the Company, and for filing tax returns for the duration of the Administration.
- 3 16 In order to ensure the matters of the Administration are being progressed sufficiently, the Administrators have a duty to conduct periodic case reviews and complete case checklists.
- 3 17 In addition, the Administrators' treasury function will also comply with cash accounting requirements including raising payments, processing journal vouchers and posting receipts, preparing bank reconciliations and statutory returns.
- 3 18 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex. Where the costs of statutory compliance and reporting to creditors exceeds the initial estimate, it will generally be because the duration of the case has been longer than expected, due to for example protracted realisation of assets, and therefore additional periodic reports have had to be prepared and distributed to stakeholders.

4 Estimated outcome for creditors

Secured creditors – Nationwide Building Society plc, Leeds Building Society and West Bromwich Building Society

- 4.1 The charges granted to Nationwide by the Company and dates of creation are summarised below

Security	Date of creation
Debenture	8 June 2006
Standard security over the Property	8 June 2006
Assignment of rental income	8 June 2006
Charge over deposit account	29 May 2012

- 4.2 Nationwide also holds a cross-guarantee over the Company, Stylegreen Limited and Glassford Property Management Limited (together the **Group**), which are companies that the Administrators have also been appointed over. The Administrators ceased to act in relation to Stylegreen Limited on 29 January 2014.
- 4.3 As detailed in section 2, Nationwide acts as security agent for the Lenders. The Administrators will distribute funds to Nationwide directly and Nationwide will ensure that any fixed or floating charge distributions will be split between the secured creditors as agreed in the original lending facility.
- 4.4 At the date of appointment, the secured creditors were owed £4.6 million (excluding interest and charges) from the Company and a total of £64.9 million across the Group under its securities.
- 4.5 The return to the secured creditors is uncertain and will be quantified upon the sale of the Group's assets, however, it is likely that the secured creditors will suffer a shortfall under its lending.

Preferential creditors

- 4.6 The Company had no employees therefore there are no preferential creditors.

Unsecured Creditors' Fund

- 4.7 Where there is a floating charge which was created on or after 15 September 2003, the Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (**Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'.
- 4.8 Based on present information, the Administrators are unable to confirm the quantum of the Unsecured Creditors' Fund as negotiations are ongoing with the former tenants in respect of the dilapidation settlements.
- 4.9 Unsecured creditors are estimated to be £642,872 based on information provided in the directors' statement of affairs. It is not possible to quantify the level of any unsecured dividend until the dilapidation settlements have been received and claims have been agreed.

5 What happens next

Creditors' rights

- 5 1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their fees or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 5 2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this report, make an application to court on the grounds that the basis fixed for the Administrators' fees is inappropriate, or that the fees charged or the expenses incurred by the Administrators during the period of this report are excessive

Next report

- 5 3 The Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised. For details of the proposed exit route please see Appendix F

For and on behalf of
Trongate (GLA) Limited



Anne O'Keefe
Administrator
Encs

Appendix A. Statutory information

Company information

Company name	Trongate (GLA) Limited
Registered number	05788646
Registered office	c/o AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB
Former registered office	11 Upper Grosvenor Street, Mayfair, London, W1K 2ND
Trading address	As registered office
Trading name	Trongate (GLA)
Court details	High Court, of Justice, Chancery Division, Leeds District Registry
Court reference	1000 of 2013

Appointor's information

Name	Address	Position
Nationwide Building Society plc	Nationwide House, Pipers Way, Swindon, SN38 1NW	Chargeholder

Administrators' information

Name	Address	IP number	Name of authorising body
Anne O'Keefe	AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008963	Insolvency Practitioners Association
Elizabeth Mackay	AlixPartners, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA	009569	Insolvency Practitioners Association
Simon Wilson	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	008963	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

Extension of Administration

The Administration has been extended for a period of six months to 25 January 2015 with the consent of the secured creditor. The Administration was extended for a period of 12 months on 11 November 2014 to 25 January 2016 with the consent of the court. On 26 November 2015, the Administration was extended for a further period of two years with consent of the court and the Administration will now end on 25 January 2018.

**Appendix B. Receipts and Payments Account for the period
28 October 2015 to 27 April 2016 and a Cumulative Account
for the period since appointment**

Statement of Affairs £		Period £	Cumulative £
	Fixed charge assets		
	Receipts		
2,500,000	Freehold property	-	-
	Contribution from the secured creditors	22,067	43,464
	Insurance refund	-	1,517
	Sundry receipts	-	816
	Bank interest	49	323
		22,116	46,120
	Payments		
	Administrators' fees	18,250	32,417
	Legal fees	2,050	6,150
	Category 1 disbursements		
	Travel and subsistence	29	29
	Stationery and postage	6	252
	Statutory advertising	-	85
	Category 2 disbursements		
	Photocopying and printing	-	168
	Mileage	104	104
	Bank charges	5	5
		(20,444)	(39,210)
	Balance of fixed charge assets	1,672	6,910
	Represented by		
	Interest bearing account		13,387
	VAT payable		(6,477)
			6,910

Note The above is subject to small rounding differences

NB Rent is assigned to the secured creditors under a deed of rental assignment, therefore, rent is remitted directly to the secured creditors and not reflected on the Receipts and Payments Account

The Administrators have received £22,067 from the secured creditors as a contribution towards the costs of the Administration, including Administrators' fees of £18,250, legal fees of £2,050 and category 1 disbursements of £35

Appendix C. Time Analysis and details of time spent

The Administrators' time costs for the Period are £6,875. This represents 29 hours at an average rate of £239 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade.

	Employee grade (hours)				£		Average rate per hour
	Managing director /director	Associate director /senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	
Administration and planning							
Strategy and control		0.3	-		0.3	108.00	360
Statutory duties		0.5	1.1	1.2	2.8	638.00	228
Case administration		0.3	-	0.2	0.5	138.00	276
Accounting and treasury	0.2	0.5	4.8	4.0	9.5	1,888.50	199
Internal documentation		-	0.3		0.3	78.00	260
Realisation of assets – fixed charge							
Asset realisation strategy		-	0.9		0.9	234.00	260
Asset identification and valuation		-	2.4		2.4	824.00	260
Asset accounting and administration	0.5	1.1	0.8	2.0	4.4	1,081.00	246
Creditors							
Reporting to creditors	0.9	0.5	3.0	0.5	4.9	1,401.00	286
Secured creditors			2.4		2.4	824.00	260
Unsecured creditors	-	-		0.4	0.4	60.00	150
Totals	1.6	3.2	15.7	8.3	28.8	6,874.50	239

Narrative explanations of the work undertaken during the Period are provided in section 3 of this report.

A Cumulative Time Analysis for the period since the Administrators' appointment is provided below.

	Employee grade (hours)				£		Average rate per hour
	Managing director /director	Associate director /senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	
Administration and planning							
Planning		0.5			0.5	160.00	320
Strategy and control	0.3	5.8	0.8	1.2	7.9	2,437.00	308
Statutory duties	0.3	1.0	1.8	6.5	9.6	1,788.50	186
Case administration	0.3	6.1	1.8	14.8	23.0	4,548.00	196
Accounting and treasury	1.2	7.6	9.2	41.4	59.4	10,063.00	169
Internal documentation	0.1	0.1	0.7	2.2	3.1	471.00	152
Investigations							
Director conduct reports	0.9		0.3	1.8	3.0	655.00	218
Internal documentation				0.5	0.5	75.00	150
Realisation of assets – fixed charge							
Asset realisation strategy		8.9	1.8	0.7	11.4	3,542.50	320
Asset identification and valuation			8.8	6.9	13.7	2,554.50	194
Sale of assets				0.2	0.2	30.00	150
Dealing with third party assets			0.2		0.2	44.00	220
Asset accounting and administration	1.3	1.5	1.4	13.1	17.3	3,079.50	178
Creditors							
Reporting to creditors	5.0	9.9	33.4	21.1	69.4	18,618.00	239
Secured creditors	1.0	1.6	14.5	1.9	19.0	4,951.50	261
Unsecured creditors		0.8	0.1	1.4	2.3	487.50	203
Totals	10.4	43.8	72.8	113.7	240.5	51,681.00	215

Appendix D. Administrators' fees and disbursements

Fees

A copy of 'A Creditors' Guide to Administrations' can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>) If you would prefer this to be sent to you in hard copy please contact the Administrators and they will forward a copy to you

Approval of the Administrators' fees has been sought in accordance with rule 2.106 of the Insolvency Rules 1986. On 30 October 2013 the secured creditor approved that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administration.

To date fees totalling £32,417 have been drawn.

Disbursements

Category 1 disbursements of £366 have been drawn. Approval to draw category 2 disbursements has been given by the secured creditor and £272 have also been drawn.

Appendix E. Additional information in relation to the Administrators' fees

Policy

Detailed below is AlixPartners' policy in relation to

- staff allocation and the use of sub-contractors,
- professional advisors, and
- disbursements

Staff allocation and the use of sub-contractors

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case

The case team will usually consist of a managing director or director, an associate director or senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule overleaf provides details of all grades of staff.

With regard to support staff, time spent by treasury staff in relation to tasks such as recording transactions and dealing with bank accounts is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Administrators have not utilised the services of any sub-contractors in this case.

Professional advisors

On this assignment the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
DWF LLP (legal advice)	Hourly rate and disbursements
Bircroft Insurance Services Limited (insurance)	Risk based premium
Willis Limited (insurance)	Risk based premium
GVA Grimley Limited (valuation and disposal advice)	Fixed fee and 10 per cent of realisations

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

Category 2 disbursements do require approval prior to being paid and will be drawn in accordance with the approval given, they may include

- photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying,
- printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour, and
- business mileage for staff travel - charged at the rate of 45 pence per mile

Charge-out rates

A schedule of AlixPartners' charge-out rates for this assignment effective from 1 February 2016 is detailed below, together with those applicable prior to that date. Time is charged by managing directors and case staff in units of six minutes.

Description £	Rates from 1 February 2016	Description £	Rates pre 1 February 2016
Managing director 1	490	Managing director 1	490
Managing director 2	450	Managing director 2	450
Director	430	Director	430
Associate director	370	Associate director	360
Senior associate	295	Senior associate	295
Associate	260	Associate	260
Analyst	240	Analyst	230
Junior analyst	150	Junior analyst	150
Senior treasury associate	170	Senior treasury associate	170
Treasury associate	110	Treasury associate	110
Treasury analyst	85	Treasury analyst	85
Support	85	Support	85

Appendix F. Exit route

Dissolution of the Company

The Company has no property to permit a distribution to its unsecured creditors other than potentially by way of the Unsecured Creditors' Fund. The Administrators will therefore file a notice, together with their final progress report, at court and with the Registrar of Companies for dissolution of the Company. The Administrators will send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.