

The Insolvency Act 1986

**Administrator's progress
report****2.24B**

Name of Company The Property Regeneration Company Limited
--

Company Number 05870006

In the High Court of Justice [full name of court]

Court case number (For court use only) 21945 of 2009

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

We^(a)

Stephen P Holgate & Philip J Long of PKF (UK) LLP, Farringdon Place, 20 Farringdon Road,
London, EC1M 3AP

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

(b) Insert dates

(b) From 16 December 2010

(b) To 15 June 2011

Signed

For the Joint Administrators

Dated

13 July 2011

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

Stephen P Holgate

Farringdon Place, 20 Farringdon Road, London, EC1M 3AP

Tel 020 7065 0000

DX Number

DX Exchange

SATURDAY



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16/07/2011

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Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



Accountants &
business advisers

TO ALL KNOWN CREDITORS

Our ref SPH/SAJ/MSB/cl/4015694/2400

13 July 2011

Dear Sir/Madam

**The Property Regeneration Company Limited ('the Company')
In Administration
In the High Court of Justice No. 21945 of 2099**

1 INTRODUCTION

- 1.1 The Joint Administrators now present their report on the progress of the administration of the Company
- 1.2 This report should be read in conjunction with previous reports to creditors

2 STATUTORY INFORMATION

- | | | |
|-----|---------------------|---|
| 2.1 | Company number | 5870006 |
| 2.2 | Registered office | Farringdon Place
20 Farringdon Road
London, EC1M 3AP |
| 2.3 | Appointment | P J Long and S P Holgate of PKF (UK) LLP,
Farringdon Place
20 Farringdon Road
London, EC1M 3AP |
| 2.4 | Date of appointment | 16 December 2009 |

Tel 020 7065 0000 | Fax 020 7065 0650

www.pkf.co.uk

PKF (UK) LLP | Farringdon Place | 20 Farringdon Road | London | EC1M 3AP | DX 479 London/Chancery Lane

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- 2 5 Appointor The Governor and Company of the Bank of Ireland
Head Office, Lower Baggot Street, Dublin 2
- 2 6 Powers Any of the functions to be performed by the Administrators
may be carried out/exercised by any of them acting alone
or by either or all of them severally

3 RECEIPTS AND PAYMENTS ACCOUNT

- 3 1 We attach a copy of our receipts and payments account up to 15 June April 2011 at Appendix I

4 MANAGEMENT AND SALE OF BUSINESS

- 4 1 The sale of the business as a going concern was not considered appropriate at the time of the Administrators' appointment. It was felt that due to the stage the development had reached it would be more beneficial to build out and to offer each unit for sale on the open market. With the secured creditor, the Bank of Ireland (the "Bank"), providing financial support we have proceeded to complete the development.

5 PROGRESS OF THE ADMINISTRATION AND MATTERS PREVENTING CLOSURE OF THE ADMINISTRATION

- 5 1 At the time of the Administrators' last report we advised that the development had reached practical completion stage. All construction and redevelopment work has been completed save any snaggings that come to light. With the landscaping being seasonal certain elements also remained to be completed.
- 5 2 As at 11 January 2011, the following properties remained unsold
- The Tack Room
Dutch Barn Two
The Old Dairy
The Corner House
The Old Piggery
The Sow Unit – under Offer
- 5 3 In February 2011, having received no acceptable offers, the Administrators instructed Scanlans, an independent firm of consultant surveyors, to provide a valuation and report of the remaining properties.
- 5 4 Based upon their report and the advice from the marketing agents, Jackson-Stops & Staff, the guide prices have been reduced. Since the reduction there has been an increase in the number of viewings, the Tack Room has been sold and offers have been accepted on The Old Piggery, The Old Dairy and Dutch Barn Two.
- 5 5 The offer on the Sow Unit cannot yet be completed due to various planning issues. These planning problems are being resolved by our advisers and it is hoped will be resolved in the near future.
- 5 6 It remains the Administrators' intention for the communal areas within the site to be maintained by a management company specifically incorporated by the Administrators for that purpose. Such management company will be owned and run by the proprietors of each unit in due course.

- 5 7 The Administrators have invited tenders for various maintenance and groundwork contracts that will need implementing in due course. However, few tenders have been received and this may be due to the remoteness and size of the development. No service charges are being recharged to the proprietors at present as minimal costs are being incurred and the communal areas are held by the Company at present.
- 5.8 After taking into account the costs associated with the completion of the development and the repayment of the secured borrowing it is not expected that there will be sufficient monies to allow a dividend to any other class of creditor.
- 5 9 **Extension of the administration period**
- 5 9 1 The Administration was previously extended with creditors' consent and is due to end on 15 June 2011.
- 5 9 2 As part of the development project the warranty insurance held with Zurich Insurance plc ("Zurich") requires the company to remain liable for a period of one year after the final property is sold. Thereafter, Zurich will provide 10 years new homes cover direct to the property owner. If the Company ceases to be in Administration and enters into Liquidation, the cover will terminate and the 10 year cover will not apply.
- 5 9 3 With the uncertainty of the housing market the Administrators consider that a realistic timeframe for selling all of the units to be 12 months. Therefore, an application was made to the High Court of Justice on 15 April 2011. A two year extension to the Administration period was obtained from the Court on 10 May 2011.
- 6 **CREDITORS**
- 6 1 **Secured creditors**
- 6 1 1 The Bank has the benefit of a fixed and floating charge over the Company's assets. On 25 September 2009 the Bank issued a formal demand on the Company to repay £2,615,000 plus interest which remained outstanding at the date of our appointment.
- 6 1 2 As at 15 June 2011 the Bank has advanced the Joint Administrators £947,425 to meet the ongoing building costs.
- 6 1 3 The sum of £2,108,854 has been paid to the Bank following the sale of 5 units (Dutch Barn 1, The Byre, The Cowshed, The Tack Room and The Old Piggery), this is net of associated legal and sale costs.
- 6 1 4 The above receipts and payments are reflected in the attached account.
- 6 2 **Preferential creditors**
- 6 2 1 There are to date no preferential creditors. Whilst the Administrators are aware of one possible employee no claim has been made under ERA 1996.
- 6 3 **Prescribed part**
- 6 3 1 Section 176(A) of the Insolvency Act 1986 requires the administrators to set aside a prescribed amount of the Company's 'net property' towards satisfaction of holders of debentures secured by, or holders of any floating charge created by the Company after 15 September 2003.
- 6 3 2 The floating charge was granted in favour of Bank of Ireland after 15 September 2003 therefore,

the prescribed part provisions apply. However, after the provision of realisation costs, we do not expect funds to be available to be set aside for the prescribed part.

6.4 Unsecured creditors

6.4.1 There has been no change with the level of unsecured creditors.

6.4.2 Unsecured creditors of the Company are currently estimated to total £1.237m per the director's statement of affairs. Claims totalling £230,163 have been received to date.

6.4.3 It is not anticipated that there will be sufficient realisations to enable a distribution to the unsecured creditors of the Company.

7 OTHER MATTERS

7.1 The Joint Administrators have complied with all regulatory and statutory requirements under the Insolvency Act 1986 and the Company Directors Disqualification Act 1986.

7.2 There are no other matters to report.

8 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

8.1 At the meeting of creditors on 24 February 2010, a resolution was passed to allow the Joint Administrators to be remunerated on a time cost basis.

8.2 From 16 December 2009 to 15 June 2011 the Joint Administrators have incurred time costs of £131,841 at an average charge out rate of £289 per hour. The time costs are detailed at Appendix II. On 24 February 2010 creditors approved the basis of the Administrators' remuneration on a time cost basis. The Administrators have raised an invoice during this period for their remuneration for £30,000 plus VAT. However only £20,000 has been drawn from the estate account at present. Once further funds are available the balance will be drawn. We have agreed with the Secured Creditor that we will cap our fees at £65,000 and the balance of the costs will be written off.

8.3 Please note that it is common with most professional service firms, including PKF (UK) LLP, for charge out rates to change from time to time. The rates/costs reflect a number of such changes, over the period of the administration, none of which are individually material.

8.4 Disbursements during this same period total £1,169.21, none of which have been repaid. The disbursements incurred to date are detailed as follows:

Disbursements	Category 1 £	Category 2 £
Room hire		65.00
Bonds	36.00	
Travel	69.00	
Postage	147.26	
Company formation	100.11	
Advertising	489.32	
Courier	210.00	
Company search fees	44.52	
Land Registry	8.00	
	<u>1,104.21</u>	<u>65.00</u>

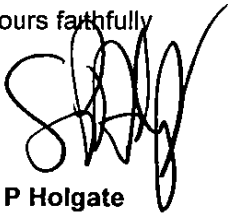
- 8 5 The Administrators' disbursements are charged on the basis of costs incurred or costs generally charged to clients for such services (which are approximate to cost and do not include any overhead recovery)
- 8 6 Category 1 disbursements are those which generally comprise external supplies of incidental services specifically identifiable to the client. Category 2 disbursements are generally services supplied internally and require the approval of creditors. Approval to take Category 2 disbursements was given in the first meeting of creditors on 24 February 2010.
- 8 7 A creditors' guide to fees, which provides information regarding creditors' rights in relation to insolvency practitioners' fees can be obtained by visiting our website at www.pkf.co.uk/cgtf. Alternatively a copy can be sent upon request.
- 8 8 Any unsecured creditor with the concurrence of at least 5% in value of the total unsecured creditors (including the value of their own claim) or with the permission of the court, or any secured creditor may make a formal request in writing to the administrator(s) for further information about the remuneration or expenses (other than pre-administration costs) set out in this report. Such a request must be made within 21 days from the date of receipt of this progress report.
- 8 9 Creditors should be aware that if they believe that the Administrators' remuneration is, in the circumstances excessive or inappropriate they may apply to the court under the provisions of Rule 2.109 of the Insolvency Rules 1986. Such application may be made by a secured creditor or any unsecured creditor, the latter requiring the concurrence of 10% of the total unsecured creditors (including their own claim) or the permission of the court.

9 COMPLETION OF ADMINISTRATION

- 9 1 The Joint Administrators will complete the remaining matters of the development and will progress the current proposed offers. Once all properties have been sold the communal areas will be transferred to the management company which will then be operated by the proprietors.
- 9 2 On completion of the matters preventing closure, it is anticipated that the Joint Administrators will exit the administration via dissolution of the Company. It is not anticipated that there will be sufficient realisations to enable the payment of a distribution to any unsecured creditors.

Should you have any queries please do not hesitate to contact Paolo Malgieri of this office.

Yours faithfully



S P Holgate
Joint Administrator

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Appendix I

The Property Regeneration Company Limited (In Administration)

Joint Administrators' Receipts and Payments Account

	Statement of affairs £	From 16/12/2010 to 15/06/2011 £	From 16/12/2009 to 15/06/2011 £
RECEIPTS			
New Barn Farm Buildings	Uncertain	550,000 00	2,108,854 25
Bank advance for New Barn Farm	-	18,863 72	947,425 14
Bank interest net	-	63 75	87 77
		<u>568,927 47</u>	<u>3,056,367 16</u>
PAYMENTS			
Contractor costs - Zone Developments		15,245 63	810,298 29
Legal & professional costs		17,445 00	53,638 26
Insurance		6,404 40	31,062 27
Utilities		3,990 39	4,343 08
Ransom Payments		0 00	25,000 00
Legal & professional costs		10,771 00	53,152 16
Bank of Ireland		522,129 00	2,031,205 28
Office Holder		20,000 00	20,000 00
Non-reclaimable VAT		229 98	3,657 79
VAT Receivable		<u>11,783 38</u>	<u>13,183 73</u>
		<u>607,998 78</u>	<u>3,045,540 86</u>
Balance in hand as at 15 December 2010			<u>10,826 30</u> <u>3,056,367 16</u>

Appendix II

SIP9 Analysis of OfficeHolders Timecosts 16/12/2009 to 15/06/2011

Client: 4016442 Property Regeneration Company Limited

Tasks	Grade	Partner / Director	Manager	Supervisor / Senior Administrator	Administrator / Assistant	Total
	Average Cost per hour:	£392 to £508	£245 to £356	£198 to £215	£52 to £180	£288.78
		Amount (£)	Hours	Amount (£)	Hours	Amount (£)
Partner/Senior Manager Review		3,443.30	6.95			4,430.00
Planning & Monitoring		381.00	0.75	580.00	3.00	7,102.34
Time Summaries & Billing		0.00	0.00	29.70	0.15	29.70
Cashiering Function Generally		247.50	0.50	704.45	3.65	8,338.94
Office Holders Tax Liabilities		0.00	0.00	209.00	1.00	6,002.42
CDDA 1986 Work		0.00	0.00	0.00	0.00	7,665.96
Secured Creditors (reporting/accounting for funds, etc)		0.00	0.00	0.00	0.00	7,445.76
Non Preferential Creditors		0.00	0.00	171.20	0.90	3,503.90
Fixed Asset Realisation		0.00	0.00	733.40	3.80	53,146.50
Stock Realisations		0.00	0.00	0.00	1.00	52.00
Post Appointment Trading		0.00	0.00	0.00	0.00	810.65
Insurance & Bonding		0.00	0.00	0.00	0.00	6,371.59
Legal Correspondence/Litigation		0.00	0.00	0.00	0.00	4,158.18
General Administration		0.00	0.00	48.25	0.25	2,448.95
Statutory Compliance (including CRO returns and lodgen		762.00	1.50	193.00	1.00	11,079.25
Pension schemes		0.00	0.00	0.00	0.00	59.80
Liasing with Agents/Solicitors/Other Professionals		0.00	0.00	0.00	0.00	2,578.09
Annual/Periodic Reporting/Meeting (ie S48 or S105)		0.00	0.00	0.00	0.00	5,192.88
Secretarial		0.00	0.00	0.00	0.00	1,379.95
ROT Claims		0.00	0.00	0.00	0.00	43.65
		4,833.80	9.70	2,669.00	13.75	2,717.18
						26.68
						131,840.51
						456.54