

# AM10

## Notice of administrator's progress report



Companies House

THURSDAY



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### 1 Company details

Company number 0 6 2 5 2 4 7 5

Company name in full Owen Pugh Properties Limited

→ Filling in this form

Please complete in typescript or in  
bold black capitals.

### 2 Administrator's name

Full forename(s) Christopher J

Surname Petts

### 3 Administrator's address

Building name/number Rotterdam House

Street 116 Quayside

Post town Newcastle-Upon-Tyne

County/Region

Postcode N E 1 3 D Y

Country

### 4 Administrator's name ①

Full forename(s) David J

Surname Dunckley

① Other administrator

Use this section to tell us about  
another administrator.

### 5 Administrator's address ②

Building name/number 30 Finsbury Square

Street

Post town London

County/Region

Postcode E C 2 P 2 Y U


Country

② Other administrator

Use this section to tell us about  
another administrator.

# AM10

## Notice of administrator's progress report

<b>6</b>	<b>Period of progress report</b>															
From date	d	0	d	9	m	1	m	0	y	2	y	0	y	1	y	7
To date	d	0	d	8	m	0	m	4	y	2	y	0	y	1	y	8
<b>7</b>	<b>Progress report</b>															
<input checked="" type="checkbox"/> I attach a copy of the progress report																
<b>8</b>	<b>Sign and date</b>															
Administrator's signature	Signature 															
Signature date	d	0	d	4	m	0	m	5	y	2	y	0	y	1	y	8

# AM10

## Notice of administrator's progress report



### Presenter information

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

Contact name **Natasha L McDowall**

Company name **Grant Thornton UK LLP**

Address **Rotterdam House**

**116 Quayside**

Post town **Newcastle-Upon-Tyne**

County/Region

Postcode **N E 1 3 D Y**

Country

DX

Telephone **Tel/Fax**



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.



### Important information

All information on this form will appear on the public record.



### Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ.  
DX 33050 Cardiff.



### Further information

For further information please see the guidance notes on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.gov.uk/companieshouse](http://www.gov.uk/companieshouse)

Our ref: CJP/ZLC/BLA/EZF/O30200412/7

To the creditors

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**Recovery and Reorganisation**

Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

T +44 (0)161 953 6900

F +44 (0)161 953 6317

4 May 2018

Dear Sirs

**Owen Pugh Properties Limited - In Administration (the Company)**  
**High Court of Justice, Business and Property Court No 898 of 2017**

**1 Introduction**

- 1.1 Following my appointment as Joint Administrator of the Company, with David J Dunckley, by the directors on 9 October 2017, I now report on the progress of the administration to 8 April 2018 and attach:
- Appendix A, an account of our receipts and payments for the period from 9 October 2017 to 8 April 2018
  - Appendix B, a statement of the remuneration charged by the Joint Administrators in the period 9 October 2017 to 8 April 2018 and a statement of expenses incurred in the period
  - Appendix C, an analysis of our time costs as required by Statement of Insolvency Practice 9
  - Appendix D, an extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to request additional information from the administrator (rule 18.9)
  - Appendix E, an extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to challenge the administrator's remuneration or expenses, if excessive (rule 18.34)
- 1.2 Please note that we are both authorised by the Insolvency Practitioners Association to act as **insolvency** practitioners. We are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.
- 1.3 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the administrators are to be exercised by any or all of them.

**2 Statutory information**

- 2.1 The Company's registered number is 06252475.

**3 Pre-administration costs**

- 3.1 Solicitor's costs incurred for the pre-Administration work in relation to the drafting of legal documents to place the Company into Administration amount to £2,272 and this has yet to be paid. We will be seeking approval for payment of these costs as an expense of the Administration from the secured creditors in due course.

- 3.2 My firm has not charged any of its time or expenses incurred in the period immediately prior to appointment and we are not seeking to recover these costs.

#### **4 Progress report**

- 4.1 As per the Administrators' statement of proposals dated 30 November 2017, we instructed agents, Lambert Smith Hampton (LSH), to realise the Company's property assets, which consisted of the former Owen Pugh head office site at Cramlington, the former Miners Welfare site at Cramlington, Rowlands Buildings in Dudley, and a brownfield site on Bassington Industrial Estate in Cramlington.
- 4.2 At the time of writing this report, all but the Bassington Lane site have been realised and a total of £1,405,000 has been received.
- 4.3 The Administrators have accepted an offer for the Bassington Lane site, with completion anticipated for July 2018.
- 4.4 Hilco Valuation Services Europe (Hilco) was instructed to deal with the Company's plant and machinery assets. All plant and machinery was entered into an online auction, which ended on 28 November 2017.
- 4.5 There was significant interest in the auction, with over 600 lots across the group companies, being Owen Pugh Holdings Limited and its subsidiaries (the Group). £17,455 was realised in respect of the Company's assets, which are subject to floating charges in favour of HSBC Bank plc (the Bank).
- 4.6 In addition to property and plant and machinery realisations, £2,000 has been received in respect of a sale of a portakabin owned by the Company and £5,000 has been realised in respect of the sale of rights on a planning permission application.
- 4.7 Following the sale of the Bassington Lane site, all assets will have been realised. The Administrators' will then be making a distribution to the Bank under its fixed charge, following which the case will progress to closure. As per the Administrators' proposals, it is proposed that the Administration will end by the Administrators filing a notice to dissolve the Company.
- 4.8 Should the sale of the Bassington Lane site not be concluded in the near future, it is possible that the Administrators will apply for an extension of the Administration period.

#### **5 Investigations into the affairs of the company**

- 5.1 An initial investigation was undertaken into the affairs of the Company to establish whether there were any potential asset recoveries and to determine if there were any matters that required further investigation.
- 5.2 Based on the outcome of our investigations into the affairs of the Company to date, there are no matters identified that need to be reported to the creditors.
- 5.3 Within three months of our appointment as Joint Administrators, we were required to submit a report to the Secretary of State to include matters which have come to our attention that may indicate the conduct of the directors (acting within the past three years) would make them unfit to act as a director in the future. I confirm that our reports have been duly submitted, the contents of which are confidential.
- 5.4 Should any creditors have any useful information concerning the Company and its conduct, the Joint Administrators would be pleased to hear from them.

#### **6 Outcome for creditors**

##### **Secured creditors**

- 6.1 As at the date of appointment the Bank was owed £5.66 million under its debenture and cross guarantee structure. This liability is due from each and every one of the Group companies.
- 6.2 It is anticipated that the Bank will suffer a shortfall in excess of £1.1 million.

- 6.3 Merino Industries Ltd (as security agent) is owed £1 million by each and all of the Group companies, secured by fixed and floating debentures. There will be no funds to enable a distribution to Merino Industries Ltd, whose security ranks behind that of the Bank.

#### **Preferential creditors**

- 6.4 There are no preferential claims as the Company did not have any employees.

#### **Prescribed part - Unsecured creditors**

- 6.5 In accordance with section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company. The prescribed part calculation is applied to the net property available and is calculated at 50% of the first £10,000 of net realisations and 20% of all further amounts, up to a maximum prescribed part of £600,000.
- 6.6 There is not anticipated to be a prescribed part distribution as the estimated net floating charge assets is anticipated to be nil.

#### **7 Joint Administrators' remuneration and expenses**

- 7.1 The Joint Administrators' remuneration is to be agreed by the secured creditors. I will be requesting approval of the Joint Administrators' fees on a time cost basis from the secured creditors within the next month, following meetings that have been arranged with the secured creditors. Prior to formally requesting approval of our fees, an estimate of our fees will be circulated to the general body of creditors for information.
- 7.2 The time costs for this Administration for the period from 9 October 2017 to 8 April 2018 amount to £156,116.
- 7.3 A significant proportion of the time costs incurred relate to the realisation of property assets, including instructing and liaising with agents, liaising with interested parties, title reviews, reviewing sales particulars and liaising with solicitors, meetings with interested parties, providing updates to the charge holder in respect of offers received, reviewing sales contracts and undertaking site clearances.
- 7.4 The time incurred in relation to property matters has been for the purpose of maximising asset realisations and providing financial benefit to the charge holder.
- 7.5 In addition to the above, time costs were also incurred for dealing with the tenanted property, including repairs and maintenance matters and liaising with the tenant in respect of the sale of the property. These costs were incurred to ensure that the Joint Administrators' adhered to legal obligations in respect of the tenanted property and to maximise property realisations.
- 7.6 Time costs were incurred for statutory matters such as pension searches, statutory notices and letters, including director correspondence, director conduct reporting, bank account administration, dealing with receipts and payments, file reviews and the preparation of the Administrators' proposals.
- 7.7 Whilst these matters were not for the direct financial benefit of the creditors, they are statutory matters required to be undertaken by the Joint Administrators, in the performance of their duties.
- 7.8 The Joint Administrators have incurred expenses of £1,417 in relation to the office holders' bordereau, mileage, subsistence and accommodation charges incurred by the Joint Administrators and their staff in the performance of their duties.
- 7.9 You will note from the receipts and payments account that the Administrators have not yet drawn any of these expenses.
- 7.10 Background information regarding the fees of administrators can be found at [https://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_fees\\_April\\_2017.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_fees_April_2017.pdf). Alternatively, we will supply this information by post on request free of charge. Time is charged in 6 minute units.

**8 Other expenses incurred by the Joint Administrators**

- 8.1 A total of £17,929 has been paid to our agents, LSH in relation to the marketing and sale of the head office property at Cramlington, the former Miners Welfare site, and the Rowlands Building (including the Rowlands Buildings cottages) and for the marketing of the land at Bassington Lane.
- 8.2 £230 has been paid to our agents, Hilco in respect out of pocket expenses incurred in the auction sale of plant and machinery. Other smaller expenses include repairs and maintenance/property costs of £725, statutory advertising costs of £69 and telephone costs of £10.
- 8.3 All of the above expenses have been incurred and paid in the period of this report.
- 8.4 £29,761 has been incurred but not yet paid in respect of legal fees due to DLA Piper UK LLP, relating to the property sales.

Yours faithfully

for and on behalf of Owen Pugh Properties Limited



Christopher J Petts  
Joint Administrator

The affairs, business and property of Owen Pugh Properties Limited are being managed by Christopher J Petts and David J Dunckley, appointed as Joint Administrators on 9 October 2017.

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## Appendix A

Owen Pugh Properties Limited - in administration  
Joint Administrators' receipts and payments account  
from 9 October 2017 to 8 April 2018

Receipts	Statement of Affairs (£)	Total (£)
Freehold Land & Property	2,075,000.00	1,405,000.00
Misc Sales		2,000.00
Rents		475.00
Plant & Machinery		17,455.00
Misc Float Receipts		5,000.00
VAT on Sales		257,891.00
		<hr/> 1,687,821.00
<b>Payments</b>		
Repairs & Maintenance		295.00
Property Expenses		430.00
Bank Charges		16.82
Telephone Telex & Fax		10.00
Statutory Advertising		68.70
Bank Charges		52.08
Agent's Fees		18,158.51
VAT on purchases		9,742.72
		<hr/> 28,773.83
<b>Balance</b>		<hr/> <hr/> 1,659,047.17
<b>Made up as follows</b>		
Fixed Current Account NIB		<hr/> 1,648,445.11
Floating Current Account NIB		<hr/> 10,602.06
		<hr/> <hr/> 1,659,047.17

**B Remuneration charged and expenses incurred by the administrators in the period**

	Charged/incurred in period 09/10/2017 to 08/04/2018	Cumulative charged/incurred to 08/04/2018	Of which paid to 08/04/2018
	£	£	£
<b>Joint administrators' fees:</b>			
Time costs	156,116	156,116	0
Expenses	1,417	1,417	0
<b>Agents/Valuers fees:</b>			
Lambert Smith Hampton Group Limited	17,929	17,929	17,929
Hilco Valuation Europe	230	230	230
<b>Legal fees:</b>			
DLA Piper UK LLP	29,761	29,761	0

**C SIP 9 information****Introduction**

The following information is provided in connection with the Joint Administrators' remuneration and disbursements in accordance with Statement of Insolvency Practice 9.

Explanation of Grant Thornton UK LLP charging and disbursement recovery policies

**Time costs**

All partners and staff are charged out at hourly rates appropriate to their grade, as shown below. Tasks are allocated to staff at the appropriate level. Support staff (ie secretaries, cashiers and filing clerks) are charged to the case for the time they work on it.

**Grant Thornton UK LLP****Current rates from 1 October 2017**

	£
	up to
Partner/ Director	745
Associate director	485
Manager	410
Assistant manager	300
Executive	245
Administrator	165
Support staff	180

**Disbursements**

Out of pocket expenses are charged at cost. Mileage is charged at 45p a mile. VAT is added to disbursement charges as necessary.

# Owen Pugh Holdings Limited - O20597005 - SIP 9 TIME COST ANALYSIS

Transaction period : 09/10/2017 to : 08/04/2018

	Partner		Manager		Executive		Administrator		Total	
	Hrs	£	Hrs	£	Hrs	£	Hrs	£	Hrs	£
Administration and Planning (incl statutory reporting)	6.10	2,994.50	15.15	6,558.00	39.82	9,907.15	26.30	2,806.50	87.37	22,266.15
Chargeholders (incl bank reporting)	3.75	1,818.75			.50	122.50			4.25	1,941.25
Corporation Tax			1.30	586.50			26.40	2,479.75	27.70	3,066.25
Hiatus period									.00	
Investigations and reports on directors	1.50	727.50			2.00	480.00			3.50	1,217.50
Legal					.10	24.50			.10	24.50
PAYE and VAT					1.40	343.00	.20	33.00	1.60	376.00
Pensions			11.70	5,862.00			.60	96.00	12.30	5,958.00
Preferential creditors	8.75	4,243.75	5.75	2,815.25	17.62	4,316.90	1.90	76.00	34.02	11,461.90
Realisation of Assets: Debtors									.00	
Realisation of Assets: Other assets					2.30	563.50	2.10	84.00	4.40	647.50
Realisation of Assets: Property plant vehicles etc (incl HP leasing and third party)					11.90	2,915.50	.25	41.25	12.15	2,956.75
Realisation of Assets: Stock and WIP (incl ROT)									.00	
Sale of business							1.10	44.00	1.10	44.00
Trading	5.50	2,667.50			3.10	759.50	2.40	396.00	11.00	3,823.00
Unsecured creditors	.50	242.50	.50	222.50	6.45	1,616.00	4.70	500.50	12.15	2,581.50
Total	26.10	12,684.50	34.40	16,044.25	86.19	21,068.55	66.96	6,657.00	211.64	66,344.30

Total fees billed to date (Time) : £

Owen Pugh Holdings Limited - In Administration

Time costs in the period 9 October 2017 to 8 April 2018

TASKS	AV Hry Rate	Hrs	£
<b>STATUTORY AND ADMINISTRATIVE TASKS</b>	<b>£ 245</b>	<b>129.1</b>	<b>31,680.90</b>
Case planning			
Case set up and acceptance compliance			
Appointment documents			
Statutory advertising			
Internal discussions			
Correspondence with utilities companies			
Reports to creditors			
Letters to directors			
VAT compliance			
Issue undertakings			
Tax compliance			
Correspondence with HM Revenue and Customs			
Statutory investigations			
Discussions with insurer			
Notice of deemed approval			
File reviews			
Correspondence with lawyers			
Bank account administration (treasury)			
Maintenance of records			
Liaising with the Pensions Regulator / Schemes			
<b>REALISATION OF ASSETS</b>	<b>£ 207</b>	<b>17.7</b>	<b>3,648.25</b>
Correspondence with leasing companies			
Discussions with interested parties			
Review debtor position			
Arrange collection of leased equipment			
Disposal of company's computers and other electronic equipment			
<b>TRADING</b>	<b>£ 348</b>	<b>11.0</b>	<b>3,823.00</b>
Internal discussions			
Attending site			
Arrange for destruction of records			
<b>CREDITORS</b>	<b>£ 317</b>	<b>50.4</b>	<b>15,974.65</b>
Open new bank accounts			
Correspondence with charge holder			
Estimated outcome statement			
Reports to creditors			
Creditor correspondence			
Update creditor details			
<b>INVESTIGATION</b>	<b>£ 348</b>	<b>3.5</b>	<b>1,217.50</b>
Letters to directors			
Review directors questionnaires			
Director conduct reporting			
<b>TIME COSTS</b>	<b>£ 266</b>	<b>211.6</b>	<b>56,344.30</b>

**D An extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to request additional information from the administrator**

**Rule 18.9**

- (1) The following may make a written request to the office-holder for further information about remuneration (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1)(b), (c) or (d) or a final report or account under rule 18.14 -
  - (a) a secured creditor;
  - (b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
  - (c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
  - (d) any unsecured creditor with the permission of the court; or
  - (e) any member of the company in a members' voluntary winding up with the permission of the court.
- (2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report or account by the person, or by the last of them in the case of an application by more than one member or creditor.
- (3) The office holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by-
  - (a) providing all of the information requested;
  - (b) providing some of the information requested;
  - (c) declining to provide the information requested.
- (4) The office-holder may respond by providing only some of the information requested or decline to provide the information if-
  - (a) the time or cost of preparation of the information would be excessive; or
  - (b) disclosure of the information would be prejudicial to the conduct of the proceedings;
  - (c) disclosure of the information might reasonably be expected to lead to violence against any person; or
  - (d) the office-holder is subject to an obligation of confidentiality in relation to the information.
- (5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.
- (6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of –
  - (a) the office holder giving reasons for not providing all of the information requested; or
  - (b) the expiry of the 14 days within which an office-holder must respond to the request.
- (7) The court may make such order as it thinks just on an application under paragraph (6).

**E An extract from the Insolvency (England and Wales) Rules 2016 relating to creditors' rights to challenge the administrator's remuneration or expenses if excessive**

**Rule 18.34**

- (1) This rule applies to an application in an administration, a winding up or a bankruptcy made by a person mentioned in paragraph (2) on the grounds that-
  - (a) the remuneration charged by the office-holder is in all the circumstances excessive;
  - (b) the basis fixed for the office-holder's remuneration under rules 18.16, 18.18, 18.19, 18.20 and 18.21 (as applicable) is inappropriate; or
  - (c) the expenses incurred by the office-holder are in all the circumstances excessive.
- (2) The following may make such an application for one or more of the orders set out in rule 18.36 or 18.37 as applicable-
  - (a) a secured creditor;
  - (b) an unsecured creditor with either-
    - (i) the concurrence of at least 10% in value of the unsecured creditors (including that creditor), or
    - (ii) the permission of the court, or
  - (c) in a members' voluntary winding up-
    - (i) members of the company with at least 10% of the total voting rights of all the members having the right to vote at general meetings of the company, or
    - (ii) a member of the company with the permission of the court.
- (3) The application by a creditor or member must be made no later than eight weeks after receipt by the applicant of the progress report under rule 18.3 or final report or account under rule 18.14 which first reports the charging of remuneration or the incurring of the expenses in question ("the relevant report").