

2.24B

The Insolvency (Northern Ireland) Order 1989

Administrator's progress report

Name of Company
P.W. Homes Limited

Company number
NI037945

In the High Court of Justice in Northern Ireland Chancery Division (Company Insolvency)
--

Court case number
9806 of 2012

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

I (a)
Peter Michael Allen
Deloitte (NI) Limited
19 Bedford Street
Belfast
BT2 7EJ

case 2



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

From

To

(b) Insert date

(b) 10 May 2018

(b) 9 November 2018

Signed

Administrator

Dated

20 NOVEMBER 2018

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies Registry 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

Peter Michael Allen
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DX Exchange

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Court Case No. 9806 of 2012
High Court of Justice in
Northern Ireland (Chancery
Division)
Company Number: NI037945

P.W. Homes Ltd (in Administration) ("the Company")

Registered office: 19 Bedford Street, Belfast, BT2 7EJ

Progress report to creditors for the period 10 May 2018 to 9 November 2018 pursuant to Rule 2.048 of the Insolvency Rules (Northern Ireland) 1991 ("the Rules").

Peter Michael Allen and John Charles Reid ("the Joint Administrators") were appointed Joint Administrators of P. W. Homes Limited on 10 May 2012 by Ulster Bank Limited, 11-16 Donegall Square East, Belfast, BT1 5UB. Subsequently, an Order was granted by the High Court on 21 January 2016 to discharge and release John Charles Reid as Joint Administrator of P. W. Homes Limited in Administration. Peter Michael Allen remains sole Administrator from 21 January 2016. The affairs, business and property of the Company are managed by the Administrator. The Administrator acts as agent of the Company only and contracts without personal liability. The licensed Insolvency Practitioner of Deloitte (NI) Limited ("Deloitte") is licensed in the UK to act as an Insolvency Practitioner by the Institute of Chartered Accountants of Scotland. The Administrator is bound by the Insolvency Code of Ethics which can be found at <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>.

For the purposes of paragraph 101(2) of Schedule B1 of the Insolvency (Northern Ireland) Order 1989 (as amended) ("the Order"), the Administrator confirms that, during the period of Joint Administration, the Joint Administrators were authorised to carry out all functions, duties and powers by either of them jointly and severally.

Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

20 November 2018

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Contacts

Administrator of the Company

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P.W. Homes Limited

c/o Deloitte (NI) Limited

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BT2 7EJ

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Key Messages

Commentary	
Purpose of administration	The purpose of the Administration is to make a distribution to the secured and/or preferential creditors.
Progress of administration	- The Administrator has received confirmation that Promontoria (Aran) Limited ("the Secured Creditor") will provide the necessary funding to complete the outstanding works necessary for the road bond to be released. The Administrator has therefore instructed the contractor accordingly. - Offers were received in relation to the Leirim property, and in conjunction with the Secured Creditor, an offer was accepted. However, the proposed purchaser was unable to complete and therefore the Administrator is considering a revised realisation strategy, in conjunction with the Secured Creditor. - The Administrator is still reviewing legal advice in relation to the Company's equitable property interests, given the complicated nature of these assets.
Costs	- The basis of the Administrator's remuneration has been fixed by reference to the time costs incurred by the Administrator and his staff. - The Administrator's time costs incurred during the report period are £9,588.10. - The Administrator has drawn fees totalling £48,677 to date. Further detail is provided on pages 9 to 11.
Outstanding matters	- To realise the remaining property assets, complete the road bond works and resolve any outstanding property matters. - To make final distributions to the Secured Creditor, under the terms of its security. - To disperse costs and close the Administration.
Dividend prospects	- The Secured Creditor will not be paid in full. - There will be insufficient funds to pay a dividend to any preferential creditors. - There will be insufficient funds to pay a dividend to unsecured creditors.
Extension to administration period	The Administration was due to end on 6 November 2018 following the last extension granted by the High Court of Justice, Chancery Division. Following a recent hearing at the High Court, the Administration has been extended and will now end on or before 6 November 2019.

Progress of the administration

Summary

Progress of the administration

Since the last report to creditors, the Administrator has been managing the realisation process of the following property assets:

Carrigallen Road (Drumminshingore), Newtownmore, County Leitrim

This site has two partially completed detached units completed to roof level. Following consultation with the Secured Creditor, a title review was undertaken and the property was re-marketed for sale. Offers were received and a sale was agreed. However, the proposed purchaser was unable to complete and therefore the Administrator is considering a revised realisation strategy, in conjunction with the Secured Creditor.

Residential Site at Forest Park Development, Killygordon Village, Lifford

The site has planning permission for 25 units. The Company has an equitable interest only in this site as the stamp duty liability was not paid following the purchase of the interest by the Company in 2007. A strategy to resolve the outstanding issues connected to this site was previously agreed with the Secured Creditor, involving the appointment of a receiver over the legal interest in the site under a charge granted at the time of the sale of the beneficial interest, and thereafter to effect a sale of both the legal and beneficial interests to a purchaser.

However, this has been complicated by a number of legal issues, therefore the Administrator is seeking further legal advice and is also in discussions with the site owner in an attempt to resolve the situation in the most efficient manner to realise value for the Company.

Site at Townspark, East Tallow, County Waterford

The property is a greenfield site with planning permission for 75 units. The Company has an equitable interest only in this property as the stamp duty was not paid following the purchase of the interest by the Company in 2008. A strategy to resolve the difficult legal issues connected to this site was agreed with the Secured Creditor, involving the appointment of a receiver over the legal interest in the site under a charge granted at the time of the sale of the beneficial interest, and thereafter to effect a sale of both the legal and beneficial interests to a purchaser.

However, this has been complicated by a number of legal issues, therefore the Administrator is seeking further legal advice and is also in discussions with the site owner in an attempt to resolve the situation in the most efficient manner to realise value for the Company.

Road bond

The Administrator requested an up to date quote to complete the outstanding works required to release the road bond. Subsequently, the Secured Creditor has approved the quote and provided confirmation that they will fund the works in order to reduce the road bond liability. These works have now been instructed.

Progress of the administration

Summary

Statutory tasks

In addition to managing the sale of the properties and road bond works, during the reporting period the following tasks were carried out, which primarily relate to fulfilment of statutory and compliance obligations and other tasks of an administrative nature:

- Statutory reporting; and
- Case reviews and cashiering functions.

These tasks are a necessary part of the engagement but do not generate any direct financial benefit for creditors. These tasks will also be required to be carried out in future periods.

Progress of the administration

Receipts and payments

10 May 2018 to 9 November 2018

£	SoA values	Notes	Period	To date
Receipts				
Bank Interest Gross	-	-	-	320.43
11 Cloughboy Road	-	-	-	80,000.00
8.4 Acres Cloughboy Road, Bready	-	-	-	115,000.00
47 Elmwood Green, Castlederg	-	-	-	49,000.00
59 Elmwood Green, Castlederg	-	-	-	60,000.00
42 Dunalong Manor, Bready	-	-	-	68,650.00
Site at Berryhill Road, Artigarvan	-	-	-	40,000.00
Rent- Dunalong	-	-	-	3,187.20
Funds from Ulster Bank, Secured Creditor	-	-	-	23,765.46
Refund - foreign exchange difference	-	-	-	157.43
Total receipts	1,022,258		-	440,080.52
Payments				
Bank Charges (Fixed)	6.77			71.93
Administrators' disbursements	-			10,098.08
Management fees	-			1,423.60
Architect Fees	-			2,000.00
Administrators' Fee	-			48,677.19
Distribution to Ulster Bank	-			318,921.50
Transfer Map Dunalong Manor, Bready	-			750.00
Outlay Re: Elmwood Green, Strabane	-			6,789.20
Management Fee re Dunalong	-			482.97
Retention of monies re easement Cloughboy	-			4,630.00
Outlays - Dunalong Manor	-			678.00
Outlays - Cloughboy Road	-			7,235.00
Agents Fees	-			13,257.15
Legal Fees (NI)	-			13,064.39
Legal Fees and Outlay (ROI)	-			4,758.91
Insurance of Assets - (ROI assets)	-			6,298.01
Deloitte Tax Advice	-			798.23
Insurance (NI Assets)	-			146.36
Total payments	6.77		440,080.52	
Balance				-
Made up of:				
Fixed IB Current A/C				-
Balance in hand				-

A receipts and payments account is provided opposite, detailing the transactions in the Administration to date.

Notes to receipts and payments account

The receipts and payments account has been prepared on a cash basis and excludes a number of costs which have been incurred but which have not yet been paid. These include:

- Legal fees for title reviews and advice in relation to ROI properties - €3,059 plus VAT.
- Administrator's remuneration and expenses. Further information on these costs is provided on pages 8 to 12.
- Legal costs for extension of c.£800 plus VAT.
- Insurance costs of €8,234.

Information for creditors

Outcome

Secured Creditor

The Secured Creditor was formerly Ulster Bank Limited and is now Promontoria (Aran) Limited ("PAL"), an affiliate of Cerberus Global Investors.

The Company had debt at the date of the Administration of £4,052,775 and €4,179,091.

Distributions totalling £318,922 have been made to the Secured Creditor since the date of appointment, under the fixed charges attached to the various properties realised. Further distributions will be made upon the realisation of the remaining assets.

It is not anticipated that there will be sufficient asset realisations to repay the Secured Creditor in full.

Preferential creditors

To date, one claim has been received relating to an employee entitlement. This claim was reviewed by the Redundancy Payments Office and was admitted to the value of £523.

Unsecured creditors

According to the Director's Statement of Affairs, amounts due to unsecured creditors total £75,250. Creditor claims received to date total £17,506.21. On present information, insufficient funds will be realised to enable a dividend to be paid to unsecured creditors.

Extensions to the Administration

The Administration was due to end on 6 November 2018 following the last extension granted by the High Court of Justice, Chancery Division. Following a recent hearing at the High Court, the Administration has been further extended and will now end on or before 6 November 2019.

Exit

After realising all assets, it is anticipated that there will be insufficient realisations in order for the Secured Creditor to be repaid in full. Furthermore a distribution to unsecured creditors is unlikely.

The Administrator considers that dissolution will be the most appropriate exit route from administration.

Remuneration and expenses

Administrator's remuneration

Administrator's remuneration

"A Creditors' Guide to Remuneration" is available upon request in writing to the Administrator at the address on page 3 and this will be provided to you at no cost.

Basis of remuneration

The basis of the Administrator's remuneration was fixed on 11 April 2013 by the Secured Creditor by reference to the time properly given by the Administrator and his staff in attending to matters arising in the administration, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, plus VAT.

Time costs incurred

The Administrator's time costs for the period are £9,5881.10, made up of 33.60 hours at an average charge out rate of £285.36/hour across all grades of staff.

Since the date of appointment to 9 November 2018, the Administrator has incurred total time costs of £192,554.60 made up of 554.49 hours at an average charge out rate of £347.26 across all grades of staff.

The Administrator has drawn remuneration totalling £48,677.19 to date, as shown in the receipts and payments account of page 7.

Details of time costs incurred, together with an explanation of the work undertaken and charge out rates is provided on pages 10 to 12. Creditors may request a detailed breakdown of the time costs incurred by writing to the address at the front of this report.

Please note the Administrator does not intend to draw the full value of time costs incurred and the balance of unrecovered time costs will be written off.

Administrator's time costs for the period 10 May 2018 to 9 November 2018

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.

	Partners & Directors		Assistant Directors		Managers		Assistant Managers		Assistants & Support		TOTAL		Average rate/h Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning Cashiering and Statutory Filing Case Management and Closure General Reporting	-	-	-	-	1.00	289.00	-	-	-	-	1.00	289.00	289.00
	-	-	-	-	0.95	271.75	-	-	-	-	0.95	271.75	286.05
	1.25	643.75	-	-	17.25	4,890.75	-	-	1.50	-	20.00	5,647.50	282.38
	1.25	643.75	-	-	19.20	5,451.50	-	-	1.50	-	21.95	6,208.25	282.84
Investigations	-	-	-	-	-	-	-	-	-	-	-	-	-
Trading	-	-	-	-	-	-	-	-	-	-	-	-	-
Realisation of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Property - Freehold and Leasehold	0.50	262.50	-	-	4.15	1,199.35	1.00	184.00	-	-	5.65	1,645.85	291.30
	0.50	262.50	-	-	4.15	1,199.35	1.00	184.00	-	-	5.65	1,645.85	291.30
Creditors	-	-	-	-	-	-	-	-	-	-	-	-	-
Secured	-	-	-	-	4.00	1,156.00	-	-	-	-	4.00	1,156.00	289.00
	-	-	-	-	4.00	1,156.00	-	-	-	-	4.00	1,156.00	289.00
Case Specific Matters	-	-	-	-	-	-	-	-	-	-	-	-	-
VAT	-	-	-	-	0.50	144.50	-	-	-	-	0.50	144.50	289.00
Tax	-	-	-	-	1.50	433.50	-	-	-	-	1.50	433.50	289.00
	-	-	-	-	2.00	578.00	-	-	-	-	2.00	578.00	289.00
TOTAL HOURS & COST	1.75	906.25	-	-	29.35	8,384.85	1.00	184.00	1.50	113.00	33.60	9,568.10	285.36
AVERAGE RATE/HOUR PER GRADE	£ 517.86		-		£ 285.68		£ 184.00		£ 75.33		-		-
FEES DRAWN	-												

Administrator's time costs for the period 10 May 2012 to 9 November 2018

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.

	Partners & Directors		Assistant Directors		Managers		Assistant Managers		Assistants & Support		TOTAL		Average rate/h Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning Cashiering and Statutory Filing Case Management and Closure Initial Actions General Reporting	0.40	340.00	2.60	1,338.00	8.95	3,922.75	14.65	5,356.25	15.25	3,978.25	41.85	14,935.25	356.88
	18.00	10,445.00	45.70	21,223.00	14.95	5,966.25	21.85	6,450.50	26.09	5,759.50	126.59	49,844.25	393.75
	-	-	-	-	-	-	13.30	3,923.50	0.25	52.50	13.55	3,976.00	293.43
	4.00	2,018.75	16.60	7,197.50	41.45	12,736.25	34.30	10,131.00	19.85	3,198.50	116.20	35,282.00	303.63
	22.40	12,803.75	64.90	29,758.50	65.35	22,625.25	84.10	25,861.25	61.44	12,988.75	298.19	104,037.50	348.90
Investigations Reports on Directors' Conduct	-	-	-	-	-	-	5.40	1,690.00	-	-	5.40	1,690.00	312.96
	-	-	-	-	-	-	5.40	1,690.00	-	-	5.40	1,690.00	312.96
Trading Day 1 Control of Trading	-	-	-	-	3.00	1,170.00	-	-	-	-	3.00	1,170.00	390.00
	-	-	-	-	3.00	1,170.00	-	-	-	-	3.00	1,170.00	390.00
Realisation of Assets Property - Freehold and Leasehold	0.50	262.50	14.90	6,205.00	80.65	31,249.35	26.50	7,649.00	21.30	2,668.50	143.85	48,034.35	333.92
	0.50	262.50	14.90	6,205.00	80.65	31,249.35	26.50	7,649.00	21.30	2,668.50	143.85	48,034.35	333.92
Creditors Employees Secured Unsecured	-	-	0.10	46.50	-	-	-	-	3.80	779.00	3.90	825.50	211.67
	7.00	4,135.00	13.20	6,222.50	27.00	10,261.00	29.00	9,265.00	-	-	76.20	29,883.50	392.17
	-	-	-	-	0.50	175.00	-	-	4.10	829.50	4.60	1,004.50	218.37
	7.00	4,135.00	13.30	6,269.00	27.50	10,436.00	29.00	9,265.00	7.90	1,608.50	84.70	31,713.50	374.42
Case Specific Matters VAT Tax	-	-	1.30	625.00	1.45	493.25	9.40	2,925.50	-	-	12.15	4,043.75	332.82
	-	-	-	-	2.80	831.50	3.90	929.00	0.50	105.00	7.20	1,865.50	259.10
	-	-	1.30	625.00	4.25	1,324.75	13.30	3,854.50	0.50	105.00	19.35	5,909.25	305.39
TOTAL HOURS & COST	29.90	17,201.25	94.40	42,857.50	180.75	66,805.35	158.30	48,319.75	91.14	17,370.75	554.49	192,554.60	347.26
AVERAGE RATE/HOUR PER GRADE	£	575.29	£	454.00	£	369.60	£	305.24	£	190.59	48,677.00		
FEES DRAWN													

Remuneration and expenses

Detailed information

Administrator's time costs – work undertaken

A detailed breakdown of the time costs incurred by the Administrator and his staff during the period from 10 May 2018 to 9 November 2018. Time is charged in six minute increments. The work undertaken has been categorised into the following task headings:

Administration and planning

- Statutory reporting and compliance, extension of the Administration, correspondence, cashiering functions.

Realisation of Assets

- Liaison and discussions with the Secured Creditor in relation specifically to the ROI property strategies and implementation of those strategies, as described in more detail earlier in this report.

Creditors

- Discussions with the Secured Creditor.

Case specific matters

- VAT and corporation tax computations and submissions

Charge out rates

Grade	From 1 Jun 2018 £
Partners/ Directors	500 to 600
Associate Directors	325 to 425
Managers	250 to 325
Assistant Managers	175 to 250
Assistants	50 to 150

The average charge-out rates applicable to this case are provided in the final column of the table in the preceding page.

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, Financial Advisory or Deloitte Real Estate 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.

Charge out rates are reviewed regularly and were increased from 1 June 2018.

Remuneration and expenses

Detailed information

Expenses

Category 1 expenses incurred

£(net)	Value	Paid	Unpaid
Statutory Advertising	237	237	-
Statutory Bonding	30	30	-
Insurance	669	669	-
Legal Service - John McKee & Sons	7,998	5,762	2,236
Accountancy Services - PFS & Partners	980	980	-
Professional Tax Advice - Deloitte (Irl)	2,340	2,340	-
Total Expenses	12,254	10,018	2,236

The Administrator's direct expenses and disbursements incurred to date (excluding VAT) are set out above. The increase in legal fees is in relation to the cost of the most recent extension application. Please note that at the time that the tax advice fees were paid, Deloitte (Irl) was a separate legal entity to that of the Joint Administrators.

Category 2 expenses incurred

£(net)	Value	Paid	Unpaid
Mileage	80	80	0
Total Expenses	80	80	0

These are costs and expenses initially paid by Deloitte and which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the administration estate.

The Administrator has obtained approval from the Secured Creditor to draw both category 1 and category 2 expenses from the estate. Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage was incurred.

Legal and other professional firms

During the Administration, the following professional firms have been used based on their experience and fixed fees were agreed with each:

- Legal advisers – John McKee & Sons, Gartian Furey (ROI), O'Brien Lynam (ROI) and A&L Goodbody
- Property Agents - Bensons
- Architects – Dalzell and Campbell
- Tax advisers – Deloitte (Ireland) * see earlier note

No payments to professionals were made in the period.

Creditors' claim that remuneration is excessive

Any creditor with the support of at least 25% in value of the creditors (including himself) may apply to the Court for an order that our remuneration be reduced, on the grounds that it is, in all the circumstances, excessive (in accordance with Rule 2.110 of the Rules).

On receipt of such an application, the Court will either dismiss the application giving 7 days notice to the applicant, or set a hearing date. We should be given at least 14 days notice of any such hearing by the applicant



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