

The Insolvency Act 1986

Administrator's progress report

Name of Company A & A Property Refurbishments Limited	Company number 5482491
In the High Court of Justice, Chancery Division, Cardiff District Registry	Court case number 1015 of 2008

We Alistair Wardell and Nigel Morrison of

Grant Thornton UK LLP
11-13 Penhill Road
Cardiff
CF11 9UP

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

from

to

15 August 2008

14 February 2009

Signed *Alistair Wardell*
Joint AdministratorDated 17/2/2009**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

Siwan Morgan of Grant Thornton UK LLP, 11-13 Penhill Road, Cardiff, CF11 9UP	
Tel 029 2023 5591	
DX Number	DX Exchange

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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COMPANIES HOUSE



Our Ref SEM/SJH/AGW/A00716,A00717&A00715/7

To the Creditors

Recovery and Reorganisation

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17 February 2009

Dear Sirs

A & A Property Investments Limited (Investments), A & A Property Developments Limited (Developments) and A & A Property Refurbishments Limited (Refurbishments) - All In Administration (together the Companies) High Court of Justice, Chancery Division, Cardiff District Registry 1013 of 2008, 1014 of 2008 & 1015 of 2008 respectively

1 INTRODUCTION

- 1.1. Following the appointment of myself and Nigel Morrison as joint administrators of the Companies by Svenska Handelsbanken AB (publ) (the Bank), Trinity Tower, 9 Thomas More Street, London, E1W 1WY on 15 February 2008, I now report on the progress of the administrations to date.
- 1.2. I enclose Forms 2.24B together with an account of my receipts and payments for the period ended 14 February 2009 (Appendix A) in accordance with Rule 2.47 of the Insolvency Rules 1986.
- 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 Companies' statutory details are as follows:

	Investments	Developments	Refurbishments
Registered number	4824541	5682022	58482491
Registered office	c/o Grant Thornton UK LLP 11-13 Penhill Road Cardiff CF11 9UP	c/o Grant Thornton UK LLP 11-13 Penhill Road Cardiff CF11 9UP	c/o Grant Thornton UK LLP 11-13 Penhill Road Cardiff CF11 9UP

Chartered Accountants

Member firm of Grant Thornton International Ltd

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP

A list of members is available from our registered office.

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A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address.

Former trading address	2nd Floor Vision House Oaktree Court Mulberry Drive Cardiff Gate Business Park CF23 8RU	2nd Floor Vision House Oaktree Court Mulberry Drive Cardiff Gate Business Park CF23 8RU	2nd Floor Vision House Oaktree Court Mulberry Drive Cardiff Gate Business Park CF23 8RU
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3 ADMINISTRATORS' PROPOSALS

3.1. The administrators' main proposals, set out in my report dated 10 April 2008, were as follows:

- i The administrators will pursue the objective of achieving a better result for the Companies' creditors as a whole than would be likely if the Companies were wound up.
- ii This objective will be achieved by the administrators continuing to manage the businesses of the Companies to obtain a more advantageous realisation of assets, over a period of time.
- iii It was proposed that the administrations will end by the Companies going into creditors voluntary liquidation, or if there are no monies available for unsecured creditors, by the dissolution of the Companies. If the Companies are placed into creditors voluntary liquidation it is proposed that Alistair Gareth Wardell and Nigel Morrison would be appointed as joint liquidators.

4 PROGRESS REPORT

Investments and Refurbishments

- 4.1. As stated in my previous report dated 11 September 2008, Investments and Refurbishments own a rental portfolio comprising 117 properties which were purchased on a buy to let basis. These assets have all been individually mortgaged to the Bank.
- 4.2. Refurbishments also owned a partly complete development site at the former Llanharan Primary School site.
- 4.3. The management of the rental portfolio was outsourced to managing agents Burnett Davies Lettings (BDL) on 11 July 2008 in an attempt to reduce the trading costs of the administrations.
- 4.4. The administrations of Investments and Refurbishments have been extended, as agreed by the secured creditor and it is now intended that the administrations will end by the companies being placed into compulsory liquidation, rather than creditors voluntary liquidation, with the administrators Alistair Gareth Wardell and Nigel Morrison being appointed as joint liquidators.

- 4.5. Prior to liquidation, Martyn Burnett of BDL will be appointed as fixed charge receiver to all of the buy to let properties not sold with the administrators' consent, again as a cost saving measure.
- 4.6. Investments and Refurbishments are being placed into compulsory liquidation solely to prevent dissolution of these companies enabling the fixed charge receiver to remain in office. The companies cannot be placed into creditors voluntary liquidation as there are no assets available for unsecured creditors. There is no prescribed part carve out as all assets are subject to fixed charges.

Developments

- 4.7. It is also necessary to extend the administration of Developments.
- 4.8. Developments has a claim against a third party arising prior to the administrators' appointment. I have engaged solicitors and Counsel on contingency fee agreements to pursue this claim which is in excess of £100,000. Pre-action protocols are still being exhausted before any formal litigation is commenced. I hope that a settlement can be achieved with the third party's insurers before that stage is reached.
- 4.9. In view of the above, the secured creditor and 50% of the preferential creditors have consented to the extension of the administration of Developments for six months.
- 4.10. I previously reported that there were insufficient funds to enable a distribution to be made to the preferential creditors of Developments. However, should the claim against the third party be successful this realisation may become available to pay a dividend to or pay the preferential creditors in full.

5 REALISATION OF ASSETS

Investments

- 5.1. As previously reported, one residential property was sold for £168,000 on 14 July 2008, as recommended by our agents. No other buy to let properties have been sold.

Refurbishments and Developments

- 5.2. I report that since the date of my last report to creditors, the sale of the three development sites owned by Refurbishments and Developments was completed on 9 January 2009.
- 5.3. The purchaser bought the following sites in their existing state for £2,250,000, split as follows:
 - i The Gunners Club, Pottery Terrace, Newport - £1,500,000
 - ii Lyndaryn Bungalow, Cliff Road, Blackwood - £50,000
 - iii The Former Llanharan Primary School, Chapel Road, Llanharan - £700,000

- 5.4. Our property advising agents recommended a sale at these values, as property values have continued to fall substantially since our appointment.

6 ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 6.1. In accordance with Statement of Insolvency Practice (SIP 9), I attach as Appendix B a summary of my time costs to 11 February 2009 by grade of staff and type of work. The total time costs for the Companies are £491,682, representing 2,553 hours at an average of £193 per hour, against which I have drawn fees of £196,250.
- 6.2. Details of any matters which have had a significant impact on the time costs are included in the appendix, together with details of any disbursements charged.

7 LIABILITIES AND OUTCOME FOR CREDITORS

Secured Creditor

- 7.1. In view of the considerable level of Bank debt, accruing interest and the costs of protection and realisation of assets, the Bank will not recover its lending and accrued interest in full.
- 7.2. The Bank has advised me that it wishes to take a long term approach to realising the remaining buy to let assets and the actions being taken by me are to effect those wishes as economically as possible.

Preferential Creditors

- 7.3. There are no assets available for preferential creditors in Investments and Refurbishments.
- 7.4. Pending the resolution of the claim in Developments referred to earlier in this report, funds may become available to enable a distribution to be made to the preferential creditors in Developments.

Unsecured Creditors

- 7.5. As previously reported, there are no funds available to pay a dividend to unsecured creditors of any of the three companies.

8 END OF ADMINISTRATIONS

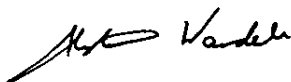
- 8.1. The administrations of Investments and Refurbishments will end on the conversion to compulsory liquidations, which is likely to take place within the next four to six weeks. These compulsory liquidations may continue for a number of years.
- 8.2. A final report to creditors on the administrations will then be issued and filed with the Registrar of Companies and with the Court.

- 8.3. The administration of Developments will come to an end when the third party claim is resolved. When the administration ends, I will submit a final progress report to creditors and will also file these reports with the Registrar of Companies and the Court. Upon receipt of the report by the Registrar of Companies the administration will end and Developments will be dissolved three months later.

Yours faithfully

for and on behalf of A & A Property Investments Limited,

A & A Property Developments Limited and A & A Property Refurbishments Limited



Alistair Wardell

Joint Administrator

The affairs, business and property of A & A Property Investments Limited, A & A Property Developments Limited and A & A Property Refurbishments Limited are being managed by Alistair Wardell and Nigel Morrison, appointed as joint administrators on 15 February 2008.

**A & A Property Investments Limited
(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments
15 February 2008 to 14 February 2009**

RECEIPTS	£
Freehold Land & Property	168,000.00
Rent Received - A & A Property Investments Limited	603,088.09
Rent Received - A & A Property Refurbishments Limited	16,050.00
Rent Received - AJ Lewis	19,215.50
Vehicle Tax Refunds	557.50
Miscellaneous Receipts	585.00
Cash at Bank	94,104.74
	<u>901,600.83</u>
PAYMENTS	
Rent Paid	4,253.50
Rates	607.19
Heat & Light	520.46
Service charges and ground rent	33,913.47
Net Salaries	47,672.31
PAYE/NI	28,142.96
Employee Expenses	8,674.71
Lease/HP Payments	2,160.00
Vehicle Running Costs	198.00
Deposit Protection Service	37,541.94
Repairs & Maintenance	28,460.35
Insurance	68,917.14
Professional Fees	1,552.00
Legal Fees	35,513.93
Hire of Equipment	1,885.53
Agents/Valuers Fees	125,551.30
Administrators Fees	125,000.00
Administrators Expenses	3,721.20
Bank Charges	1.95
Sundry Trading Expenses	256.20
VAT - Unrecoverable	50,306.48
Temporary Loan - A & A Property Refurbishments Limited	90,000.00
Temporary Loan - A & A Property Developments Limited	100,000.00
Temporary Loan - AJ Lewis Fixed Charge Receivership	5,000.00
Temporary Loan - A Walker Fixed Charge Receivership	5,000.00
	<u>804,850.62</u>
Balances in Hand	<u>96,750.21</u>

**A & A Property Developments Limited
(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments
15 February 2008 to 14 February 2009**

RECEIPTS	£
Temporary Loan - A & A Property Investments Limited	100,000.00
Freehold Land & Property	1,550,000.00
Bank Interest	23.63
Misc Fixed Receipts	1,331.26
Vat Recovered from H M Customs & Excise	25,382.93
	<u>1,676,737.82</u>
 PAYMENTS	
Net Salaries	1,840.38
PAYE/NI	938.40
Insurance	17,002.08
Professional Fees	11,500.00
Hire of Equipment	38,810.41
Repairs & Maintenance	2,175.00
Legal Fees	3,384.00
Agents/Valuers Fees	32,984.42
Security	113,222.03
Administrators Fees	33,750.00
Administrators Expenses	828.69
Bank Charges	4,071.75
Vat Recoverable	39,174.81
	<u>299,681.97</u>
 Balances in Hand	 <u>1,377,055.85</u>

A & A Property Refurbishments Limited
(In Administration)

Joint Administrators' Abstract Of Receipts And Payments
15 February 2008 to 14 February 2009

RECEIPTS	£
Temporary Loan - A & A Property Investments Limited	90,000.00
Freehold Land & Property	700,000.00
Rent Received - A & A Property Refurbishments Limited	93,416.36
Rent Received - AJ Lewis	1,975.00
Rent Received - A & A Property Investments Limited	750.00
Book Debts	1,812.69
Bank Interest	22.60
Bonds - AJ Lewis	675.00
Vat Payable	1,946.97
	<u>890,598.62</u>
 PAYMENTS	
Rent Paid	634.76
Heat & Light	44.01
Net Salaries	1,841.18
PAYE/NI	937.60
Employee Expenses	1,805.72
Debt Collection costs	250.22
Deposit Protection Service	13,075.00
Repairs & Maintenance	12,691.71
Insurance	40,183.30
Professional Fees	11,500.00
Legal Fees	3,140.00
Security	106,481.28
Hire of Equipment	19,234.78
Agents/Valuers Fees	36,869.05
Administrators Fees	37,500.00
Administrators Expenses	1,947.77
Bank Charges	1,870.91
Vat Receivable	38,903.22
	<u>328,910.51</u>
 Balances in Hand	<u>561,688.11</u>

A & A PROPERTY INVESTMENTS LIMITED - IN ADMINISTRATION
SIP 9 TIME COST ANALYSIS FOR THE PERIOD FROM 15 FEBRUARY 2008 TO 11 FEBRUARY 2009

Classification of work function	Partner/Director Hours	Manager Hours	Other Senior Professionals Hours	Assistants and Support Staff Hours	Total Hours	Time Cost £	Average Hourly Rate £/Hour
Administration and Planning	69.85	97.46	120.75	375.10	663.16	121,940	184
Investigations	0.00	10.50	7.00	2.50	20.00	5,004	250
Realisation of Assets	0.50	186.00	38.65	31.10	256.25	70,578	275
Creditors	0.00	43.40	56.15	44.05	143.60	28,150	196
Trading	0.50	6.05	211.55	76.80	294.90	44,696	152
Grand Total	70.85	343.41	434.10	529.55	1,377.91	270,368	196

Narrative of tasks undertaken

Administration and Planning

Includes: general administration and planning, reporting, statutory returns, court filings, physical filing, internal compliance reviews, case planning, statutory obligations (eg. statutory returns) maintenance of cash and estate records and general correspondence.

Investigations

Includes: initial consideration of approach to investigations into company and directors.

Realisation of assets

Includes: instructing and liaising with agents, collection and monitoring of rental portfolio, maintenance of properties, dealing with bonding and tenant queries.

Creditors

Includes: correspondence with preferential and unsecured creditors, dealing with creditor correspondence, preparing reports and circulars to creditors, liaising with secured creditor, dealing with enquiries as to redundancies, employee enquiries and general creditor enquiries.

Trading

Includes: liaising with various parties, including agents, valuers, insurers, solicitors, retained employees and tenants. Dealing with maintenance issues and arranging for the rental portfolio to be let whilst ensuring all assets remain secure.

A & A PROPERTY DEVELOPMENTS LIMITED - IN ADMINISTRATION
SIP 9 TIME COST ANALYSIS FOR THE PERIOD FROM 15 FEBRUARY 2008 TO 11 FEBRUARY 2009

Classification of work function	Partner/Director Hours	Manager Hours	Other Senior Professionals Hours	Assistants and Support Staff Hours	Total Hours	Time Cost £	Average Hourly Rate £/Hour
Administration and Planning	14.15	73.49	114.66	101.40	303.70	56,392	186
Investigations	0.00	7.00	3.00	0.50	10.50	2,886	275
Realisation of Assets	4.75	51.45	42.30	3.85	102.35	24,971	244
Creditors	0.00	8.90	21.70	22.75	53.35	9,282	174
Trading	0.00	2.55	21.30	6.80	30.65	5,286	172
Grand Total	18.90	143.39	202.96	135.30	500.55	98,817	197

Narrative of tasks undertaken

Administration and Planning

Includes: general administration and planning, reporting, statutory returns, court filings, physical filing, internal compliance reviews, case planning, statutory obligations (eg. statutory returns) maintenance of cash and estate records and general correspondence.

Investigations

Includes: initial consideration of approach to investigations into company and directors.

Realisation of assets

Includes: instructing and liaising with agents, dealing with bonding and security matters on-site. Dealing with the sale of the development sites.

Creditors

Includes: correspondence with preferential and unsecured creditors, dealing with creditor correspondence, preparing reports and circulars to creditors, liaising with secured creditor, dealing with enquiries as to redundancies, employee enquiries and general creditor enquiries.

Trading

Includes: liaising with various parties, including agents, valuers, insurers and solicitors. Dealing with maintenance issues on-site and ensuring developments remain secure.

A & A PROPERTY REFURBISHMENTS LIMITED - IN ADMINISTRATION
SIP 9 TIME COST ANALYSIS FOR THE PERIOD FROM 15 FEBRUARY 2008 TO 11 FEBRUARY 2009

Classification of work function	Partner/Director Hours	Manager Hours	Other Senior Professionals Hours	Assistants and Support Staff Hours	Total Hours	Time Cost £	Average Hourly Rate £/Hour
Administration and Planning	13.95	69.64	118.37	189.75	391.71	68,665	175
Investigations	0.00	7.50	3.00	0.50	11.00	3,046	277
Realisation of Assets	1.25	49.80	31.95	8.35	91.35	22,278	244
Creditors	0.00	10.65	15.10	27.10	52.85	9,054	171
Trading	0.00	2.45	99.45	26.00	127.90	19,454	152
Grand Total	15.20	140.04	267.87	251.70	674.81	122,497	182

Narrative of tasks undertaken

Administration and Planning

Includes: general administration and planning, reporting, statutory returns, court filings, physical filing, internal compliance reviews, case planning, statutory obligations (eg. statutory returns) maintenance of cash and estate records and general correspondence.

Investigations

Includes: initial consideration of approach to investigations into company and directors.

Realisation of assets

Includes: instructing and liaising with agents, collection and monitoring of rental portfolio, maintenance of properties, dealing with bonding and tenant queries. Dealing with the sale of the development site.

Creditors

Includes: correspondence with preferential and unsecured creditors, dealing with creditor correspondence, preparing reports and circulars to creditors, liaising with secured creditor, dealing with enquiries as to redundancies, employee enquiries and general creditor enquiries.

Trading

Includes: liaising with various parties, including agents, valuers, insurers, solicitors, retained employees and tenants. Dealing with maintenance issues and arranging for the rental portfolio to be let whilst ensuring all assets remain secure.