



To members and all known creditors

1 September 2014

Our ref: RT/MG/DickensHeath/26082014/AM

Dear Sir/Madam

Dickens Heath Development Company Limited - In Liquidation ("the Company")
Formerly trading from: 22-23 Old Burlington Street, London, W1S 2JJ

Please find enclosed the liquidators' second annual progress report to members and all known creditors in the above liquidation.

If you have any queries in connection with the report, please contact Ruth Turner who will be pleased to deal with them.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Baxendale'.

David Baxendale
Joint Liquidator

Ruth.e.turner@uk.pwc.com
0113 289 4326

David R Baxendale and Robert J Hunt are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales. Both are licensed in the United Kingdom to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales.

The Joint Liquidators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the liquidation.

PricewaterhouseCoopers LLP, Benson House, 33 Wellington Street, Leeds, LS1 4JP
T: +44 (0) 113 289 4000, F: +44 (0) 113 289 4460, www.pwc.co.uk

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**Second progress report
to members & creditors**

1 September 2014

Company **Dickens Heath Development Company Limited - in liquidation**

Registered Number **04319615**

Registered address **Benson House, 33 Wellington Street, Leeds, LS1 4JP**

Type of Insolvency **Creditors' Voluntary Liquidation**

Date of Appointment **18 July 2012**

Appointees **David Robert Baxendale
Robert Jonathan Hunt**

Address **PricewaterhouseCoopers LLP, 7 More London, Riverside, London, SE1
2RT and PricewaterhouseCoopers LLP, Cornwall Court, 19 Cornwall
Street, Birmingham, B3 2DT**

Dividend Prospects	Current estimate p in £	Previous estimate p in £
Preferential	n/a	n/a
Unsecured	TBC	TBC

Please note that the guidance on dividend prospects is indicative only. It should not be used as the sole or principal basis of any bad debt provision decision.

Dickens Heath Development Company Limited – In Liquidation (“the Company”)

Report to Members & Creditors

In accordance with Rule 4.49C of the Insolvency Rules 1986 (“IR86”), this is our second progress report to members and all known creditors. Attached at Appendix A is a summary of the financial information relating to the liquidation.

Appointment of liquidators

On 18 July 2012, David Robert Baxendale and Robert Jonathan Hunt of PricewaterhouseCoopers LLP were appointed liquidators of the Company.

Asset realisations

Below are details of the Company’s realisable assets per the directors’ statement of affairs.

	Actual realisations in the liquidation £	Estimated to realise per the statement of affairs £
Assets		
Garden Square East, Slab	-	3,500,000
Commercial Properties: 73, 35, 77 Main Street, Dickens Heath	-	440,000
Garden Squares Phase 1, residential properties	-	2,945,250
Garden Squares Phase 1, commercial properties	-	175,000
Waterside commercial properties	-	600,000
Waterside residential property	-	158,400
Ground Rents	-	800,000
Accounts receivable	-	4,300
VAT	-	3,203
	-	8,626,153

Assets specifically pledged

As advised previously, prior to the liquidators’ appointment, fixed charge receivers had been appointed over the Company’s properties.

Since the date of the last report, the receivers have advised that only two of the properties listed above remain to be sold. The properties currently outstanding for sale are Garden Square East, known as the Slab, plus the Ground Rent portfolio. The receivers continue to invite offers on these properties, and are currently in negotiations with interested parties. We are also liaising regularly with the receivers and the Royal Bank of Scotland Plc (“the Secured Creditor”) to advise on and support the conclusion of the asset realisation process.

We still anticipate that once all properties are sold, the fixed charge receivers will be able to discharge the Company’s secured debt, and there could be a surplus of fixed charge realisations for distribution to the unsecured creditors. Unfortunately, we are not yet in a position to predict the timing or amount of this distribution because of its dependence on the timing and value of future property sales.

Assets not specifically pledged

As advised previously, we anticipate that the VAT asset mentioned above, will not be recoverable, due to debts outstanding to HM Revenue and Customs from other members of the Company’s VAT group.

Outcome for creditors

Secured creditors

At the date of appointment of the receivers, the amount due to the Secured Creditor was £7,482,924.

The liquidators continue to predict that it will be possible to fully discharge the secured debt owed to the Secured Creditor. This will depend on the final level of realisations from the sale of the property and ground rent portfolios, together with the costs of achieving those realisations.

The Metropolitan Borough of Solihull also holds an outstanding debenture in relation to the Company. The liquidators understand that the receivers are liaising with the council regarding removal of this charge.

Preferential creditors

There are no preferential creditors of this Company.

Unsecured creditors

Unsecured creditors were estimated at £34,111,227 on the statement of affairs, and this figure includes an intercompany debt of £31,853,105.

In the event that there are surplus funds once the secured debt has been discharged in full, there may be distribution to unsecured creditors of the Company. Further information will be provided when the outcome for creditors is more certain.

Liquidators' remuneration

You may recall that at the first meeting of creditors held on 18 July 2012, a resolution was passed to enable the liquidators to draw remuneration by reference to the time properly given by the liquidators and their staff in attending to the matters arising in the winding up, including time given by them and their staff to such matters before the liquidation commenced.

To 17 July 2014 the liquidators have incurred time costs of £60,052. This represents 274 hours at an average hourly rate of £219. This compares with the average hourly rate at the time of the liquidators' last progress report of £196.86. To date there have been only nominal realisations and so no fees have yet been drawn. These figures include a change in charge out rates effective from 1 July 2014 for insolvency and specialist staff.

It has been the liquidators' policy to delegate the routine administration of the liquidation to junior staff in order to maximise the cost effectiveness of the work performed. These staff have been supervised by senior staff and the liquidators. Any matter of particular complexity or significance that has required responsibility of an exceptional kind has also been dealt with by senior staff and the liquidators.

Details of the time costs incurred from 18 July 2013 to 17 July 2014, by work category, are attached at Appendix B.

In common with all professional firms, scale rates increase from time to time over the period of the administration of each insolvency case. PricewaterhouseCoopers LLP, or any successor firm, reserves the right to change the rates and grade structure. Following the passing of the fee resolution on 18 July 2012 the charge out rates were increased on 1 July 2013 and 1 July 2014. Full details of the charge out rates charged to this case from these dates are included at Appendix B. Specialist departments within PricewaterhouseCoopers LLP, such as tax, VAT, property and pensions, sometimes charge a small number of hours should the liquidators require their expert advice. Their rates vary, however, the figures given provide an indication of the maximum rate per hour.

All staff who work on this assignment (including cashiers, support and secretarial staff) charge time directly to the assignment and are included within any analysis of time charged. Each grade of staff is allocated an hourly charge out rate which is reviewed from time to time. Work undertaken by cashiers, support and secretarial staff is charged for separately and is not included in the hourly rates charged by partners or other members of staff. Time is charged by reference to actual work carried out on the assignment in six minute units. The minimum time chargeable is three minutes (i.e. 0.5 units).

Liquidators' disbursements

Category 1 disbursements

The liquidators' have incurred disbursements of £484.90 during the period 18 July 2013 to 17 July 2014; however no disbursements have been drawn in this respect.

Category 2 disbursements

The liquidators' current disbursements policy, as approved by the creditors, is as follows:

1. Photocopying for circulars or any other bulk copying is charged at 5p per sheet;
2. Mileage – this is reimbursed at a maximum of 71p per mile (up to 2,000cc) and 93p per mile (over 2,000cc).

All other disbursements are reimbursed at cost. The liquidators have incurred £12.93 and £0 in respect of photocopying and mileage respectively, during the period 18 July 2013 to 17 July 2014 however no disbursements have been drawn in this respect.

Statement of expenses

The following expenses have been incurred during the period of the report, but have not yet been drawn:

Category	Amount (£)	Paid in the period (£)	Carried forward (£)
Office holders' time costs	30,547.37	0.00	30,547.37
Office holders' disbursements	497.83	497.83	497.83
Bank charges	3.40	3.40	0.00

Additional information

An explanatory note giving creditors a statement of their rights in relation to the Liquidators' remuneration and expenses, and their rights to request further information, can be found online at:
<http://www.icaew.com/~media/Files/Technical/Insolvency/creditors-guides/creditors-guide-liquidators-fees-final.pdf>

A copy may also be obtained free of charge by telephoning Ruth Turner on 0113 289 4326.

If any creditor requires further explanations on any aspect of the liquidators' progress report, then please telephone or write to Ruth Turner who will be pleased to deal with such enquiries, however, any request for further information regarding the liquidators' remuneration or disbursements should be made in writing (Rule 4.49E).

In addition, should any creditor consider the liquidators' remuneration and disbursements to be excessive or inappropriate, they have the right to challenge the amounts in accordance with Rule 4.131 IR86.

Dickens Heath Development Company Limited - in liquidation
Summary of Financial Information as at 17 July 2014

	Receipts & payments at time of last report (£)	Movements for the period 18 July 2013 to 17 July 2014 (£)	Total for the period from appointment to 17 July 2014 (£)	Estimated outcome (£)	Directors' statement of affairs (£)
Fixed Charge Receipts					
Freehold property	-	-	-	Uncertain	4,322,150 *
Ground rents	-	-	-	Uncertain	800,000 *
Accounts receivable	-	901.05	901.05	Uncertain	44,314
Refunds	-	15.54	15.54	-	-
Interest received gross	-	2.51	2.51	-	-
Total	-	919.10	919.10	-	5,166,464
Floating Charge Receipts					
VAT refund	-	-	-	-	3,203
Total	-	-	-	-	3,203
Fixed Charge Payments					
Bank charges	-	(3.40)	(3.40)		
Total	-	(3.40)	(3.40)		
Floating Charge Payments					
VAT payable/receivable	-	6.80	6.80		
Balance held in interest bearing account	-	915.70	915.70		

*Note * - the receivers will be using the funds realised by the sale of the Freehold Property and Ground Rent to discharge the Company's secured lending, and to settle costs. In the event that there are surplus funds left over once this has been concluded, such funds will then be sent to the liquidators who will distribute them amongst the unsecured creditors.*

Dickens Heath Development Company Limited - in liquidation

Analysis of time costs for the period from 18 July 2013 to 17 July 2014

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £
1 Strategy & Planning	-	6.75	-	6.80	0.50	0.15	2.80	17.00	7,108.90	418.17
2 Secured creditors	-	-	-	-	-	-	-	-	-	-
3 Trading	-	-	-	-	-	-	-	-	-	-
4 Assets	-	-	-	-	-	-	-	-	-	-
5 Investigations	-	3.25	-	0.70	1.90	3.80	-	9.65	3,452.40	357.76
6 Creditors	-	-	-	-	-	-	-	-	-	-
7 Accounting and treasury	-	-	-	-	0.10	-	-	0.10	17.70	177.00
8 Statutory and compliance	-	0.45	-	0.45	0.76	4.60	-	6.26	1,292.42	206.46
9 Tax & VAT	-	-	2.00	3.25	10.60	23.10	-	38.95	7,168.10	184.03
10 Employees & pensions	-	-	-	1.10	14.85	42.58	-	58.53	11,507.85	196.61
11 Pre-appointment work	-	-	-	-	-	-	-	-	-	-
12 Closure procedures	-	-	-	-	-	-	-	-	-	-
Total for the period	0.00	10.45	2.00	12.30	28.71	74.23	2.80	130.49	30,547.37	234.10
Brought forward at 17 Jul 2013								138.88	27,340.50	
Time brought forward which was not included in previous report								4.75	2,163.20	
Total								274.12	60,051.07	219.07

Charge out rates maximum per hour

From 1 July 2012	520	660	383	310	266	225	113
From 1 July 2013	555	680	405	320	275	157	82
From 1 July 2014	795	695	540	460	380	240	120
Current specialist rates	1180	1080	870	545	440	245	120

Narrative of work undertaken in the period 18 July 2013 to 17 July 2014:

Strategy & Planning

- Meeting with the receivers to discuss asset realisation strategy
- Liaising with Solihull Council regarding the removal of their registered charge
- Team meetings to discuss case progression, and documentation of action points

Tax & VAT

- Reviewing the Company's tax and vat position
- Liaising with the receivers to obtain information relating to the VAT treatment in respect of the asset sales and rental receipts
- Liaising with the Bank to obtain information relating to interest accrued on their secured debt
- Drafting and submitting the first annual tax return

Statutory & Compliance

- Drafting, reviewing and circulating the first annual progress report to creditors
- Appointee and manager file reviews
- Reviewing appointment taker bonding
- Updating case records

Assets

- Liaising with the fixed charge receivers to obtain progress and update reports on the outcome of asset sales

Accounting & Treasury

- Maintaining post appointment bank accounts, including bank reconciliations
- Processing receipts

Liquidator's Progress Report

Pursuant to Sections 92A, 104A and 192 of the
Insolvency Act 1986

S.192

To the Registrar of Companies

Company Number

04319615

Name of Company

(a) Insert full name of
company

(a) Dickens Heath Development Company

Limited

(b) Insert full name(s)

I/We (b) David Robert Baxendale and Robert Jonathan Hunt of
PricewaterhouseCoopers LLP, 7 More London Riverside, London,
SE1 2RT and PricewaterhouseCoopers LLP, Cornwall Court, 19
Cornwall Street, Birmingham, B3 2DT

and address(es)

the liquidator(s) of the company attach a copy of my/our Progress Report
under section 192 of the Insolvency Act 1986.

The Progress Report covers the period from 18 July 2013
to 17 July 2014.

Signed



Date

1 SEPTEMBER 2014

Presenter's name,
address and
reference
(if any)