
Joint liquidators' progress report
from 18 July 2018 to 17 July 2019

***Dickens Heath Development
Company Limited***
(in liquidation)

30 August 2019

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Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used in this report:

Abbreviation or definition	Meaning
Company	Dickens Heath Development Company Limited
Liquidators	David Robert Baxendale and Robert Jonathan Hunt to 8 November 2016 and David Robert Baxendale and Toby Scott Underwood from 8 November 2016
Receivers	Joseph Anthony Pitt and Benedict James Nicholas Moon of Fraser CRE (Formerly of BNP Paribas)
DHMC	Dickens Heath Management Company Limited
firm	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
CVL	Creditors' voluntary liquidation
HMRC	HM Revenue & Customs
LSH	Lambert Smith Hampton
prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
preferential creditors	Generally, claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
Bank	Royal Bank of Scotland Plc

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the liquidation of the Company in the 12 months since our last report dated 7 September 2018.

You can still view our earlier reports on our website at www.pwc.co.uk/dickens.

How much creditors may receive

The following table summarises the possible outcome for creditors*, based on what we currently know.

Class of creditor	Current estimate (p in £)	Previous estimate (p in £)
Preferential creditors	N/A	N/A
Unsecured creditors	3 – 5.5 p in £	3 – 5.5 p in £

**Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

What you need to do

This report is for your information and you don't need to do anything.

Overview of what we've done to date

This is our seventh progress report. You may wish to refer to our previous reports which can be found at www.pwc.co.uk/dickens. As explained in our earlier reports, the Receivers were appointed over the Company's assets which are subject to a fixed charge. Assets have been realised as set out below:

	Estimated to realise per the statement of affairs £	Current Status £
Assets subject to fixed charge		
Garden Square East Slab	3,500,000	Sold by Receivers
Commercial Properties: 73, 35, 77 Main Street, Dickens Heath	440,000	Sold by Receivers
Garden Squares Phase 1, residential properties	2,945,250	Sold by Receivers
Garden Squares Phase 1, commercial properties	175,000	Sold by Receivers
Waterside commercial properties	600,000	Sold by Receivers
Waterside residential property	158,400	Sold by Receivers
Assets to be realised by the Liquidators	£	£
Accounts receivable (historic ground rents)	4,300	401,807
Bank interest	-	6,963
Ground rent portfolio	800,000	-
Refunds	-	17,766
	8,626,153	426,536

When we last reported, the key outstanding matters in the liquidation were as follows:

- Receiving the balance of funds from the Receivers prior to them vacating office;
- Collecting aged ground rents due;
- Marketing and realising the Company's ground rent portfolio;
- Adjudicating and agreeing claims; and
- Distributing funds to creditors.

We will be provide an update on how these matters have progressed during the period later in this report.

Outcome for creditors

Secured creditors

The Bank's lending to the Company as at the date of the Receivers' appointment was c£7.5m and was secured by a debenture dated 4 December 2007. This security gave the Bank fixed and floating charges over all the Company's assets. The Bank has been repaid its lending in full by the Receivers as detailed in a prior reports.

The Metropolitan Borough of Solihull also held a debenture in relation to the Company. The Receivers confirmed that this charge was removed when the sale of the slab was completed.

Preferential creditors (mainly employees)

There are no preferential creditors of this Company.

Unsecured creditors

Dividends become available for unsecured creditors when there are sufficient funds (after costs of the liquidation) to pay the secured and preferential creditors in full, with an amount left over. In certain circumstances, part of the amount available for secured creditors may be ring-fenced for the benefit of unsecured creditors. This prescribed part is paid out of 'net property', which is floating charge realisations after costs, and after paying - or setting aside enough to pay - preferential creditors in full. However it only has to be made available where the floating charge was created on or after 15 September 2003.

As the secured creditor has been repaid its lending in full from fixed charge assets, the prescribed part does not apply in this case.

We have previously paid an interim distribution to unsecured creditors that had proved their debt totalling 1.4 pence in the £. The total funds distributed were £498,557.

We expect to pay a further distribution to unsecured creditors but the timing of this is dependent on completion of a sale of the ground rent portfolio. Further details about the progress of the sale can be found later in this report.

Progress since we last reported

Realisation of assets not specifically pledged

Surplus from the receivership

Asset realisations in the receivership were in excess of the amounts required to settle the amount due to the Bank and also the costs of the receivership. During the period covered by this report, we have received a balance of £95,901 into the liquidation, bringing the total surplus received from the Receivers into the liquidation to £895,901. The Receivers have also confirmed during the period that they have ceased to act. This has now enabled us to begin work to progress to realise the final assets of the Company. As previously stated, considerable efforts were made into obtaining information from the Receivers and obtaining confirmation that the Receivers had ceased to act.

Sale of the ground rent portfolio

As the Bank has been paid in full and the Receivers have vacated office, the Company's ground rent portfolio is now a liquidation asset. The process to market the portfolio will begin in September 2019. With residential ground rents sales, there is a strict legal process to follow when selling ground rent portfolios, which allows the residents of the development to take up the right to acquire at a prescribed price and on certain terms. If the residents do not take up the right to acquire, the portfolio can be sold to a commercial investor on the same terms. A substantial amount of work has been completed during the period to ensure that when the marketing begins, maximum value is obtained for creditors in the shortest timescale possible, adhering to the required legal process. Due to the numerous variables around the legal process involved with the sale, we are unable to provide an expected completion date at this time.

We do have an indicative value range for the ground rent portfolio, however, we are unable to disclose this so as not to prejudice any future negotiations around a sale.

Additional land included in title deeds for ground rent portfolio

As disclosed in our previous report, we were informed by the Receivers that, in addition to the ground rent portfolio there is a village green, a communal play area and a nature reserve which remains to be dealt with. In line with our earlier expectations, this land does not hold any significant value and we are currently in negotiations with the Parish Council to agree the transfer of some of this land. This agreement is not expected to result in any material realisations into the liquidation. The benefit of disposing of this land however, is to reduce the associated cost, risks and liabilities for the Liquidation. If part of the land is sold with the ground rent portfolio, there is not expected to be an increase in the achievable portfolio sale price.

Ground rent arrears

As mentioned in our previous reports, in order to be in a position to market the ground rent portfolio once the Receivers ceased to act, we have been extensively involved with DHMC, the property management company for the Dickens Heath Village Centre site, to ensure the collection of all historic ground rents and ensure the appropriate management/maintenance structure is in place.

During the period, DHMC has recovered £93,431 of aged ground rents and these have been transferred to the liquidation, bringing total receipts during the liquidation to £401,807.

Interest

Interest receipts in the period total £2,995, bringing total interest received to date during the liquidation to £6,963.

Statutory and compliance

During the period, we have prepared and submitted the previous progress report. We have prepared the corporation tax return for the period ended 17 July 2018. A return was submitted and a tax payment of £5,591 was made in the period covered by this report. We have also undertaken progression reviews to ensure that the liquidation continues to progress towards closure.

Investigations and actions

Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the liquidation from 18 July 2018 to 17 July 2019.

Our expenses

We set out in Appendix B a statement of the expenses we've incurred to the date covered by this report and an estimate of our future expenses. The statement excludes any potential tax liabilities that we may need to pay as a liquidation expense in due course because amounts due will depend on the position at the end of the tax accounting period.

Our fees

We set out in Appendix C an update on our fees, disbursements and other related matters.

Creditors' rights

Creditors have the right to ask for more information within 21 days of receiving this report as set out in Rule 18.9 IR16. Any request must be in writing. Creditors can also challenge our fees and expenses within eight weeks of receiving this report as set out in Rule 18.34 IR16.

This information can also be found in the guide to fees at: <http://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/liquidations-creditor-fee-guide-6-april-2017.ashx?la=en>

You can also get a copy free of charge by telephoning Adam Thompson on 0113 289 4983.

What we still need to do

In order to finalise the liquidation of the Company, we still need to collect the remaining aged ground rents and market and complete a sale of the ground rent portfolio, including the additional land mentioned previously. We will then look to finalise the Company's tax position and make a second and final distribution to creditors before finalising the remaining closure matters to allow us to vacate office.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is the sooner. If you've got any questions, please get in touch with Adam Thompson on 0113 289 4983.

Yours faithfully



David Baxendale
Joint liquidator

David Robert Baxendale and Toby Scott Underwood have been appointed as joint liquidators of the Company. Both are licensed in the United Kingdom to act as an Insolvency Practitioners by The Institute of Chartered Accountants in England & Wales. The joint liquidators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>. The joint liquidators may act as controllers of personal data as defined by UK data protection law depending upon the specific processing activities undertaken. PricewaterhouseCoopers LLP may act as a processor on the instructions of the joint liquidators. Personal data will be kept secure and processed only for matters relating to the joint liquidators' appointment. Further details are available in the privacy statement on the PwC.co.uk website or by contacting the joint liquidators.

Appendix A: Receipts and payments

Statement of affairs	Brought forward from 17 July 2018	Paid in the period 18 July 2018 to 17 July 2019	Total from appointment to 17 July 2019
(£) Receipts	(£)	(£)	(£)
7,818,650.00 Freehold property (Ground Rent Portfolio)	-	-	-
- Receivers' funds received	800,000.00	95,900.57	895,900.57
800,000.00 Ground rents	308,376.86	93,430.57	401,807.43
4,300.00 Accounts receivable	901.05	-	901.05
- Third Party Funds	-	500.00	500.00
- Refunds	17,765.52	18.22	17,783.74
- Interest received gross	3,968.28	2,995.21	6,963.49
8,622,950.00 Total	1,131,011.71	192,844.57	1,323,856.28
Payments			
Liquidators' fees (time costs basis)	(110,000.00)	(50,000.00)	(160,000.00)
Statement of affairs fee	(7,500.00)	-	(7,500.00)
Liquidators' disbursements	(1,837.56)	(250.24)	(2,087.80)
Agent's fees	(3,250.00)	(1,875.00)	(5,125.00)
Legal fees & Expenses	(8,579.41)	-	(8,579.41)
Corporation tax / Income tax	(52,531.75)	(5,590.75)	(58,122.50)
Irrecoverable VAT	(25,588.79)	(8,063.94)	(33,652.73)
Statutory advertising	(75.00)	-	(75.00)
Finance / Bank interest & charges	(36.70)	-	(36.70)
Total	(209,399.21)	(65,779.93)	(275,179.14)
VAT Control	-	-	-
Distribution to unsecured creditors of 1.4p in £ on 21 June 2018	(498,557.45)	-	-
Balance at bank held in interest bearing account	423,055.05	127,064.64	550,119.69
*All items are stated net of VAT			
We understand that VAT will be irrecoverable			

Appendix B: Expenses

The following table provides details of our expenses. Expenses are amounts properly payable by us as Liquidators from the estate and includes our fees, but excludes distributions to creditors. The table also excludes any potential tax liabilities that we may need to pay as a liquidation expense because amounts becoming due will depend on the position at the end of the tax accounting period.

The table should be read in conjunction with the receipts and payments account at Appendix A, which shows expenses actually paid during the period and the total paid to date.

	Brought forward from preceding period	Incurred in the period under review	Expenses paid in the period	Unpaid expenses at 17 July 2019	Estimated future expenses
	£	£	£	£	£
Liquidators' fees**	128,649	78,976	50,000	157,625	74,176
Liquidators' expenses	29	234	250	13	400
Legal fees	547	-	-	547	TBC*
Bank charges	-	-	-	-	40
Online data hosting facility	-	12,116	-	12,116	TBC*
Agent's fees	12,831	1,875	1,875	12,831	TBC*
Statutory advertising	-	-	-	-	-
Total	142,056	93,201	52,125	183,132	74,616

*Future agents fees, legal fees and the use of the online data hosting facility will be dependent on the timing and final value of the sale of the ground rent portfolio and other variables which we are unable to quantify at this time.

**Due to the extended duration of the liquidation while the Receivers vacated office, our estimated future fees have increased during the period.

Appendix C: Remuneration update

Our fees were approved on a time costs basis at the meeting of creditors on 18 July 2012. This approval allows us to draw fees by reference to the time properly given by us and our staff in dealing with the liquidation.

We have drawn fees to date of £160,000 in line with the approval given, including fees which we have drawn in the period covered by this report of £50,000. Total time costs of £317,585 have been incurred since our appointment, as shown on the enclosed summary found in the next section of this report.

The time cost charges incurred in the period covered by this report are £78,976 which represents 169 hours at an average hourly rate of £468.53. This amount does not necessarily reflect how much we will eventually draw as fees for this period.

We set out later in this Appendix details of our work to date, anticipated future work, disbursements, subcontracted work and payments to associates.

Our hours and average rates in the period 18 July 2018 to 17 July 2019

Aspect of assignment	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Secretarial	Total hours	Time cost £	Average hourly rate £	Cumulative time costs £
Strategy & Planning	1.00	20.90	-	3.15	0.30	0.90	-	26.25	18,583.75	707.95	64,740.50
Assets	-	1.25	59.75	23.26	-	8.10	-	92.36	46,381.65	502.18	70,610.30
Investigations	-	-	-	-	-	-	-	-	-	-	2,965.40
Creditors	-	-	-	-	-	-	-	-	-	-	22,328.40
Accounting and treasury	-	-	-	1.00	1.60	6.75	-	9.35	2,035.00	217.65	9,846.62
Statutory and compliance	2.50	-	0.45	5.80	-	22.25	-	31.00	7,939.25	256.10	73,721.95
Tax & VAT	-	-	-	0.90	6.80	1.90	-	9.60	4,036.50	420.47	73,372.30
Total for the period	3.5	22.2	60.2	34.1	8.7	39.9	-	168.56	78,976.15	468.53	317,585.47
Brought forward at 17 Jul 2018								884.60	238,609.32		
Total								1,053.16	317,585.47		

Our time charging policy and hourly rates

We and our team charge our time for the work we need to do in the liquidation. We delegate tasks to suitable grades of staff, taking into account their experience and any specialist knowledge that is needed and we supervise them properly to maximise the cost effectiveness of the work done. Anything complex or important matters of exceptional responsibility are handled by our senior staff or us.

All of our staff who work on the liquidation (including our cashiers, support and secretarial staff) charge time directly to the case and are included in any analysis of time charged. Each grade of staff has an hourly charge out rate which is reviewed from time to time. For the avoidance of doubt, work carried out by our cashiers, support and secretarial staff is charged on a time costs basis and is included in the analysis of hourly rates charged by partners or other staff members. Time is charged in three minute units (i.e. 0.05 units). We don't charge general or overhead costs.

We set out below the maximum charge-out rates per hour for the grades of our staff who already or who are likely to work on the liquidation.

Grade	From 18 July 2018 to 30 June 2019 £	From 1 July 2019 £
Partner	890	910
Director	780	800
Senior manager	590	605
Manager	510	525
Senior associate – qualified	425	435
Senior associate – unqualified	315	325
Associate	265	270
Support staff	135	140

Charge out rates for the prior periods are detailed in our earlier reports.

We call on colleagues in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	From 18 July 2018 to 30 June 2019 £	From 1 July 2019 £
Partner	1,315	1,385
Director	1,210	1,295
Senior manager	1,230	1,290
Manager	735	775
Senior Associate / consultant	545	575
Associate / assistant consultant	270	285
Support staff	160	170

Charge out rates for the prior periods are detailed in our earlier reports.

In common with many professional firms, our scale rates may rise to cover annual inflationary cost increases.

Payments to associates

We have not made any payments to associates in the period covered by this report.

Our work in the period

Earlier in this section we have included an analysis of the time spent by the various grades of staff. Whilst this is not an exhaustive list, in the following table we provide more detail on the key areas of work completed in the period.

Area of work	Work undertaken	Why the work was necessary	What, if any, financial benefit the work provided to creditors OR whether it was required by statute
Strategy & planning	<ul style="list-style-type: none"> • Liaising with professional advisors • Six monthly manager and appointee reviews • Maintaining case outcome statement 	<ul style="list-style-type: none"> • To ensure effective case management and progression 	<ul style="list-style-type: none"> • Minimises costs to creditors and maintains case progression
Assets	<ul style="list-style-type: none"> • Information requests to the Receivers • Liaising with agents for DHMC regarding rent collection and efficient management of portfolio • Liaison with Receivers in relation to additional land • Requesting updates from Receivers regarding ceasing to act • Considering insurance of additional land • Appointing and liaising with professional advisors regarding a sale of the ground rent portfolio • Liaising with DHMC in relation to rent collections and property information • Reviewing proposals from agents in relation to the ground rent portfolio • Instructing agents to market the ground rent portfolio • Liaising with solicitors in relation to potential S5 agreements • Negotiating sale of the village green / nature reserve land / communal playground 	<ul style="list-style-type: none"> • To realise funds from creditors 	<ul style="list-style-type: none"> • Maximises potential returns to creditors
Creditors	<ul style="list-style-type: none"> • Responding to creditor queries • Providing updates to creditors 	<ul style="list-style-type: none"> • To keep creditors updated on progression 	<ul style="list-style-type: none"> • Ultimately relates to returning funds to creditors
Accounting & treasury	<ul style="list-style-type: none"> • Managing and reconciling the bank account • Processing and allocating receipts 	<ul style="list-style-type: none"> • For proper management of funds held 	<ul style="list-style-type: none"> • Ensures proper stewardship of funds

	<ul style="list-style-type: none"> • Processing invoices for payment • Verifying account details 		
Statutory & compliance	<ul style="list-style-type: none"> • Preparation, review and circulation of the 2018 progress report • Updating case website • Filing of case correspondence • Maintaining case files and records 	<ul style="list-style-type: none"> • To comply with statutory requirements 	<ul style="list-style-type: none"> • Statutory and regulatory requirements
Tax & VAT	<ul style="list-style-type: none"> • Liaising with internal tax team • Preparing, reviewing and submitting the tax return to 2018 year end 	<ul style="list-style-type: none"> • Required by statute 	<ul style="list-style-type: none"> • Statutory and regulatory requirement

Our future work

We still need to do the following work in the liquidation.

Area of work	Work we need to do	Estimated cost (£)	What, if any, financial benefit the work will provide to creditors OR whether it is required by statute
Strategy & planning	<ul style="list-style-type: none"> • Strategy for the sale of the ground rent portfolio and additional land • Preparing the final distribution strategy to return funds to creditors • Strategy meetings and case handover meetings • Closure strategy 	<ul style="list-style-type: none"> • 10,176 	<ul style="list-style-type: none"> • Minimises costs to creditors and maintains case progression
Assets	<ul style="list-style-type: none"> • Liaising with agents for DHMC regarding rent collection • Liaising with agents in respect of marketing the ground rent portfolio • Marketing and completing a sale of the ground rent portfolio • Negotiating sale of the village green / nature reserve land • Completing sales to tenants under S5 agreements if necessary 	<ul style="list-style-type: none"> • 30,000 	<ul style="list-style-type: none"> • Maximises potential returns to creditors
Creditors	<ul style="list-style-type: none"> • Responding to creditor queries • Providing updates to creditors • Reviewing and agreeing any new creditor claims received after payment of the interim dividend • Distributing funds to creditors (final) • Dealing with unclaimed dividends 	<ul style="list-style-type: none"> • 10,000 	<ul style="list-style-type: none"> • No financial benefit

<i>Accounting & treasury</i>	<ul style="list-style-type: none"> • <i>Managing and reconciling the bank account</i> • <i>Processing and allocating receipts</i> • <i>Processing invoices for payment</i> • <i>Verifying account details</i> • <i>Processing the final distribution to creditors</i> • <i>Dealing with unclaimed distribution cheques</i> • <i>Bank account closure</i> 	• 3,000	• <i>Ensures proper management of funds held</i>
<i>Statutory & compliance</i>	<ul style="list-style-type: none"> • <i>Preparation, review and circulation of the annual progress report</i> • <i>Updating case website</i> • <i>Filing of case correspondence</i> • <i>Maintaining case files and records</i> • <i>Dealing with the Company books & records</i> • <i>Statutory file reviews by the appointees</i> 	• 9,000	• <i>Statutory and regulatory requirements</i>
<i>Tax & VAT</i>	<ul style="list-style-type: none"> • <i>Liaising with internal tax team</i> • <i>Preparing, reviewing and submitting the annual / final tax returns</i> • <i>Liaising with HMRC in relation to tax computations</i> • <i>Obtaining tax clearance to exit office</i> 	• 8,000	• <i>Statutory and regulatory requirement</i>
<i>Closure procedures</i>	<ul style="list-style-type: none"> • <i>Planning for case closure</i> • <i>Clearance requests before leaving office</i> • <i>Conducting closure reviews</i> • <i>Preparing the final progress report</i> • <i>Filing relevant notices to exit office</i> • <i>Systems closure</i> 	• 4,000	• <i>Minimises costs to increase returns to creditors</i>

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred expenses to be recharged to the liquidation and has approved by general body of creditors where required.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	Photocopying - at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	-
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	-
1	Postage	234.12
	Total	234.12

Our relationships

We have no business or personal relationships with the parties who approve our fees or who provide services to the liquidation where the relationship could give rise to a conflict of interest.

Details of subcontracted work

We have appointed Robert Wiggins and William Wardrop in order to assist us on a consultancy basis with the realisation of the ground rent portfolio and collection of arrears due.

Legal and other professional firms

We've instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal advice	• <i>Dentons LLP</i>	• <i>Relevant expertise</i>	• <i>Time costs</i>
Consultancy in relation to the ground rent portfolio	• <i>Robert Wiggins</i>	• <i>Relevant expertise</i>	• <i>Time costs</i>
Consultancy in relation to the ground rent portfolio	• <i>William Wardrop</i>	• <i>Relevant expertise</i>	• <i>Time costs</i>
Property agents	• <i>Lambert Smith Hampton Group Limited</i>	• <i>Relevant expertise & industry knowledge</i>	• <i>Percentage realisations & timecosts capped at £3,000</i>

Appendix D: Other information

Company's registered name:	Dickens Heath Development Company Limited
Trading name:	As above
Registered number:	04319615
Registered address:	Central Square, 8 th Floor, 29 Wellington Street, LS1 4DL
Date of the Liquidators' appointment:	18 July 2012
Liquidators' names, addresses and contact details:	David Robert Baxendale and Toby Scott Underwood of PricewaterhouseCoopers LLP, Central Square, 8 th Floor, 29 Wellington Street, LS1 4DL Contact: Adam Thompson on 0113 289 4983