

Joint liquidators' progress report from 18 July 2022 to 17 July 2023

7 September 2023

Dickens Heath Development Limited - in liquidation

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Abbreviations and definitions

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

Company	Dickens Heath Development Company Limited
DHMC	Dickens Heath Management Company Limited
Joint Liquidators/we/us/our	David Robert Baxendale and Robert Jonathan Hunt to 8 November 2016 and David Robert Baxendale and Toby Scott Underwood from 8 November 2016 to 15 November 2021 and David Robert Baxendale and David James Kelly from 16 November 2021
Firm/ PwC	PricewaterhouseCoopers LLP
IR16	Insolvency (England and Wales) Rules 2016
IA86	Insolvency Act 1986
HMRC	HM Revenue and Customs
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 - a secured creditor
Unsecured creditors	Creditors who are neither secured nor preferential

This report has been prepared by **David Robert Baxendale and David James Kelly** as Joint Liquidators of the Company, solely to comply with the Joint Liquidators' statutory duty to report to creditors under IR16 on the progress of the liquidation, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and it is not suitable to be used, to inform any investment decision in relation to the debt of or any financial investment in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcome for creditors.

Any person choosing to rely on this report for any purpose or in any context other than under IR16 do so at their own risk. To the fullest extent permitted by law, the Joint Liquidators do not assume any liability in respect of this report to any such person.

Please note you should read this report in conjunction with the Joint Liquidators' previous reports issued to the Company's creditors, which can be found at www.pwc.co.uk/dickens. Unless stated otherwise, all amounts in this report and appendices are stated net of VAT.

David Robert Baxendale and David James Kelly have been appointed as Joint Liquidators of the Company. 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 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.

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Key messages

Why we've sent you this report

We're writing to update you on the progress of the liquidation of the Company in the 12 months since our last report dated 13 September 2022.

You can still view our earlier reports on our website at www.pwc.co.uk/dickens. Please get in touch with Adam Thompson at adam.x.thompson@pwc.com if you need the password to access the reports.

How much creditors have received

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	2 - 3 (1.4p paid previously)	2 - 4

Note that the estimated return to unsecured creditors has been updated in the period, due to the duration of the liquidation and costs incurred in concluding the remaining matters, the estimate has been reduced from 2-4p in the £ in the prior period to 2-3p in the £ in the current period.

What you need to do

We've asked for outstanding claims from unsecured creditors so that we can agree them for dividend purposes.

If you haven't already done so, please send your claim to us so that we can agree it. A claim form can be downloaded from our website at www.pwc.co.uk/dickens or you can get one by telephoning Adam Thompson on 0113 289 4000.

Overview of what we've done to date

This is our eleventh progress report to members and creditors. You may wish to refer to our previous reports which can be found at www.pwc.co.uk/dickens.

As explained previously, the receivers were appointed over the Company's assets which were subject to a fixed charge. The receivers realised all the assets under their appointment and ceased to act in August 2018. After discharging the liability due to the Bank as secured creditor, there was a surplus passed to the liquidation.

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 Joint Liquidators		
Accounts receivable (historic ground rents)	4,300	512,027
Bank interest	-	10,905
Ground rent portfolio	800,000	1,149,515
Refunds	-	17,910
	804,300	1,690,357

Surplus funds of £896k were received from the receivers upon them vacating office.

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

- Realising the Company's remaining communal land associated with the ground rent and concluding matters with DHMC;
- Finalising the tax position of the Company;
- Dealing with final fees for liquidation work;
- Adjudicating and agreeing claims; and
- Distributing funds to creditors.

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

Outcome for creditors

Secured creditors

As reported previously, the Bank's lending to the Company 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 recovered its lending in full from the receivership assets.

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 Garden Square East Slab was completed.

Preferential creditors (mainly employees)

As reported previously, 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 recovered 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 pound. The total funds distributed were £498,557.

We said in our last report that we expected to pay a further distribution to unsecured creditors within the next 3-6 months, but this was dependent on concluding other matters in relation to the assets of the Company and management of the ground rent portfolio. Unfortunately, for reasons beyond our control, these matters are not yet concluded and this has delayed the final dividend. We endeavour to push for progress on these issues and hope to be in a position to pay a further distribution within the next 3-9 months.

Further details about this work can be found later in this report.

Progress since we last reported

Asset realisations

Ground rent arrears

The ground rent position has been reconciled in readiness for DHMC to conclude the remaining matters tied to the liquidation being the transfer of the land associated with the ground rent and the golden share, detailed below. There are no further ground rent arrears due to the liquidation.

Bank interest

During the period, interest of £340.15 was received into the liquidation.

Transfer of communal land associated with the ground rent

As reported previously, it is our intention that the remaining land comprising the nature reserve, communal land and common parts will be transferred to DHMC as part of the completion of the final matters associated with the liquidation.

We concluded previously that there is no value in this land due to covenants preventing changes to the use of the land and it will therefore transfer for nil value. Discussions around this transfer and other matters associated with the management company remain ongoing and we hope to resolve the final points on this soon so we can proceed to make a second and final distribution to creditors and close the liquidation in the near future.

Upon the completion of the remaining matters associated with DHMC, the liquidators will look to transfer the controlling interest (golden share) of the management company outside of the liquidation, in order to allow the liquidation to proceed to closure. Talks remain ongoing with regards to the transfer of the communal land.

Statutory and compliance

During the period, we have prepared and submitted the previous progress report along with obtaining tax clearance from HMRC. We have also undertaken case progression reviews to ensure that the liquidation continues to progress, in compliance with statutory requirements, towards ultimate closure once outstanding matters are complete.

Connected party transactions

There have been no connected party transactions in the period covered by this report.

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 2022 to 17 July 2023.

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.

Our fees

We set out in Appendix C an update on our fees, expenses 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:

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2021/liquidations-creditor-fee-guide-1-april-2021.ashx?la=en>

You can also get a copy free of charge by telephoning Adam Thompson on 0113 289 4000.

What we still need to do

In order to conclude the liquidation, we still need to finalise matters with DHMC, pay a second and final distribution to the unsecured creditors and draw our final fees for our work. Once this has been completed, we will prepare our final account for the liquidation and file notice of the move to dissolution at Companies House.

Next report

We expect to send our next report to creditors at the end of the liquidation or in about 12 months, whichever is sooner. If you've got any questions, please get in touch with Adam Thompson on 0113 289 4000.

Yours faithfully



David Baxendale
Joint liquidator

Appendices

Appendix A: Receipts and payments

Statement of affairs	Brought forward from 17 July 2022	18 July 2022 to 17 July 2023	From appointment to 17 July 2023
(£) Receipts	(£)	(£)	(£)
7,818,650.00 Freehold property (Ground Rent Portfolio)	1,149,514.60	-	1,149,514.60
- Receivers' funds received	895,900.57	-	895,900.57
800,000.00 Ground rents	512,026.67	-	512,026.67
Contribution to legal costs	2,400.00	-	2,400.00
4,300.00 Accounts receivable	901.05	-	901.05
- Third Party Funds	500.00	-	500.00
- Refunds	17,910.25	-	17,910.25
- Interest received gross	10,564.71	340.15	10,904.86
8,622,950.00 Total	2,589,717.85	340.15	2,590,058.00
Payments			
Liquidators' fees (time costs basis)	(235,000.00)	-	(235,000.00)
Statement of affairs fee	(7,500.00)	-	(7,500.00)
Liquidators' disbursements	(2,087.80)	-	(2,087.80)
Agent's fees	(389,368.18)	(14,943.13)	(404,311.31)
Data room costs	(54,958.26)	-	(54,958.26)
Legal fees & Expenses	(284,945.08)	-	(284,945.08)
Corporation tax / Income tax	(124,123.76)	-	(124,123.76)
Loan to Manco (written off in the period)	(100,000.00)	-	(100,000.00)
Settlement agreement - Manco	(200,000.00)	-	(200,000.00)
Irrecoverable VAT	(191,766.15)	(2,988.62)	(194,754.77)
Statutory advertising	(75.00)	-	(75.00)
Finance / Bank interest & charges	(39.70)	-	(39.70)
Total	(1,589,863.93)	(17,931.75)	(1,607,795.68)
VAT Control	-	-	-
Distribution to unsecured creditors of 1.4p in £ on 21 June 2018	(498,557.45)	-	(498,557.45)
Balance at bank held in non-interest bearing account	501,296.47	(17,591.60)	483,704.87

Notes to the R&P

1. Amounts shown exclude VAT. All VAT is irrecoverable in the liquidation.
2. There have been no payments made to us, our firm or our associates other than from the insolvent estate as shown in the receipts and payments account provided above
3. On 21 June 2018 we paid a dividend to unsecured creditors at the rate of 1.4 pence in the £.
4. Funds are held in a non-interest bearing account.

Appendix B: Expenses

Expenses are amounts properly payable by us as liquidators from the estate, but excludes our fees and distributions to creditors. These include disbursements which are expenses met by and reimbursed to an office holder in connection with an insolvency appointment.

Expenses fall into two categories:

Expense	SIP9 definition
Category 1	Payments to persons providing the service to which the expense relates who are not an associate of the office holder.
Category 2	Payments to our firm or our associates or which have an element of shared costs (for example, photocopying and mileage disbursements, or costs shared between different insolvent estates).

We don't need approval from creditors to draw Category 1 expenses as these have all been provided by third parties but we do need approval to draw Category 2 expenses. The body of creditors who approve our fees (in this case the general body of creditors) also has the responsibility for agreeing the policies for payment of Category 2 expenses.

The rate for services provided by the Joint Liquidators' own firm (Category 2 expenses) may periodically rise (for example to cover annual inflationary cost increases) over the period of the liquidation. All other disbursements to be charged at cost.

The following table provides a breakdown of the Category 2 expenses incurred in the period, together with details of the Category 1 expenses that have been incurred as disbursements by PwC and will be recharged to the case:

Category	Policy	Costs incurred (£)
2	Photocopying – at 10 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	2.89
2	Mileage – At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	-
1	Storage	4.54
Total		7.43

The expense policy set out above has been approved by creditors. The table below provides details of all the expenses incurred in the liquidation. We have included liquidators' fees in this table to remain consistent with our prior reports.

Expense incurred	Brought forward at 17 July 2022	Incurred in the period	Paid in the period	Unpaid at 17 July 2023	Estimated future expenses
	£	£	£	£	£
Liquidators' fees (Note 1)	476,681.75	51,050.00	-	527,731.75	50,000.00
Liquidators' expenses	619.94	7.43	-	627.37	500.00
Legal fees	-	5,083.20	-	5,083.20	5,000.00
Bank charges	-	-	-	-	40.00
Online data hosting facility	-	-	-	-	-
Payment to Manco	-	-	-	-	-
Corporation tax	-	-	-	-	-
Agent's fees & disbursements	-	29,168.86	14,943.13	14,225.73	8,000.00
Statutory advertising	-	-	-	-	-
Irrecoverable VAT	-	5,833.77	2,988.62	-	12,700.00
Total	477,301.69	91,143.26	17,931.75	547,668.05	76,240.00

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. Due to the extended duration of the liquidation and complexity of the sale of the ground rent, our estimated future fees have increased during the period.

Note 1 - Whilst not strictly necessary to be included in this table, our fees are included here for consistency with previous reports and to provide a better understanding of the overall position.

Note 2 - We do not expect to pay any further corporation tax in the liquidation as we have received clearance from HMRC and do not envisage any additional realisations in the liquidation.

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 £235,000 in line with the approval given, we have not drawn any fees in the period covered by this report. Total time costs of £762,692.47 have been incurred since our appointment, as shown on the enclosed summary below.

The time cost charges incurred in the period covered by this report are £51,050 which represents 79.00 hours at an average hourly rate of £641.21. 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

Work Type	Partner	Director	Senior Manager	Manager	Senior Associate	Associate	Hours	Total Cost (£)	Average hourly rate (£)	Cumulative time costs (£)
Accounting and Treasury	-	-	-	0.65	1.75	1.70	4.10	2,017.75	492.13	89,281.75
Assets	10.35	-	-	1.65	2.05	-	14.05	12,404.75	882.90	328,141.55
Creditors	-	-	-	1.05	1.60	-	2.65	1,590.50	600.19	5,338.40
Investigations	-	-	-	-	-	-	-	-	-	23,118.40
Statutory and Compliance	1.20	-	1.35	13.35	33.35	0.10	49.35	29,324.25	594.21	102,049.12
Strategy and Planning	0.60	-	-	1.05	6.35	-	8.00	4,616.75	577.09	100,224.70
Tax and VAT	0.50	-	-	0.05	0.30	-	0.85	1,096.00	1,289.41	114,538.55
Grand Total	12.65	-	1.35	17.80	45.40	1.80	79.00	51,050.00	646.20	762,692.47

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	Up to 30 June 2023 £	From 1 July 2023 £
Partner	980	995
Appointment taking director	960	960
Director (not appointee)	915	915
Assistant director	900	900
Senior manager	860	860
Manager	730	730
Senior associate	515	540
Associate	375	395
Support staff	160	160
Offshore professionals	375 - 515	395 - 540

We call on colleagues such as those in our Tax, VAT, Real Estate and Pensions departments where we need their expert advice. We may also utilise Technology Specialists from the wider Business Restructuring Services team or other parts of our firm. Their specialist charge-out rates vary but the following are the maximum rates by grade per hour.

Grade	Up to 30 June 2023 £	From 1 July 2023 £
Partner	1,680	1,680
Director	1,540	1,540
Senior manager	1,425	1,425
Manager	860	860
Senior associate/consultant	640	640
Associate/assistant consultant	415	415
Support staff	230	230
Offshore professionals	375 - 515	395 - 540

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

Payments to associates

No payments have been made to associates or any party who could reasonably be perceived as an associate during the period of this report. Relevant parties have been chosen due to their specific area of expertise or technical knowledge and payments to those parties based on standard commercial terms.

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.

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
Accounting & treasury	Managing and reconciling the bank account Processing invoices for payment Coding receipts	For proper management of funds held	Ensures proper stewardship of funds
Assets	Liaising with agents for DHMC regarding rent collection Liaising with legal advisors, agents and the management company in relation to transfer communal land Liaising with DHMC in relation to property information and finalising matters Liaising with DHMC in relation to aged rent arrears and service charge issues	To realise funds for creditors	Maximises potential returns to creditors
Creditors	Responding to creditor queries Providing updates to creditors	To keep creditors updated on progression	Ultimately relates to returning funds to creditors
Statutory & compliance	Preparation, review and circulation of the 2022 progress report Updating case website Filing of case correspondence Maintaining case files and records Six monthly manager and appointee reviews	To comply with statutory requirements	Statutory and regulatory requirements
Strategy & planning	Liaising with professional advisors Maintaining case outcome statement	To ensure effective case management and progression	Minimises costs to creditors and maintains case progression
Tax & VAT	Liaising with internal tax team Liaising with HMRC in relation to the tax clearance request Obtaining tax clearance	Required by statute	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
Accounting & treasury	Managing and reconciling the bank account Processing and allocating receipts Processing invoices for payment Verifying account details Processing the final distribution to creditors Dealing with unclaimed distribution cheques Bank account closure	4,500	Ensures proper management of funds held
Assets	Arranging for the disposal of the remaining assets of the Company, namely the communal land and nature reserve Dealing with the transfer of the golden share in DHMC	7,750	Maximises potential returns to creditors
Closure procedures	Planning for case closure Clearance requests before leaving office Conducting closure reviews Preparing the final progress report Filing relevant notices to exit office Systems closure	6,750	Minimises costs to increase returns to creditors
Creditors	Responding to creditor queries Providing updates to creditors Issuing Notice of Intention to Distribute final dividend to creditors Reviewing and agreeing any new creditor claims received Distributing funds to creditors (final) Dealing with unclaimed dividends and any queries arising from the distribution	13,500	No financial benefit
Statutory & compliance	Preparation, review and circulation of the annual progress report Updating case website Filing of case correspondence Maintaining case files and records Dealing with the Company books & records Statutory file reviews by the appointees	13,500	Statutory and regulatory requirements
Strategy & planning	Preparing the final distribution strategy to return funds to creditors Progression meetings Strategy meetings and case handover meetings Closure strategy	4,500	Minimises costs to creditors and maintains case progression

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. Their knowledge and expertise has been instrumental in the sale of the properties and maximising realisations from the property portfolio.

Legal and other professional firms

We instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal advice	Dentons LLP	Relevant expertise	Time costs
Consultancy in relation to the ground rent portfolio	Robert Wiggins	Relevant expertise	Time costs
Consultancy in relation to the ground rent portfolio	William Wardrop	Relevant expertise	Time costs
Property agents	Lambert Smith Hampton Group Limited (LSH)	Relevant expertise & industry knowledge	Percentage realisations & time costs capped at £3,000
	Sanderson Weatherall LLP	The team from LSH moved to Sanderson Weatherall and the contract has been novated	As above

Appendix D: Other information

Company's registered name:	Dickens Heath Development Company Limited
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Trading name:	As above
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Registered number:	04319615
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Registered address:	Central Square, 8 th Floor, 29 Wellington Street, LS1 4DL
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Date of the Liquidators' appointment:	18 July 2012
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Liquidators' names, addresses and contact details:	David Robert Baxendale and David James Kelly of PricewaterhouseCoopers LLP, Central Square, 8 th Floor, 29 Wellington Street, LS1 4DL
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Contact: Adam Thompson on 0113 289 4000
