

Joint Liquidators' Annual Progress Report to Creditors & Members

**Heathrow Stockley Park Centre Limited
- In Liquidation**

25 March 2020

HEATHROW STOCKLEY PARK CENTRE LIMITED - IN LIQUIDATION

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1 Introduction and Statutory Information

- 1.1 My partner, Steven Edward Butt, and I, Michael David Rollings of Rollings Butt LLP, 6 Snow Hill, London, EC1A 2AY, United Kingdom, were appointed as Joint Liquidators of Heathrow Stockley Park Centre Limited (the **Company**) on 29 January 2019.
- 1.2 Steven Edward Butt resigned as Joint Liquidator and was succeeded by Geoffrey Paul Rowley of FRP Advisory Trading Limited ("FRP"), 2nd Floor, 110 Cannon Street, London, EC4N 6EU, on 30 October 2019.
- 1.3 This progress report covers the period from 29 January 2019 to 28 January 2020 (**the Period**).
- 1.4 Information about the way that we will use, and store personal data on insolvency appointments can be found at www.rollingsbutt.com/legal. If you are unable to download this, please contact us and a hard copy will be provided to you.
- 1.5 The principal trading address of the Company was 268 Bath Road, Slough, Berkshire, SL1 4DX.
- 1.6 The registered office of the Company has been changed from 1 Burwood Place, London, W2 2UT to 6 Snow Hill, London, EC1A 2AY and its registered number is 06955746.

2 Progress of the Liquidation

- 2.1 This section of the report provides creditors with an update on the progress made in the liquidation during the Period and an explanation of the work done by the Liquidators and their staff.
- 2.2 On appointment, the liquidators carried out their statutory duties, which consisted of notifying Companies House, advertising in the London Gazette and writing to the Company's creditors.
- 2.3 At Appendix A is our Receipts and Payments Account for the Period, together with a comparison to the Statement of Affairs.

Value Added Tax ("VAT")

- 2.4 Expenses paid in the liquidation are shown net of VAT. However, the Company was part of a VAT Group, which included the management company, IW Group Services (UK) Limited ("IWG").
- 2.5 Following the appointment of liquidators, on 13 February 2019 IWG removed the Company from the VAT Group, which had the effect of de-registering the Company from the ability to submit VAT returns. As a result of the delay in being notified by HM Revenue & Customs ("HMRC") that the company had been deregistered, there were no immediate actions that could be taken to rectify the position in order to reclaim VAT paid during the liquidation period. The liquidators have been in correspondence with HMRC about the possibility of re-registering the Company for VAT as a single entity, which will enable the recovery of VAT incurred on expenses in the post-liquidation period.
- 2.6 To date, the liquidators have been unsuccessful with respect to re-registering the Company, however, are currently exploring alternative options which may enable the recovery of VAT.

Administration (including statutory compliance & reporting)

- 2.7 An office holder must comply with certain statutory obligations under the Insolvency Act 1986 and other related legislation. Details about the work I anticipated would need to be done in this area was outlined to creditors in my initial fees estimate/information.

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- 2.8 The costs of statutory compliance work are expected to exceed the initial estimate. This is largely a consequence of the duration of the case taking longer than anticipated, thus necessitating the requirement for further statutory reporting by the liquidators.
- 2.9 As noted in my initial fees estimate/information, this work will not necessarily bring any financial benefit to creditors, but is required on every case by statute.

Realisation of Assets

Rent Adjustment

- 2.10 The Statement of Affairs showed a book value of £29,123 and an estimated realisable value of £nil in respect of a rent adjustment.
- 2.11 On appointment, enquiries were made in relation to the realisation of this asset to which it was discovered that the Statement of Affairs realisation value was based on figures extracted from the Company's management accounts as at 31 August 2018. Revised financial information was subsequently provided stating that the book value as at the date of liquidation was nil, therefore no realisations have been made thus far. Enquiries into the reasons why this asset has no book value are ongoing and an update will be provided in our next report.

Other Prepayments

- 2.12 The statement of Affairs showed a book value of £62,495 and an estimated realisable value of £nil in respect of other prepayments. This asset relates to payments made to the Company's landlord, legal and professional advisors.
- 2.13 On appointment, enquiries were made in relation to the realisation of this asset to which it was discovered that the Statement of Affairs realisation value was based on figures extracted from the Company's management accounts as at 31 August 2018. Revised financial information was subsequently provided stating that the book value as at the date of liquidation was £18,111. However, on further investigation we have received documentation to suggest that this asset was in fact paid by an associated company and is not realisable. These enquiries are ongoing and an update will be provided in our next report.

Payment for customer contracts

- 2.14 The Company had a franchise agreement with a connected group company. When the Company entered into an insolvency process, a clause in the franchise agreement was triggered whereby the franchisor had to pay a fee to the Company for any tenants at the Company's premises that were transferred to an alternative site. This fee was agreed prior to liquidation and the liquidators recovered it following their appointment.
- 2.15 It is considered that the work the Liquidator and his staff have undertaken to date will bring a financial benefit to creditors. This may be a distribution to secured creditors of the Company only (from which a Prescribed Part fund may be derived for the benefit of unsecured creditors) or may, depending on realisations and the extent of any 3rd party security, result in a distribution to the preferential and unsecured creditors of the Company.

Creditors (claims and distributions)

- 2.16 Further information on the anticipated outcome for creditors in this case can be found at section 3 of this report. The Liquidators are not only required to deal with correspondence and claims from unsecured creditors (which may include retention of title claims), but also those of any secured and preferential creditors of the Company. This may involve separate reporting to any secured creditor and dealing with distributions from asset realisations caught under their security, most typically a debenture.
- 2.17 Claims from preferential creditors typically involve employee claims and payments made on behalf of the Company by the Redundancy Payments Service following dismissal.

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2.18 The above work will not necessarily bring any financial benefit to creditors generally, however the Liquidators are required by statute to undertake this work. Similarly, if a distribution is to be paid to any class of creditor, work will be required to agree those claims and process the dividend payments to each relevant class of creditor. The more creditors a company has, the more time and cost will be involved by the Liquidators in dealing with those claims.

2.19 I consider the following matters worth noting in my report to creditors at this stage:

- There are approximately 4 unsecured creditor claims, with a value per the directors' statement of affairs of £552,345.93. The submitted claims in the liquidation total £30,802,035.54.
- There is one secured creditor who is owed approximately £7,912,670.
- I anticipate there being no claims from preferential creditors.

Investigations

2.20 Some of the work the Joint Liquidators are required to undertake is to comply with legislation such as the Company Directors' Disqualification Act 1986 (CDDA 1986) and Statement of Insolvency Practice 2 – Investigations by Office Holders in Administration and Insolvent Liquidations and may not necessarily bring any financial benefit to creditors, unless these investigations reveal potential asset recoveries that the Joint Liquidators can pursue for the benefit of creditors.

2.21 I can confirm that a report on the conduct of the Directors of the Company has been submitted to the Department for Business, Energy & Industrial Strategy under the CDDA 1986. As this is a confidential report, I am unable to disclose the contents.

2.22 Shortly after appointment, an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account any information provided by creditors.

2.23 Part of our duties include carrying out proportionate investigations into what assets the Company has, including any potential claims that could be brought by the Company or by us in our capacity as Liquidators against any party which could result in a benefit to the estate. During the Period we have engaged in correspondence with third parties in order to seek to recover documentation and information regarding the Company's affairs and dealings. The documentation received has been reviewed and further information and documentation has been requested.

2.24 The findings of our investigations, the merits of potential claim(s) against third parties and the likely benefit to the estate, will be carefully considered with the assistance of solicitors. As our enquiries are ongoing and in order not to prejudice any potential claims, no further details have been provided at this time.

Matters still to be dealt with

2.25 Following the issue regarding recovery of VAT on post-liquidation expenses and the outcome of the investigations and any additional realisations and subject to the costs of the liquidation, the liquidators will review whether it is possible to pay a dividend to creditors of the Company. Further information in this regard is provided in section 3.

2.26 The investigations into the financial affairs of the Company are ongoing, and the result of these investigations and any consequences that may arise, will be provided in any subsequent report, subject to any confidentiality matters that may arise.

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3 Creditors

Secured Creditors

- 3.1 Pathway Finance S.A.R.L. holds a fixed and floating charge over the Company's assets. At the date of the liquidation the indebtedness to the secured creditor was estimated at £7,545,638, however the liquidators' have subsequently been informed that the total amount of their claim was £7,912,670. A review of the secured creditor's claim is ongoing.

Preferential Creditors

- 3.2 I would confirm that no preferential creditors were anticipated, and no claims have been received.

Unsecured Creditors

- 3.3 I have received claims totalling £30,802,035.54 from all 4 known potential creditors. The principal difference between the claims lodged and the amounts scheduled in the directors' statement of affairs arise from the landlord's claim for unliquidated damages in respect of the lease to the end of its term.
- 3.4 The Company granted a floating charge to Pathway Finance S.A.R.L. on 28 September 2010. Accordingly, I am required to create a fund out of the Company's net floating charge property for unsecured creditors (known as the **Prescribed Part**).
- 3.5 Until such time as there is clarity on the expected costs of the liquidation, the recoverability of VAT, and the recovery of any other funds, I cannot estimate the value of the Company's net floating charge property, and therefore the available fund for unsecured creditors.
- 3.6 At this stage it is considered likely that a dividend will be paid to unsecured creditors out of the funds created from the prescribed part. However, in order to reduce costs in making two distributions, it is proposed that the matter regarding VAT, and the investigations into the Company's affairs, are resolved first.

4 Joint Liquidators' Remuneration

- 4.1 The Creditors approved that the basis of the Liquidators' remuneration be fixed by reference to time properly spent by them and their staff in managing the liquidation. My fees estimate was originally provided to creditors when the basis of my remuneration was approved and was based on information available to me at that time.
- 4.2 A copy of that estimate is reproduced below:

Category of Work	Estimated Number of Hours	Average blended charge out rate £	Estimated cost £
Administration (inc statutory compliance & reporting)	39.00	199.74	7,790.00
Realisation of Assets	7.00	235.00	1,645.00
Creditors (claims & distributions)	26.00	197.50	5,135.00
Investigations	20.00	250.00	5,000.00
Trading (where applicable)			
Case specific matters (where applicable)	1.50	285.00	427.50
Total estimated fees			19,997.50

- 4.3 As a result of a perceived conflict of interest, there were ongoing discussions between creditors and myself as to the appropriateness of appointing other joint liquidators. It was agreed by the creditors that it would be appropriate in the circumstances for a third party joint liquidator from

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a firm other than Rollings Butt to be appointed. Inevitably these discussions took time and gave rise to additional costs. Hence, my firm's time costs for the Period are £64,786.50. This represents 219.05 hours at an average rate of £295.76 per hour. Attached as Appendix B (i) is a Time Analysis for Rollings Butt which provides details of the activity costs incurred by staff grade during the Period in respect of the costs fixed by reference to time properly spent by me and my staff in managing the liquidation. To date, no fees have been drawn in relation to time incurred in the Period of the liquidation, but disbursements of £1,167.85 have been paid.

- 4.4 FRP's time costs for the period from 30 October 2019 to 28 January 2020 are £12,768.25. This represents 34.74 hours at an average rate of £367.43. Attached at Appendix B (ii) is a Time Analysis for FRP which provides details of the activity costs incurred by staff grade since the appointment of Geoff Rowley as Joint Liquidator. FRP have incurred disbursements totalling £225, which remain unpaid.
- 4.5 The joint liquidators will write to creditors in due course with an update in respect to fees estimate/information.
- 4.6 A copy of 'A Creditors' Guide to Liquidators' Fees' is available on request or can be downloaded from <https://www.r3.org.uk/technical-library/england-wales/technical-guidance/fees/more/29114/page/1/guide-to-liquidators-fees/>.
- 4.7 Attached as Appendix C is additional information in relation to the Liquidators' fees, expenses and disbursements, including where relevant, information on the use of subcontractors and professional advisers.

5 Creditors' Rights

- 5.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Liquidators provide further information about their remuneration or expenses which have been itemised in this progress report.
- 5.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Liquidators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Liquidators, as set out in this progress report, are excessive.

6 Next Report

- 6.1 I am required to provide a further report on the progress of the liquidation within two months of the next anniversary of the liquidation, unless I have concluded matters prior to this, in which case I will write to all creditors with my final account.
- 6.2 If you have any queries in relation to the contents of this report, I can be contacted by telephone on 020 7002 7960 or by email at mail@rollingsbutt.com.

Yours faithfully
For Heathrow Stockley Park Centre Limited



Michael David Rollings
Joint Liquidator

**Heathrow Stockley Park Centre Limited
(In Liquidation)
Joint Liquidators' Summary of Receipts & Payments**

Statement of Affairs £	From 29/01/2019 To 28/01/2020 £	From 29/01/2019 To 28/01/2020 £
162,273.00		
ASSET REALISATIONS		
Payment for Customer Contracts	162,273.00	162,273.00
	<u>162,273.00</u>	<u>162,273.00</u>
COST OF REALISATIONS		
Bank Charges	15.00	15.00
Legal Disbursements	2,800.00	2,800.00
Legal Fees	28,607.50	28,607.50
Office Holders Expenses	1,159.52	1,159.52
Office Holders Fees	10,000.00	10,000.00
Statutory Advertising	8.33	8.33
	<u>(42,590.35)</u>	<u>(42,590.35)</u>
FLOATING CHARGE CREDITORS		
(7,545,638.00) Floating Charge Creditor	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
UNSECURED CREDITORS		
(505,306.93) Amounts owed to Landlord	NIL	NIL
(47,039.00) Intercompany Payables	NIL	NIL
	<u>NIL</u>	<u>NIL</u>
<u>(7,935,710.93)</u>	<u>119,682.65</u>	<u>119,682.65</u>
REPRESENTED BY		
Bank 1 Current		111,167.57
Vat Receivable		8,515.08
		<u>119,682.65</u>

Rollings Butt LLP - SIP9 Time & Cost Summary for the period 29 January 2019 to 28 January 2020

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Administration & Planning	18.80	32.40	43.75	0.50	95.45	26,485.50	277.48
Case Specific Matters	16.20	0.00	40.20	0.00	56.40	16,344.00	289.79
Creditors	7.10	3.20	16.20	0.00	26.50	7,887.50	297.64
Investigations	4.90	2.40	6.80	0.00	14.10	4,519.50	320.53
Realisation of Assets	11.00	11.80	3.80	0.00	26.60	9,550.00	359.02
Shareholders	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	58.00	49.80	110.75	0.50	219.05	64,786.50	295.76

FRP Advisory Trading Limited - SIP9 Time & Cost Summary for the period 30 October 2019 to 28 January 2020

	Appointment Takers / Partners	Managers / Directors	Other Professional	Total Hours	Total Cost £	Average Hrly Rate £
Administration and Planning		0.20	3.30	3.50	1,010.50	288.71
Case Accounting		0.20		0.20	77.00	385.00
Case Control and Review			2.50	2.50	713.50	285.40
Case Accounting - General			0.20	0.20	55.00	275.00
General Administration			0.50	0.50	137.50	275.00
Insurance			0.10	0.10	27.50	275.00
Investigation	3.70	3.75	12.35	19.80	7,802.50	394.07
Investigatory Work	2.80	3.25	10.25	16.30	6,431.50	394.57
CDDA Enquiries	0.30		1.40	1.70	563.50	331.47
Legal - Investigations	0.60	0.50	0.70	1.80	807.50	448.61
Statutory Compliance	0.20	3.00	8.25	11.45	3,955.25	345.44
Statutory Compliance - General			4.40	4.40	1,476.50	335.57
Appointment Formalities	0.20	3.00	1.60	4.80	1,834.00	382.08
Bonding/ Statutory Advertising			0.80	0.80	220.00	275.00
Tax/VAT - Post appointment			1.45	1.45	424.75	292.93
Total Hours	3.90	6.95	23.90	34.75	12,768.25	367.43

Additional Information in Relation to the Joint Liquidators' Fees, Expenses & Disbursements**1 Staff Allocation and the Use of Sub-Contractors**

- 1.1 The general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.2 The constitution of the case team will usually consist of a Partner, a Manager, and an Administrator or Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment.
- 1.3 We are not proposing to utilise the services of any sub-contractors in this case.

2 Professional Advisors

- 2.1 On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Ashfords LLP	Hourly rate and disbursements

- 2.2 Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

3 Joint Liquidators' Expenses & Disbursements

- 3.1 The estimate of expenses (including disbursements) which were anticipated at the outset of the liquidation was provided to creditors when the basis of my fees were approved, a copy of which is set out below, with a comparison to the costs which have been paid in the Period, and expected future costs:

Expense	Estimated Cost (£)	Paid in Period (£)	Expected future costs (£)	Total anticipated costs (£)
Solicitors' costs	5,000	28,607	-	28,607
Statutory Advertising	398	313	72	385
Liquidators' specific bond	420	680	225	905
Postage	-	46	-	46
External storage	7	-	7	7
External meeting room hire	50	120	-	120
Category 2 disbursements				
Printing	15	9	5	14

- 3.2 Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also

chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case. These disbursements are included in the tables of expenses above.

- 3.3 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage. Details of Category 2 disbursements charged by this firm (where appropriate) were provided at the time the Liquidators' fees were approved by creditors. Any Category 2 disbursements incurred are specifically highlighted in the tables of expenses above.

4 Charge-Out Rates

- 4.1 Rollings Butt LLP's current charge-out rates effective from 1 April 2018 are detailed below. Please note this firm records its time in minimum units of 6 minutes.

Grade	Rate (£ per hour)	
	1 April 2018 - 31 March 2019	From 1 April 2019
Partner	495	525
Director	395	420
Manager	250-310	265-325
Associate	150-225	160-240
Business Trainee	N/A	120-150

- 4.2 FRP Advisory's current charge-out rates, effective from 1 May 2019, are detailed below.

Grade	1st May 2019
Appointment taker / Partner	495-595
Managers / Directors	385-495
Other Professional	225-340
Junior Professional & Support	150-195