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TO ALL KNOWN CREDITORS

23 June 2020

Ref: RHK/CGJK/TH/BL/SA/D16.4

Direct line: 0113 236 4427
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Email: sallen7@uk.ey.com

Dear Sirs

**York House Construction Limited (In Administration) (“the Company”)
High Court of Justice, Chancery Division, Leeds District Registry – 1862 of 2008**

I write, in accordance with Rule 18.3 of the Insolvency (England and Wales) Rules 2016, to provide creditors with a report on the progress of the Administration.

This report covers the period from 26 November 2019 to 25 May 2020 and should be read in conjunction with our previous reports and the Joint Administrators’ proposals. Statutory information about the Company, the Administration and the office holders is given at Appendix 1.

Summary of Progress since previous report dated 20 December 2019

Unsecured creditor adjudication

We are in the process of eliciting and adjudicating non-preferential creditor claims. As such, to the extent that you have not already done so, should you wish to make an unsecured claim against the Company, please complete and return the enclosed Proof of Debt Form and provide us with the relevant supporting documentation, marked for the attention of Sam Allen to the address at the top of this letter.

Debtors

As previously advised, we have been notified of developments relating to ongoing litigation that is being pursued by the liquidator of one of the Company’s debtors (‘Insolvent debtor’), which is insolvent. Due to its liquidation, the Insolvent debtor had no means to make any payment against the outstanding balance and as such no future recoveries were expected to be realised in relation to this debt.

However, as a result of the developments, we understand that realisations may now become available from the Insolvent debtor, which could enable a distribution to the Company. We continue to understand that the liquidator of the Insolvent debtor is progressing this matter and we therefore await further progress of this matter.

Extension of Administration

As noted in the previous progress report, the Administration of the Company was due to end on 25 November 2019. However, pursuant to paragraph 76 of Schedule B1 of the Insolvency Act 1986, the Administration has now been extended to 25 November 2021, by order of the court. The two year



extension was specifically for the purpose of accommodating the potential for further material debtor realisations as set out above.

Receipts and Payments Account

A summary of our receipts and payments for the period from 26 November 2019 to 25 May 2020 is attached at Appendix 2. Please note this does not reflect estimated future realisations or costs.

Investigations

During the period of this report, no further investigations have been conducted and there are no updates to those matters previously reported.

Joint Administrators' Remuneration and Expenses

The statutory provisions relating to remuneration are set out in Part 18 of the Insolvency (England and Wales) Rules 2016. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to me. Please note that the references in the Guide to fee estimates do not apply to administrations, such as this one, which started before 1 October 2015.

In certain circumstances, creditors are entitled to request further information about our remuneration or expenses, or to apply to court if they consider the costs to be excessive (Rules 18.9 and 18.34 of the Insolvency (England and Wales) Rules 2016). Further information is provided in 'A Creditors' Guide to Administrators' Fees' referred to above.

Our remuneration was fixed on a time-cost basis by a resolution of the creditors passed on 4 February 2009.

During the period covered by this report, the Administrators have incurred time costs totalling £11,666 plus VAT and of this sum £nil has been drawn.

At Appendix 3 to this report there is an analysis of the time spent. A summary of the costs is provided below:

Company	Time costs incurred (£)	Fees drawn (£)	Time costs outstanding (£)
York House	11,666	-	11,666
Total	11,666		11,666

During the period covered by this report, we have incurred expenses totalling £4,275 plus VAT. A breakdown of expenses incurred in this period and to date at Appendix 4 of this report.

Distributions to creditors

Secured creditors

At the date of our appointment the Bank's indebtedness totalled £1,383,000, including the potential exposure of c.£205,000 in respect of a guarantee bond on the Donisthorpe Hall contract. This amount is subject to accruing interest and charges.

As previously advised, given the level of realisations to date it remains unlikely the Bank will be repaid in full. The Bank's ultimate recovery will be dependent upon:

- ▶ The extent of any payment in relation to the Bond; and
- ▶ The level of realisations generated from the Liquidation of the Company's subsidiary and guarantor company, YHC Developments Limited.

To date, we have distributed £1,175,000 to the Bank under its fixed and floating charges.

Preferential creditors

Preferential creditor claims of £190,583 have been paid in full.

Non-preferential creditors

To date we have received non-preferential, unsecured claims totalling c.£3.6m. This remains significantly below the £10.3m illustrated in the directors' statement of affairs.

At present there are insufficient funds available to allow a distribution to be made to non-preferential creditors other than by virtue of the Prescribed Part.

Remaining work

The Joint Administrators will continue to act in accordance with their proposals. This work will include inter alia:

- Dealing with statutory reporting and compliance issues;
- Liaising with the liquidator of the Insolvent debtor;
- Make a final distribution to the secured creditor; and
- Adjudicating unsecured creditor claims and distributing the Prescribed Part to unsecured creditors.



Next report

We will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully
for the Company

A handwritten signature in black ink, appearing to read 'C. King', with a horizontal line underneath.

C G J King
Joint Administrator

R H Kelly is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland and C G J King is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

The affairs, business and property of the Company are being managed by the Joint Administrators, R H Kelly and C G J King, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

Information about the proceedings, the company and the office holders, as required by Rule 18.3(1) of the Insolvency (England and Wales) Rules 2016

Name of court:	High Court of Justice, Chancery Division, Leeds District Registry
Court reference:	1862 of 2008
Registered name of the company:	York House Construction Limited (in Administration)
Registered office address of the company:	c/o Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 50R
Registered number:	03359049
Date of appointment of the joint administrators:	26 November 2008
Details of any changes of administrator:	None
Full names of the administrators:	R H Kelly and C G J King
Office holder number(s):	8582 and 8985
Administrators' address(es):	Ernst & Young LLP 1 Bridgewater Place Water Lane Leeds LS11 50R
Telephone number:	0113 236 4427
Name of alternative person to contact with enquiries about the case:	Sam Allen

York House Construction Limited (in Administration)

Joint Administrators' Summary of Receipts and Payments from 26 November 2019 to 25 May 2020

<i>Estimated to realise as per Statement of Affairs</i>	<i>Period to 25 November 2019</i>	<i>Period from 26 November 2019 to 25 May 2020</i>	<i>Total</i>
£	£	£	
Receipts			
700,000 Property	534,660	-	534,660
261,422 Book Debts	11,987	-	11,987
337,430 Plant & machinery	353,243	-	353,243
4,542,935 Contract novations & final account settlements	1,249,237	-	1,249,237
80,000 Return of pre appointment duplicate payment	104,694	-	104,694
- Rental income	23,175	-	23,175
- Cash at date of appointment	165	-	165
- Bank Interest	39,152	314	39,465
5,921,787	2,316,314	314	2,316,628
Payments			
Wages & salaries	20,726	-	20,726
Bank charges	343	0	343
Consultancy fees	94,521	-	94,521
Rent	39,988	-	39,988
Agents fees	107,277	-	107,277
Legal fees	218,728	4,275	223,003
Administrators Fees	175,000	-	175,000
Administrators Disbursements	29,771	-	29,771
ATE insurance costs	15,862	-	15,862
Insurance	6,828	-	6,828
Retention of title settlements	4,000	-	4,000
Stationery and postage	6,401	-	6,401
Utilities	1,564	-	1,564
Mileage charges	345	-	345
Storage charges	8,372	-	8,372
Specific bond and public notices	1,811	-	1,811
Sundry expenses	25	-	25
Property expenses	775	-	775
Corporation Tax	5,979	-	5,979
	738,315	4,275	742,590
Net Realisations	1,577,999	(3,962)	1,574,038
Distributions			
Preferential creditors	190,583	-	190,583
Secured creditor - National Westminster Bank Plc	1,175,000	-	1,175,000
	1,365,583	-	1,365,583
Funds in hand			
Cash at Bank	212,370	(4,812)	207,558
Net VAT receivable	46	850	896
	212,416	(3,962)	208,455

Notes

- Receipts and payments are stated net of VAT.

York House Construction Limited (in Administration)

Summary of Joint administrators' time-cost from 26 November 2019 to 25 May 2020

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
Accounting & Administration	-	-	-	3.5	-	0.5	4.0	1,798	449
Bank & Statutory Reporting	-	1.0	-	4.5	-	7.0	12.5	4,658	373
General	-	-	-	-	0.1	3.1	3.2	433	135
Legal Issues	-	1.0	-	-	-	-	1.0	805	805
Other Matters	-	-	2.0	-	-	-	2.0	1,220	610
Statutory Duties	-	-	-	-	3.0	-	3.0	375	125
VAT & Taxation	-	-	-	-	2.6	5.5	8.1	2,378	294
Total Hours	-	2.0	2.0	8.0	5.7	16.1	33.8		
Time Costs (£)	0	1,610	1,220	3,625	1,654	3,557		11,666	
Average Hourly Rate (£)	-	805	610	453	290	221		345	

Summary of Joint administrators' time-cost from 26 November 2008 to 25 May 2020

	Actual in this report period			Total actual to 25 May 2020		
	Total hours	Time costs (£)	Average hourly rate (£)	Total hours	Time costs (£)	Average hourly rate (£)
Administration & Planning	4.0	1,797.5	449.4	344.1	62,154	181
Reporting	12.5	4,657.5	372.6	412.8	115,651	280
Creditors	-	-	-	650.3	125,348	193
Creditors (Mandatory)	-	-	-	1.0	270	270
Debtors	-	-	-	568.6	179,775	316
Employees	-	-	-	133.2	26,189	197
General	3.2	433.0	135.3	99.6	24,805	249
Immediate Tasks	-	-	-	49.9	6,689	134
Enquiries & Investigations	-	-	-	74.3	16,372	220
Legal Issues	1.0	805.0	805.0	65.2	24,175	371
Realisations of Assets	-	-	-	39.8	6,401	161
Other Matters	2.0	1,220.0	610.0	112.9	28,005	248
Property	-	-	-	63.4	11,353	179
Retention of Title	-	-	-	70.9	11,368	160
Statutory Duties	3.0	375.0	125.0	153.7	39,766	259
Trading	-	-	-	-	-	-
VAT & Taxation	8.1	2,377.5	293.5	251.6	64,780	257
Prescribed Part Distribution	-	-	-	14.5	3,045	210
Total	33.8	11,666	345	3,105.8	746,144	240

York House Construction Limited (in Administration)

Summary of Joint administrators' expenses incurred

	Paid as at 25 November 2019	Paid in Period	Total to 25 May 2020
<u>Payments made from the estate which are not disbursements (see note 1 and 2 at the end of this table)</u>			
Wages & salaries	20,726	-	20,726
Bank charges	343	0	343
Consultancy fees	94,521	-	94,521
Rent	39,988	-	39,988
Agents fees	107,277	-	107,277
Legal fees	218,728	4,275	223,003
Administrators Fees	175,000	-	175,000
Administrators Disbursements	29,771	-	29,771
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Insurance	6,828	-	6,828
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Utilities	1,564	-	1,564
Mileage charges	345	-	345
Storage charges	8,372	-	8,372
Specific bond and public notices	1,811	-	1,811
Sundry expenses	25	-	25
Property expenses	775	-	775
Corporation Tax	5,979	-	5,979
Totals	738,315	4,275	742,590
<u>Category 1 disbursements</u>			
Postage	17,150	-	17,150
Photocopying	11,356	-	11,356
Courier	169	-	169
Sustenance	94	-	94
Taxi Fares	58	-	58
<u>Category 2 disbursements</u>			
Mileage	1,931	-	1,931
Totals	30,758	-	30,758



Particulars of how and when the debt was incurred.

Is your claim secured? If so, please provide the following information:

- the nature of the security
- the date on which it was given
- the value which you put on the security

If you claim or have claimed reservation of title in respect of goods to which the debt refers, please give details here.

Please provide details of any document by reference to which the debt can be substantiated

Signed
Signature on behalf of creditor

Name

Address

Authority to sign on behalf of creditor

Date

For Administrator's use only

File with Sam Allen

Reviewed by _____

Notes to Administration Proof of Debt Form:

1. Please attach a detailed statement of your account as at the date on which the company entered Administration.
2. VAT bad debt relief may usually be claimed six months after the date of supply.
3. The Administrator may call for any document or other evidence to be produced if it is considered necessary for the purpose of substantiating the whole or any part of the claim made.
4. The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.