

The Insolvency Act 1986
Administrator's progress report

Name of Company
Regional Offices (LBC) Limited

Company number
00972499

In the
High Court of Justice, Chancery Division,
Companies Court
(full name of court)

Court case number
2565 of 2012

(a) Insert full name(s) and address(es) of administrator(s)

We (a)
A P Beveridge
Zolfo Cooper
10 Fleet Place
London
EC4M 7RB

S J Appell
Zolfo Cooper
10 Fleet Place
London
EC4M 7RB

A C O'Keefe
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

administrator(s) of the above company attach a progress report for the period

(b) Insert date

From
(b) 21 March 2012

To
(b) 20 September 2012

Signed

Joint Administrator

Dated

19 October 2012

Contact Details.

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

The contact information that you give will be visible to searchers of the

Jessica Geddes
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB
DX Number +44 (0) 161 838 4500
DX Exchange

SATURDAY



A34 *A1JXAPU9* 20/10/2012 #355
COMPANIES HOUSE

When you have completed and signed this form, please send it to the Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3UZ DX 33050 Cardiff

**Joint Administrators'
Progress Report
for the period
21 March 2012 to
20 September 2012**

**Regional Offices (LBC) Limited
In Administration**

19 October 2012

Contents

1	Statutory information	1
2	Progress of the Administration	1
3	Assets still to be realised	2
4	Investigations	2
5	Pre-administration costs	2
6	Joint Administrators' remuneration	2
7	Estimated outcome for creditors	3
8	Ending the Administration	4
9	Creditors' rights	4
10	Next report	5

Appendices

Receipts and Payments Account for the period 21 March 2012 to 20 September 2012	Appendix A
Time Analysis for the period 21 March 2012 to 20 September 2012	Appendix B
Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9	Appendix C

Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester M2 1AB

t: +44 (0) 161 838 4500 f: +44 (0) 161 838 4501

© Zolfo Cooper 2012 All rights reserved

www.zolfocooper.com

1 Statutory information

- 1.1 Alastair Beveridge was appointed Joint Administrator of Regional Offices (LBC) Limited (the Company) together with Simon Appell and Anne O'Keefe on 21 March 2012 by the High Court of Justice, Chancery Division, Companies Court. The application for the appointment of Administrators was made by the directors of the Company.
- 1.2 The Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.3 The Administration is registered in the High Court of Justice, under reference number 2565 of 2012
- 1.4 The Company is part of a larger group of property companies, which are owned by Regus Plc (the Group)
- 1.5 The Company was tenant to two properties, Haywood House North, Dumfries Place, Cardiff, CF10 3GA (Cardiff) and Park House, 111 Uxbridge Road, Ealing, London, W5 5LB (Ealing) (together the Properties). The business trades under its registered name.
- 1.6 The registered office of the Company has been changed from 3000 Hillswood Drive, Chertsey, Surrey, KT16 0RS to c/o Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB and its registered number is 00972499.
- 1.7 In accordance with paragraph 100 (2) of schedule B1 of the Insolvency Act 1986, all functions of the Joint Administrators are to be exercised by any or all of the Joint Administrators.

2 Progress of the Administration

- 2.1 Attached at Appendix A is the Joint Administrators' Receipts and Payments Account for the period 21 March 2012 to 20 September 2012.
- 2.2 The analysis of receipts and payments for the period excludes the following costs which have been incurred but not yet paid. All costs will be paid within the agreed period with each supplier.

Cost category	Supplier	Amount not yet paid £
Legal fees	SNR Denton UK LLP	1,900
Insurance costs	Willis Limited	53
Total		1,953

- 2.3 The Company held leases to two commercial premises, Cardiff and Ealing, which were sub-let to tenants on a fully furnished and serviced basis.
- 2.4 Cardiff was vacated immediately upon the appointment of the Joint Administrators and a surrender of the lease was offered to the landlords, via their managing agents.
- 2.5 The Ealing premises continue to be occupied whilst the Joint Administrators seek to assign the lease to a third party.

- 2.6 The Company's operations are sub-contracted to Regus Management UK Limited (RMUK) under a full service agreement. Services provided by RMUK include co-ordinating and obtaining various services from landlords, paying rents and associated property expenses. Any surplus in the amounts collected by RMUK from occupants is paid to the Company net of expenses and a monthly management fee.
- 2.7 The directors' Statement of Affairs (SOA) detailed that the Company had outstanding trade debtors of £23,500. Of these, £17,601 have been realised and are shown in the Receipts and Payments Account at Appendix A. The Joint Administrators are continuing to pursue the outstanding trade debtors, which have a value of £5,899.
- 2.8 The other debtors listed in the SOA comprised of two balances; £15,170 due from the landlord of Ealing and £5,775 due from an agent of the Company.
- 2.9 Both amounts have been received, however the balance due from the agent was realised after the period covered in this report, and is therefore not reflected in the Receipts and Payments Account.
- 2.10 Cash at bank of £141,576, bank interest of £51 and rates refunds of £11,372 have also been realised in line with the SOA.

3 Assets still to be realised

- 3.1 As detailed above, the Joint Administrators are continuing to seek an assignment of the Ealing lease, and continue to pursue the outstanding trade debtors, which are expected to be received shortly.

4 Investigations

- 4.1 The Joint Administrators conducted investigations into the conduct of the directors and transactions entered into prior to the Company's insolvency, as required by the Company Directors Disqualification Act, and Statement of Insolvency Practice 2 - Investigations by Office Holders in Administrations and Insolvent Liquidations. Based upon the outcome of the Joint Administrators' investigations, there were no matters identified that required further action.

5 Pre-administration costs

- 5.1 The pre-administration costs were reported in the Joint Administrators' Statement of Proposals dated 30 April 2012.
- 5.2 Regus No 1 S.A R.L (SARL) have agreed to meet the pre-appointment costs, and as such, the Joint Administrators will not be seeking approval from the creditors.

6 Joint Administrators' remuneration

- 6.1 SARL, the secured creditor, approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by the Joint Administrators and their staff on matters arising in the Administration.

- 6.2 The Joint Administrators' time costs for the period 21 March 2012 to 20 September 2012 are £22,040. This represents 80 hours at an average rate of £277 per hour. Attached at Appendix B is a Time Analysis for the period which provides details of the activity costs incurred by staff grade. Approval of the Joint Administrators' remuneration has been sought in accordance with rule 2.106 of the Insolvency Rules 1986 as amended.
- 6.3 Principal areas of activity during the period are discussed in further detail below.
- **Administration and planning** - time has been incurred formulating and implementing the initial case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
 - **Investigations** - time has been incurred conducting investigations into the directors' conduct together with the Company's dealings prior to the appointment of the Joint Administrators and the submission of a report to the Department for Business, Innovation and Skills pursuant to the Company Directors Disqualification Act 1986.
 - **Realisation of assets - floating charge** - time recorded within this category includes dealing with the collection of funds from the Group, and liaising with matters in relation to the Properties.
 - **Creditors** - time has been incurred notifying all creditors of the appointment, preparing statutory reports and reporting to the secured creditor.
- 6.4 To date, £17,776 plus disbursements of £185 plus VAT have been drawn on account.
- 6.5 The Joint Administrators can confirm that category 2 disbursements, consisting of photocopying, charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying, have been taken.
- 6.6 Information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, paying of disbursements and details of their current charge-out rates by staff grade, is attached at Appendix C.

7 Estimated outcome for creditors

Secured creditor - Regus No.1 S.A.R.L

- 7.1 The Company granted a floating charge to the SARL on 24 March 2009. SARL is owed approximately £1.9 million. To date, £14,965 has been distributed and further funds are expected to be available, however a significant shortfall will be incurred.

Preferential creditors

- 7.2 The Company did not employ any staff; therefore there are no preferential claims.

Unsecured Creditors' Fund

- 7.3 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Joint Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (**Unsecured Creditors' Fund**), which is commonly known as the 'prescribed part'.

- 7.4 The Company granted a floating charge to SARL on 24 March 2009. Accordingly, the Joint Administrators are required to create an Unsecured Creditors' Fund out of the Company's net floating charge property for unsecured creditors.
- 7.5 The estimated value of the Company's net floating charge property is £197,000. Arising from this, the value of the Unsecured Creditors' Fund is estimated to be £42,400, before costs.

8 Ending the Administration

- 8.1 The Administration is due to automatically end on 20 March 2013, however it may not be possible to conclude all outstanding matters in the Administration prior to this date. Therefore, the Joint Administrators are seeking the approval of SARL for an extension of the Administration period of six months, in accordance with paragraph 78 of schedule B1 of the Insolvency Act 1986.

Dissolution of the Company

- 8.2 Should permission to distribute to the unsecured creditors in the Administration be granted, the Joint Administrators will pay the Unsecured Creditors' Fund, then file notices at court and with the Registrar of Companies for the dissolution of the Company. The Joint Administrators will send copies of these documents to the Company and its creditors.

Creditors' voluntary liquidation (CVL)

- 8.3 If the Joint Administrators are unable to gain permission to distribute funds to unsecured creditors in the Administration, they will file notices with the Registrar of Companies in order that the Administration will cease and the Company will automatically move into CVL.
- 8.4 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Joint Administrators ceases to have effect.


9 Creditors' rights

- 9.1 Within 21 days of receipt of the report, a secured creditor, or an unsecured creditor (with the agreement of at least 5% of the value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about their remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.
- 9.2 Any secured creditor, or an unsecured creditor (with the agreement of at least 10% of the value of unsecured creditors) may, within eight weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Joint Administrators' remuneration, the remuneration or the expenses incurred by the Joint Administrators as set out in this progress report are excessive.

10 Next report

- 10.1 The Joint Administrators are required to provide a progress report within one month of the end of the next six months of the Administration, or earlier if the Administration has been finalised.

For and on behalf of
Regional Offices (LBC) Limited



Anne O'Keefe
Joint Administrator

Encs

**Receipts and Payments Account for the period
21 March 2012 to 20 September 2012**
Appendix A

Statement of Affairs	£	£
		<u>£</u>
Floating charge assets		
Receipts		
23,500 Trade debtors		17,601
20,945 Other debtors		15,170
141,631 Cash at bank		141,576
11,372 Rates refund		11,372
- Property income		203,830
- Bank interest		51
		<u>389,600</u>
Payments		
Joint Administrators' remuneration		17,776
Category 1 disbursements		
Specific penalty bond		80
Statutory advertising		77
Category 2 disbursements		
Photocopying		28
Ealing rent		94,839
Property insurance		7,450
Other property costs		60,300
Tenants' costs		13,525
Utilities		23,495
Management service charge		4,221
Bank charges		10
		<u>(221,801)</u>
Distributions		
Floating chargeholder		14,965
		<u>(14,965)</u>
Balance		<u>152,834</u>
Represented by		
Interest bearing account		146,249
VAT receivable		6,585
		<u>152,834</u>

Time Analysis for the period 21 March 2012 to 20 September 2012

Appendix B

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Planning				0.1	0.1	15.00	150
Strategy and control	0.3	9.1	4.4	0.1	13.9	4,931.00	355
Statutory duties		2.0	7.2	0.7	9.9	3,121.00	315
Case administration		0.8	4.2	1.3	6.3	1,804.00	286
Accounting and treasury	0.2	0.7	1.6	7.1	9.6	1,711.50	178
Internal documentation		0.5	-	0.4	0.9	245.00	272
Investigations							
Director conduct reports	0.5	0.1	-	4.0	4.6	924.50	201
Other investigations				0.5	0.5	75.00	150
Realisation of assets - floating charge							
Asset realisation strategy		0.5	1.8		2.3	754.00	328
Asset identification and valuation			3.0		3.0	915.00	305
Sale of assets		0.3			0.3	111.00	370
Recovery of assets				0.1	0.1	15.00	150
Dealing with third party assets			4.9	6.2	11.1	2,424.50	218
Creditors							
Internal documentation				0.9	0.9	135.00	150
Reporting to creditors		2.5	9.3	0.8	12.6	3,981.50	316
Secured creditors				0.2	0.2	30.00	150
Unsecured creditors		1.6		1.7	3.3	847.00	257
Totals	1.0	18.1	36.4	24.1	79.6	22,040.00	277

Additional information in relation to the Joint Administrators' remuneration pursuant to Statement of Insolvency Practice 9

Appendix C

1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements

1.1 Staff allocation and the use of sub-contractors

The Joint Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a partner, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Joint Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Joint Administrators have not utilised the services of any sub-contractors in this case.

1.2 Professional advisors

On this assignment the Joint Administrators have used the professional advisors listed below. The Joint Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Sidley Austin LLP (legal advice)	Hourly rate and disbursements
SNR Denton UK LLP (legal advice)	Hourly rate and disbursements
Willis Limited (insurance)	Risk based premium

The Joint Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Joint Administrators and their staff will also be chargeable.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the resolution approved by creditors. Category 2 disbursements that may be incurred are as follows:

- Photocopying - charged at the rate of ten pence per sheet for notifications and reports to creditors and other copying.
- Printing - charged at the rate of ten pence per sheet for black and white printing and 15 pence per sheet for colour.
- Business mileage for staff travel - charged at the rate of 45 pence per mile.

2 Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 January 2011 is detailed below. Time is charged by case staff in units of six minutes

Description	£
Partner/director	
Partner 1*	575
Partner 2*	520
Director	450
Senior associate	
Senior associate 1*	410
Senior associate 2*	370
Associate/analyst	
Associate	305
Analyst*	280
Junior analyst and support staff	
Junior analyst*	150
Senior treasury associate	220
Treasury associate	150
Treasury analyst	95
Support	80

***Key**

Partner 1 - partners with three or more years' experience at partner level

Partner 2 - partners with fewer than three years' experience at partner level

Senior associate 1 - staff with two or more years' experience at senior associate level

Senior associate 2 - staff with fewer than two years' experience at senior associate level

Analyst - staff with more than one year's experience at analyst level

Junior analyst - first year analysts