

**IN THE HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS IN MANCHESTER
CR2021MAN000116**

**HOUSE CROWD PROPERTY MANAGEMENT LIMITED
(IN ADMINISTRATION)**

THE JOINT ADMINISTRATORS' FINAL ACCOUNT

21 FEBRUARY 2023

This report has been prepared for the sole purpose of updating the creditors for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Frank Ofonagoro, Jeremy Woodside & Frank Wessely were appointed Joint Administrators of House Crowd Property Management Limited on 25 February 2021. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

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ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

The Act	The Insolvency Act 1986
CDDA	Company Directors Disqualification Act 1986
CEO	Chief Executive Officer
The Company	House Crowd Property Management Limited
The Court	High Court of Justice Business and Property Courts in Manchester CR-2021-MAN-000116
CVL	Creditors' Voluntary Liquidation
FCA	Financial Conduct Authority
HCD SPV(s)	House Crowd Development SPVs typically named House Crowd Development 1, 2 etc.
HCF	House Crowd Finance Limited
HCFSA	House Crowd Finance (Security Agent) Limited
HCPM	House Crowd Property Management Limited
HCP SPV(s)	House Crowd Property SPVs typically named House Crowd Project 1, 2 etc.
HMRC	HM Revenue & Customs
The House Crowd Business	Collectively THC, HCF, HCFSA, HCPM, HCD SPVs & HCP SPVs
The Joint Administrators	Frank Ofonagoro, Jeremy Woodside & Frank Wessely of Quantuma Advisory Limited
Joint Administrators' Proposals	The Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act
MVL	Members Voluntary Liquidation
POD	Proof of Debt
Prescribed Part	The Prescribed Part of the Company's net property subject to Section 176A of the Act
Reporting Period	Period Covered by the report from 25 August 2022 to
RPO	The Redundancy Payments Office
The Rules	Insolvency (England & Wales) Rules 2016
SIP	Statement of Insolvency Practice (England & Wales)
SPV	Special Purpose Vehicle
THC	The House Crowd Limited

VAT

Value Added Tax

INTRODUCTION

This report has been prepared to provide creditors and investors with an update on the progress of the Administration of the Company since our last report dated 21 September 2022.

This report should be read in conjunction with all previous reports issued by the Joint Administrators.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

The report has been prepared in accordance with insolvency legislation to provide members and creditors, the Registrar of Companies and the Court with details of the progress made during the Reporting Period, and with an overview of the conduct of the Administration and summary of the information provided in the progress report(s) that have been issued during the Administration. Copies of these reports are available on request.

The Joint Administrators' proposals were approved on 4 May 2021 via a deemed consent procedure. A formal notice confirming this was sent to all creditors on 10 May 2021. Attached at Appendix 2 is a summary of the Joint Administrators Proposals, as approved.

The Joint Administrators performed their functions with an aim to achieve the Administration objective of achieving a better result for the creditors as a whole than would be likely to be achieved if the Company were wound up (without first being in Administration).

The Administration was scheduled to end on 24 February 2022, but the term of the Administration was originally extended by 12 months with the consent of the relevant creditors on 4 January 2022.

The Joint Administrators have previously referenced the need to extend the Administration process further until February 2025 in order to deal with the outstanding matters (the oversight of the solvent Liquidations of the HCP entities).

However, having been able to achieve the statutory purpose of the Administration, and in order to make a distribution to unsecured creditors, the Joint Administrators are now of the opinion that there is no need to continue to stay in Administration and that steps should be taken to move from Administration to Creditors Voluntary Liquidation.

Shareholders in the HCP entities should note that this move does not impact their interests and the Joint Liquidators will continue to oversee the solvent liquidations and distribution of funds back to shareholders accordingly.

Details of the appointment of the Joint Administrators

Frank Ofonagoro, Jeremy Woodside and Frank Wessely of Quantuma Advisory Limited were appointed Joint Administrators of the Company on 25 February 2021.

The Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either one or both of them.

THE PROGRESS OF THE ADMINISTRATION

In this section, a summary of main asset realisations during the Reporting Period and in the Administration as a whole, together with details of the associated costs incurred has been provided. For a detailed list of work undertaken by the Joint Administrators as a whole, please see Appendix 4.

Management of the HCP SPVs

As previously reported, the Joint Administrators, alongside Michael Hall in his capacity as a director of the individual HCP SPVs, have undertaken the process of placing the HCP SPVs into Members' Voluntary Liquidation ("MVL") following the disposal of each property. The last HCP property has now been sold at auction as of 16 February 2023 and there remain no further properties to sell.

Throughout the Administration 56 HCPs have entered solvent Liquidation proceedings, with 22 of those entities now being cleared for distribution by HM Revenue & Customs (a requirement before funds can be distributed to shareholders). HM Revenue & Customs continue to be slower than anticipated in providing requisite clearances.

The Joint Administrators were informed that distributions were ready to be made in November 2022, however, during the Reporting Period, the Joint Administrators were informed by members of retained staff that potential errors in certain distributions made prior to the Company entering Administration had been identified, which, if left unchecked, could adversely impact future distributions to shareholders made from the MVL estates.

The Joint Administrators requested a full reconciliation of all prior distributions, along with a review of all available company records before agreeing to the release of funds.

Notwithstanding the above, a review was completed by January 2023, with the Joint Administrators now comfortable that distributions can be made from those applicable MVL estates, with the first of those being completed by the end of February 2023.

The Joint Liquidators will continue to oversee the distribution process and provide relevant feedback to the shareholders.

Equity Share

Prior to our appointment HCPM had an interest in each individual HCP SPV in that the Company was entitled to an annual management fee equating to either 10% or 25% (as there are different terms and conditions for different HCP SPVs) of each HCP SPV's annual profit, in return for the provision of property management services and other related services.

HCPM is also entitled to a share of any equity upside (after the capital repayment to investors and the payment of all third-party costs) which is again between 10%-25%. Again, there are different terms applicable to different HCP SPVs within the portfolio.

Any realisations made in respect of these items during the Reporting Period are discussed in more detail throughout this report.

Investors / HCP Shareholders

Communication with Investors

The Joint Administrators continued to liaise with investors and HCP shareholders as key stakeholders of the Administration process.

The Joint Administrators continued to deal with email queries across the Administrations as well as providing FAQ updates to the Investor support group representing c.1,000 investors/shareholders.

A further dedicated email inbox was set up to deal specifically with HCP investor queries.

Furthermore, as detailed earlier in the report, the Joint Administrators have provided shareholders with a fourth update via the THC platform on their progress in respect of the HCP properties. A copy of which is attached at Appendix 7.

The Joint Administrators' final receipts and payments account

Attached at Appendix 3a is a receipts and payments account covering the Reporting Period together with the cumulative totals from the previous Reporting Periods. The Joint Administrators confirm that the account has been reconciled with that held at the bank.

VAT Basis

Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue and Customs shown separately.

Administration (including statutory reporting)

The Joint Administrators have met a considerable number of statutory and regulatory obligations. Whilst many of these tasks have not had a direct benefit in enhancing realisations for the insolvent estate, they have assisted in the efficient and compliant progressing of the Administration, which has ensured that the Joint Administrators and their staff have carried out their work to high professional standards.

During the Reporting Period, primarily these tasks have included:

- Maintaining case files, which must include records to show and explain the Administration and any decisions made by the Joint Administrators that materially affect the Administration;
- Monitoring and maintaining an adequate statutory bond;
- Conducting periodic case reviews to ensure that the Administration is progressing efficiently, effectively and in line with the statutory requirements;
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments;
- Completing periodic tax returns.
- Considering whether an extension to the Administration is necessary and liaising with legal counsel as to the appropriateness of this strategy; and
- Considering which exit route from Administration is appropriate and drafting this final report;

Realisation of assets

Monies due from HCP SPVs to HCPM

Accounting service recharge

Following the purchase of each HCP property, investors were provided with an account of anticipated costs of managing the HCP property. One of which being accountancy services provided by HCPM.

Due to insufficient funds within the HCP SPV entities in some instances, these costs were not taken during previous years and as such have accrued over time.

From May 2021, it was agreed that these annual charges (management & accounting costs) would not be taken by HCPM. Instead, the direct costs incurred by HCPM in managing the HCP SPVs, would be re-charged to the HCP entities. These re-charges include costs such as the salaries of the retained employees/consultants who deal with the affairs of the HCP SPVs and director services provided by Michael Hall. This has been calculated on a pro-rata basis, with the gross salary costs split evenly between the remaining HCP SPVs before they enter MVL.

Property management fee

As previously reported, HCPM continued to provide the services set out in its property management agreement with the HCP SPVs.

For the above services, and dependent upon the specific HCP property, HCPM was entitled to either 10% of the annual rental income, for collection of the same or 25% of the profit share of rental income.

Due to insufficient funds within the HCP SPV entities in some instances, these costs have not been taken during previous years and as such accrued over time.

Property management fee / Accounting service recharge

During the Reporting Period the sum of £14,149 has been received in respect of the above outstanding sums from the HCP entities, bringing total realisations for the Administration period to £70,198.

No further realisations will be made in this regard.

Equity share

As detailed above, HCPM is also entitled to a 10%-25% share of any equity upside on property disposals by HCP SPVs (broadly speaking this is after the distribution to investors and the payment of all third-party costs, although there are different terms for different HCP SPVs).

Any equity upside will only be known once the HCP entities have entered MVL and the costs associated with this process paid in their entirety prior to any distributions. The Joint Administrators have been working with the solvent Liquidation case teams to better understand what realisations will be made in this regard.

An update will be provided in the first annual report issued following the Company's move from Administration to Creditors Voluntary Liquidation.

Book Debts

At the outset of the Administration, it was found that HCPM was owed sums from various HCP entities that were not detailed on the directors estimated Statement of Affairs. These debtor positions were created by HCPM in lending funds to the HCP entities to pay for necessary costs associated with the rental properties.

During the Reporting Period the additional sum of £16,280 has been realised in this regard, bringing total realisations for the Administration estate to £26,945.

Bank Interest

The Joint Administrators held the estate funds in an interest-bearing bank account, which has provided c.£74 worth of interest in the Reporting Period.

Payments

A full list of payments made during the Reporting Period is detailed in the Joint Administrators' Receipts and Payments Account at Appendix 3a.

HCPM Employee and Consultancy Recharges

As previously reported, following their appointment, the Joint Administrators established that all employees of the House Crowd business were employed directly by THC, albeit some staff provided services across the different legal entities (including HCFSA and HCPM).

The costs in respect of these employees and consultants have initially been met by the THC Administration estate and were subsequently recharged to the respective HCPM and HCFSA Administration estates (these payments are shown within the receipts and payments account at Appendix 3a).

During the Reporting Period the Joint Administrators of THC undertook a review of the staffing requirements and the final member of staff providing services to HCPM was reassigned to work on matters relating to HCFSA. As such, there are no longer any members of staff providing services to HCPM.

Other Items

HCFSA – Inter-Estate Loan

As previously reported, it was necessary for the Administrations of THC and its subsidiaries (including HCPM) to occur simultaneously as although separately incorporated entities, it quickly became apparent that HCPM's affairs were so inter-linked with its subsidiaries and had been operated as part of a single business with cross pollination of resources, management and funding.

Shortly following commencement of Administration, it became apparent that the HCPM estate would require external short term funding support, whilst it awaited the realisation of assets. In light of this, the

Administration estate of HCFSa provided a short-term loan (non-interest bearing) to HCPM. The full balance of the loan was repaid during the Reporting Period in the sum of £80,211.

Estimated future realisations

The duly appointed Liquidators will continue to pursue the recovery of any outstanding sums due to HCPM.

CREDITORS: CLAIMS AND DISTRIBUTIONS

Secured creditors

There are no secured creditors holding fixed and floating charges over HCPM's assets.

Preferential creditors

On appointment, it was established that all employees of the House Crowd business were employed by THC, albeit some staff may have provided services across a number of different legal entities (including HCPM and the HCP SPVs).

The Joint Administrators established that at least six members of THC staff (being two employees and four consultants) dedicated some or all of their time to the operation of HCPM and the HCP SPVs.

Two employees were initially retained by the THC Administration estate to support the affairs of HCPM, with one made redundant in July 2022, leaving one THC employee to work on HCPM matters predominantly pertaining to the HCP SPV MVLs.

Up until January 2023 Payroll costs were met by the THC Administration and recharged to HCPM.

The Joint Administrators did not receive any claims from primary preferential creditors.

Secondary Preferential creditors

In any insolvency process started from 1 December 2020, HMRC is a secondary preferential creditor for the following liabilities:

- VAT
- PAYE Income Tax
- Employees' NIC
- CIS deductions
- student loan deductions

This will mean that, if there are sufficient funds available, any of the above amounts owed by the Company will be paid after the preferential creditors have been paid in full.

The estimated Statement of Affairs prepared by HCPM's directors did not provide for any secondary preferential claims. However, the Joint Administrators have received claims of £2,173 in respect of VAT from HMRC.

It is anticipated that a dividend of 100p in the £ will be paid to secondary preferential creditors following the Company's conversion to Creditors Voluntary Liquidation.

Prescribed Part

The Company had not granted a floating charge to any creditor after 15 September 2003 and consequently there was no prescribed part in this Administration.

Unsecured creditors

HCPM's directors' estimated Statement of Affairs detailed two unsecured creditors in the sum of £582,497.

Within this total a sum of £552,797 relates to an intercompany liability owed to THC. This claim has yet to be adjudicated upon however, if it is due, the Joint Administrators of THC will submit a claim in the Administration estate ahead of any dividend payable.

In relation to unconnected unsecured creditors to date, the Joint Administrators have received claims from two creditors totalling £32,200.

A small dividend of 4p in the £ to unsecured creditors is expected and this will be paid by the Joint Liquidators.

Claims process

Due to the intended distribution to unsecured creditors, you are requested to submit claims to the address on the front of this report, marked for the attention of Heather Barnes.

A Proof of Debt form is attached at Appendix 6.

INVESTIGATIONS

Investigations

As part of the Joint Administrators' statutory duties, an investigation into the conduct of the Company Directors was completed.

In this regard, a confidential report was submitted to The Insolvency Service on 19 May 2021.

ETHICS

Please also be advised that Joint Administrator is bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment.

General ethical considerations

During the Reporting Period, no new threats to compliance with the Code of Ethics have been identified.

Specialist Advice and Services

When instructing third parties to provide specialist advice and services or having the specialist services provided by the firm, the Joint Administrator is obligated to ensure that such advice or work is warranted and that the advice or work contracted reflects the best value and service for the work undertaken.

The firm reviews annually the specialists available to provide services within each specialist area and the cost of those services to ensure best value. The specialists chosen usually have knowledge specific to the insolvency industry and, where relevant, to matters specific to this insolvency appointment. Details of the specialists specifically chosen in this matter are detailed in the expenses section below.

Other Information

General Data Protection Regulation

In compliance with the General Data Protection Regulation, creditors, employees, shareholders, directors and any other stakeholder who is an individual (i.e. not a corporate entity) in these insolvency proceedings is referred to the Privacy Notice in respect of Insolvency Appointments, which can be found at this link <http://www.quantuma.com/legal-notices>.

Further Information

Creditors should note that the Joint Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. Additionally, the Joint Administrators are also bound by the regulations of their Licensing Bodies.

To comply with the Provision of Services Regulations, some general information about **Quantuma Advisory Limited**, including our complaints policy and Professional Indemnity Insurance, can be found at <http://www.quantuma.com/legal-information>.

THE JOINT ADMINISTRATORS' FEES AND EXPENSES

Pre-Administration Costs

Included within the Joint Administrators' Proposals was a Statement of Pre-Administration Costs as detailed below.

Party instructed	Amount (£)
Quantuma Advisory Limited	714
Quantuma Advisory Limited (Disbursements)	6
JMW Solicitors LLP	165
TOTAL	885

The Joint Administrators sought approval of these fees and they were approved via a decision procedure on 27 May 2022. None of these costs have been discharged by the Administrators.

The Joint Administrators' Fees

The basis of the Joint Administrators' fees for dealing with statutory matters on behalf of creditors was fixed on 27 May 2022 by the Company's creditors as follows:

1. A fixed fee of £150,000.

The set fee was considered a fair and reasonable reflection of the work undertaken by the Joint Administrators. No fees have been drawn in respect of the Joint Administrators' remuneration.

The Joint Administrators have not provided details of their time costs or charge out rates as in accordance with SIP 9 guidance, there is no requirement to do so when their remuneration has been set on a fixed fee basis.

The Joint Administrators' Expenses

The expenses, which include disbursements that have been incurred and not yet paid during the period are detailed below:

Expenses	Actual expenses incurred in the Reporting Period £	Expenses Paid in Reporting Period £	Expenses unpaid from previous Reporting Period £	Total incurred but not yet paid £
Category 1 Expenses				
Michael Hall	15,000	15,000	Nil	Nil
Salary Recharges	46,100	90,324	Nil	Nil
JMW	2,430	Nil	Nil	2,430
Accountancy consultant	8,037	8,037	Nil	Nil
DSG Accountancy	600	600	Nil	Nil
Postage	Nil	4	Nil	Nil
TOTAL	118,271	113,965	Nil	2,430

The category 1 expenses paid in the Reporting Period are detailed on the Receipts and Payments account at Appendix 3a and represent payments to parties not associated with the firm, who have provided services or goods for the Administration of the assignment.

If applicable, any expenses incurred but not paid in the Administration, will be paid as an expense in the Liquidation.

Other Professional Costs

Subcontracted Work

The Joint Administrators have not sub-contracted out any work to professionals that could have otherwise been completed by themselves.

Other Professional Costs

Solicitors – JMW Solicitors LLP

JMW were instructed by the Joint Administrators to provide advice on appropriate legal matters (in relation to the Administration process and the recovery of the loans). Their costs have been agreed on the basis of their standard hourly charge out rates, plus disbursements and VAT.

Accountants Fees

DSG Accountancy and Business Services Limited

The Joint Administrators asked DSG to prepare the end of year accounts for the Company to 24 February 2022. This was agreed on a fixed fee basis of £600 plus VAT which was paid during the Reporting Period.

Accountants Fees

Retained THC consultant

The Joint Administrators retained a third-party consultant to assist members of the THC accounts team.

All professional costs are reviewed and analysed before payment is approved.

Payment of the Joint Administrators' unpaid fees and costs

In accordance with the Insolvency Act 1986, all unpaid fees (subject to any approved fees estimate) and costs, as described in the sections above, are charged on and payable out of the Company's property. Thus, the Joint Liquidators will be responsible for discharging these sums from the assets and funds handed over to them by the Joint Administrators.

Creditors' right to request information

Any secured creditor, or unsecured creditor with the support of at least 5% in value of the unsecured creditors or with permission of the Court, may request in writing the Joint Administrators to provide additional information regarding fees or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report.

Creditors' right to challenge fees and/or expenses

Any secured creditor, or unsecured creditor with the support of at least 10% in value of the unsecured creditors or with permission of the Court, may apply to the Court for one or more orders, reducing the amount or the basis of fees which the Joint Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the fees and/or expenses being complained of.

Please note that such challenges may not disturb fees or expenses (whether or not discharged from the estate) disclosed in prior progress reports.

THE OUTCOME OF THE ADMINISTRATION

Comparison of the outcome with the Joint Administrators' Proposals

Attached at Appendix 2 is a summary of the Joint Administrators' Proposals as approved.

It had been envisaged that the second Administration objective would be achieved, namely that there would be a better result for creditors as a whole than would be likely if the Company were wound up (without first being in Administration). As described above, it can be seen that this Administration objective has been achieved.

The balance in the Joint Administrators' account of £55,150, together with control of the remaining assets yet to be realised as described above, is being transferred to the Joint Liquidators. An Estimated Outcome Statement as at 20 February 2023 is attached at Appendix 3b. This illustrates the anticipated outcome of the subsequent Liquidation.

The Joint Administrators are now moving the Company from Administration to Creditors' Voluntary Liquidation to enable a dividend to be paid to unsecured creditors. The Joint Liquidators will also continue to pursue the remaining assets and other matters described in this report. As noted in Appendix 2, the Joint Administrators' approved Proposals included that, absent any alternative nomination, the Joint Administrators would take the appointment as Joint Liquidators without further recourse to the creditors. There were no other nominations and therefore the Joint Administrators will be appointed Joint Liquidators.

If you require any further information, please email housecrowd@quantuma.com.



Frank Ofonagoro
Joint Administrator

HOUSE CROWD PROPERTY MANAGEMENT LIMITED (IN ADMINISTRATION)

STATUTORY INFORMATION

Company Name	House Crowd Property Management Limited
Previous Names	N/A
Proceedings	In Administration
Court	High Court of Justice Business and Property Courts in Manchester
Court Reference	CR-2021-MAN-000116
Date of Appointment	25 February 2021
Joint Administrators	Frank Ofonagoro Jeremy Woodside Quantuma Advisory Limited 3 rd Floor, 196 Deansgate Manchester M3 3WF Frank Wessely Quantuma Advisory Limited 2 nd Floor, Arcadia House 15 Forlease Road Maidenhead SL6 1RX
Registered office Address	C/o Quantuma Advisory Limited Third Floor, 196 Deansgate, Manchester, M3 3WF
Company Number	08964668

HOUSE CROWD PROPERTY MANAGEMENT LIMITED (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' PROPOSALS, AS APPROVED

House Crowd Property Management Limited (In Administration)

The Joint Administrators' Statement of Proposals



Appendix IX: Summary of the Joint Administrators' Proposals

In order to achieve the purpose of the Administration, the Joint Administrators formally propose to creditors that:

- The Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
 - (i) they will take the necessary steps to realise the Company's assets for the benefit of creditors.
 - (ii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and
 - (iii) they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these activities.
- The Joint Administrators make distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, they may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act where necessary.
- The Joint Administrators end the Administration in one of the following ways, appropriate to the circumstances of the case at the time
 - (i) in the event that there is no remaining property that might permit a distribution to the Company's creditors, they shall file a notice of dissolution of the Company pursuant to Paragraph 84 of Schedule B1 of the Act; or
 - (ii) however, in the event that the Joint Administrators think that a distribution will be made to unsecured creditors (and they have not sought the court's permission, and are otherwise unable, to pay the distribution whilst the Company is in Administration), they shall send to the registrar of companies notice to move the Company from Administration to Creditors' Voluntary Liquidation. In such circumstances, Frank Ofonagoro, Jeremy Woodside and Frank Wessely will be appointed Joint Liquidators and will be authorised to act either jointly or separately in undertaking their duties as Liquidator. Creditors may nominate a different person or persons as the proposed liquidator or liquidators in accordance with Paragraph 83(7)(a) of Schedule B1 of the Act and Rule 3.60(6)(b) of the Rules, but they must make the nomination or nominations at any time after they receive the Statement of Proposals, but before it is approved. Information about the process of approval of the Statement of Proposals is set out at Section 10.

HOUSE CROWD PROPERTY MANAGEMENT LIMITED (IN ADMINISTRATION)

THE JOINT ADMINISTRATORS' FINAL RECEIPTS AND PAYMENTS ACCOUNT

House Crowd Property Management Limited
(In Administration)
JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 25/08/2022 To 20/02/2023 £	From 25/02/2021 To 20/02/2023 £
RECEIPTS			
HCP repayment of shares		Nil	5.00
Cash at bank	36,680.29	Nil	36,680.29
Sale of freehold		Nil	2,539.20
Book debts		16,280.19	26,945.93
HCP reimbursement of payments		2,294.83	15,007.75
Bank interest gross		74.73	77.64
Pre-administration HCP repayments		Nil	1,264.61
Michael Hall salary recharge		28,884.16	34,596.66
Inter-estate loan from HCFSa		Nil	80,211.05
Profit share / management / account fees		14,149.00	70,198.78
Director/Salary recharges		104,076.06	222,039.57
		<u>165,758.97</u>	<u>489,566.48</u>
PAYMENTS			
Specific bond		Nil	135.00
Consultancy fees		Nil	19,005.00
HCPM SPV payments		347.92	15,265.67
Landwood Commercial (Manchester) Ltd		Nil	4,750.00
Post-appointment legal disbursements		Nil	68.00
Post-appointment legal fees		Nil	10,277.00
Accountants fees		8,637.00	32,855.00
VAT irrecoverable		Nil	1,097.00
Staff expenses		Nil	119.19
Tax consultants		Nil	2,500.00
Postage		4.01	18.66
Statutory advertising		Nil	88.00
Repayment of inter estate loan to HCFSa		80,211.05	80,211.05
Michael Hall		15,000.00	48,000.00
Insurance		Nil	626.77
Wages & salaries		58,227.23	139,099.05
PAYE & NI		29,228.71	74,329.11
Bank charges		Nil	20.00
Pension contribution		2,868.84	8,951.41
		<u>194,524.76</u>	<u>437,415.91</u>
Net Receipts/(Payments)		<u>(28,765.79)</u>	<u>52,150.57</u>
MADE UP AS FOLLOWS			
Bank 1 Current			52,150.57
VAT Receivable / (Payable)			Nil
			<u>52,150.57</u>

HOUSE CROWD PROPERTY MANAGEMENT LIMITED (IN ADMINISTRATION)

APPENDIX 3B

ESTIMATED OUTCOME STATEMENT FOR THE LIQUIDATION

<u>House Crowd Property Management Limited</u>	
<u>Estimated Outcome Statement as at 20 February 2023</u>	
	Estimated to Realise £
Assets not specifically pledged	
Surplus from Administration	52,151
Equity uplift	Uncertain
	<hr/> 52,151
Costs	
Administrators' fees - pre-appointment	(700)
Administrators' fees - post-appointment	(20,000)
Pre-appointment legal fees	(3,575)
Contingency	(2,000)
	<hr/> (26,275)
Amount available for preferential creditors	<hr/> 25,876
Preferential creditors (HMRC)	(2,172)
Surplus as per preferential creditors	<hr/> 23,704
Amount available to unsecured creditors	<hr/> 23,704
Est. unsecured creditors	
Trade creditors	(29,700)
HMRC	(2,500)
The House Crowd Limited	(552,597)
	<hr/> (584,797)
Estimated deficiency as per unsecured creditors	(561,093)
Estimated dividend (p/£)	0.04

HOUSE CROWD PROPERTY MANAGEMENT LIMITED (IN ADMINISTRATION)

DETAILED LIST OF WORK UNDERTAKEN BY THE JOINT ADMINISTRATORS DURING THE REPORTING PERIOD

Description of work undertaken	Includes
<u>ADMINISTRATION & PLANNING</u>	
Administration & Planning	
Initial Statutory and General Notifications & Filing e.g. Advertising the appointment, undertaking statutory notifications to Companies House, HMRC, the Pension Protection Fund, preparing the documentation and dealing with other notification of appointment	Filing of documents to meet statutory requirements
General Administration - Dealing with all routine correspondence and emails relating to the case.	
Case strategy & completing file reviews at case closure.	Discussions regarding strategies to be pursued Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case Periodic file reviews Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards Maintenance of statutory and case progression task lists/diaries Updating checklists
VAT & Corporation Tax matters and returns.	Preparation of information for third party Corporation Tax Returns
Liaising with Financial Conduct Authority ("FCA").	The Joint Administrators have spent significant time in liaising with the FCA and preparing documents for their review
Corresponding with Investors	Liaising with the House Crowd investors regarding various queries relating to their investments and the progress of the Administration.
<u>CREDITORS</u>	
Creditors	
Investigations	
SIP 2 Review - Conducting an initial investigation with a view to identifying potential asset recoveries by seeking and obtaining information from relevant third parties, such as the bank, accountants, solicitors, etc.	Correspondence to request information on the company's dealings, making further enquiries of third parties Reviewing questionnaires submitted by creditors and directors Reconstruction of financial affairs of the company Reviewing company's books and records Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with the committee/creditors or major creditors about further action to be taken
<u>REALISATION OF ASSETS</u>	
Realisation of Assets	
HCP Properties Sale of Shares	The Joint Administrators have reviewed the position of each HCP property, and ensured that their disposal using the MVL mechanism has continued to run smoothly.

Description of work undertaken	Includes
TAX/VAT	Completing VAT returns
<u>TRADING</u>	
Opening, maintaining and managing the Office Holders' cashbook and bank account.	Preparing correspondence opening and closing accounts Requesting bank statements Correspondence with bank regarding specific transfers Maintenance of the estate cash book
Dealing with cheque requisitions	Issuing cheques/BACS payments
Dealing with deposit forms	Banking remittances
Bank Reconciliations	
Preparing & Filing statutory Receipts & Payments accounts	Preparing and filing statutory receipts and payments accounts at Companies House
<u>CLOSING PROCEDURES</u>	
Filing final statutory returns at Companies House/Court	

HOUSE CROWD PROPERTY MANAGEMENT LIMITED (IN ADMINISTRATION)

NOTICE OF NO DIVIDEND

Company Name: House Crowd Property Management Limited (In Administration) ("the Company")


Company Number: 08964668

In the High Court of Justice Business and Property Courts in Manchester CR-2021-MAN-000116

This Notice is given under Rule 14.37 of the Insolvency (England & Wales) Rules 2016 ("the Rules"). It is delivered by the Joint Administrator of the Company, Frank Ofonagoro, of Quantum Advisory Limited, Third Floor, 196 Deansgate, Manchester, M3 3WF (telephone number: 0161 694 9144), who was appointed by the members of the Company.

The Joint Administrator gives notice confirming that no dividend will be declared in the Administration of the Company.

The residual funds held will be distributed to creditors during the Liquidation process which will commence following the closure of the Administration.

Signed: 
Frank Ofonagoro
Joint Administrator

Dated: 21 February 2023

HOUSE CROWD PROPERTY MANAGEMENT LIMITED (IN ADMINISTRATION)

PROOF OF DEBT FORM

DETAILS OF CLAIM		
1.	Name of Creditor (if a company, its registered name)	
2.	Address of Creditor (i.e. principal place of business)	
3.	If the Creditor is a registered company: <ul style="list-style-type: none"> For UK companies: its registered number For other companies: the country or territory in which it is incorporated and the number if any under which it is registered The number, if any, under which it is registered as an overseas company under Part 34 of the Companies Act 	
4.	Total amount of claim, including any Value Added Tax, as at the date of Administration, less any payments made after this date in relation to the claim, any deduction under R14.20 of the Insolvency (England & Wales) Rules 2016 and any adjustment by way of set-off in accordance with R14.24 and R14.25	£
5.	If the total amount above includes outstanding uncapitalised interest, please state	YES (£) / NO
6.	Particulars of how and when debt incurred	
7.	Particulars of any security held, the value of the security, and the date it was given	
8.	Details of any reservation of title in relation to goods to which the debt relates	
9.	Details of any document by reference to which the debt can be substantiated. (The administrator may call for any document or evidence to substantiate the claim at his discretion.)	
10.	Give details of whether the whole or any part of the debt falls within any (and if so which) of the categories of preferential debts under section 386 of, and schedule 6 to, the Insolvency Act 1986	Category Amount(s) claimed as preferential £
11.	If you wish any dividend payment that may be made to be paid into your bank account, please provide BACS details. Please be aware that if you change accounts it will be your responsibility to provide new information	Account No.: Account Name: Sort code:
AUTHENTICATION		
Signature of Creditor or person authorised to act on his behalf		
Name in BLOCK LETTERS		
Date		
If signed by someone other than the Creditor, state your postal address and authority for signing on behalf of the Creditor		
Are you the sole member of the Creditor?		YES / NO

HOUSE CROWD PROPERTY MANAGEMENT LIMITED (IN ADMINISTRATION)**LOAN BY LOAN UPDATE FOR INVESTORS****House Crowd Project Companies ("HCP Companies")**

Please refer to the previous update issued in September 2022 for further background on the HCP Companies.

As previously reported, the return of sales proceeds back to shareholders will be dealt with by a solvent liquidation, known as a Members Voluntary Liquidation ("MVL").

The Joint Administrators can confirm that all of the HCP properties have now been sold. The final property to sell was HCP121, which was sold at auction on 16 February 2022 (following a lack of success with the historic marketing strategy) for the sum of £12,500.

Following the previous update in which an estimated schedule of the timings for both the companies to enter liquidation and for distributions to take place was provided, there are now updates attributable to the progression of various matters.

The Joint Administrators are now able to provide an up-to-date schedule as follows:

MVL	HCP	Declaration of Solvency Sworn	Entered/ Entering MVL
Batch 1	HCP042	24/03/2022	29/04/2022
	HCP058	24/03/2022	29/04/2022
	HCP074	24/03/2022	29/04/2022
	HCP103	24/03/2022	29/04/2022
	HCP129	24/03/2022	29/04/2022
Batch 2	HCP102	11/04/2022	24/05/2022
	HCP149	11/04/2022	24/05/2022
	HCP164	11/04/2022	24/05/2022
	HCP170	11/04/2022	24/05/2022
	HCP171	11/04/2022	24/05/2022
Batch 3	HCP160	06/05/2022	13/06/2022
	HCP161	06/05/2022	13/06/2022
	HCP167	06/05/2022	13/06/2022
	HCP175	06/05/2022	13/06/2022
	HCP179	06/05/2022	13/06/2022
Batch 4	HCP141	17/05/2022	22/06/2022
	HCP151	17/05/2022	22/06/2022
	HCP162	17/05/2022	22/06/2022
	HCP168	17/05/2022	22/06/2022
	HCP169	17/05/2022	22/06/2022
Batch 5	HCP083	01/08/2022	01/09/2022
	HCP085	01/08/2022	01/09/2022
	HCP123	01/08/2022	01/09/2022
	HCP124	01/08/2022	01/09/2022
	HCP173	01/08/2022	01/09/2022
Batch 6	HCP105	15/07/2022	17/08/2022
	HCP130	15/07/2022	17/08/2022
	HCP147	15/07/2022	17/08/2022

	HCP165	15/07/2022	17/08/2022
Batch 7	HCP144	02/08/2022	05/09/2022
	HCP178	02/08/2022	05/09/2022
	HCP180	02/08/2022	05/09/2022
	HCP182	02/08/2022	05/09/2022
	HCP183	02/08/2022	05/09/2022
Batch 8	HCP142	12/08/2022	15/09/2022
	HCP163	12/08/2022	15/09/2022
	HCP166	12/08/2022	15/09/2022
	HCP172	12/08/2022	15/09/2022
	HCP174	02/09/2022	06/10/2022
Batch 9	HCP031	03/10/2022	07/11/2022
	HCP120	03/10/2022	07/11/2022
	HCP122	03/10/2022	07/11/2022
	HCP126	03/10/2022	07/11/2022
	HCP146	03/10/2022	07/11/2022
	HCP153	03/10/2022	07/11/2022
Batch 10	HCP139	03/10/2022	07/11/2022
	HCP150	03/10/2022	07/11/2022
	HCP154	03/10/2022	07/11/2022
	HCP155	03/10/2022	07/11/2022
	HCP157	03/10/2022	07/11/2022
Batch 11	HCP135	16/11/2022	20/12/2022
	HCP137	16/11/2022	20/12/2022
	HCP159	16/11/2022	20/12/2022
	HCP176	16/11/2022	20/12/2022
	HCP177	16/11/2022	20/12/2022
	HCP181	16/11/2022	20/12/2022
TBC	HCP021		

Please note that due to the statutory requirements of a MVL, proposed liquidators are required to provide all shareholders with 28 days' notice of any meeting (including postage). The Declaration of Solvency ("DoS") is also provided with the same. Another statutory requirement is that the company must enter the liquidation process within 5 weeks of the DoS being sworn. The DoS swearing also requires the presence of a solicitor.

For the reasons outlined above, the timings for meetings are very prescriptive and it is for this reason that in some instances there have had to be unavoidable changes to the dates previously provided to shareholders. However, the Joint Administrators can confirm that the first 11 batches have entered MVL, with HCP021 to follow once it has been sold.

It was noted in previous updates that distributions should commence 3-6 months following the appointment of a Liquidator and that this would either be after tax clearance from HMRC had been provided or much earlier upon receipt of a signed indemnity from the shareholders where clearance had not been received.

In order to facilitate distributions without tax clearance, an indemnity would be required from each shareholder. However, following the issue of the initial notices, it was established that company records were incomplete and did not always hold the correct contact details for every shareholder. It therefore became clear that obtaining an indemnity from each shareholder was not a viable option and in order to avoid an unnecessary escalation in process costs it was determined that the Joint Liquidators would be required to wait for tax clearance.

With this in mind, the Joint Liquidators have pro-actively liaised with HMRC and have been able to agree an efficient process for obtaining the tax clearance in a timely manner giving shareholders comfort that when distributions are made, they are done so in the most cost efficient and accurate way possible. In order for us to conclude the Liquidation of the HCPs, the Joint Liquidators must obtain the following clearances from HM Revenue and Customs:

- Corporation Tax (CT) Clearances; and
- ICHU (Insolvency Claims Handling Unit) Clearances.

To date, tax clearance has been obtained in the case of 22 HCPs, and the Joint Liquidators continue to actively pursue HMRC regarding the outstanding clearances.

As detailed earlier in the report, The Joint Administrators were informed that distributions were ready to be made in November 2022, however, during the Reporting Period, the Joint Administrators were informed by members of retained staff that potential errors in certain distributions made prior to the Company entering Administration had been identified, which, if left unchecked, could have adversely impacted future distributions to shareholders made from the MVL estates.

As mentioned earlier a review was completed in January 2023 and certain matters are now being progressed for dividend purposes.

Shareholders will be contacted when distributions are to be made on each individual HCP. Based on current information it is anticipated that these distributions will be made by cheque.

Should you have any queries, please email HCP@quantuma.com with the title of the email being the relevant HCP number (eg: HCP163).