

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company LMH Realisations Limited (formerly Leisure and Marine Holdings Limited)	Company number 02068045
In the High Court of Justice Chancery Division Companies Court <small>[full name of court]</small>	Court case number 12998/09

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

I / We (a) Colin Peter Dempster and Fiona Livingstone TaylorErnst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ

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

From	to
(b) <u>8 April 2009</u>	(b) <u>7 October 2009</u>

(b) Insert date

Signed

Joint / Administrator(s)

Dated

6/11/09**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 public record

Craig Robertson	
Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ	
	Tel: 0131 777 2242
DX Number:	DX Exchange:

MONDAY



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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

5 November 2009

Ref: CPD/CR

Direct line: 0141 626 5531  
Direct fax: 0141 626 5003  
Email: crobertson3@uk.ey.com

Dear Sirs

**LMH Realisations Limited (formerly Leisure and Marine Holdings Limited)  
(In Administration) ("the Company")**

**Registered office address: Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds,  
LS11 5QR**

I write, in accordance with Rule 2.47 of the Insolvency Rules 1986, to provide creditors with a report on the progress of the administration. This report covers the period from 8 April 2009 to 7 October 2009 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 2 June 2009.

LMH Realisations Limited (formerly Leisure and Marine Holdings Limited), registered number 02068045, entered administration on 8 April 2009 and C P Dempster and F L Taylor ("the Administrators") of Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ were appointed to act as Administrators. The appointment was made by Bank of Scotland plc under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986. The Notice of Appointment was lodged in the High Court of Justice, Chancery Division, court reference number 12998/09. Under the terms of the appointment, any act required or authorised to be done by the Administrators can be done by either of them.

**Summary of progress**

On 8 April 2009, the Company's principal asset was the ownership of the Hebridean Princess. The Company's wholly owned subsidiary, Hebridean International Cruises Limited ("HICL"), operated the vessel with luxury cruises around the Western Isles of Scotland. HICL also entered Administration on 8 April 2009.

As detailed in the Administrators' Proposals, on the day of our appointment, we were approached by a trade buyer to purchase the business and assets of the Company and HICL. The potential purchaser agreed to make an immediate non-refundable payment to the administrators to fund the business for a 2 week period, including the cruises of the Princess due for departure on 9 April 2009 and 16 April 2009, in return for a 2 week exclusivity period to negotiate a sale of the business and its assets.

On 22 April 2009, the Joint Administrators completed a sale of the business and assets of the Company and HICL to All Leisure Holidays Limited ("ALHL") for a total consideration of £1.36m.



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The Joint Administrators have completed their investigations into the conduct of the Directors for the periods prior to the Company's insolvency and they have submitted a report to the Secretary of State for Business, Innovation and Skills.

Please note that the contents of this report are privileged and, consequently, the Administrators are not in a position to provide creditors with any further details.

### **Remaining assets**

Following the sale of the Hebridean Princess to ALH, the Company's remaining assets consist of an intercompany debtor balance owed by a subsidiary undertaking, IML Holdings Limited, and the Company's investment in HICL. It is unlikely that any realisations will be made from these assets.

### **Receipts and payments account**

I enclose a receipts and payments account for the period 8 April 2009 to 7 October 2009. This does not reflect estimated future costs including the Joint Administrators' remuneration and disbursements.

### **Joint Administrators' remuneration and disbursements**

The Administrators believe that there will be no funds available to ordinary unsecured creditors. Accordingly, in terms Rule 2.106(5A)(b) of the Insolvency Rules 1986 the Administrators' remuneration shall be agreed by the Secured Creditors and Preferential Creditors.

Details of time spent and charge our rates have been provided to the secured creditors and will be made available to any other creditor upon written request to the Administrators. To date, no fees have been taken in this case and any fees approved and taken will be reported to creditors in future progress reports.

The statutory provisions relating to remuneration are set out in Rule 2.39 of the Insolvency (Scotland) Rules 1986. 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 website of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Administrators.

**Secured Creditors**

Hebridean Cruises plc, the Company's ultimate parent company, had debts of £1,691,350 owing to Bank of Scotland plc. The Company cross guaranteed this debt and this is secured by way of a mortgage over the Princess and a debenture including a fixed and floating charge over the assets of the Company.

Stonefield Castle Group Limited is owed £2m by Hebridean Cruises plc. The Company cross guaranteed this debt and this is secured by a second ranking floating charge over the assets of the Company.

**Non-preferential Creditors**

The operation of the business was conducted by the Company's wholly owned subsidiary, HICL, and, as such, it is anticipated that only creditor claims will be received by HICL.

The Directors' Statements of Affairs indicated there were creditor balances due to the Company's other group companies of £11.6m.

**The prescribed part**

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The Bank of Scotland hold a floating charge created on 27 June 2008 and Stonefield Castle Group Limited hold a floating charge created on 23 August 2008.

The Administrators estimate, to the best of their knowledge and belief, that

- the value of the prescribed part is £nil and
- the value of the Company's net property is £nil

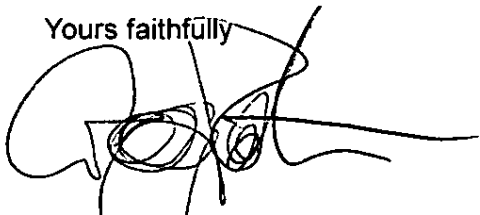
The Administrators do not intend to make an application to the court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part.

**Distributions to creditors**

We are of the opinion that there will be insufficient property to enable a distribution to ordinary unsecured creditors.

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

Yours faithfully



C F Robertson  
for C P Dempster  
Joint Liquidator

Enc: Joint Administrators' Receipts and Payments Account

The Institute of Chartered Accountants of Scotland authorises C P Dempster and the Institute of Chartered Accountants in England and Wales authorises F L Taylor to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Company are being managed by the Joint Administrators, C P Dempster and F L Taylor who act as agents of the Company only and without personal liability.

## Appendix 1

**LMH Realisations Limited (formerly Leisure and Marine Holdings Limited)**  
**(In Administration)**

**Joint Administrators' Abstract of Receipts and Payments from 8 April 2009 to 7 October 2009**

	Notes	£	£
<b>Receipts</b>	1		
Fixed asset	2	<u>924,996.00</u>	924,996.00
<b>Payments</b>			
Statutory advertising		340.62	
Specific bond		<u>24.00</u>	
			<u>364.62</u>
<b>Balance</b>			<u><b>924,631.38</b></u>
<b>Represented by:</b>			
Interest bearing current account		924,996.00	
Intercompany balance - HICL		<u>(364.62)</u>	
			<u><b>924,631.38</b></u>

**Notes**

1. Receipts and payments are stated net of VAT
2. The proceeds from the sale of the business and assets of the Company and HICL have been apportioned in accordance with the ownership of the assets. £435,004 of the sale proceeds has been recognised in the receipts and payments account for HICL.