

## APPENDIX E - Form 2.20B(Scot)

Rule 2.38

Form 2.20B(Scot)

The Insolvency Act 1986

## Administrator's progress report

# R2.38

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company Heart of Midlothian plc	Company number SC005863
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(a) Insert full name(s) and address(es) of administrator(s)

I/We (a)

Bryan A Jackson

BDO LLP

Citypoint

65 Haymarket Terrace

Edinburgh

EH12 5HD

Trevor Nigel Birch

BDO LLP

Citypoint

65 Haymarket Terrace

Edinburgh

EH12 5HD

James Bernard Stephen

BDO LLP

Citypoint

65 Haymarket Terrace

Edinburgh

EH12 5HD

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

from

to

(b) Insert date(s)

(b) 19 June 2013

(b) 18 December 2013

Signed



Joint / Administrator(s)

Dated

29 January 2014

## 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

Bryan A Jackson  
BDO LLP  
Citypoint  
65 Haymarket Terrace  
Edinburgh  
EH12 5HD

DX Number DX-ED143 Edinburgh

0131 347 0347  
DX Exchange

Companies House receipt date barcode

When you have completed and signed this form, please send it to the Registrar of Companies at:-  
Companies House, 37 Castle Terrace, Edinburgh EH1 2EB  
DX 235 Edinburgh / LP 4 Edinburgh-2

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THURSDAY



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30/01/2014

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COMPANIES HOUSE

Private &amp; Confidential

30 January 2014

TO ALL KNOWN CREDITORS

Your Ref  
Our Ref 2400(16)Please ask for: Duncan Raggett  
Direct Dial: 0131 347 0402

Email: duncan.raggett@bdo.co.uk

Dear Sir or Madam

**Heart of Midlothian Plc (In Administration) ("the Company"/"the Club")**  
**Company Number: SC005863**

In accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986, the Joint Administrators present their report on the progress made in implementing the approved proposals and achieving the statutory purpose of the Administration.

This report should be read in conjunction with the Joint Administrators' Proposals and Proposal for a Voluntary Arrangement.

**1 Introduction and background**

Bryan Alan Jackson, Trevor Nigel Birch and James Bernard Stephen of BDO LLP, Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD were appointed Joint Administrators ("the Administrators") in respect of the above Company on 19 June 2013. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 ("the Act") the Administrators carry out their functions jointly and severally.

The Administrators were appointed by AB Ukio Bankas Plc (in bankruptcy administration under the law of Lithuania) ("ABUB"), being qualified Floating Charge Holders, pursuant to Paragraph 14 of schedule B1 of the Act.

The Company's registered office is situated at Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD and the registered number is SC005863. The registered office was previously Tynecastle Stadium, Gorgie Road, Edinburgh, Midlothian, EH11 2NL, from which the Company continues to trade in Administration.

The Company's principal activity is that of a professional football club. The Club was founded in 1874 and was one of the founder members of the Scottish League in 1890. The Club is currently playing in the Scottish Premiership of the Scottish Professional Football League ("SPFL").

The Statutory Information of the Company can be found at Appendix A.

THURSDAY

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## 2 Company Voluntary Arrangement ("CVA")

The CVA Proposal ("the Proposal"), as modified, was agreed at meetings of both Creditors and Members of the Company which were held at Tynecastle Stadium on 29 November 2013. The CVA was approved by 87.39% of creditors with claims admitted for voting purposes by value and voting. 12.61% of Creditors with claims admitted for voting purposes voted against the proposals. 100% of the Members voting, in person or by proxy, approved the CVA.

The basis of the Proposal approved was:-

- The Foundation of Hearts ("FoH") is to purchase the Club as a going-concern for a total consideration of £2.5m, on the basis that a CVA is approved and that the shareholdings of BAB Ukio Bankas ("the Secured Creditor") (circa 29.5%) and Ukio Bankas Investicine Grupe plc ("UBIG") (circa 50%) in the Club can be delivered by the Administrators, or failing which, an equivalent majority shareholding. The delivery of shareholdings held by BAB Ukio Bankas and UBIG may also be dependent on the approval of the respective creditors of each of the bankrupt estates and/or the Lithuanian Court, under the law of Lithuania;
- FoH (or its nominee) will acquire the shareholding of BAB Ukio Bankas and UBIG (circa 80% shareholding) of the Club (or failing which, an equivalent majority shareholding), in exchange for the payment of £1 Sterling;
- FoH (or its nominee) will make a payment of £2m on completion of a going concern sale of the business and assets of the Club;
- £500,000 of the offer from FoH shall be paid as deferred consideration over 10 months from the date of a going-concern sale via a CVA;
- FoH (or its nominee) will assume responsibility for settling the outstanding "football debts" of HoM plc, which are understood to be in region of £535,000;
- The offer is subject to the FoH entering into a formal Sale and Purchase Agreement (SPA) with the majority shareholders (BAB UB and UBIG) for the transfer of the majority shareholdings to FoH, and the terms of the said SPA are acceptable to the Secured Creditor. If any material change in the circumstances arises (outside the scope of this CVA), then any party to the agreement will be entitled to withdraw from the proposed SPA;
- The offer from FoH will allow the Joint Administrators to make a distribution to the Secured Creditor only under the standard security held over the heritable property. It is anticipated that there will be insufficient floating charge assets available to allow for any distribution to be made to the preferential or unsecured creditors;
- As payment of the deferred consideration is being made in respect of the heritable property, all such proceeds will be for the benefit of the Secured Creditor. The Secured Creditor will retain a first ranking standard security over the heritable property, i.e. (i) Tynecastle Stadium; (ii) yard at Wheatfield Street, Edinburgh, (iii) area of ground at Mcleod Street, Edinburgh. The first ranking standard security in favour of the Secured Creditor will be granted simultaneously and in exchange for a discharge of the existing

security and shall remain until such time as the deferred consideration has been paid in full;

- The costs and expenses of the Joint Administrators (so far as they are unpaid) may be settled partially from any outstanding trading receipts at the point of the Joint Administrators' discharge from office and partially from the sale proceeds, and those of the Joint Supervisors (which shall be made available to the Joint Supervisors out of the funds held by the Joint Administrators) shall be settled from any outstanding trading receipts prior to the Joint Administrators resigning from office. The costs and expenses of the Joint Administrators and Joint Supervisors will be subject to the prior written consent of the Secured Creditor and limited to the amount as per the terms of the Joint Administrators' appointment by the Secured Creditor (i.e. the same agreed cap shall continue to be effective irrespective of the fact that the Administrators as of coming into effect of the CVA shall become Supervisors). For the avoidance of doubt, any payment of this nature would exclude 2013-14 season ticket monies held by a 3<sup>rd</sup> party (however, only those that relate to games not yet played, unless otherwise agreed with the 3<sup>rd</sup> party who holds the season ticket funds and they are released earlier to the Joint Administrators and so falling into the total amount of trading receivables) which will remain with the club, except as otherwise may be agreed with FoH (e.g. settlement of certain expenses of Joint Administrators may be deferred until the necessary amount is released after the game is played and the expenses are settled from such released funds). However, in addition to this, such available funds shall be utilised to meet the associated costs of the Administration; and
- The offer from FoH is subject to the Administrators being able to secure the aforementioned shareholding in the Club currently held by BAB UKIO Bankas and UBIG.

### **3 Receipts**

We enclose at Appendix B, a summary of our receipts and payments to 18 December 2013 showing a balance of £769,745.50, together with a copy of our abstract account covering the last six month period. The receipts shown are largely self-explanatory, although we would comment specifically on:

#### Season Ticket Sales

A total of circa £815k has been received from season ticket sales. The funds are being used to fund the trading activities of the business. These sums have been kept in a separate bank account in the name of the Company.

#### Gate Receipts

These represent match ticket sales from the League, League Cup, Scottish Cup and Friendlies.

#### Hospitality

This primarily relates to season ticket and match day hospitality packages sold since the appointment of the Administrators.

#### Sponsorship Funds

This primarily represents funds paid to the Company from Wonga.com under the terms of the sponsorship agreement with the Company, together with other commercial sponsorship income (i.e. match-day sponsorship, player kit-sponsorship etc).

#### Income from Football Authorities

This represents funds advanced to the Club by the SPFL. These funds are contingent on the Club completing the full 2013/14 season.

#### Profit on Sale of Players

This relates to a compensation payment due to the Club in respect of former player Arvydas Novikovas (€100k which when converted into Sterling was £83,523).

### **4 Progress and Conduct of the Administration**

In order to achieve the objective of rescuing the Company as a going concern, it was necessary for the Administrators to continue to trade the Company in Administration.

On appointment, the Administrators were firstly concerned that the necessary funds to enable trading to continue on a reduced cost base could be obtained, while prospective purchasers for the majority shareholding in the Club were identified.

In order to achieve this objective it was necessary to reduce operating costs to a minimum. As a consequence of this (on 20 June 2013) 17 employees were made redundant (this being 13 non-playing staff and 4 playing staff). Subsequently, on 27 June 2013 one further employee (playing staff) was made redundant. Additionally some of the higher earners at the club agreed wage reductions.

Estimated funding requirements were drawn up initially on the basis that the Club would continue operating to the end of football season 2013-14, which was necessary to protect the Club's league membership.

Prior to the Administrators' appointment 7,000 season tickets had been sold for the season 2013/14, and all monies had been expended. As a result, a requirement for an additional 3,000 supporters to purchase season tickets was needed to ensure the Club's survival, whilst the Joint Administrators sought a sale of the Club as a going concern. Actual total season ticket sales of circa 10,500 were achieved ultimately.

In addition to the post appointment season ticket sales, trading has been primarily funded by:-

- Match day revenue (ticket sales/hospitality/sponsorship)
- Compensation funds due to the Club (i.e. from former player Arvydas Novikovas)
- Income from football authorities
- Sponsorship monies due to the Club by its main sponsor

The Administrators appointed Morisons LLP, Edinburgh, as legal agents to assist in the Administration. Their fees are based on a time cost basis.

After a tendering process, Jones Lang LaSalle were appointed as property agents and instructed to provide a valuation of the Club.

## **5 Football related matters**

As a result of the Club entering Administration the following penalties have been imposed by the SPFL in respect of the 2013/14 season:

- A points deduction (the Club began the 2013/14 season with minus 15 league points).
- Registration embargo (the Club is unable to register any new players while in Administration except with the consent of the Board of the SPFL in particular circumstances.)

As at the 18 December 2013, the end of the period, the Club have played 16 league games and are bottom of the Scottish Premiership with minus 3 points. The Club were knocked out in the fourth round of the Scottish Cup; however, they have progressed to the Semi-Finals of the League Cup where they will face Inverness Caledonian Thistle for a place in the Final.

## **6 Sale of the Club**

The Club was advertised for sale in the national press, and known interested parties were contacted and asked to submit offers for the Club. Following the completion of formal Non-Disclosure Agreements by various interested parties, a formal Sales Memorandum was made available (and access to a data-room provided where requested). A closing date of 12 July 2013 was set for the submission of offers to purchase the Club. Three offers were received but as none of them were acceptable (in terms of quantum and/or evidence of funding), further discussions were held with all parties who had submitted an offer. A date of 24 July 2013 was set for offers to be resubmitted.

Following the re-submission of offers, and consultation with the Secured Creditor, a preferred bidder, FoH was announced and the Administrators issued a Proposal for a CVA under Part 1 of the Act to creditors and members of the Company. As detailed in section 2 the modified CVA Proposal was approved by meetings of Members and Creditors on 29 November 2013.

## **7 Matters Outstanding**

The Administrators continue to trade the club and, provided sufficient income is generated to sustain the Company's continuing trade, will do so until the terms of the CVA, as listed above, have been ratified, and the sale of the club to FoH concluded.

Efforts are being made by the Administrators to secure the shareholding required for the deal to be completed and it is hoped that the deal will be finalised at the earliest possible opportunity.

## **8 Prospects for Creditors**

Per the approved CVA proposal, the offer from FoH will allow the Administrators to only make a distribution to the BAB Ukie Bankas, the Secured Creditor, under its standard security held over Tynecastle Stadium.

BAB Ukie Bankas are due circa £15 million by the Club and under the terms of the CVA proposal they will receive £2.5 million, subject to costs. The balance remaining would fall to be covered by the floating charge held by BAB Ukie Bankas over the assets over the club. It is anticipated that there will no distribution under the floating charge and there will be insufficient floating charge assets available to allow for any distribution to be made to the preferential or unsecured creditors.

Under Section 176A of the Insolvency Act 1986 where after 15 September 2003 the company has granted to a creditor a floating charge a proportion of the net property of the company must be made available purely for the unsecured creditors. The provisions of the Prescribed Part do not apply when a CVA is achieved.

The outstanding "football debts" due to footballers and other clubs require to be settled by the Club post Administration, in terms of the rules and regulations of the Scottish Football Association and SPFL in order to retain its membership of these organisations.

## **9 Creditors' Committee**

Per the approved Proposals a Creditors' Committee was formed at the meeting of creditors on 12 August 2013. The Committee has approved the following resolutions:-

- (i) There will be no requirement for Committee meetings to be held (or reports provided), unless requested by a member of the Committee. These will be held (or sent) when considered necessary by the Joint Administrators, or as requested by any member of the Committee.
- (ii) In accordance with Rule 4.55 of the Insolvency (Scotland) Rules 1986, as applied to Administrations, all resolutions will be dealt with by post.
- (iii) The Administrators remuneration be fixed on a time-cost basis, and such remuneration may be drawn in accordance with Insolvency (Scotland) Rules 1986. For the avoidance of doubt, no fees/remuneration shall be drawn by the Joint Administrators without the prior written consent of BAB Ukie Bankas (in its capacity as Secured Creditor).
- (iv) That the Joint Administrators are authorised to draw current and future Category 1 disbursements from the Administration funds, having received prior written consent of BAB Ukie Bankas (in its capacity as Secured Creditor).
- (v) That the Administrators be discharged from liability in accordance with Paragraph 98 of Schedule B1 of the Insolvency Act 1986, 28 days after filing the final progress report.

Per the agreed CVA Proposal, the Creditors' Committee will remain in place for the CVA.

## 10 Administrators' Remuneration

The Administrators are obliged to fix their remuneration in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Administrators have to deal or alternatively by reference to the time the Administrators and their staff have spent attending to matters in this Administration. As indicated the above the Creditors' Committee have already approved the Administrators' remuneration be fixed on a time cost basis.

The Administrators' time costs at standard charge out rates for BDO LLP for the period 19 June 2013 to 18 December 2013 amount to £554,044.40, which represents 2,181.20 hours at an average rate of £254. No fees have been drawn to date. A SIP 9 schedule is attached at Appendix C which summarises the time costs accrued to date and indicates the work undertaken in that respect from the date of appointment.

The Administrators agreed a restricted fixed fee with the BaB Ukio Bankas, as Secured Creditor, in respect of this Administration prior to their appointment. The Administrators will seek the prior written consent of BaB Ukio Bankas before drawing any fee.

Where disbursements are recovered in respect of precise sums expended to third parties there is no necessity for these costs to be authorised. These are known as category 1 disbursements. The Category 1 disbursements incurred in this period are as follows:-

Travel & Subsistence	£14,144.22
Advertising	£5,891.85
Insurance	£722.09
Insolvency Bond	£20.00
	<u>£20,778.16</u>

Again the Administrators will seek the prior written consent of BAB Ukio Bankas before drawing any disbursements from the funds in hand.

## 11 Completion of the Administration

Once the terms of the approved CVA Proposal have been ratified and the sale to FoH concluded, then the purposes of the Administration will have been met and the Administrators will seek to file the relevant notices with the Court and the Registrar of Companies in order that their appointment shall cease to have effect.

Alternatively in the event that the CVA Proposal does not come into effect the Administrators would require to place the Company into Liquidation.



Yours faithfully  
For and on behalf of Heart of Midlothian Plc.



**Bryan A Jackson**  
**Joint Administrator**

Bryan Alan Jackson, James Bernard Stephen and Trevor Nigel Birch of BDO LLP, Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD were appointed Joint Administrators on 19 June 2013. The business and assets of the Company are now managed by the Joint Administrators. The Joint Administrators act as agents of the Company, without personal liability.

Bryan Alan Jackson is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland. Office holder number 5194. Jams Bernard Stephen is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of England & Wales. Office holder number 9273. Trevor Nigel Birch is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of England & Wales. Office holder number 8086.

Details of the authorising bodies of the insolvency appointment takers of BDO LLP are available at [www.bdo.co.uk/services/business-restructuring/authorising-bodies-of-insolvency-appointment-takers](http://www.bdo.co.uk/services/business-restructuring/authorising-bodies-of-insolvency-appointment-takers)

## Appendices

- A- Statutory Information
- B- Administrators' Statutory Receipts and Payments (Six months).
- C- Summary of Administrators' Time Costs to date.
- D- BDO LLP Remuneration and Disbursements Policy
- E- Form 2.20B(Scot)

## APPENDIX A - Statutory Information

**Heart of Midlothian plc - In Administration**

<b>Company Number:</b>	SC0005863
<b>Date of Incorporation:</b>	29 April 1905
<b>Address of Registered Office:</b>	Currently: c/o BDO LLP, Citypoint, 65 Haymarket Terrace, Edinburgh, Midlothian, EH12 5HD Previously: Tynecastle Stadium, Gorgie Road, Edinburgh, Midlothian, EH11 2NL
<b>Directors:</b>	Mr Vitalijus Vasiliasukas Mr Sergejus Fedotovas Mr Roman Romanov Ms Julija Goncaruk (resigned 8 May 2013)
<b>Company Secretary:</b>	Mr Sergejus Fedotovas
<b>Nominal Share Capital:</b>	Number of Ordinary Shares Issued : 146,919,350 shares at 10p  [the above excludes the share issue made by the Club in 2012, as share certificates have not been issued]
<b>Registered Shareholders:</b>	Ukio Bankas Investicine Grupe plc: 72,684,639 10p shares (49.47%) AB Ukio Bankas plc: 43,341,208 10p shares (29.5%) Quantum Holdings: 22,037,900 10p shares (15%) Heart of Midlothian 2005 Limited: 6,541,662 10p shares (4.45%) Other Shareholders: 2,313,941 10p shares (1.58%)  [the above excludes the share issue made by the Club in 2012, as share certificates have not been issued]
<b>Date of Administration appointment:</b>	19 June 2013
<b>Administrators' names and addresses:</b>	Bryan Alan Jackson, Trevor Nigel Birch and James Bernard Stephen all of BDO LLP, Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD
<b>Securities:</b>	<b>Floating Charges</b>  Assigned to AB Ukio Bankas plc (by Ukio Bankas Investicine Grupe plc) - created on 4 February 2011 and registered on 10 February 2011.
<b>Appointor's / applicant</b>	AB Ukio Bankas plc - In Administration

names and address:	
Objective(s) being pursued by the Administrators:	<p>Objective 1 - The rescue is planned to involve an exit from Administration by way of a Company Voluntary Arrangement.</p> <p>Objective 2 - achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)</p> <p>Objective 3 - realising property in order to make a distribution to one or more secured or preferential creditors.</p>
Division of the Administrators' responsibilities:	Pursuant to S100(2) of Schedule B1 of the Insolvency Act 1986 any one Joint Administrator may exercise all and/or any of the powers which are conferred on them as Joint Administrators.
Proposed end of the Administration:	Company Voluntary Arrangement ("CVA")
Estimated dividend for unsecured creditors:	NIL
Estimated values of the prescribed part and the Company's net property:	NIL

**Extract of Last Available Accounts**

	Filed Accounts 30 June 2012 (£'000)	Filed Accounts 30 June 2011 (£'000)
Tangible Assets	15,641	16,032
Intangible Assets	62	242
Debtors	1,723	1,035
Stock	-	14
Cash at Bank	94	65
Creditors < 1yr	(30,411)	(29,609)
Creditors > 1yr	(2,680)	(1,702)
<b>Total Assets Less Liabilities</b>	<b>(15,571)</b>	<b>(13,923)</b>
Called up share Capital	14,692	14,692
Share Premium Account	11,674	11,674
Revaluation Reserve	5,434	5,541
Profit & Loss Account	(47,371)	(45,830)
	<b>(15,571)</b>	<b>(13,923)</b>

## APPENDIX B - Administrators' Statutory Receipts & Payments

### Heart of Midlothian plc (In Administration) Joint Administrators' Trading Account

Statement of Affairs	From 19/06/2013 To 18/12/2013	From 19/06/2013 To 18/12/2013
<b>POST APPOINTMENT SALES</b>		
SPL - Season Tickets	815,254.16	815,254.16
SPL - Gate Receipts	419,609.76	419,609.76
SFL Cup - Gate Receipts	112,130.27	112,130.27
SFA Cup - Gate Receipts	81,688.33	81,688.33
Friendly/Other - Gate Receipts	15,031.66	15,031.66
Gate receipt admin fees	4,507.18	4,507.18
Hospitality	218,910.26	218,910.26
Catering Franchise	80,274.48	80,274.48
Sponsorship	147,507.84	147,507.84
Advertising	83,290.00	83,290.00
Income from Football Authorities	823,895.33	823,895.33
Programme Sales	5,115.58	5,115.58
Broadcasting income	56,017.59	56,017.59
Retail Franchise	30,666.68	30,666.68
Other Events	1,870.83	1,870.83
Rents Receivables	66,000.00	66,000.00
Service Charge	3,569.34	3,569.34
Commission Receivables	5,638.00	5,638.00
Profit/Loss on sale of Players	83,528.23	83,528.23
Donations	78,238.36	78,238.36
Lottery Income	4,779.00	4,779.00
Telephone masts	2,856.36	2,856.36
Car Parking income	2,791.67	2,791.67
Other Operating Income	20,299.98	20,299.98
	<u>3,163,470.89</u>	<u>3,163,470.89</u>
<b>TRADING EXPENDITURE</b>		
Catering costs	88,708.68	88,708.68
Programme Costs	6,563.40	6,563.40
Ambulance Costs	15,046.02	15,046.02
Police match costs	25,370.40	25,370.40
Steward Match Costs	134,293.66	134,293.66
Other Match Expenses	15,626.80	15,626.80
Medical costs	37,369.00	37,369.00
Football Equipment	5,457.50	5,457.50
Football kit and Uniforms	48,462.71	48,462.71
Fines and Penalties	6,555.00	6,555.00
Pitch maintenance	4,561.08	4,561.08
Cleaning	20,360.97	20,360.97
Direct Costs	26,202.52	26,202.52
Wages and Salaries	1,241,581.23	1,241,581.23
Pension Costs	6,926.61	6,926.61
First Aiders	3,591.00	3,591.00
Car Parking	3,075.00	3,075.00
Public Announcer	1,750.00	1,750.00
Training & Education	1,300.00	1,300.00
Commissions Payable	4,474.79	4,474.79
Rent	78,068.00	78,068.00
Rates	111,741.03	111,741.03
Hire of Training Facilities	166,895.00	166,895.00
Insurance	15,439.30	15,439.30
Utilities	64,072.07	64,072.07

**Heart of Midlothian plc  
(In Administration)  
Joint Administrators' Trading Account**

Statement of Affairs	From 19/06/2013 To 18/12/2013	From 19/06/2013 To 18/12/2013
Repairs & Maintenance	27,062.77	27,062.77
Licenses & Permits	17,997.23	17,997.23
Statutory Testings & Examination	10,522.70	10,522.70
Waste Disposal	5,693.06	5,693.06
Security	59,010.09	59,010.09
Printing & Stationery	7,356.54	7,356.54
Postage & Carriage	4,804.75	4,804.75
Promotion & Advertising	10,535.51	10,535.51
Computer Running Costs	10,388.05	10,388.05
Telephone Costs	19,275.40	19,275.40
Equipment Leasing	8,860.00	8,860.00
Vehicle Costs	36,313.16	36,313.16
Travel	36,060.80	36,060.80
Entertainment Costs	(149.79)	(149.79)
Professional fees	139.00	139.00
Disclosure fees	200.00	200.00
Football Authority Levies	7,103.33	7,103.33
Bank Charges	16,793.91	16,793.91
Canteen	1,440.00	1,440.00
Laundry	8,151.06	8,151.06
Television Subscriptions	1,923.21	1,923.21
Membership Fees	991.96	991.96
Website	355.91	355.91
Other Operating Expenses	2,670.07	2,670.07
Player/club donations	16,179.44	16,179.44
	(2,443,169.93)	(2,443,169.93)
<b>TRADING SURPLUS/(DEFICIT)</b>	<b>720,300.96</b>	<b>720,300.96</b>

**Heart of Midlothian plc  
(In Administration)  
Joint Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 19/06/2013 To 18/12/2013	From 19/06/2013 To 18/12/2013
	<b>FREEHOLD LAND &amp; PROPERTY</b>		
Uncertain	Tynecastle Stadium	NIL	NIL
(15,488,290.00)	AB Ukio Bankas	NIL	NIL
		NIL	NIL
	<b>ASSET REALISATIONS</b>		
54,000.00	Fixtures & Fittings/Memorabilia	NIL	NIL
NIL	Leasehold Property	NIL	NIL
110,000.00	Book Debts	50,333.89	50,333.89
	Cash at Bank	9,611.41	9,611.41
	Bank Interest Gross	2,412.76	2,412.76
	Trading Surplus/(Deficit)	720,300.96	720,300.96
		782,659.02	782,659.02
	<b>COST OF REALISATIONS</b>		
	Agents/Valuers Fees(1)	6,420.00	6,420.00
	Legal Fees (1)	2,001.22	2,001.22
		(8,421.22)	(8,421.22)
	<b>COST OF ADMINISTRATION</b>		
	Specific Bond	10.00	10.00
	Ransom payments	4,446.30	4,446.30
	Bank Charges	36.00	36.00
		(4,492.30)	(4,492.30)
	<b>PREFERENTIAL CREDITORS</b>		
(26,600.00)	Insolvency Service	NIL	NIL
(57,000.00)	Employees Wage Arrears	NIL	NIL
(5,000.00)	Employees Holiday Pay	NIL	NIL
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(1,165,030.00)	Trade & Expense Creditors	NIL	NIL
(58,500.00)	Employees	NIL	NIL
(50,000.00)	Insolvency Service	NIL	NIL
(1,881,066.00)	HM Revenue & Customs	NIL	NIL
(5,000.00)	Loan from Supporter Trust	NIL	NIL
(8,151,497.00)	UAB Ukio Banko Investicine Grupe	NIL	NIL
(1,223,989.00)	Milson Capital Corp	NIL	NIL
(509,464.00)	Ensco 165 ltd	NIL	NIL
(535,180.00)	Football debt	NIL	NIL
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(14,691,935.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
(43,684,551.00)		769,745.50	769,745.50

The Company is VAT registered and all payments are shown net of VAT.

# APPENDIX C - Summary of Administrators' Time Costs to Date

Name of Assignment: **Hearts of Midlothian Plc**      00233423  
Summary of Time Charged and Rates Applicable for the Period From 19/06/2013 to 18/12/2014

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		AV RT
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
C. Planning and Strategy	142.50	91,385.00	15.75	4,278.75	10.75	1,788.50							169.00	98,452.25	582.56
D. General Administration	118.05	56,250.00	76.70	16,065.60	96.95	16,397.45	68.55	11,961.55	265.20	57,897.90	127.35	9,741.95	752.80	168,307.35	213.58
E. Asset Realisation/Dealing	12.75	5,457.00	1.00	274.00					109.75	23,998.50			123.50	29,779.50	240.72
F. Trading Related Matters	9.25	3,949.10	33.20	8,825.90	295.35	49,793.50	7.50	1,102.50	348.30	69,414.80			693.60	133,088.30	191.88
G. Employee Matters	22.00	9,416.00	3.40	918.85	91.95	15,279.20			64.25	15,067.50	19.10	1,670.40	206.70	42,351.95	211.02
H. Creditor Claims	5.75	2,461.00	1.00	282.00	8.35	1,402.50	3.50	1,190.00	0.95	163.80	3.00	257.00	22.45	5,751.30	256.18
I. Reporting	32.50	13,910.00	12.00	3,225.00	59.75	10,118.50			44.00	11,088.00			148.25	38,341.50	258.63
K. Work	59.00	34,759.00	11.90	3,265.75									70.90	38,024.75	536.32
	401.80	218,588.00	154.95	37,136.85	563.00	94,774.65	79.55	14,254.05	832.45	177,625.50	149.45	11,666.35			

Net Total	2,181.20	554,044.40
Secretarial Expense		0.00
Other Disbursements Billed		20,778.16
Grand Total		574,822.56

Name of Assignment

Hearts of Midlothian Plc

00233423

Detail of Time Charged and Rates Applicable for the Period From 19/06/2013 to 18/12/2014

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
C. Planning and Strategy														
02. Review Financial Position	1.00	428.00											1.00	428.00
06. Meet Appointee/Committee	4.00	2,632.00											4.00	2,632.00
07. Strategy Planning	122.75	79,619.50	10.75	2,908.75	10.75	1,788.50							144.25	84,316.75
08. Reporting			5.00	1,370.00									5.00	1,370.00
99. Other Matters	14.75	9,705.50											14.75	9,705.50
sub total -	142.50	92,385.00	15.75	4,278.75	10.75	1,788.50							169.00	98,452.25
C. Planning and Strategy														
D. General Administration														
01. Insurance Matters														
02. VAT	0.25	107.00			5.25	892.50			0.80	169.20			0.80	169.20
03. Taxation			2.50	492.50	1.00	170.00			6.75	1,516.50			12.25	2,516.00
04. Instruct/Lise Solicitors					1.00	170.00			3.25	675.50			6.75	1,338.00
05. Investigations	0.50	214.00							6.50	1,461.00			7.50	1,631.00
06. Conduct Reports					1.50	255.00			1.25	315.00			1.75	529.00
07. Receipts/Payments Accounts	1.00	428.00	64.55	12,980.40	10.00	1,700.00	68.55	11,961.55	29.20	4,799.30	29.30	1,998.90	202.60	33,868.15



Name of Assignment

Hearts of Midlothian Plc

00233423

Detail of Time Charged and Rates Applicable for the Period From 19/06/2013 to 18/12/2014

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
09. Statutory Matters	0.25	107.00	7.10	1,945.10	75.10	12,681.20			130.25	29,573.00			312.70	44,306.30
12. Press/PR Matters	2.00	1,086.00							16.50	4,158.00			2.00	1,086.00
13. General Meetings	37.90	19,604.45							9.25	2,331.00			54.40	23,762.45
14. General Discussions	16.00	6,666.50							56.45	11,634.40	66.75	5,125.75	25.25	8,997.50
15. Gen. Admin/Correspondence	54.25	25,318.05	2.55	647.60	3.10	523.75					23.30	1,947.30	183.10	43,249.55
16. Maintain Internal Files									3.50	882.00	8.00	672.00	23.30	1,947.30
99. Other Matters	5.90	2,719.90											17.40	4,273.90
<b>sub total -</b>	<b>118.05</b>	<b>56,250.90</b>	<b>76.70</b>	<b>16,065.60</b>	<b>96.95</b>	<b>16,392.45</b>	<b>68.55</b>	<b>11,961.55</b>	<b>265.20</b>	<b>57,897.90</b>	<b>127.35</b>	<b>9,743.95</b>	<b>752.80</b>	<b>168,307.35</b>
D. General Administration														
E. Assets Realisation/Dealing														
03. Asset Tracing	0.75	321.00											0.75	321.00
05. Sales Info. Preparation	4.50	1,926.00							31.00	7,192.00			35.50	9,118.00
07. Debt Collection			0.50	137.00									0.50	137.00
09. Dealing with other Assets	1.50	642.00	0.25	68.50									1.75	710.50
14. Sale of Business/Assets	3.50	1,498.00	0.25	68.50					76.50	16,239.50			80.25	17,806.00
99. Other Matters	2.50	1,070.00							2.25	567.00			4.75	1,637.00

Name of Assignment

Hearts of Midlothian Plc

00233423

Detail of Time Charged and Rates Applicable for the Period From 19/06/2013 to 18/12/2014

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
sub total -	12.75	5,457.00	1.00	274.00					100.75	21,998.50			123.50	29,729.50
E. Assets Realisation/Dealing														
F. Trading Related Matters														
02. Trading/other Projections			10.00	2,740.00	17.25	2,867.50	7.50	1,102.50	0.50	94.50			10.50	2,834.50
03. Attendance at Premises			8.25	2,124.00					66.00	13,838.00			99.00	19,932.00
06. Monitor/Supervise Trading	0.45	186.00	3.25	890.50	266.60	43,082.00			107.00	24,228.00			377.30	70,366.50
07. Business Management	4.00	1,712.00	11.50	3,025.00	7.00	1,099.00			28.75	6,740.00			51.25	12,576.00
08. Trading Accounts	2.50	1,070.00							46.60	7,860.50			49.10	8,930.50
99. Other Matters	2.30	981.10	0.20	46.40	4.50	765.00			99.45	16,653.80			106.45	18,446.30
sub total -	9.25	3,949.10	33.20	8,425.90	295.35	49,793.50	7.50	1,102.50	348.30	69,414.80			693.60	133,605.80
F. Trading Related Matters														
G. Employee Matters														
01. Dealing with Trade Unions			0.25	68.50	74.60	12,313.45			1.50	378.00			0.25	68.50
02. Dealing with Employees	17.50	7,490.00	3.15	850.35	12.85	2,207.25					19.10	1,670.40	96.75	21,031.80
03. EPA Matters					0.50	78.50			9.00	1,539.50			31.95	3,877.65
04. Pension Issues					4.00	680.00			53.75	13,150.00			9.50	1,618.00
99. Other Matters	4.50	1,926.00											62.25	15,756.00

Name of Assignment: Hearts of Midlothian Plc 00233423

Detail of Time Charged and Rates Applicable for the Period From 19/06/2013 to 18/12/2014

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
<i>sub total -</i>	22.00	9,416.00	3.40	918.85	91.95	15,279.20			64.25	15,067.50	19.10	1,670.40	206.70	42,351.95
G. Employee Matters														
H. Creditor Claims	0.50	214.00											0.50	214.00
02. Secured Creditors	0.50	214.00	0.50	137.00	4.25	722.50	3.50	1,190.00	0.70	100.80			9.45	2,364.30
04. Non-Preferential Creditors														
99. Other Matters	4.75	2,033.00	0.50	145.00	4.00	680.00			0.25	63.00	3.00	252.00	12.50	3,173.00
<i>sub total -</i>	5.75	2,461.00	1.00	282.00	8.25	1,402.50	3.50	1,190.00	0.95	163.80	3.00	252.00	22.45	5,751.30
H. Creditor Claims														
I. Reporting														
01. Statutory Reporting	7.75	3,317.00	4.00	1,033.00	54.00	9,180.00			42.00	10,584.00			54.00	9,180.00
02. Reporting to Appointor														
03. Reporting to Committee														
04. Reporting to Creditors	14.00	5,992.00	8.00	2,192.00	5.75	938.50			2.00	504.00			2.00	504.00
06. Reporting to other bodies	8.00	3,424.00											27.75	9,122.50
99. Other Matters	2.75	1,177.00											8.00	3,424.00
<i>sub total -</i>	32.50	13,910.00	12.00	3,225.00	59.75	10,116.50			44.00	11,082.00			148.25	38,341.50
I. Reporting														
K. Work														
Work	59.00	34,759.00	11.90	3,265.75									70.90	38,024.75

**Detail of Time Charged and Rates Applicable for the Period From 19/06/2013 to 18/12/2014**

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**APPENDIX D - BDO LLP Remuneration and Disbursements Policy**

In accordance with best practice I provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency follows: This in no way implies that staff at all such grades will work on the case.

STAFF GRADE		2013	2012
		£	£
Partner		428-658	345
Principle		330	
Director		296	296
Senior Manager		252-274	273
Manager		189-213	214
Assistant Manager		170	170
Senior Cashier		157	159
Senior Administrator		144-159	145
Administrator		105-128	128
Support staff /			
Secretary		59-92	58

The rates charged by BDO LLP are reviewed each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

Pre Appointment  
Steps upon Appointment  
Planning and Strategy  
General Administration  
Asset Realisation/Management  
Trading Related Matters  
Employee Matters  
Creditor Claims  
Reporting  
Distribution and Closure  
Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the 6 categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis, the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis, a periodic report will be provided to any committee appointed by the creditors, or in the absence of a committee, to the creditors. The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs. Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into 2 categories.

#### **Category 1 Disbursements**

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, travel (by public transport), couriers, searches at company house, land registry searches, fees in respect of swearing legal documents, external printing costs etc. In each case the recharge will be reimbursement of a specific expense incurred.

Where applicable, disbursements will be subject to VAT at the prevailing rate.

#### **Category 2 Disbursements**

Additionally some firms recharge expenses for example postage, stationery, photocopying charges, telephone and fax costs, which cannot economically be recorded in respect of each specific case. Such expenses, which are apportioned to cases, require the approval of the creditors, before they can be drawn, and these are known as category 2 disbursements.

The policy of BDO LLP, effective from 1 July 2003, is not to recharge any expense which is not a specific cost to the case, therefore there will be no category 2 disbursements charged. Category 2 disbursements, because they are imprecise, require approval by the creditors before they can be drawn.

A disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 40p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff.

A further disbursement under this heading is where services provided within the practice or by a party with whom the practice, or an individual within the practice, has a business or personal relationship.