**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 | Company number |
|---|---|
| Gemini Corrosion Services Limited | SC101799 |

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

We (a)

Gordon MacLure
*Johnston Carmichael* LLP
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

Ewen R Alexander
*Johnston Carmichael* LLP
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

administrators of the above company attach a progress report for the period

(b) Insert date(s)

| from | to |
|---|---|
| (b) 17 December 2016 | (b) 16 June 2017 |

Signed ______________________
Joint Administrator

Dated 18 July 2017

**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

Gordon Malcolm MacLure
Johnston Carmichael LLP
Bishops Court
29 Albyn Place
Aberdeen
AB10 1YL

| | |
|---|---|
| DX Number | 01224 212222<br>DX Exchange |



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**

JOHNSTON CARMICHAEL

# Gemini Corrosion Services Limited (In Administration)

Administrators' progress report for the period from 17 December 2016 to 16 June 2017

Issued on 18 July 2017

**Contents**



**Appendices**

## Section 1: Introduction

1.1 Gordon MacLure and Ewen Ross Alexander of Johnston Carmichael LLP, Bishop's Court, 29 Albyn Place, Aberdeen AB10 1YL were appointed as Joint Administrators ("the Administrators") of Gemini Corrosion Services Limited ("the Company") (registered number SC101799) on 17 June 2016 by the directors of the Company who were as follows:

Ian McKenzie Guthrie, 18 Moray Place, Aberdeen AB15 4AG
Yvonne Niven, 18 Moray Place, Aberdeen AB15 4AG
Steven Colin McGilvray, 7 Oakbank Crescent, Perth PH1 1DD

1.2 The relevant notice as regards the appointment was submitted to the Court of Session on 17 June 2016.

1.3 The Company had its registered office at Brent Avenue, Montrose, Angus DD10 9PB but the registered office is now at Bishop's Court, 29 Albyn Place, Aberdeen AB10 1YL.

1.4 This progress report covers the period from 17 December 2016 to 16 June 2017 and should be read in conjunction with the *Administrators' Report and Statement of Proposals dated 11 August 2016* and also the Administrators' previous progress reports covering the period from 17 June 2016 to 16 December 2016 and also from 17 December 2016 to 7 June 2017 which was prepared to support the Administrators' request to extend the administration by consent of creditors.

## Section 2: Receipts and Payments Account

2.1 A copy of the Administrators' receipts and payments account for the period from 17 December 2016 to 16 June 2017 is attached at Appendix I.

2.2 The receipts and payments account at 16 June 2017 shows a loss *of £2,991 for the period of administration trading after settlement* of all trading expenses.

## Section 3: Asset Realisations

### Book Debts

3.1 The Administrators have completed their review of the book debts which were re-assigned to the Company by Royal Bank of Scotland Invoice Finance Limited ("RBSIF") after they made full recovery of all amounts due to them and, where appropriate, action will be taken to recover such debts.

3.2 All other asset realisations are now complete.

## Section 4: Creditors

### Secured Creditors

4.1 As previously advised the Royal Bank of Scotland ("RBS") held a standard security over the property at Brent Avenue, Montrose and the amount realised from the property sale was sufficient to settle all amounts due to RBS in full.

4.2 Also, as mentioned above, RBSIF received full settlement of all amounts due to under their invoice discounting agreement with Company.

**Preferential Creditors**

4.3 Subsequent to the end of the period covered by this report the Administrators paid additional preferential claims of the Redundancy Payments Office and former employees totalling £9,424 in respect of arrears of holiday pay due to former employees.

**Unsecured Creditors**

4.4 As all amounts due to both floating charge holders, RBS and RBSIF, have been settled in full there is no requirement to set aside a prescribed part for the benefit of the unsecured creditors in terms of section 176A of the Insolvency Act 1986.

4.5 At present the estimated value of unsecured creditor claims remains at around £1.25 million and, as previously advised, the Administrators will require to place the company into Creditors Voluntary Liquidation to adjudicate on these unsecured claims and to then pay a dividend to the admitted unsecured claims.

4.6 It is not presently possible to confirm the amount of the likely dividend payable to the unsecured creditors but, based on asset realisations to date and taking into account of the additional preferential claims and estimated administration and liquidation costs, it is still expected that this dividend will not be less than 25p in the £.

## Section 5: Section 5: Extension of Administration

5.1 During the period to 16 June 2017 the Administrators' obtained the consent of the creditors to extend the administration period to 16 December 2017.

## Section 6: Administrators' Remuneration and Outlays

6.1 The Administrators' Report and Statement of Proposals stated that, in accordance with Rule 2.39 (9) (b) of the Insolvency (Scotland) Rules 1986 the Administrators will seek approval of their remuneration from the creditors on the basis of time properly spent by the Administrators and their staff in dealing with matters arising during the course of the administration.

6.2 In accordance with Statement of Insolvency Practice 9 the Administrators' Time and Charge-out Summary covering the period from 17 December 2016 to 16 June 2017 is shown in Appendix II.

6.3 The Administrators' time costs for the period from 17 December 2016 to 16 June 2017 amount to £17,451.94 which represents 79.73 hours at an average rate of £218.89 per hour.

6.4 The Administrators now propose a payment of £17,451.94 plus VAT in respect of their remuneration for the period from 17 December 2016 to 16 June 2017 and it is confirmed that, to date, no remuneration or disbursements has been paid to the Administrators for this period.

6.5 Additional information on the work undertaken by the Administrators' for the period 17 December 2016 to 16 June 2017 is shown in Appendix III.

6.6 In addition, and in order to allow the Company to be placed into Creditors Voluntary Liquidation as soon as possible, the Administrators are also seeking approval of their time costs for the period from 17 June 2017 to close of the administration process which is expected to take place during the first week in August 2017. As a result, and in accordance with Statement of Insolvency Practice 9, the Administrators' Time and Charge-out Summary covering the period from 17 June 2017 to 16 July 2017 which includes an estimate to close is shown in Appendix IV.

6.7 The Administrators' time costs for the period from 17 June 2017 to 16 July 2017 and to close the administration process amount to £7,455.05 which represents 32.60 hours at an average rate of £228.68 per hour.

6.8 The Administrators, therefore, also now propose a payment of £7,455.05 plus VAT in respect of their remuneration for the period from 17 June 2017 to the close of the administration process and it is confirmed that, to date, no remuneration or disbursements has been paid to the Administrators for this period.

6.9 Additional information on the work undertaken by the Administrators' for the period 17 June 2017 and 16 July 2017 and for the work yet to be undertaken to close the administration process is shown in Appendix V.

6.10 Rule 2.28 of the Insolvency (Scotland) Rules 1986 allows for the Administrators to conduct business with the creditors by correspondence and a Notice detailing the proposed resolutions regarding the Administrators' remuneration was enclosed with the letter referring creditors to this progress report. A further copy of the Notice is attached. This Notice requires to be completed, signed and returned to the Administrators no later than 1 August 2017.

6.11 In accordance with Statement of Insolvency Practice 9 additional information regarding the Administrators' policy on staffing, the use of sub-contractors and disbursements is shown in Appendix VI.

6.12 If creditors would like further information relating to the approval process for Joint Administrators' remuneration then they should go to https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration. Alternatively, a copy of the information on that website is available from the Administrators free of charge

## Section 7: Future Conduct of the Administration

7.1 The Administrators' will continue to manage the affairs, the business and the property of the Company to achieve the purpose of the administration. This will include but not be limited to:

- Progress recoveries of amounts due in respect of re-assigned book debts and outstanding administration trading sales invoices;
- Settlement of final administration costs and expenses;
- Prepare a final progress report to the date on which the Company is placed into Creditors Voluntary Liquidation;

- *Implement procedures to place the Company into Creditors* Voluntary Liquidation to allow the adjudication of unsecured creditor claims to be undertaken and to make payment of the dividend to unsecured creditors.

- Lodge the required notices of the move from administration to Creditors Voluntary Liquidation to the Registrar of Companies, the creditors and other persons as prescribed.

## Section 8: Exit to Creditors Voluntary Liquidation

8.1 Creditors should note that the Administrators currently expect to place the company into Creditors Voluntary Liquidation during the first week in August 2017 and to then bring the administration process to a conclusion.

## Section 9: Next Report

9.1 The next progress report is expected to be issued in the first week in August 2017 to support the move from administration into Creditors Voluntary Liquidation.

Gordon MacLure
Joint Administrator
Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

18 July 2017

| Administrators' Receipts and Payments Account | 17 December 2016 to 16 June 2017 £ | 17 June 2016 to 16 June 2017 £ |
|---|---|---|
| **POST APPOINTMENT SALES** | | |
| Sales | - | 113,505.59 |
| | - | 113,505.59 |
| **PURCHASES** | | |
| Purchases | 289.07 | 3,528.73 |
| | (289.07) | (3,528.73) |
| **OTHER DIRECT COSTS** | | |
| Wages | - | 65,117.38 |
| | - | (65,117.38) |
| **TRADING EXPENDITURE** | | |
| Vehicle and Motor Costs | 191.64 | 3,164.29 |
| Sub Contractor Costs | - | 12,240.00 |
| Rates | 10,220.96 | 10,220.96 |
| Utilities | - | 13,551.66 |
| Broadband/IT Services | 403.55 | 872.01 |
| Stationery | - | 59.47 |
| Insurance | - | 1,149.20 |
| Equipment Hire | - | 2,622.77 |
| Repairs & Maintenance | - | 985.55 |
| Health and Safety Certification | - | 2,985.00 |
| | (10,816.15) | (47,850.71) |
| **TRADING SURPLUS/(DEFICIT)** | (11,105.22) | (2,991.43) |

## Administrators' Receipts and Payments Account (continued)

| | 17 December 2016 to 16 June 2017 | 17 June 2016 to 16 June 2017 |
|---|---|---|
| **SECURED ASSETS** | £ | £ |
| Property at Brent Avenue, Montrose | - | 575,000.00 |
| Secured Creditor - RBS | - | (198,221.78) |
| Realisation Costs | - | (7,506.55) |
| | - | 369,271.67 |
| **ASSET REALISATIONS** | | |
| Plant, Equipment and Stock | - | 150,000.00 |
| Book Debts | 12,675.47 | 12,675.47 |
| Bank Interest Gross | 201.10 | 278.90 |
| Trading Deficit | (11,105.22) | (2,991.43) |
| | 1,771.35 | 159,962.94 |
| **COSTS OF REALISATIONS** | | |
| Security and Maintenance | - | 1,024.58 |
| Specific Bond | - | 420.00 |
| Office Holder Fees – Pre Appointment | - | 4,533.30 |
| Office Holder Fees | 27,245.90 | 83,194.50 |
| Registers of Scotland Fee | - | 15.00 |
| Valuation Fee - Property | - | 1,250.00 |
| Agent/Valuers Fees | - | 2.940.00 |
| Legal Fees and Outlays | - | 3,000.00 |
| Accountancy Services | - | 100.00 |
| Re-Direction of Mail | - | 175.00 |
| Statutory Advertising | - | 451.60 |
| Insurance of Assets | - | 7,311.77 |
| Bank Interest and Charges | 53.83 | 2,167.24 |
| | (27,299.73) | (106,636.82) |
| **NET FUNDS CARRIED FORWARD** | (25,528.38) | 422,597.79 |

## Administrators' Receipts and Payments Account (Continued)

| | 17 December 2016 to 16 June 2017 £ | 17 June 2016 to 16 June 2017 £ |
|---|---|---|
| **NET FUNDS BROUGHT FORWARD** | (25,528.38) | 422,597.79 |
| **PREFERENTIAL CREDITORS** | | |
| Preferential Creditors | - | 32,173.94 |
| | (25,528.38) | **390,423.85** |
| **REPRESENTED BY** | | |
| Trade Debtors | | 7,625.28 |
| Bank 1 - Current | | 377,703.34 |
| Bank 2 - Deposit | | 5,095.23 |
| | | **390,423.85** |

## Administrators SIP9 Time and Charge out Summary for period from 17 December 2016 to 16 June 2017

| Classification of Work Function | Partner | Director | Manager | Admin 1 | Admin 2 | Admin 3 | Total Hours | Time Cost | Average Hourly Rate |
|---|---|---|---|---|---|---|---|---|---|
| *Administration and Planning* | 2.20 | 0.30 | 7.25 | 5.40 | 15.43 | 2.15 | 32.73 | 4,405.33 | 134.60 |
| Creditors | 9.30 | | 20.30 | 2.20 | | 1.20 | 33.00 | 4,428.05 | 316.29 |
| Investigations n/a | | | | | | | | | |
| Realisation of Assets | 7.20 | | 6.80 | | | | 14.00 | 8,618.56 | 261.17 |
| Trading n/a | | | | | | | | | |
| Total Hours | 18.70 | 0.30 | 34.35 | 7.60 | 15.43 | 3.35 | 79.73 | 17,451.94 | 218.89 |
| Avg Hourly Charge Out Rates (£) | 401.61 | 332.00 | 225.95 | 115.00 | 70.29 | 36.50 | | | |

**Amount Claimed** **£17,451.94**

**Administrators' SIP 9 Time and Charge-out Summary – Additional Information on Work Undertaken during the period from 17 December 2016 to 16 June 2017:**

## Administration and Planning

- Regular case management and reviewing of progress including update meetings and discussions;
- Ensuring compliance with all statutory obligations and maintenance of case files;
- Preparing and processing vouchers for post-appointment receipts and payments;
- Reconciling post-appointment bank accounts;
- Submission of VAT returns;
- Discussions with purchasers of company's former property and SEPA regarding transfer/ surrender of PPC licence;
- Submission of statutory returns relating to progress reports issued and the extension of the administration by consent of creditors;

## Creditors

- Dealing with various employee queries regarding claims submitted to the Redundancy Payments Office;
- Adjudication of former employees' residual preferential claims;
- Adjudication of preferential claim submitted by the Redundancy Payments Office;
- Preparation of progress report for the first accounting period ended 16 December 2016;
- Preparation of progress report for the period from 17 December 2017 to 7 June 2017 to support request for creditor consent to extend the period of the administration;
- Updating the list of unsecured creditors on receipt of claims;
- Settlement of post appointment rates due;
- Discussions with creditors regarding the administration and submission of their claims.

## Realisation of Assets

- Analysis of RBSIF and Cerberus reports as regards amounts paid to them by Company debtors and reconciliation of balances remaining due on re-assignation;
- Correspondence with former customers regarding payment of remaining book debts due.

**Administrators SIP9 Time and Charge Out Summary for period from 17 June 2017 to 16 July 2017 (including a provision to close)**

| Classification of Work Function | Partner | Manager | Admin 1 | Admin 2 | Total Hours | Time Cost | Average Hourly Rate |
|---|---|---|---|---|---|---|---|
| Administration and Planning | 0.30 | 2.05 | 1.70 | 1.55 | 5.60 | 809.50 | 144.55 |
| Creditors | 7.10 | 8.60 | | 1.00 | 16.70 | 4,937.50 | 295.66 |
| Investigations n/a | | | | | | | |
| Realisation of Assets | | 0.50 | | | 0.50 | 115.00 | 230.00 |
| Provision for Time to Close | 1.30 | 3.00 | 4.00 | 1.50 | 9.80 | 1,593.05 | 162.56 |
| Total Hours | 8.70 | 14.15 | 5.70 | 4.05 | 32.60 | 7,455.05 | 228.68 |
| Avg Hourly Charge Out Rates (£) | 408.00 | 230.00 | 69.65 | 62.70 | | | |

**Amount Claimed** **£7,455.05**

**Administrators' SIP 9 Time and Charge-out Summary – Additional Information on Work Undertaken during the period from 17 June 2017 to 16 July 2017 and to Close of Administration Process:**

## Administration and Planning

- Settlement of final administration costs and expenses;
- Submission of VAT return;
- Correspondence with SEPA and new owner of Company property re application to surrender PPC licence;
- Final review of trading receipts and payments accounts and ensuring settlement of all trading liabilities.

## Creditors

- Correspondence with former employees regarding calculation of residual preferential claim and subsequent payment;
- Correspondence and discussions with former directors regarding settlement of personal guarantees relating Company liabilities;
- Dealing with creditor queries and recording claims submitted;
- Preparation of progress report to creditors for the accounting period ended 16 June 2017;
- Preparation of draft final progress report to creditors for the accounting period from 17 June 2017 to close of administration;

## Work Yet to be Undertaken to Close of Administration Process

- Issuing progress report to creditors for the period ending 16 June 2017;
- Lodging statutory notices relating progress report to creditors for the period ending 16 June 2017;
- Settlement of final approved administration expenses;
- Issuing final progress report to creditors for the accounting period from 17 June 2017 to close of administration;
- Lodging statutory notices of the move from administration to Creditors Voluntary Liquidation to the Registrar of Companies, the creditors and other persons as prescribed.

## Additional Information in relation to the Administrators' Remuneration pursuant to SIP 9

### 1. Policy

- Detailed below is Johnston Carmichael LLP's policy in relation to:
- Staff allocation and the use of sub-contractors;
- Professional advisors; and
- Disbursements
- Charge-out Rates

### 1.1 Staff allocation and the use of sub-contractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meeting specific requirements of the case. The constitution of the case team will depend on the anticipated size and complexity of the assignment and the various requirements of the assignment. With regards support staff, we should advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team will we seek to charge and recover our time in this regard.

### 1.2 Professional Advisors

On this assignment we have engaged the professional advisors listed below with our choice being based on our perception on their experience and ability to perform this type of work, the location and nature of the assignment and the basis of the fee arrangement with them.

| Professional Advisor | Services Provided |
|---|---|
| HBJ Gateley | Legal advice |
| J & E Shepherd, Surveyors | Property valuation |
| Thainstone Specialist Auctions | Moveable asset valuation |

### 1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursements to a case generally comprise of external supplies of incidental services specifically identifiable to the case including statutory advertising and specific penalty bond.

Category 2 disbursements are costs that are directly referable to the appointment in question but not paid to a third party and they include costs that can be allocated to the case on a proper basis such as car mileage.

### 1.4 Charge-out Rates

The range of hourly charge-out rates for the grades of staff involved on this administration is detailed as follows:

| **Grade** | **From 17 December 2016 to 16 July 2017 £ per hour** |
|---|---|
| Partner | 400 - 408 |
| Director | 325 - 332 |
| Senior Manager | 225 - 230 |
| Administrator 1 | 115 - 117 |
| Administrator 2 | 70 – 72 |
| Administrator 3 | 32 - 48 |

Time is charged for work carried out on the case, using a minimum time unit of six minutes.