

The Insolvency Act 1986

Administrator's progress report**R2.38**

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

Name of Company

USC Limited

Company number

SC115728

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
Bryan A Jackson
PKF (UK) LLP
78 Carlton Place
Glasgow G5 9THAnne Buchanan
PKF (UK) LLP
78 Carlton Place
Glasgow G5 9THBrian Hamblin
PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3APIan Schofield
PKF (UK) LLP
Pannell House
6 Queen Street
Leeds LS1 2TW

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

from

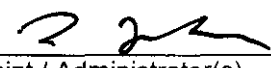
to

(b) Insert date(s)

(b) 29 December, 2008

(b) 28 August, 2009

Signed


Joint / Administrator(s)

Dated

2/9/09

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 register.

Bryan A Jackson
PKF (UK) LLP
78 Carlton Place
Glasgow
G5 9TH

DX Number

0141 429 5900
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

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COMPANIES HOUSE

**USC Limited ["the Company"]
In Administration**

1. Statutory Information

Company Number	SC115728
Registered Office	78 Carlton Place, Glasgow, G5 9TH
Appointed	Bryan A Jackson and Anne Buchanan both of PKF (UK) LLP, 78 Carlton Place, Glasgow, G5 9TH, Brian Hamblin, PKF (UK) LLP, Farringdon Place, 20 Farringdon Road, London, EC1M 3AP and Ian Schofield, PKF (UK) LLP, Pannell House, 6 Queen Street, Leeds, LS1 2TW
Date of Appointment	29 December 2008
Court	Court of Session
Regulations	EC Regulations on Insolvency Proceedings 2000 apply to the Company and the main proceedings are in the United Kingdom
Powers	Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by any one of them acting alone or by either or all of them acting severally

**USC Limited ["the Company"]
In Administration**

2. Summary of Progress and Estimated Financial Position as at 28 August 2009

1. ASSET REALISATIONS

Sale and Purchase Agreement

- 1.1 As you are aware from the Proposals, the sum realised was £3,707,750 and was paid directly to the Bank under their Floating Charge.

Cash in Hand

- 1.2 This amount is made up of pre appointment takings. You will note that the amount shown on the attached receipts and payments account is higher than the amount shown in the Statement of Affairs, this is as a result of cash floats being banked following store closures and receipt of funds previously withheld by a credit card provider pending their risk assessment.

Investments

- 1.3 As previously advised, there was no value in this investment.

Stock

- 1.4 Trading continued until 10 March 2009 when the 5 remaining stores closed. West Coast Capital (USC) Limited made an offer to purchase the residual stock. The offer was accepted on the basis that the amount offered was in excess of the amount which would have been expected to realise if the stock had been sold at auction. The total sum realised from the sale of stock is £3,311,299.30 however, this does not take account of any trading costs as these have yet to be finalised.

Debtors

- 1.5 Unfortunately, efforts to collect the debts have been unsuccessful. Should no monies be received in the next few weeks the debts may be passed to a third party for collection.

Local Authority Rates Rebates

- 1.6 To date, rates rebates of £111,270.47 have been received. No further recoveries are anticipated.

Cash at Bank

- 1.7 As per the Statement of Affairs, HSBC held £155,000 in respect of a security deposit and it was understood that these funds would be released direct to the Bank. HSBC has recently advised that, after the deduction of charges and charge-backs, the amount held is now £126,055. HSBC are entitled to withhold funds to cover any future charges and charge-backs which may be applied up to 28 December 2009 however, it has been agreed that £100,000 will be released to the Administrators shortly and the balance will be released after 28 December 2009. It is anticipated that any future charges will be minimal.

**USC Limited ["the Company"]
In Administration**

2. Summary of Progress and Estimated Financial Position as at 28 August 2009

2 LIABILITIES

Floating Charge Creditor

- 2.1 You will note from the attached receipts and payments account that £9,707,750, including £3,707,750 realised from the Sale and Purchase Agreement has been paid to the Bank under their floating charge. The Bank has cross-guarantees from other companies and the total indebtedness is in the region of £50 million. After providing for tax, trading costs and the costs of the Administration, it would appear that, there may be a further distribution to the Bank.

Unsecured Creditors

- 2.2 As per the Statement of Affairs, the total value of unsecured creditors was £5,468,719. These claims have not been agreed as there will be no funds available to the unsecured creditors.

3 INVESTIGATIONS

- 3.1 Our investigations into the Company's affairs are complete and a Report will be sent to the Insolvency Service in the very near future.

4 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 4.1 The secured creditor and preferential creditors whose debts amount to more than 50% of the preferential debts of the Company passed a resolution that the Joint Administrators shall be remunerated on a time cost basis by reference to PKF (UK) LLP's normal rates for the time spent by them and their staff in attending to matters arising in the Administration. From the date of appointment to 28 August 2009 time costs of £564,951.29 have been incurred at an average charge out rate of £121.87 per hour. As there will be no distribution to unsecured creditors approval of our fees will be sought from the secured and preferential creditors only, per Rule 2.39 of the Insolvency (Scotland) Rules 1986. An interim fee of £332,681.92 plus VAT for the period to 12 February 2009 has been agreed and paid.
- 4.2 Disbursements incurred from the date of appointment to 28 August 2009 are detailed below. Disbursements of £5,515.93 have been taken.

	Category 1	Category 2
	£	£
Insolvency Practitioners' Bonds	2,000.00	
Staff Travel and subsistence costs		4,900.42
Company Search fees	46.00	-
Advertising	192.00	
Postage & courier	284.28	
Telephones		87.00
Registration fee	12.00	
Stock	419.15	
Repairs	35.00	
	<u>2,988.43</u>	<u>4,987.42</u>

**USC Limited ["the Company"]
In Administration**

2. Summary of Progress and Estimated Financial Position as at 28 August 2009

- 4.3 Our firm's disbursements are charged on the basis of costs incurred as costs generally charged to clients for such services (which are appropriate to cost and do not include any overhead recovery).
- 4.4 Category 1 disbursements are those which generally comprise external suppliers of incidental services specifically identifiable to the client. Category 2 disbursements are generally services supplied internally and require the approval of creditors.

5 COMPLETION OF THE ADMINISTRATION

- 5.1 The Company will need to exit from Administration before 28 December 2009 unless an extension is granted by the Court or an extension is granted by the creditors for a period not exceeding 6 months. The Company will exit from Administration by way of Dissolution of the Company.

**USC Limited ["the Company"]
In Administration**

3. Joint Administrators' Abstract of Receipts and Payments to 28 August 2009

RECEIPTS	Total (£)
Sale and Purchase Agreement	3,707,750.00
Takings from trading various stores	2,949,294.82
Stock	362,004.59
Cash in Hand	5,885,460.18
Local Authority Rates Rebates	111,270.47
Book Debts	18.31
Bank Interest Gross	32,209.54
	<u>13,048,007.91</u>

PAYMENTS	
Advertising	224.75
Repairs & Maintenance	587.50
Locksmiths	154.00
Employees' wages/salaries	373,616.07
Rent, Insurance, Service Charges & Rates	843,521.54
Water Rates	128.94
Storage Costs	720.61
Credit Card & Store Card Provider	9,320.65
Agents/Valuers Fees	81,395.35
Insurance	6,838.65
Public Notices	1,181.70
Registers of Scotland	15.00
Professional Fees	235.00
Legal Fees	15,414.45
Pre appointment store card charges	3,394.61
Bank Charges	465.00
Joint Administrators' Fees	332,681.92
Joint Administrators' Outlays	5,515.93
Floating Charge Creditor	9,707,750.00
	<u>11,383,161.55</u>

Balance **1,664,846.36**

MADE UP AS FOLLOWS:-

Bank of Scotland	1,979,276.79
VAT Receivable	3,765.67
VAT Control Account	(318,344.64)
Funds held by Store Card Provider	28,963.13
Monies to be repaid to West Coast Capital (USC) Limited	(28,814.59)
	<u>1,664,846.36</u>

**USC Limited ["the Company"]
In Administration**

**4. Time and Charge Out Summary
for the period 29 December 2008 to 28 August 2009**

Hours						Time Cost £	Average hourly rate £
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration and planning	278.65	187.19	81.90	568.47	1,116.21	153,885.20	137.86
Investigations		7.05			7.05	1,240.80	176.00
Realisation of assets	23.55	37.45	39.10	113.35	213.45	23,728.65	111.17
Trading	193.30	366.75	502.55	1,003.85	2,066.45	244,307.25	118.23
Employees	7.70	12.25	140.55	418.75	579.25	51,097.75	88.21
Creditors	78.15	211.35	25.35	94.10	408.95	67,523.65	165.11
Cashiering	1.00	74.10	5.50	51.08	131.68	16,742.34	127.14
Secretarial				112.55	112.55	6,425.65	57.09
Total hours	582.35	896.14	794.95	2,362.15	4,635.59		
Total time to date (£)	156,442.70	159,876.05	87,708.10	160,924.44		564,951.29	121.87
Less: Fee taken						332,681.92	
Time not yet billed						<u>232,269.37</u>	

PKF (UK) LLP

Scottish Region: Glasgow and Edinburgh Offices

Corporate Recovery & Insolvency Department

Charge Out Rates

as at 6 April 2009

Job Title	Hourly Rate
Partner	£291
Director	£222 – £263
Senior Manager	£203
Manager	£176
Assistant Manager	£142
Supervisor	£124
Senior Administrator	£111
Administrator	£94 - £106
Cashier	£48 - £64
Secretarial	£59
Support Staff	£30 - 78

It should be noted that the above rates increase from time to time over the period of the administration of each insolvency case.

A CREDITORS' GUIDE TO ADMINISTRATOR'S FEES (SCOTLAND)

1 Introduction

- 1.1 When a company goes into administration the costs of the proceedings are paid out of the company's assets in priority to creditors' claims. The creditors, who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs, and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to fix the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The Nature of Administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the Court in order to achieve one or more of the following statutory purposes:

- the survival of the company or its business in whole or in part;
- the approval of a company voluntary arrangement;
- the sanctioning of a scheme under Section 425 of the Companies Act 1985;
- a better realisation of assets than would be possible in a liquidation.

Administration may be followed by a company voluntary arrangement or liquidation.

3 The Creditors' Committee

- 3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is established at the meeting of creditors which the administrator is required to hold within 3 months of the administration order to consider his proposals. The administrator must call the first meeting of the committee within 3 months of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has the power to summon the administrator to attend before it and provide such information as it may require.

4 Fixing the Administrator's Fees

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.16 of the Insolvency (Scotland) Rules 1986 which states that it may be a commission calculated by reference to the value of the company's property with which he has had to deal.

It is for the creditors' committee (if there is one) to fix the remuneration and Rule 2.16 says that in arriving at its decision the committee should take into account:-

- the work which, having regard to the value of the company's property, was reasonably undertaken by the administrator; and
- the extent of his responsibilities in administering the company's assets.

Although not specifically stated in the Rules, the normal basis for determining the remuneration will be that of the time costs properly incurred by the administrator and his staff.

- 4.2 If there is no creditors' committee, or the committee does not make the requisite determination, the administrator's remuneration will be fixed by the Court on application by the administrator.

A CREDITORS' GUIDE TO ADMINISTRATOR'S FEES (SCOTLAND)

5 What Information should be Provided by the Administrator?

5.1 Claims by the administrator for the outlays reasonably incurred by him and for his remuneration shall be made in accordance with Section 53 of the Bankruptcy (Scotland) Act 1985 as applied by Rule 4.68 which provides that within two weeks after the end of the accounting period, the administrator shall submit to the creditors' committee or, if there is no creditors' committee, to the Court:

- his accounts of intromissions for audit;
- a claim for the outlays reasonably incurred by him and for his remuneration; and

where the documents are submitted to the creditors' committee he shall send a copy of them to the Court.

5.2 The administrator may at any time before the end of an accounting period submit to the creditors' committee (if any) an interim claim for the outlays reasonably incurred by him and for his remuneration.

5.3 When seeking agreement to his fees the administrator should provide sufficient supporting information to enable the committee to form a judgement as to whether the proposed fee is reasonable having regard to all the circumstances of the case. The administrator should always make available an up to date receipts and payments account. The administrator should be prepared to disclose the amount of time spent, together with such additional information as may reasonably be required having regard to the size and complexity of the case. Where the fee is charged as a commission based on the value of the company's property with which the administrator has had to deal, the administrator should provide details of any work which has been or is intended to be contracted out which would normally be undertaken directly by the administrator or his staff.

5.4 Where an administrator makes, or proposes to make, a separate charge by way of expenses and disbursements to recover the costs of facilities provided by his own firm, he should disclose those charges to the committee or the Court when seeking approval of his fees, together with an explanation of how those charges are made up and the basis on which they are arrived at.

6 What if a Creditor is Dissatisfied?

6.1 If a creditor believes that the administrator's remuneration is too high he may appeal against the determination by virtue of Section 53(6) of the Bankruptcy Act, applied by Rule 4.32 of the Insolvency Rules, which is in turn applied by Rule 2.16. Creditors have a right of appeal against the determination of an administrator's remuneration by virtue of the application of Section 53(6) of the Bankruptcy (Scotland) Act.

6.2 The right of appeal is either to the Court (if the determination is by the creditors committee) or to a higher court (if the determination is by a court). Notwithstanding the fact that the statutory time limit for appealing expires eight weeks from the end of the accounting period concerned, it is normal practice to advise the creditors that they may appeal within 14 days of being notified of the determination in cases where this extends beyond the statutory appeal period.

7 What if the Administrator is Dissatisfied?

7.1 If the administrator considers that the remuneration fixed by the creditors' committee is insufficient he may request that it be increased by resolution of the creditors. If he considers that the remuneration fixed by the committee or the creditors is insufficient, he may apply to the court for an order increasing its amount or rate. If he decides to apply to the court he must give at least 14 days' notice to the members of the creditors' committee and the committee may nominate one or more of its members to appear or be represented on the application. If there is no committee, the administrator's notice of his application must be sent to such of the company's creditors as the court may direct, and they may nominate one or more of their number to appear or be represented. The court may order the costs to be paid as an expense of the administration.

8 Other Matters Relating to Fees

8.1 Where there are joint administrators it is for them to agree between themselves how the remuneration payable should be apportioned. Any dispute arising between them may be referred to the court, the creditors' committee or a meeting of creditors.