

The Insolvency Act 1986

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

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

Name of Company

FM Developments Limited

Company number

SC172175

We

Fraser Gray  
AlixPartners  
10 Fleet Place  
London  
EC4M 7RBElizabeth Mackay  
AlixPartners  
Cornerstone  
107 West Regent Street  
Glasgow  
G2 2BAAnne O'Keefe  
AlixPartners  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB

Administrators of the above company attach a progress report for the period:

from

23 August 2014

to

22 February 2015

Signed

  
Administrator

Dated

*25 March 2015***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

Paul Butterfield  
AlixPartners  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB+44 (0) 161 838 4539  
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-  
**Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF**  
**DX 235 Edinburgh / LP 4 Edinburgh-2**

THURSDAY



SCT

\*S43ZBWII\*

26/03/2015

#148

COMPANIES HOUSE

# Administrators' Progress Report for the period 23 August 2014 to 22 February 2015

FM Developments Limited  
In Administration

25 March 2015

## Contents

1	Statutory information.....	1
2	Progress of the Administration.....	2
3	Assets still to be realised.....	4
4	Administrators' fees.....	5
5	Estimated outcome for creditors.....	7
6	Ending the Administration.....	8
7	Next report.....	9

## Appendices

Appendix A.	Receipts and Payments Account for the period 23 August 2014 to 22 February 2015 and a Cumulative Account for the period 23 February 2009 to 22 February 2015
Appendix B.	Time analysis for the period 23 August 2014 to 22 February 2015
Appendix C.	Cumulative time analysis for the period 23 February 2009 to 22 February 2015
Appendix D.	Investigation time analysis for the period 23 August 2014 to 22 February 2015
Appendix E.	Cumulative investigation time analysis for the period 23 February 2009 to 22 February 2015
Appendix F.	Additional information in relation to Administrators' remuneration pursuant to Statement of Insolvency Practice 9 (Scotland)

## 1 Statutory information

- 1.1 Anne O'Keefe of AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB was appointed Administrator of FM Developments Limited (the **Company**) together with Fraser Gray and Elizabeth Mackay both of AlixPartners, Ground Floor, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA on 23 February 2009 by Bank of Scotland plc, The Mound, Edinburgh, EH1 1YZ (the **Bank**).
- 1.2 Please note that following the recent completion of a sale of the Zolfo Cooper Europe business to AlixPartners, Zolfo Cooper's european restructuring and insolvency practice will be operating under the AlixPartners brand name going forward.
- 1.3 The Administration is being handled by AlixPartners' Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.4 The Administration is registered in the Edinburgh Court of Session and no reference number was provided.
- 1.5 The trading address of the Company was 9 Great Stuart Street, Edinburgh, Midlothian, EH3 7TP.
- 1.6 The registered office of the Company has been changed to Cornerstone, 107 West Regent Street, Glasgow, G2 2BA and the registered number is SC172175.
- 1.7 In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

## **2 Progress of the Administration**

- 2.1 This report should be read in conjunction with the Administrators' Statement of Proposals dated 20 April 2009 (the **Proposals**) and all subsequent progress reports.
- 2.2 Attached at Appendix A is the Administrators' Receipts and Payments Account for the period 23 August 2014 to 22 February 2015, together with a Cumulative Account for the period 23 February 2009 to 22 February 2015.
- 2.3 As previously reported, the Administrators initially pursued the second objective, being to achieve a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in administration).
- 2.4 Upon implementation of the initial strategy, it became apparent that the second objective could not be achieved. The Administrators therefore reviewed the strategy and the third objective of an administration was pursued, being to realise property in order to make a distribution to one or more secured or preferential creditors.
- 2.5 Further information as to the outcome for all classes of creditors can be found in section 6 of this report.

### **Overseas subsidiaries**

- 2.6 Prior to the Administrators' appointment, the Company provided funding in excess of £26 million for property development projects in subsidiaries located in the Caribbean and Cape Verde.
- 2.7 The Administrators, in conjunction with the Bank, conducted an investigation into the directors' use of the Company's funds and identified a potential breach of their duties. The Bank funded the Administrators' time costs and expenses in pursuing a legal action against the directors to recover the Company's monies.
- 2.8 The legal action ended following settlement discussions with the Administrators. An agreement was reached that the directors would pay £1.5 million to the Company, split into two equal installments of £750,000 payable in September 2014 and September 2015.
- 2.9 The first instalment has been received and is shown on the attached Receipts and Payments Account as 'Litigation settlement'.
- 2.10 As the Administration is due to expire on 22 August 2015 the Administrators are applying to court to extend the Administration to 22 February 2016, which will allow sufficient time for the second instalment to be received.

### **Land at 665 Great Western Road**

- 2.11 Since the previous report, the Administrators have reviewed the Company's standard securities and the proceeds from this sale have been reclassified as a floating charge realisation. All costs associated with the sale have also been reclassified, as shown on the attached Receipts and Payments Account attached at Appendix A.

**Land at Gullane Bents**

- 2.12 The Administrators were unable to establish that the Company held clear title to this land and therefore the sale has not been pursued.

**Land at 6 Lyndoch Place**

- 2.13 A sale of the land completed in November 2014 for consideration of £40,000.

**Bank interest**

- 2.14 In the period, bank interest totaling £3,991 has been received.

### **3 Assets still to be realised**

- 3.1 As detailed in section 2 of this report, the directors' second payment of £750,000 is the only asset remaining to be realised.

## 4 Administrators' fees

### Administration

- 4.1 The Bank approved on 1 December 2012 that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administration.
- 4.2 Approval was sought from the Bank as the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the Unsecured Creditor Fund.
- 4.3 The Administrators' time costs for the period 23 August 2014 to 22 February 2015 are £18,062. This represents 76 hours at an average rate of £239 per hour. Attached at Appendix B is a Time Analysis for the period which provides details of the activity costs incurred by staff grade. Approval of the Administrators' fees has been sought in accordance with rule 2.39 of the Insolvency (Scotland) Rules 1986 as amended.
- 4.4 Principal areas of activity during the period are discussed in further detail below.
- Administration and planning - time has been incurred monitoring the case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
  - Realisation of assets: floating charge - time has been spent formulating a realisation strategy in relation to the sale of land at Lyndoch Place and communicating with the purchaser and solicitor. In addition, time has been spent communicating with the proposed purchaser of Gullane Bents and investigating the Company's title. Time has also been incurred complying with security and insurance requirements.
  - Creditors - time has been incurred reporting to the Bank, preparing statutory reports and communicating with unsecured creditors.
- 4.5 A copy of 'A Creditors' Guide to Administrations (Scotland)' which includes guidance on Administrators' fees can be downloaded from AlixPartners' creditor portal (<http://www.alixpartnersinfoportal.com>). If you would prefer this to be sent to you in hard copy please contact Suzie Friedrich on 0161 838 4518 or [sfriedrich@alixpartners.com](mailto:sfriedrich@alixpartners.com) or by post at AlixPartners, 5<sup>th</sup> floor, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 4.6 Attached at Appendix C is a Cumulative Time Analysis for the period 23 February 2009 to 22 February 2015 which provides details of the activity costs incurred by staff grade since the Administrators' appointment.
- 4.7 To date, fees totaling £507,000 and category 1 disbursements totaling £14,887 have been drawn on account.
- 4.8 No category 2 disbursements have been drawn on account.
- 4.9 The Bank has also contributed £887,585 towards the Administrators' fees and disbursements.



## Investigation

- 4.10 The Administrators' time costs in respect of their investigation into the use of Company funds prior to appointment, for the period 23 August 2014 to 22 February 2015 are £17,481. This represents 49 hours at an average rate of £354 per hour. Attached at Appendix D is an Investigation Time Analysis which provides details of the activity costs incurred by staff grade. The Administrators' time costs in respect of the investigation work are being met by the Bank.
- 4.11 Principal areas of activity during the period are discussed in further detail below.
- Administration and planning - time has been incurred monitoring the strategy, reviewing costs and disbursements, communicating with the Administrators' solicitor and the Bank in relation to the settlement agreement and dealing with court documentation.
  - Creditors - time has been incurred providing formal reports to the Bank.
- 4.12 Attached at Appendix E is a Cumulative time analysis for the period 23 February 2009 to 22 February 2015 which provides details of the activity costs incurred by staff grade since the Administrators' appointment.
- 4.13 To date, fees totaling £169,189 have been drawn against these time costs.
- 4.14 Attached as Appendix F is additional information in relation to our policy on staffing, the use of sub contractors, disbursements and details of our current charge-out rates by staff grade.

## **5 Estimated outcome for creditors**

### **Secured creditor – Bank of Scotland plc**

- 5.1 The Company's indebtedness to the Bank is subject to cross-guaranteed security with other group companies, most of which are also in Administration.
- 5.2 At the date of appointment, the Company's indebtedness to the Bank was in excess of £41 million. The Bank offset approximately £4 million of credit balances held in several bank accounts against the debt, and interest and charges continue to accrue.
- 5.3 To date, distributions totalling £4.9 million and £1.6 million have been paid to the Bank under its standard securities and floating charges, respectively.

### **Claremont Property Investments Limited (Claremont)**

- 5.4 The Company granted a standard security to Claremont on 20 July 2004 over a property located in Glasgow. Following the appointment of the Administrators it was determined that the Company did not own the property and therefore Claremont is not a secured creditor.

### **Preferential creditors**

- 5.5 A dividend of 100 pence in the pound was paid to the Company's preferential creditors on 19 January 2011 totalling £39,717.

### **Unsecured creditors' fund**

- 5.6 Pursuant to section 176A of the Insolvency Act 1986, where there is a floating charge which post dates 15 September 2003, the Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (**Unsecured Creditors' Fund**).
- 5.7 As the Company granted a floating charge to the secured creditor before 15 September 2003, there is no requirement set to create Unsecured Creditors' Fund.

### **Unsecured creditors**

- 5.8 There will be no funds available to pay a distribution to unsecured creditors.

## **6 Ending the Administration**

### **Extension**

- 6.1 The Administration is due to end automatically on 22 August 2015; however, it will not be possible to conclude all outstanding matters in the Administration prior to this date. As the Administration has already been extended by consent of creditors, the Administrators are seeking the approval of the court for a further extension to the Administration period of six months, in accordance with paragraph 76 of schedule B1 of the Insolvency Act 1986. Creditors have been notified the Administrators' intention to seek an extension of the Administration pursuant to paragraph 76(2)(a) of schedule B1 to the Insolvency Act 1986.

### **Dissolution**

- 6.2 The Company has no property to permit a distribution to its unsecured creditors. The Administrators will therefore file a notice, together with their final progress report, at court and with the Registrar of Companies for dissolution of the Company. The Administrators will send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.

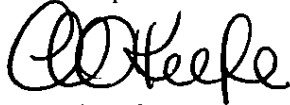
### **Discharge of liability**

- 6.3 The Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Administrators ceases to have effect.

## **7 Next report**

- 7.1 The Administrators are required to provide a progress report within six weeks of the end of the next six months of the Administration, or the date they cease to act as Administrators, if earlier.

For and on behalf of  
FM Developments Limited

A handwritten signature in black ink, appearing to read 'Anne O'Keefe', written in a cursive style.

**Anne O'Keefe**  
Administrator

Encs

**Appendix A. Receipts and Payments Account for the period  
23 August 2014 to 22 February 2015 and a Cumulative  
Account for the period 23 February 2009 to  
22 February 2015**

Statement of Affairs		Period	Cumulative
£		£	£
<b>Standard security assets</b>			
<b>Receipts</b>			
1,280,247	Freehold land and property	-	7,585,000
	Bank interest	2,772	44,552
	Ury grant of servitude	-	7,962
383,521	Investments	-	10,000
	Irrecoverable VAT	-	44,732
		<u>2,772</u>	<u>7,692,246</u>
<b>Payments</b>			
	Administrators' fees	-	507,000
	Legal fees	250	666,358
	Agent's/valuer's fees	-	223,996
	Registers of Scotland fees	-	69
	Quantity surveying costs	-	38,576
	Professional fees - tax planning	-	9,687
	Payment to Mark Taylor	-	27,500
	Locksmith	-	180
	Heat and light	-	1,677
	Telephone	-	2,183
	IT costs	-	305
	Repairs and maintenance	-	21,407
	Wages	-	152,323
	PAYE/NIC	-	72,647
	Pension	-	13,808
	Employee benefits	-	1,427
	Property management	-	1,207
	Payroll costs	-	1,200
	Security costs	-	234,169
	Bank charges	86	1,281
	Insurance of assets	-	46,508
		<u>(336)</u>	<u>(2,023,508)</u>
<b>Distributions</b>			
	The Bank	-	4,932,099
		<u>-</u>	<u>(4,932,099)</u>
	<b>Balance of standard security assets</b>	<u><b>2,436</b></u>	<u><b>736,639</b></u>

Statement of Affairs		Period	Cumulative
£		£	£
	<b>Floating charge assets</b>		
	<b>Receipts</b>		
	Contribution to costs - the Bank	-	887,585
360,000	Freehold land and property	40,000	1,339,000
2,000	Furniture and equipment	-	25
	Intercompany dividend	-	6,961
	Book debts	-	6,501
	Utility refund	-	9,073
	VAT refund	-	23,888
2,844	Cash at bank	-	10,748
	Rent	-	36,849
	Litigation settlement	750,000	750,000
	Insurance claim	-	197
	Bank interest gross	1,219	19,285
	Car parking spaces	-	70,000
	Rates refund	-	1,898
	Funds held in solicitor's client account	-	7,281
-	Sundry refunds	-	4,337
-	Service charge income	-	301
		<b>791,219</b>	<b>3,173,929</b>
	<b>Payments</b>		
	Car parking levies	-	5,700
	Agent's/valuer's fees	1,200	25,082
	Legal fees	1,084	63,076
	Administrators' fees - investigation	-	169,189
	Overseas investigations costs	3,477	6,267
	Legal fees - litigation	-	492,339
	Irrecoverable VAT	457	11,946
	Insurance of assets	-	3,573
	Advertising parking spaces	-	1,016
	Rates	-	4,565
	Audit fees	-	1,500
	Bank charges	-	718
	Landlord registration fees	-	132
	Sundry expenses	83	1,084
	<b>Category 1 disbursements:</b>		
	Bordereau costs	-	30
	Stationery and postage	172	3,828
	Storage costs	298	10,822
	Redirection of mail	-	103
	Statutory advertising	-	104
		<b>(6,771)</b>	<b>(801,074)</b>

Statement of Affairs	Period	Cumulative
£	£	£
<b>Distributions</b>		
Preferential creditors:		
Redundancy payments service, 100p/£, 19/01/2011	-	13,416
Employees, 100p/£, 19/01/2011	-	26,301
Floating chargeholder	750,000	1,584,076
	<u>(750,000)</u>	<u>(1,623,793)</u>
 Balance of floating charge assets	 <u>34,448</u>	 <u>749,062</u>
 Total balance		 <u>1,485,701</u>
 <b>Represented by</b>		
Interest bearing accounts		1,485,617
VAT receivable		84
		<u>1,485,701</u>

## Appendix B. Time analysis for the period 23 August 2014 to 22 February 2015

FM Developments Limited	Employee grade (hours)				Total hours	Total cost	Average cost per hour
	Partner/director	Senior associate	Associate/analyst	Junior and staff support			
Administration and planning							
Strategy and control	1.7	3.8	1.3	-	6.8	2,228.00	334
Statutory duties	0.3	-	0.6	0.5	1.4	338.00	241
Case administration	0.3	0.5	5.2	0.4	6.4	1,628.00	254
Accounting and treasury	1.1	5.5	1.6	9.1	17.3	3,619.00	209
Internal documentation	0.4	4.5	-	0.2	5.1	1,446.00	284
Realization of assets - floating charge							
Asset identification and valuation	-	-	-	1.5	1.5	225.00	150
Sale of assets	-	1.0	3.6	-	4.6	1,248.00	270
Recovery of assets	-	-	0.3	-	0.3	75.00	250
Asset accounting and administration	0.8	0.1	2.1	7.4	10.4	1,803.00	170
Creditors							
Creditor claims	-	-	-	0.2	0.2	30.00	150
Reporting to creditors	0.4	1.0	0.6	6.0	8.0	1,546.00	193
Secured creditors	-	11.9	-	0.3	12.2	3,633.00	296
Unsecured creditors	-	-	0.5	0.9	1.4	251.00	179
<b>Totals</b>	<b>5.0</b>	<b>28.1</b>	<b>19.0</b>	<b>26.5</b>	<b>75.6</b>	<b>18,062.00</b>	<b>239</b>



## Appendix C. Cumulative time analysis for the period 23 February 2009 to 22 February 2015

FM Developments Limited	Employee grade (hours)				Total hours	Total cost	Average rate per hour
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support			
Administration and planning	-	-	-	2.1	2.1	154.50	311
Planning	260.1	265.3	319.8	61.2	926.4	273,017.50	295
Strategy and control	0.7	6.4	13.1	16.7	36.9	7,129.50	193
Statutory duties	4.9	66.6	181.8	222.1	475.4	86,340.50	181
Case administration	7.5	38.7	104.1	106.8	257.1	70,882.00	155
Accounting and treasury	1.2	7.5	89.7	-	98.4	22,255.00	226
Travel and waiting time	0.4	18.0	122.4	28.5	170.3	33,588.50	209
Internal documentation	-	-	-	-	-	-	-
Investigations	-	-	-	-	-	-	-
Director conduct reports	22.0	5.7	31.8	13.0	72.5	19,460.00	248
Other investigations	105.8	250.7	277.6	132.3	766.4	192,319.50	250
Internal documentation	-	-	45.9	1.9	47.8	10,493.50	220
Realisation of assets - standard security	-	-	-	-	-	-	-
Asset realisation strategy	-	7.3	1.0	0.1	8.4	2,341.00	303
Asset identification and valuation	7.1	75.8	265.0	2.5	350.4	83,826.50	239
Sale of assets	44.6	188.3	154.4	2.2	389.5	110,371.50	283
Recovery of assets	-	11.6	27.7	-	39.3	9,811.00	250
Dealing with third party assets	-	-	-	-	-	0.00	N/A
Asset accounting and administration	5.4	32.1	44.1	24.8	86.4	18,661.50	216
Realisation of assets - debtors	-	-	-	-	-	-	-
Debt collection	-	3.3	4.4	3.0	10.7	2,354.50	220
Debtor litigation	-	-	0.6	-	0.6	144.00	240
Crown debtors	-	0.2	3.7	0.8	4.7	925.50	197
Internal and external documentation	-	-	5.4	-	5.4	1,196.00	221
Realisation of assets - floating charge	-	-	-	-	-	-	-
Asset realisation strategy	-	0.8	-	-	0.8	232.00	315
Asset identification and valuation	-	24.8	74.0	1.5	100.3	24,124.50	241
Sale of assets	1.0	32.5	60.6	0.3	94.4	23,957.50	254
Recovery of assets	-	12.4	0.3	0.6	13.3	4,051.00	305
Dealing with third party assets	-	0.5	18.2	0.2	18.9	4,024.00	213
Asset accounting and administration	1.0	0.1	34.3	12.6	48.0	9,516.00	198
Trading	-	-	-	-	-	-	-
Trading activities	-	45.3	183.5	52.5	381.3	80,082.00	210
Accounting and administration	5.4	4.3	35.4	30.3	75.4	14,683.50	192
Creditors	-	-	-	-	-	-	-
Creditor claims	-	1.0	12.6	3.5	17.1	3,578.50	209
Creditor litigation	-	0.6	3.0	-	3.6	819.00	278
Internal documentation	-	-	1.7	0.1	1.8	389.00	216
Creditor strategy	-	-	-	0.1	0.1	11.50	115
Reporting to creditors	30.1	152.4	264.4	103.8	550.7	128,914.50	234
Creditor meetings	-	25.5	84.1	37.9	147.5	29,747.50	202
Creditors' committee	6.0	-	-	-	6.0	2,550.00	425
Secured creditors	0.7	40.2	28.6	2.1	71.6	19,615.00	274
Preferential creditors	-	-	-	0.3	0.3	14.50	115
Unsecured creditors	0.1	3.2	5.8	9.1	18.2	3,496.50	192
Employees	-	2.7	49.9	10.8	63.4	12,597.50	199
Shareholders and other stakeholders	-	-	-	1.3	1.3	197.50	121
Totals	504.0	1,325.8	2,649.9	1,086.0	5,565.7	1,309,206.50	235

## Appendix D. Investigation time analysis for the period 23 August 2014 to 22 February 2015

FMI Developments – Investigations	Employee grade (hours)				Total hours	Total cost	Average rate per hour
	Partner/director	Senior associate	Associate/analyst	Junior analyst/support			
Administration and planning	21.5	1.0	1.6	-	24.1	10,507.50	428
Strategy and control	-	14.1	-	0.1	14.2	4,061.00	286
Accounting and treasury	-	1.4	-	-	1.4	591.00	280
Internal documentation	-	-	-	-	-	-	-
Creditors	-	-	-	-	-	-	-
Secured creditors	-	9.7	-	-	9.7	2,716.00	280
<b>Totals</b>	<b>21.5</b>	<b>26.2</b>	<b>1.6</b>	<b>0.1</b>	<b>49.4</b>	<b>17,880.50</b>	<b>354</b>

## Appendix E. Cumulative investigation time analysis for the period 23 February 2009 to 22 February 2015

FM Developments - Investigations	Employee grade (hours)				Total hours	Total cost	Average rate per hour
	Partner/director	Senior associate	Associate/analyst	Junior analyst/support			
Administration and planning							
Planning	17.0	14.0	-	-	31.0	11,975.00	386
Strategy and control	165.0	1.0	2.5	0.4	168.9	74,401.00	441
Case administration	0.5	0.6	1.0	-	2.1	639.50	305
Accounting and treasury	-	14.8	1.3	0.5	16.6	4,426.00	279
Travel and waiting time	9.0	-	2.0	2.0	7.0	2,045.00	292
Internal documentation	-	9.1	1.5	4.9	15.5	3,528.50	228
Investigations							
Director conduct reports	-	-	75.0	0.2	75.2	16,085.00	220
Other investigations	52.3	348.3	45.3	39.7	465.6	138,135.50	297
Internal documentation	-	4.4	18.7	2.5	25.6	6,116.50	239
Realisation of assets - standard security							
Sale of assets	2.5	0.2	-	-	2.7	1,176.50	436
Recovery of assets	-	0.8	-	-	0.8	224.00	280
Dealing with third party assets	-	-	-	-	-	0.00	n/a
Asset accounting and administration	-	-	2.5	-	2.5	575.00	230
Creditors							
Creditor litigation	3.0	-	-	-	3.0	1,020.00	340
Secured creditors	-	10.4	-	-	10.4	2,940.00	283
Preferential creditors	-	-	-	0.4	0.4	46.00	115
<b>Totals</b>	<b>223.3</b>	<b>405.6</b>	<b>147.8</b>	<b>50.6</b>	<b>827.3</b>	<b>265,351.50</b>	<b>319</b>

## Appendix F. Additional information in relation to Administrators' remuneration pursuant to Statement of Insolvency Practice 9 (Scotland)

### Policy

Detailed below is AlixPartners' policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

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

The Administrators' general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a partner, an associate director, a senior associate, an associate and an analyst. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The Administrators have not utilised the services of any sub contractors in this case.

### Professional advisors

On this assignment the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
CMS Cameron McKenna LLP (formerly Dundas and Wilson LLP) (legal advice)	Hourly rate and disbursements
Anderson Strathern LLP (solicitors)	Hourly rate and disbursements
DM Hall Chartered Surveyors LLP (surveyors)	Hourly rate and disbursements
Colleys Limited (surveyors)	Hourly rate and disbursements
Jardine Lloyd Thompson Group Plc (insurance)	Risk based premium
AECOM (formerly Davis Langdon) (valuation and disposal advice)	Fixed fee plus hourly rate and disbursements
Connors of Stonehaven Limited (valuation and disposal advice)	Percentage of realisations
Savills (L&P) Limited (valuation and disposal advice)	Percentage of realisations and hourly rate

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.

## Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case, eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by the Administrators and their staff will also be chargeable.

## Charge-out rates

A schedule of AlixPartners charge-out rates for this assignment effective from 1 April 2014 are detailed below. Time is charged by partners and case staff in units of six minutes.

Description £	Rates from April 2014 £
Partner 1	445
Partner 2	415
Director	390
Associate director	340
Senior associate	280
Associate	250
Analyst	220
Junior analyst	150
Senior treasury associate	170
Treasury associate	110
Treasury analyst	85
Support	79