

The Insolvency Act 1986

Administrator's progress report

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

Name of Company Neuk Hotels Limited	Company number SC207134
--	--------------------------------

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

We (a) Lyn Leon Vardy and Toby Scott Underwood of PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL and Graham Douglas Frost of PricewaterhouseCoopers LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

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

(b) Insert dates

from	to
(b) 1 February 2017	(b) 31 July 2017

Signed

Joint / Administrator(s)

Dated

7-9-2017.

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

Eve Parry	
PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL	
Tel 0113 289 4283	
DX Number	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, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
DX 235 Edinburgh / LP 4 Edinburgh-2

SATURDAY



S6EMPWTD

SCT

09/09/2017

#373

COMPANIES HOUSE

**Joint administrators' progress report
from 1 February 2017 to 31 July 2017**

**Neuk Hotels Limited
(in administration)**

Court of Session

Case no. P100 of 2017

7 September 2017

Contents

Abbreviations and definitions	2
Key messages	3
Overview of what we've done to date	4
Progress since we last reported	5
Appendix A: Receipts and payments	7
Appendix B: Remuneration update	8
Appendix C: Pre-administration costs	10
Appendix D: Other information	11

Abbreviations and definitions

The following table shows the abbreviations and insolvency terms that may be used during this report:

Abbreviation or definition	Meaning
Company	Neuk Hotels Limited
Administrators, We, Our, Us	Lyn Leon Vardy, Toby Scott Underwood and Graham Douglas Frost
firm, PwC	PricewaterhouseCoopers LLP
AIB, the Bank	Allied Irish Bank plc
Heineken	Heineken UK Limited
Clipper	Clipper Holding II S.a.r.l
Engage	Pepper (UK) Limited trading as Engage Commercial
PSMS	Property Security & Maintenance Solutions Limited
AG	Addleshaw Goddard LLP
JLT	JLT Specialty Ltd
IR86	Insolvency (Scotland) Rules 1986
IA86	Insolvency Act 1986
Sch.B1 IA86	Schedule B1 to the Insolvency Act 1986
HMRC	HM Revenue & Customs
Prescribed part	The amount set aside for unsecured creditors from floating charge funds in accordance with Section 176A IA86 and the Insolvency Act 1986 (Prescribed Part) Order 2003
Secured creditors	Creditors with security in respect of their debt, in accordance with Section 248 IA86
Preferential creditors	Claims for unpaid wages earned in the four months before the insolvency up to £800, holiday pay and unpaid pension contributions in certain circumstances
RPS	Redundancy Payments Service, an executive agency sponsored by the Department for Business, Energy & Industrial Strategy, which authorises and pays the statutory claims of employees of insolvent companies under the Employment Rights Act 1996
Unsecured creditors	Creditors who are neither secured nor preferential

Key messages

Why we've sent you this report

I'm writing to update you on the progress of the administration of the Company in the six months since our appointment.

How much creditors may receive

The following table summarises the possible outcome for creditors*, based on what we currently know.

Class of creditor	Current estimate (p in £)	Previous estimate as per the proposals (p in £)
Secured creditor (Clipper)	21	25
Secured creditor (Heineken)	nil	nil
Preferential creditors	nil	nil
Unsecured creditors	nil	nil

**Please note this guidance on dividends is only an indication and should not be used as the main basis of any bad debt provision or debt trading.*

We don't think the secured creditors will be fully repaid their lending of £0.63m out of their security over the Company's assets.

We don't think there are any preferential creditors based on what we know currently, as there are no employees. As such we are not expecting to make any distribution to preferential creditors.

As previously advised in our proposals, the prescribed part applies in this case as there is a floating charge created after 15 September 2003. However, we don't think there will be a dividend to the Company's unsecured creditors (with estimated claims totalling £3,400) as the Company's net property will be nil, meaning the prescribed part fund will also be nil.

What you need to do

This report is for your information and you don't need to do anything.

Overview of what we've done to date

You'll remember from our proposals for achieving the purpose of administration, that when we were appointed, the position was as follows:

- The Company was incorporated in 2000. In 2004, the Company purchased The Smugglers Inn, Anstruther. The acquisition was funded by sums advanced by AIB, who secured its lending by way of standard security over the property and a floating charge over the Company's other assets.
- The Smugglers Inn ceased trading in 2014 due to low turnover levels. The director of the Company sought finance to develop and convert the property into flats but was unsuccessful.
- The facilities provided to the Company by AIB expired and became due for repayment. In November 2016, AIB assigned their lending to Clipper.
- The Company had been unable to meet its commitments on the secured debt for a period of time. Clipper sought proposals from the Company to settle the outstanding debt, however, without the funding needed to redevelop the property, the Company was unable to agree an acceptable proposal with Clipper to reduce its liability. As a result of expired facilities and no workable proposals being agreed, Clipper filed a notice of appointment of administrators.

Immediately on our appointment, we instructed PSMS to attend the site, assess security of the premises, perform an initial health and safety review and advise us of their findings. Its initial assessment was that the property required securing, in addition to internal and external clearance, together with a full drain down of the plumbing systems. We obtained quotes for these works and following confirmation that Engage would fund immediate costs of clearance, these works were completed. Engage have paid £7,747 in respect of the initial clearance costs. These costs will be refunded to Engage once the property is sold.

We remain in office because we are still in the process of marketing the property for sale, in order to realise value and make a distribution to the secured creditors.

Progress since we last reported

Sale of business and assets

Knight Frank LLP were instructed to act as our sales agent in respect of The Smugglers Inn, following a competitive tender process.

We provided Knight Frank LLP with details of all parties that have expressed an interest in the property, in order for that interest to be fully explored.

We are pleased to confirm that we recently accepted an offer on the property with a view to completing the sale in the coming months.

Once the property is sold there will be no further assets in the Company to realise.

Approval of our proposals

On 22 March 2017, we sent to creditors our proposals for achieving the purpose of administration.

We said in our proposals that we thought the Company did not have enough assets to pay a dividend to unsecured creditors other than potentially from the prescribed part.

This meant that we did not have to hold a creditors' meeting to approve our proposals and our proposals would be treated as approved if creditors did not request a meeting in the required manner. As creditors did not request a meeting, our proposals were treated as approved on 5 April 2017.

Investigations and actions

One of our duties as administrators is to look at the actions of anybody who has been a director of the Company in the three years before our appointment. We have to submit our findings to the Secretary of State for Department for Business, Energy & Industrial Strategy within three months of our appointment.

On 28 April 2017 we submitted our report to the Insolvency Service, who act for the Secretary of State in this matter. Nothing has come to our attention during the period under review to suggest that we need to do any more work in line with our duties under the Company Directors' Disqualification Act 1986 and Statement of Insolvency Practice No.2.

Our receipts and payments account

We set out in Appendix A an account of our receipts and payments in the administration from 1 February 2017 to 31 July 2017.

Our fees

The basis of our remuneration will be approved by the secured creditors. To date we have not sought this approval and therefore no remuneration has been drawn. In accordance with insolvency legislation, the basis of our remuneration could be a percentage of the value of assets or based on the time we spend dealing with matters arising. We will provide an update in our next report, on what we agree with the secured creditors.

Pre-administration costs

You can find in Appendix C information about the approval of the unpaid pre-administration costs previously detailed in our proposals.

Creditors' rights

You can find a note explaining the rights of creditors in relation to our fees and expenses, and how to request further information, online at:

https://www.r3.org.uk/media/documents/technical_library/SIPS/Creditors'_Guide_to_Administrators'_Remuneration_Scotland.pdf

You can also get a copy free of charge by telephoning Eve Parry on 0113 289 4283.

Next steps

We will continue to progress our strategy for realising the property and distributing the sale proceeds to Clipper. The administration will be brought to an end once its purpose has been achieved, our work has been completed and statutory obligations fulfilled.

An administration comes to an automatic end after one year unless the Court agrees to extend it for a specific period. Alternatively, the relevant class of creditors can consent to a twelve month extension to the administrators' term in office.

We will continue to monitor the progress of the property sale and will apply for an extension as appropriate, if this is required, taking into account the length of time required to finalise the sale of the property, any distributions due to the secured creditors, the approval and payment of our fees, and the requirement to obtain relevant clearances. We'll provide an update on this in our next report.

We expect to send our next report to creditors at the end of the administration or in about six months, whichever is the sooner.

If you've got any questions, please get in touch with Eve Parry on 0113 289 4283.

Yours faithfully
For and on behalf of the Company



Lyn Leon Vardy
Joint administrator

Lyn Vardy, Toby Underwood and Graham Frost have been appointed as joint administrators of the Company to manage its affairs, business and property as its agents without personal liability. Lyn Vardy and Toby Underwood are licensed in the United Kingdom to act as an Insolvency Practitioner by the Institute of Chartered Accountants of England and Wales. Graham Frost is licensed in the United Kingdom to act as an Insolvency Practitioner by the Institute of Scotland. The joint administrators are bound by the Insolvency Code of Ethics which can be found at: <https://www.gov.uk/government/publications/insolvency-practitioner-code-of-ethics>

The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

Appendix A: Receipts and payments

Neuk Hotels Limited (in administration)

**Joint administrators' abstract of receipts and payments for the period
1 February 2017 to 31 July 2017**

**Neuk Hotels Limited
(In Administration)**

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

	Statement of affairs £	From 01/02/2017 To 31/07/2017 £	Total £
RECEIPTS		<u>NIL</u>	<u>NIL</u>
		NIL	NIL
PAYMENTS		<u>NIL</u>	<u>NIL</u>
		NIL	NIL
Balance at bank as at 31 July 2017		<u>NIL</u>	<u>NIL</u>

Note: In the absence of any realisations to date, we have not provided information from the statement of affairs/estimated financial position. This will be provided for comparison purposes in due course.

Note: This excludes payments made to PSMS by the secured creditor for site clearance.

Appendix B: Remuneration update

During the period covered by this report we have continued to liaise with the secured creditors with a view to fixing the basis of our fees, though we have not yet sought formal fee approval from them. Further information will be included in our next report.

Payments to associates

We have not made any payments to associates in the period covered by this report and none are expected in the circumstances of this case.

Disbursements

We don't need to get approval to draw expenses or disbursements unless they are for shared or allocated services provided by our own firm, including room hire, document storage, photocopying, communication facilities. These types of expenses are called "Category 2" disbursements and they must be directly incurred on the case, subject to a reasonable method of calculation and allocation and approved by the same party who approves our fees.

Our expenses policy allows for all properly incurred Category 2 expenses to be recharged to the administration but is subject to approval by the secured creditors.

The following disbursements arose in the period of this report.

Category	Policy	Costs incurred £
2	Photocopying - at 5 pence per sheet copied, only charged for circulars to creditors and other bulk copying.	Nil
2	Mileage - At a maximum of 71 pence per mile (up to 2,000cc) or 93 pence per mile (over 2,000cc)	Nil
1	Insurance	30
1	Statutory advertising	73
1	Property costs	1,004
Total		1,107

Appendix B: Remuneration update

Legal and other professional firms

We have instructed the following professionals on this case:

Service provided	Name of firm / organisation	Reason selected	Basis of fees
Legal services, including: <ul style="list-style-type: none">- appointment related matters;- preparation of sale contracts; and- ad hoc advice.	AG (formerly HBJ Gateley)	Industry knowledge and experience	Time costs
Security, maintenance and property clearance	PSMS	Industry experience	Reimbursement of costs, fixed cost
Selling agents	Knight Frank LLP	Industry experience	% of realisations
Insurance cover	JLT	Industry knowledge and experience	Monthly premium costs

Our choice was based upon our perception of the 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. We have reviewed the fees charged and are satisfied that they are reasonable in the circumstances of the case.

Appendix C: Pre-administration costs

The following costs were incurred before our appointment as administrators but with a view to the Company entering Administration. Payment of these costs as an expense of the administration is subject to approval under Rule 2.39C of IR86 and in this case, will be a matter for the secured creditors to decide.

Nature of costs	Amount (£)
Fees charged by the administrators	10,000
Expenses incurred by the administrators	Nil
Fees charged by other persons qualified to act as an insolvency practitioner	Nil
Expenses incurred by other persons qualified to act as an insolvency practitioner	Nil
Total	10,000

Appendix D: Other information

Court details for the administration:	Court of Session P100/17
Company's registered name:	Neuk Hotels Limited
Trading name:	The Smugglers Inn
Registered number:	SC207134
Registered address:	Atria One, 144 Morrison Street, Edinburgh, EH3 8 EX
Date of the joint administrators' appointment:	1 February 2017
Joint administrators' names and addresses:	Lyn Leon Vardy and Toby Scott Underwood of PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL and; Graham Douglas Frost of PricewaterhouseCoopers LLP, Atria One, 144 Morrison Street, Edinburgh, Scotland, EH3 8EX
Extension(s) to the initial period of appointment:	Not applicable
Appointor's / applicant's name and address:	Clipper Holding II S.a.r.l, c/o Engage Commercial, Harman House, 1 George Street, Uxbridge, London, UB8 1QQ
Split of the joint administrators' responsibilities:	Pursuant to Paragraph 100(2) of Sch. B1 IA86 that all and / or any of the powers which are conferred on the joint administrators by the Insolvency Act 1986 may be done by each and/or any of the joint administrators acting jointly or alone.
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this administration and the proceedings are main proceedings