

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

Power Developments Limited

Company number

SC260416

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

We (a)
Stuart Preston
Grant Thornton UK LLP
Level 8
110 Queen Street
Glasgow
G1 3BX

Robert Caven
Grant Thornton UK LLP
Level 8
110 Queen Street
Glasgow
G1 3BX

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

from

to

(b) Insert date(s)

(b) 20 June 2016

(b) 19 December 2016

Signed


Joint Administrator

Dated

6-Jan-17

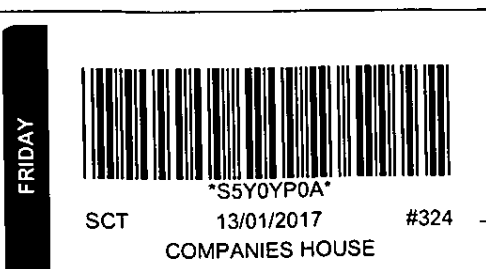
Contact Details:

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

Stuart Preston
Grant Thornton UK LLP
Level 8
110 Queen Street
Glasgow
G1 3BX

DX Number

0141 223 0000
DX Exchange

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
DXED235 Edinburgh 1 / LP-4 Edinburgh 2**

Our Ref SWP/PMB/LXM/TXA/P20597028/7

To the Creditors

Recovery and Reorganisation

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6 January 2017

Dear Sirs

Power Developments Limited - In Administration ("the Company")

1 Introduction

- 1.1. Following the appointment of Rob Caven and myself as Joint Administrators of the Company by a qualifying floating charge holder in the Court of Session, Edinburgh on 20 June 2016, I now report on the progress of the Administration to 19 December 2016. There is no court reference number.
- 1.2. I enclose Form 2.20B(Scot) together with an account of my receipts and payments for the six months ended 19 December 2016 in accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986.
- 1.3. In accordance with Paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the Joint Administrators are to be exercised by any or all of them.
- 1.4. Please note, Rob Caven and I are authorised by the Insolvency Practitioners Association to act as insolvency practitioners.

2 Statutory information

- 2.1. The Company's statutory details are as follows:

Registered number	SC260416
Date of incorporation	8 December 2003
Registered office	c/o Grant Thornton UK LLP, Level 8, 110 Queen Street, Glasgow, G1 3BX
Previous registered office	37 One, 37 George Street, Edinburgh, EH2 2HN
Authorised and issued share capital	£547,417

Chartered Accountants

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Directors

Mr Alasdair Derek Coates

Mr Bruce Calder Weir

Secretary

Mr Bruce Calder Weir

Shareholding

nil

nil

Shareholding

nil

- 2.2. The administration constitutes "main proceedings" under the EC Regulation on Insolvency Proceedings.

3 Progress report**Property assets**

- 3.1. The Company owns the following assets (together defined as "the Properties"):

Unit 1 and Unit 2 Dunsdalehaugh, Selkirk ("Selkirk Units")

- 3.2. Both of these properties are retail units that were tenanted at the time of my appointment. Total annual rental income from both tenants is £111,250.

- 3.3. Following our appointment, we contacted the tenants at the Selkirk Units who continue to pay rent as it falls due.

- 3.4. It has also come to our attention that a small 'yard' that is on the Selkirk Units land title is rented to a separate party. We have contacted this company and they confirmed rental income of £200 per calendar month will continue to be paid as it falls due.

Land at Q3 Dunlin Drive, Dunfermline ("Dunfermline Land")

- 3.5. The Company owns a piece of development land in Dunfermline, Fife.
- 3.6. The Company's intention for the development of this land was to construct residential properties however their initial planning application was rejected by Fife Council. Alternative consent has been subsequently obtained for the erection of a local centre, including neighbourhood shopping centre, care home and community centre.
- 3.7. Due to poor market conditions and not obtaining the preferred planning consent, the Company was unable to sell this asset.
- 3.8. There was a historic licence agreement between the Company and a third party that allowed this company to use part of the Dunfermline Land for the erection of signage for a fee of £400 per calendar month. This fee has been paid up to date during the Administration.

Disposal strategy

- 3.9. Following a tender process, we have instructed Colliers to market and sell the Properties. The Properties are currently being marketed for sale and we will continue to work with the selling agents to manage the disposal process.
- 3.10. We will provide a further update on the disposal of the Properties in our next report.

Loans/advances due to the Company

- 3.11. As per the Statement of Affairs received from the directors, there are amounts due to the Company from related parties (by common ownership and directors). We are currently investigating this matter and will provide a further update in our next report.

4 Estimated outcome for creditors

Secured creditors

- 4.1. The Company was previously indebted to Clydesdale Bank Plc ("Clydesdale") however this debt was included within a portfolio that Promontoria (Henrico) Limited ("Promontoria") acquired from Clydesdale. The associated security was also assigned to Promontoria at the date of acquisition of the debt.
- 4.2. At the date of appointment Promontoria was owed c.£1.5 million by the Company secured against the following:
- 4.2.1. floating charge over the undertaking and all property and assets present and future of the Company including uncalled capital that was created on 27 November 2006 and registered on 6 December 2006 ; and
 - 4.2.2. standard security charges over:
 - Unit 1 Dunsdalehaugh that was created on 30 November 2006 and registered on 4 December 2006;
 - Unit 2 Dunsdalehaugh that was created on 19 December 2006 and registered on 28 December 2006; and
 - Dunfermline land that was created on 21 December 2007 and registered on 9 January 2008.
- 4.3. The outcome to Promontoria will be dependent on the level of asset realisations generated from the disposal of the Properties. It is currently unknown what value the assets will be realised therefore we cannot currently comment on the likely outcome for this creditor.
- 4.4. As outlined in the Joint Administrators' statement of proposals, Companies House lists a standard security granted in favour of Taylor Wimpey Developments Limited ("Taylor Wimpey") that was created on 21 December 2007 and registered on 8 January 2008. The directors of the Company have advised that this charge is no longer valid.

Preferential creditors

- 4.5. There were no employees in the Company at the date of my appointment as Joint Administrator and therefore there are no preferential creditors.

Unsecured creditors

- 4.6. The floating charge granted to Promontoria post-dates the commencement of the Enterprise Act 2002.
- 4.7. In accordance with Section 176A of the Insolvency Act 1986, a prescribed part is to be set aside from the floating charge assets and made available to the unsecured creditors of the Company.
- 4.8. The prescribed part is based on future realisations, net of the expenses of the Administration process, therefore it is unclear at this stage what funds will be available for the prescribed part. However, there will not be any funds available to unsecured creditors other than by way of a prescribed part distribution.
- 4.9. A claim form has been attached and should you wish to make a claim, please complete and return the form to this office in order for your claim to rank in the Administration.

5 Joint Administrators' receipts and payments

- 5.1. Our receipts and payments account covering the period from 20 July 2016 to 19 December 2016 is attached at Appendix A. This shows funds in hand of £98,034.

6 Joint Administrators' remuneration and disbursements

- 6.1. In accordance with Statement of Insolvency Practice (SIP 9), I attach as Appendix B a summary of my time costs to 19 December 2016 by grade of staff and type of work. This shows total time costs of £24,841, representing 101 hours at an average of £246 per hour. Details of any matters which have had a significant impact on the time costs are included in this report.
- 6.2. As we are of the opinion that the Company has insufficient property to enable any distribution to be made to unsecured creditors other than by virtue of Section 176A of the Insolvency Act 1986, in the absence of a creditors committee, approval of our remuneration will be obtained from the secured creditor only (on the basis that there are no preferential creditors). No remuneration has been drawn to date. Details of remuneration approved by the secured creditor will be disclosed in future reports.
- 6.3. Background information regarding the fees of Administrators can be found at [https://www.r3.org.uk/media/documents/technical_library/SIPS/SIP9_Remuneration_of_Insolvency_Office_Holders_\(Scotland\).pdf](https://www.r3.org.uk/media/documents/technical_library/SIPS/SIP9_Remuneration_of_Insolvency_Office_Holders_(Scotland).pdf). Alternatively, we will supply this information by post on request. Time is charged in units of six minutes.

7 Extension to the Administration

- 7.1. The Joint Administrators' proposals were deemed to be approved on 19 August 2016. These proposals provide the Joint Administrators with the authority to seek an extension of the Administration period, if necessary.
- 7.2. I do not expect to have disposed of the Properties prior to the automatic end of the Administration on 19 June 2017. On that basis, the Joint may seek an extension to the Administration of up to 12 months. A 12 month extension would give a revised automatic end date of 19 June 2018.
- 7.3. Should any creditor wish to object to this extension, they should submit their objection(s) to me in writing by no later than 10 February 2017.
- 7.4. In the event that an extension is granted I will notify the creditors within six weeks of the end of the next accounting period (being 19 June 2017).

8 Ending the Administration

- 8.1. In the event that any potential dividend is distributed to the unsecured creditors during the period of Administration, or if there are no monies available to enable a distribution to be made to the unsecured creditors, it is proposed that the Administration will end by the dissolution of the Company.

9 Next report

- 9.1. The next progress report will be issued to unsecured creditors within six weeks of the end of the accounting period ending 19 June 2017, or earlier in the event that the Administration has been finalised

Yours faithfully
for and on behalf of
Power Developments Limited



Stuart Preston
Joint Administrator

Stuart Preston and Robert Caven were appointed Joint Administrators of Power Developments Limited ("the Company") on 20 June 2016. The affairs, business and property of the Company are being managed by the Joint Administrators who act as agents of the Company and without incurring personal liability. Both Stuart Preston and Robert Caven are authorised to act as insolvency practitioners by the Insolvency Practitioner Association

APPENDIX A

Power Developments Limited – In Administration Receipts and payments account 20 June 2016 to 19 December 2016

Joint Administrators' abstract of receipts and payments

Statement of Affairs		From 20/06/2016 To 19/12/2016
	SECURED ASSETS	
1,000,000.00	Freehold Land & Property	-
1,000,000.00		-
	COSTS OF REALISATION	
-	Other Property Expenses	130.00
-	Managing agent fees	250.00
-		(380.00)
	SECURED CREDITORS	
(1,479,880.00)	Promontoria (Henrico)	-
(1,479,880.00)		-
	ASSET REALISATIONS	
9,862.00	Related party loans	-
3,180.16	Book Debts	-
66,064.00	Cash at Bank	64,317.02
-	Rent	34,862.50
79,106.16		99,179.52
	COST OF REALISATIONS	
-	Preparation of S. of A.	361.00
-	Misc Float Payments	15.00
-	Statutory Advertising	90.00
-	Other Property Expenses	300.00
-		(766.00)
	UNSECURED CREDITORS	
(620,151.71)	Unsecured Creditors (All)	-
(620,151.71)		-
	DISTRIBUTIONS	
(547,417.00)	Ordinary Shareholders	-
(547,417.00)		-
(1,568,342.55)		98,033.52
	REPRESENTED BY	
	Floating Current Account NIB	98,627.25
	Service charge VAT control account	670.27
	Fixed Charge VAT on Purchases	26.00
	Vat on Sales	(1,290.00)
		98,033.52

Appendix B – Time costs and charge out rates

Charge out rates

Remuneration is charged on the basis of the time costs of the insolvency practitioner and his staff.

We set out below our firm's current charge out rates:

Staff Category	Ave Hourly Rate (£) from 01/07/2015 to 30/06/2017
Partner / Director	425 to 475
Associate Director / Manager	300 to 375
Assistant Manager / Executive	200 to 245
Administrator / Support Staff	100 to 170

Work is allocated to staff members based upon their experience, grade and the complexity of the task involved.

Summary of time costs incurred

A summary of our time costs are set out below:

	Partner / Director			Associate Director / Manager			Assistant Manager / Executive			Administrator / Support Staff			Total		
	Hrs	£	Avg Hly Rate	Hrs	£	Avg Hly Rate	Hrs	£	Avg Hly Rate	Hrs	£	Avg Hly Rate	Hrs	£	Avg Hly Rate
Administration and Planning	1.75	781.25	446.43	5.35	1,638.00	306.17	25.45	4,951.25	194.55	1.15	205.25	178.48	33.70	7,575.75	224.80
Creditors	-	-	-	8.35	2,048.00	245.27	2.60	525.00	201.92	-	-	-	8.95	2,573.00	287.49
Investigations	-	-	-	5.30	1,801.00	339.81	3.05	610.00 ¹	200.00	-	-	-	8.35	2,211.00	264.79
Pensions	-	-	-	0.30	156.00	520.00	-	-	-	-	-	-	0.30	156.00	520.00
Realisation of Assets	-	-	-	10.65	3,332.75	313.90	19.45	3,909.50	201.00	-	-	-	30.00	7,242.25	241.41
Taxation	-	-	-	10.25	3,244.50	316.54	5.40	1,218.25	225.60	4.00	620.00	155.00	19.65	5,082.75	258.66
Total	1.75	781.25	446.43	38.10	12,020.25	315.49	55.95	11,214.00	200.43	5.15	625.25	160.24	100.95	24,840.75	248.07

The time costs are split into six standard categories. A guide as to what might be included in each category is as follows:

Administration and planning: this includes work such as case planning, case reviewing, administrative set-up, appointment notification, maintenance of records, statutory reporting and compliance.

Creditors: this includes work such as communication and meetings with creditors, reviewing and adjudicating on creditors preferential and ordinary unsecured claims, corresponding with secured creditors, reviewing security documentation issues and preparing, recording, reviewing and adjudicating on employees' preferential and unsecured claims.

Investigations: this includes work such as investigating directors' conduct and antecedent transactions.

Realisation of assets: this includes work such as identifying, securing and insuring assets, administering retention of title claims, debt collection, property, business and asset sales for property covered by both fixed and floating charges.

Pension: this includes work such as searching for and identifying pension schemes and complying with all statutory requirements in relation to any pension schemes identified.

Taxation: this includes work such as identifying outstanding pre-appointment tax and VAT returns, obtaining relevant information to allow the pre-appointment tax and VAT returns to be prepared and submitted and submission of tax and VAT returns for the liquidation period.

Classification of disbursements

Category 1 disbursements: these generally comprise external supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses (excluding business mileage) incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and storage.

Where Category 1 disbursements are paid by the insolvency practitioners' firm these are reimbursed as and when funds are available.

Category 2 disbursements: these comprise cost allocations which may arise on some Category 1 disbursements where supplied internally: typically, items such as room hire and document storage. Also typically included will be routine or more specialist copying or printing, and allocated communication costs provided by the insolvency practitioners or their firm. Business mileage is also classed as a Category 2 disbursement.

Category 2 disbursements are paid as and when approval is obtained.

Use of agents and subcontractors

Agents and subcontractors are utilised where there is the need for specialist knowledge. Only agents and subcontractors with the appropriate qualifications are employed. Where possible their fees and expenses are agreed in advance.