

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

David J Dunckley
Grant Thornton UK LLP
30 Finsbury Square
London
EC2A 1AG

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

from

to

(b) Insert date(s)

(b) 20 June 2017

(b) 19 December 2017

Signed


Joint Administrator

Dated

19/1/18

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.

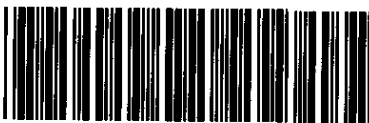
The contact information that you give will be visible to searchers of the public record

Lucy Dale
Grant Thornton UK LLP
Level 8
110 Queen Street
Glasgow
G1 3BX

DX Number

0141 223 0000
DX Exchange

SATURDAY



SCT

S6Y03SOJ

20/01/2018

#135

COMPANIES HOUSE

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/LND/TXA/P20597028/7

To the Creditors

19 January 2018

Dear Sirs

Recovery and Reorganisation

Grant Thornton UK LLP
7 Exchange Crescent
Conference Square
Edinburgh EH3 8AN

T +44 (0)131 229 9181
F +44 (0)131 229 4560
grantthornton.co.uk

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

1 INTRODUCTION

- 1.1. Following the appointment of Robert Caven and I, Stuart Preston, as Joint Administrators of the Company by a qualifying floating charge holder, Promontoria (Henrico) Limited, having its registered office at 1 Grant's Row, Lower Mount Street, Dublin 2, Ireland (**the Secured Creditor**), on 20 June 2016, I now report on the progress of the administration to 19 December 2017.
- 1.2. Notice of the Joint Administrators' appointment was lodged in the Court of Session, Edinburgh. No court reference number was assigned.
- 1.3. In accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986, I enclose Form 2.20B(Scot) together with an account of my receipts and payments for the six months ended 19 December 2017 (**the Period**).
- 1.4. Please note that Rob Caven vacated the office of Joint Administrator on 14 June 2017. I continued in office as sole Administrator until 3 August 2017 when David Dunckley was appointed as Joint Administrator.
- 1.5. 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.
- 1.6. The Joint Administrators are licenced to act as insolvency practitioners by the Insolvency Practitioners Association.

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
Joint Administrators	Stuart Preston, Grant Thornton UK LLP, Level 8, 110 Queen Street, Glasgow, G1 3BX David Dunkley, Grant Thornton UK LLP, 30 Finsbury Square, EC2P 2YU
Appointer	Promontoria (Henrico) Limited, 1 Grant's Row, Mount Street Lower, Dublin 2, Dublin, IE-D D02 HX96, Ireland

Directors	Shareholding
------------------	---------------------

Mr Alasdair Derek Coates	nil
Mr Bruce Calder Weir (resigned 31 December 2017)	nil

Secretary	Shareholding
------------------	---------------------

Mr Bruce Calder Weir	nil
----------------------	-----

The Administration constitutes “main proceedings” under the EC Regulation on Insolvency Proceedings.

3 PROGRESS REPORT

Property assets

3.1. The Company owned the following assets at the time of my appointment (together defined as ‘the Properties’):

Unit 1 and Unit 2 Dunsdalehaugh, Selkirk (**‘Selkirk Units’**)

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

- 3.3. As previously reported, the Selkirk Units were sold on 20 March 2017 realising gross sale proceeds of £600,000. The two tenants paid rent for each unit from my appointment to the date of sale.

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

- 3.4. The Company owns a piece of development land in Dunfermline, Fife.
- 3.5. The Company's intention for the development of this land was to construct residential properties however the initial planning application was rejected by Fife Council. Alternative consent was subsequently obtained for the erection of a local centre, including neighbourhood shopping centre, care home and community centre.
- 3.6. Following a period of marketing, a closing date was set for submission of offers. At this date, a number of offers were received.
- 3.7. However, due to planning conditions attached to the offers, a sale has not progressed. After discussing with the Secured Creditor we have instructed a planning agent to provide further advice on the next steps. Once this advice has been received we will discuss the marketing and disposal strategy with the Secured Creditor.

Loans/advances due to the Company

- 3.8. As previously reported, the Statement of Affairs received from the directors stated that there were amounts due to the Company from related parties (by common ownership and directors). The directors have advised that these balances have been offset against credit balances owed by the Company.

4 JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS

- 4.1. An abstract of our receipts and payments for the Period together with the cumulative position to date is attached at Appendix A.
- 4.2. This shows funds in hand of £116,310.73.

5 ESTIMATED OUTCOME FOR CREDITORS

Secured creditors

- 5.1. The Company was previously indebted to Clydesdale Bank Plc ("Clydesdale") however this debt was included within a portfolio that the Secured Creditor acquired from Clydesdale. The associated security was also assigned to the Secured Creditor at the date of acquisition of the debt.
- 5.2. At the date of appointment the Secured Creditor was owed c.£1.5 million by the Company secured against the following:
- 5.2.1. a 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
 - 5.2.2. 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
- 5.3. The outcome to the Secured Creditor will be dependent on the level of asset realisations generated from the disposal of the Properties and the associated costs of realisations. At this time, we anticipate that the secured creditor will suffer a shortfall.
- 5.4. To date £556,000 has been paid to the Secured Creditor from the sale of the Selkirk Units. A further interim distribution will be made shortly.
- 5.5. 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

- 5.6. There were no employees in the Company at the date of our appointment and therefore there are no preferential creditors.

Unsecured creditors

- 5.7. The floating charge granted to the Secured Creditor post-dates the commencement of the Enterprise Act 2002.
- 5.8. Section 176A of the Insolvency Act 1986 provides that, in these circumstances, a prescribed part be set aside for payment to the unsecured creditors. This entitles unsecured creditors to a percentage share of realisations from floating charge assets, after deducting any costs of realisation and settling any preferential claims.
- 5.9. 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.

6 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 6.1. The basis of the Joint Administrators' remuneration is to be fixed by the creditors. As no creditors committee has been appointed and we are of the opinion that the Company has insufficient property to enable any distribution to be made to the unsecured creditors, other than by virtue of Section 176A of the Insolvency Act 1986, approval of the Joint Administrators' fees and outlays will be obtained from the Secured Creditor only in accordance with Rule 2.39(8) of the Insolvency (Scotland) Rules 1986 (on the basis that there are no preferential creditors).

- 6.2. Time records are kept for the case, showing the time properly given by the Joint Administrators and their staff in attending to matters arising in the Administration. Time is charged in 6 minute units. Total time costs to 19 December 2017 amount to £54,577.25, representing 202.95 hours at an average of £268.92 per hour. This is outlined in Appendix B by grade of staff and type of work. Details of any matters which have had a significant impact on the time costs are included in this report.
- 6.3. Fees of £16,079.25 have been drawn to date. I will seek approval of further fees from the Secured Creditor once the remaining assets have been realised.
- 6.4. Background information regarding the fees of administrators can be found at https://www.icas.com/__data/assets/pdf_file/0015/2265/Creditors-Guide-to-Administrators-Renumeration-ICAS.pdf. Alternatively, we will supply this information by post on request free of charge. Time is charged in units of 6 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 Administrator with the authority to seek an extension of the Administration period, if necessary.
- 7.2. As previously advised, the automatic end of the Administration was 19 June 2017 but the Secured Creditor approved a 12 month extension as not all assets would be realised by this date. This resulted in a revised automatic end date of 19 June 2018.
- 7.3. Based on the current position, I do not expect to have disposed of the Dunfermline Land prior to the revised automatic end of the Administration on 19 June 2018. On that basis, the Joint Administrators may seek a further extension to the Administration of 12 months. A 12 month extension would give a revised automatic end date of 19 June 2019.
- 7.4. Should any creditor wish to object to this extension, they should submit their objection(s) to me in writing by no later than 26 February 2018.
- 7.5. 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 2018).


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 2018, or earlier in the event that the Administration has been finalised.

Yours faithfully
for and on behalf of
Power Developments Limited

A handwritten signature in black ink, appearing to be 'Stuart Preston', written in a cursive style.

Stuart Preston
Joint Administrator

The affairs, business and property of Power Developments Limited are being managed by Stuart Preston, appointed as Joint Administrator on 20 June 2016 and David Dunckley, appointed as Joint Administrator on 3 August 2017. Stuart Preston and David Dunckley are licenced to act as Insolvency Practitioners by The Insolvency Practitioners Association. The Administrators contract as agents of the Company and without personal liability.

Appendix A – Joint Administrators' Receipts and Payments

Statement of Affairs (R)	From 20/10/2017 To 19/12/2017	From 20/10/2018 To 19/12/2018
COSTS OF REALISATION		
- Administrators Fees	-	(9,000.00)
- Legal Fees	(1,828.80)	(1,888.80)
- Other Property Expenses	-	(330.00)
- Managing agent fees	-	(566.44)
- Advertising	-	(1,450.00)
	(1,828.80)	(13,235.24)
SECURED CREDITORS		
(1,479,880.00) Promontoria (Henrico)	-	(566,000.00)
(1,479,880.00)	-	(566,000.00)
ASSET REALISATIONS		
1,000,000.00 Freehold Land & Property	-	600,000.00
9,862.00 Related party loans	-	-
3,180.16 Book Debts	-	-
66,064.00 Cash at Bank	-	64,317.02
Rent	-	78,682.32
Trading Surplus/ (Deficit)	-	365.03
1,079,106.16	-	743,364.37
COST OF REALISATIONS		
Preparation of S. of A.	-	(361.00)
Administrators Fees	-	(16,079.25)
Misc Float Payments	-	(15.00)
Agents/Valuers Fees (1)	(3,367.23)	(9,367.23)
Legal Fees (1)	(700.00)	(3,214.00)
Corporation Tax	(2,925.40)	(2,925.40)
Statutory Advertising	(85.00)	(175.00)
Other Property Expenses	-	(300.00)
Insurance of Assets	(1,120.00)	(15,366.52)
Bank Charges	-	(15.00)
	(8,197.63)	(47,818.40)
UNSECURED CREDITORS		
(620,151.71) Unsecured Creditors (All)	-	-
(620,151.71)	-	-
DISTRIBUTIONS		
(547,417.00) Ordinary Shareholders	-	-
(547,417.00)	-	-
(1,568,342.55)	(10,026.43)	116,310.73
REPRESENTED BY		
Vat on Purchases		(749.80)
Floating Current Account		
NIB		113,175.39
Fixed Charge VAT on Purchases		1,962.00
HMRC - VAT received/paid		1,923.14
		116,310.73

Appendix B – Joint Administrators' Time Analysis as at 19 December 2017

Charge out rates

Remuneration is charged on the basis of the time costs of the Insolvency Practitioners and their staff. Standard filing and secretarial costs are not charged or recovered from the case.

We set out below our firm's current charge out rates for the period from 1 July 2015 to 30 June 2018:

Staff Category	Average Hourly Rate (£) from 01/07/2015 to 30/06/2016	Average Hourly Rate (£) from 01/07/2016 to 30/06/2017	Average Hourly Rate (£) from 01/07/2017 to 30/06/2018
Director / Partner	425 to 475	430 to 485	430 to 485
Manager / Associate Director	300 to 350	300 to 355	300 to 355
Executive / Assistant Manager	200 to 245	195 to 245	195 to 250
Support Staff / Administrator	100 to 170	100 to 185	100 to 185

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:

Category	01/07/2015 to 30/06/2016	01/07/2016 to 30/06/2017	01/07/2017 to 30/06/2018
Administration and Planning	0.10 43.00 430.00	4.70 1,668.50 355.00	5.00 955.25 191.05
Creditors	- - -	8.25 2,928.75 355.00	0.50 102.50 205.00
Investigations	- - -	0.60 213.00 355.00	0.50 102.50 205.00
Realisation of Assets	- - -	11.85 4,206.75 355.00	- - -
Taxation	- - -	1.90 823.00 433.16	5.55 1,553.25 279.86
Total for the period	0.10 43.00 430.00	27.30 9,840.00 360.44	11.55 2,713.50 234.94
B/f time	3.45 1,553.50 450.29	66.00 21,896.75 328.74	79.45 16,190.50 203.78
Total	3.55 1,596.50 449.72	93.30 31,536.75 338.01	91.00 18,904.00 207.74

The time costs are split into five 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.

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.