

The Insolvency Act 1986

Administrator's progress report

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

Name of Company	Company number
The Natural House Company Scotland Limited	SC266880

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

We (a)

Keith Anderson
Baker Tilly Restructuring and Recovery
LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh EH3 9QG

Mark Ranson
Baker Tilly Restructuring and Recovery
LLP
2 Whitehall Quay
Leeds LS1 4HG

(b) Insert dates

Administrators of the above company attach a progress report for the periods

From

(b) 13 April 2011
13 October 2011

to

(b) 12 October 2011
23 November 2011

Signed

Joint Administrators

Dated

24/11/11

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

Victoria Paterson

Baker Tilly Restructuring and Recovery LLP, First Floor, Quay 2 139 Fountainbridge,
Edinburgh EH3 9QG

Tel: 0131 659 8402

DX Number:

DX Exchange:



SCT 24/11/2011 98
COMPANIES HOUSE

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Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
DX 235 Edinburgh / LP 4 Edinburgh-2

THURSDAY

THE NATURAL HOUSE COMPANY SCOTLAND LIMITED IN ADMINISTRATION

JOINT ADMINISTRATORS' FINAL PROGRESS REPORT

13 APRIL 2011 TO 12 OCTOBER 2011

13 OCTOBER 2011 TO 23 NOVEMBER 2011

1. PURPOSE OF REPORT

This report is prepared pursuant to Rules 2.38 and 2.42 of the Insolvency (Scotland) Rules 1986 (as amended). The purpose of the report is to provide creditors with information relating to the progress of the administration from 13 April 2011 12 October 2011 and 13 October 2011 to 23 November 2011.

2. JOINT ADMINISTRATORS' APPOINTMENT

- 2.1 Keith V Anderson & David M Menzies of Baker Tilly Restructuring and Recovery LLP, First Floor, Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG were appointed Joint Administrators ("the Joint Administrators") of The Natural House Company Scotland Limited "the Company") on 13 October 2008 by the directors of The Natural House Company Scotland Limited.
- 2.2 The notice of appointment was filed at the Court of Session.
- 2.3 The Joint Administrators' appointment specified that they would have power to act jointly and severally. The Joint Administrators have exercised and will continue to exercise all of their functions jointly and severally as stated in the notice of appointment.
- 2.4 On 13 October 2008, Keith V Anderson and David M Menzies were also appointed as Joint Administrators of an associated company, The Natural House Company Limited.
- 2.5 On 12 October 2010 Mark N Ranson replaced David M Menzies as Joint Administrator of both The Natural House Company Scotland Limited and The Natural House Company Limited.

3. COMPANY DETAILS

The registered number of the company is SC266880

The Registered Office of the company is Baker Tilly Restructuring and Recovery LLP First Floor, Quay 2, 139 Fountainbridge, Edinburgh EH3 9QG.

4. RECEIPTS AND PAYMENTS SUMMARY

We attach as Appendix A receipts and payments summary for the periods from 13 April 2011 to 12 October 2011 and 13 October 2011 to 23 November 2011.

VAT Basis

Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue & Customs shown separately.

5. DIVIDEND PROSPECTS FOR CREDITORS

5.1 We attach as Appendix B a State of Outcome.

Secured Creditors

5.2 The Royal Bank of Scotland plc have a debt totalling £1,400,000, together with accrued interest, secured by a standard security granted on 24 September 2004 in respect of land at Ryehaugh Bank, Galashiels, TD1 2EZ, a standard security granted on 23 January 2007 in respect of land at Huntshaw, Earlston, TD4 6AT and a Bond and Floating Charge granted on 15 July 2004. The Royal Bank of Scotland received a distribution of £73,176 on 23 November 2011.

5.3 Allied Irish Bank have a debt of £292,139 secured by a floating charge granted on 25 June 2007 and a standard security over the site at Craik Farm Steadings, Craik, Robertson, Nr Hawick, TD9 7PS, granted on 24 August 2007. Graham & Sibbald valued the property in the sum of £150,000. There will therefore be no funds available for the unsecured creditors.

Preferential Creditors

5.4 Thirteen creditors submitted claims as preferential creditors totalling £16,294. A dividend payable of 100p in the pound was paid to preferential creditors on 21 October 2011.

Ordinary Creditors

5.5 Forty nine ordinary creditors submitted claims totalling £1,313,888. No dividend was payable to ordinary creditors.

The Prescribed Part

- 5.6 Funds of £19,423 were available for the prescribed part of which the ordinary creditors were entitled to £6,884. The Administrators did not make such a distribution under the prescribed part. This is provided for under Section 176A(3) of the Insolvency Act 1986 on the basis that the net property is less than the £10,000 prescribed minimum and the Administrators were of the view that the cost of making such a distribution to ordinary creditors would be disproportionate to the benefits. As a result the remaining funds flowed to The Royal Bank of Scotland plc as floating charge holder and formed part of the £73,176 distribution made to them on 23 November 2011.

6. CONDUCT OF THE ADMINISTRATION

- 6.1 Following appointment a number of meetings took place with the director and a Statement of Affairs was received from the director.
- 6.2 The position regarding the land and property at the following sites was established:
- Craik Farm Steadings, Craik, Robertson, Nr Hawick, TD9 7PS;
 - Ryehaugh Bank, Galashiels, TD1 2EZ;
 - Huntshaw, Earlston, TD4 6AT.
- 6.3 A number of meetings took place with the Royal Bank of Scotland plc and Graham & Sibbald to agree a sales strategy for the sites at Ryehaugh Bank, Galashiels and Huntshaw, Earlston.
- 6.4 The land at Ryehaugh Bank, Galashiels, TD1 2EZ per the Adopted Local Plan is currently allocated for a notional 10 units with a notional 20 units allocated to the adjoining site, which is owned by a third party. The Ryehaugh site was valued in March 2008 at £1.45m, based upon detailed planning permission being granted for 46 units on the combined site. At the date of administration, a planning application had not been submitted to the Scottish Borders Council. Prior to the appointment of the Administrators, Graham & Sibbald valued the combined development site, with detailed planning permission, at £470,000 with the value of the company's share of the combined site being £353,275. Graham & Sibbald valued the combined site, without planning permission at £300,000, with the company's share being £150,000.

- 6.5 It was agreed that the costs associated with pursuing detailed planning permission for the site did not make this strategy commercially viable and the site was marketed without planning permission. It was established that the company did not have ownership of the access strip to the site and the sum demanded by the owner to acquire the access strip exceeded the value of the land. Due to the access problems at Ryehaugh Bank, Graham & Sibbald advise that the estimated realisable value of the site is now considerably lower than their previous valuation. An offer of £10,100 was accepted and missives concluded on 4 August 2011.
- 6.6 An initial offer of £20,200 was made to the company by Scottish Borders Council in respect of the Waverley Line compulsory land purchase of a parcel of land at Ryehaugh Bank. Graham & Sibbald assessed the compensation offer and following the submission of further information to Scottish Borders Council a revised compensation offer to the company of £31,093 was agreed and received.
- 6.7 The development at Huntshaw, Earlston, TD4 6AT has been substantially completed and of the original development of 10 plots, 3 remained unsold at the date of administration. Offers were received for all 3 plots as unserviced plots. Plot 7 concluded on 17 November 2009 realising £65,000, Plot 3 concluded on 1 June 2011 realising £70,000 and Plot 6 concluded on 10 June 2011 realising £27,000.
- 6.8 The access road at Huntshaw was in a state of disrepair and clarification of the work required to bring the road up the required standard to comply with the deed of conditions and planning permissions was obtained from Scottish Borders Council (SBC). The cost of the works required to comply with the deed of conditions was significantly in excess of the uplift in the value of the plots. The Administrators therefore advised the purchasers of the 3 plots at Huntshaw that they were obliged to contribute a share of the costs of completing the road and the sewerage pumping station.
- 6.9 Plant and machinery valued at £51,250 by Ryden sold for £50,957 (inclusive of VAT).
- 6.10 Based upon the company's records, book debts totalling £215,966 remained outstanding at the date of administration. Further investigation into the book debts was carried out and debts amounting to £5,116 were collected. The balance amounting to £210,850 is not recoverable.

- 6.11 Given the lack of equity in the property at Craik Steadings, it was sold to an associated company, Woodlands Asset Management Limited (WAM), for a nominal £1 with the Allied Irish Bank's standard security and floating charge against The Natural House Company Scotland Limited being discharged and security over the property granted by WAM in favour of Allied Irish Bank. The purchaser of the property made a contribution towards the costs of selling the property.
- 6.12 An investigation of the value of shares in an associated company, WAM was carried out and the shares were deemed to have no realisable value given that WAM has net liabilities. The shares were sold to the director of WAM for a nominal £1 in addition to a contribution towards the costs of transferring the shares to the purchaser.
- 6.13 Creditors were notified of the Administrators' appointment and provided with a copy of the Administrators' proposals for the company.
- 6.14 All statutory matters have been attended to.

7. ASSETS REMAINING TO BE REALISED

There are no assets remaining to be realised.

8. JOINT ADMINISTRATORS' PROPOSALS

- 8.1 Paragraph 3 to Schedule B1 to the Insolvency Act 1986 (as amended) sets out the purposes of an Administration. The Administrator must perform his functions with the objective of:
- (a) rescuing the company as a going concern, or
 - (b) achieving a better result for the Company's creditors as a whole than would be likely if the company were wound up (without first being in Administration)", or
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- 8.2 The Joint Administrators' proposals in relation to The Natural House Company Scotland Limited ("the Company") are set out below.
- 8.2.1 The Joint Administrators should realise the assets upon the terms they consider to be the most beneficial to creditors of the Company.

- 8.2.2 The Joint Administrators should arrange to distribute available funds from the realised assets to those creditors entitled to them in such manner as they consider will lead to an early distribution of the available assets in an economic manner.
- 8.2.3 The Joint Administrators be authorised to make such application to Court for directions as they consider appropriate with a view to achieving the purposes of the administration or their proposals.
- 8.2.4 The Joint Administrators propose that the administration be brought to an end when all the property and assets have been realised and distributed (after costs).
- 8.2.5 The Joint Administrators propose that the company exits the Administration by way of dissolution.
- 8.3 In accordance with Rule 2.25(3), the proposals shall be deemed to have been approved by the creditors should the creditors not have requested a meeting be convened in accordance with paragraph 52(1) of Schedule B1 of the Insolvency Act 1986 as referred to in section 1 above.
- 8.4 The Joint Administrators' circulated proposals for the conduct of the Administration on 4 December 2008 to creditors and notified creditors that in accordance with paragraph 52(2) of Schedule B1 of the Insolvency Act 1986 no meeting of creditors would be held. No requests for a meeting of creditors were received and the proposals were deemed approved without amendment upon the expiry of the statutory period on 16 December 2008.

9. EXTENSION OF THE ADMINISTRATION

- 9.1 The period of administration was initially extended to 12 April 2010 by consent of the secured creditor, being The Royal Bank of Scotland plc, in order to allow further time to fully realise the company's assets. On 27 August 2009, all creditors were notified of the extension of the administration period.
- 9.2 Further extensions of the period of administration to 12 July 2010, 23 August 2010, 23 November 2010, 23 February 2011, 23 May 2011, 23 August 2011 and 23 November 2011 were granted by the Court of Session on 1 April 2010, 6 July 2010, 4 August 2010, 19 November 2010, 22 February 2011, 11 May 2011 and 10 August 2011, respectively.

10. JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

Time costs and fees drawn to date

- 10.1 As it is anticipated there will not be a return to unsecured creditors, the Joint Administrators have, in accordance with legislation, agreed their fees and disbursements with the secured creditor, The Royal Bank of Scotland plc. The basis of the Joint Administrators' remuneration was approved by creditors on 16 December 2008, when the following resolution was passed:

"The Joint Administrators shall be authorised to draw their remuneration based upon time costs incurred by them in the Administration, to be paid out of the assets of the Company in accordance with Rule 2.39 "by reference to the time properly given by the Administrators and their staff, in attending to matters arising in the administration."

- 10.2 To date we have drawn a total of £49,500 plus VAT on account of our time costs incurred.

Attached are the following:

- Appendix B: Statement of Outcome
- Appendix C: Joint Administrators' time cost analysis
- Appendix D: Joint Administrators' charge out and disbursement rates
- Appendix E: Joint Administrators' Category 2 disbursements table
- Appendix F: Baker Tilly Restructuring and Recovery LLP charging, expenses and disbursements policy statement.

- 10.3 A total of 492.2 hours have been spent by our staff in the administration of the estate from the date of appointment to 23 November 2011, at an average hourly charge out rate of £138.56.

Analysis of time spent in administration of the estate

Our staff have carried out the following tasks:

- 10.4 Our staff have carried out the following tasks:

a) Administration and Planning

- a. Dealing with the commencement of the Administration, including liaising with The Royal Bank of Scotland plc;

- b. Following appointment a number of meetings took place with the director and a Statement of Affairs was received from the directors;
- c. The statutory filing of appointment documents with Companies' House, requesting the submission of the Statement of Affairs and filing it at Companies' House, together with day-to-day administration duties;
- d. Creditors were notified of the Administrator's appointment and provided with a copy of the Administrators' proposals for the company.

b) Realisation of Assets

10.5 Asset realisation is considered to be a key aspect of the Administration. Our staff have been employed on various matters relating to the residential properties at Huntshaw, Earlston, TD4 6AT and the commercial site at Ryehaugh Bank, Galashiels including:

- a. A number of meetings have taken place with The Royal Bank of Scotland plc and agents, Graham & Sibbald to regularly review the sales strategy for the properties at Huntshaw and Ryehaugh Bank;
- b. Legal advice was sought on the validity of a retention of title claim by a creditor who installed the pump in the sewerage pumping station at Huntshaw;
- c. Legal advice was sought on the statutory obligation on the Administrators to complete the access road and sewerage pumping station at Huntshaw. The Company has a statutory obligation to develop the access road to a standard sufficient to meet existing planning conditions and the deed of permissions. There is no obligation on the Company to complete the sewerage pumping station. There is no statutory obligation on the Administrators to complete either the access road or the sewerage pumping station.
- d. The position regarding the extent of the work required to complete the access road and sewerage pumping station at Huntshaw was established.
- e. Legal advice on the boundaries of the site at Ryehaugh Bank, Galashiels and ownership of the access strip to the site has been obtained. Ownership of the access strip has been established although the sum payable to acquire the access strip exceeds the value of the land.
- f. Plant and machinery including 2 motor vehicles, sundry small hand tools, road making plant, a mini digger, a Manitou MRT 1542 and attachments, a trailer and office contents have been realised for the amount of £50,957 (inclusive of VAT).

- g. Two book debts totalling £5,116 have been ingathered.
- h. The property at Craik Steadings was sold to an associated company, Woodlands Asset Management Limited (WAM), for a nominal £1.
- i. The shares in an associated company, WAM were sold for a nominal £1.

c) Trading

- 10.6 The company ceased to trade prior to the company entering into administration on 13 October 2008. The Joint Administrators have not traded the company in administration.

d) Creditors

- 10.7 Queries from and correspondence with creditors and employees have been necessary aspects of the Administration process.

- The preparation of the Administrators' Proposals has been undertaken including the attendant aspects of providing and obtaining the required information.
- Creditors were notified of the Administrators' appointment and provided with a copy of the Administrators' proposals for the company.
- Creditors were notified of the initial extension of the period of the administration to 12 April 2010 and of subsequent extensions of the period of administration to 12 July 2010, 23 August 2010, 23 November 2010, 23 February 2011, 23 May 2011, 23 August 2011 and 23 November 2011. Creditors were notified of the Administrators' intention to extend the period of administration beyond 12 April 2010, 12 July 2010, 23 August 2010, 23 November 2010, 23 February 2011, 23 May 2011 and 23 August 2011.
- A retention of title claim was received in respect of the pump installed within the sewerage pumping station. Legal advice was obtained and the claim was rejected.
- Claims from preferential creditors have been adjudicated on. A distribution has been made to preferential creditors.
- The validity of The Royal Bank of Scotland's bond and floating charge has been confirmed. A distribution has been made to The Royal Bank of Scotland in terms of both its standard securities and its bond and floating charge.

Joint Administrators' Disbursements

- 10.8 The basis of the Joint Administrators' drawing disbursements was approved by creditors on 16 December 2008, when the following resolution was passed:

"The Joint Administrators shall be authorised to draw their disbursements and other expenses incurred by them in the administration, to be paid out of the assets of the Company, such disbursements to include "Category 2 disbursements" at the rates prevailing when the cost was incurred"

- 10.9 Category 2 disbursements drawn from the Company's assets are detailed at Appendix E.



Keith V Anderson
Baker Tilly Restructuring and Recovery LLP
Joint Administrator

Keith Anderson and Mark Ranson are licensed to act as Insolvency Practitioners in the UK by the Institute of Chartered Accountants of Scotland and the Institute of Chartered Accountants in England and Wales respectively

The affairs, business and property of the company are being managed by the Joint Administrators who act as agents of the company and without personal liability

Receipts and Payments Abstract: E279550 - The Natural House Company Scotland Limited In

Bank, Cash and Cash Investment Accounts: From: 13/04/2011 To: 12/10/2011

SOA Value £	13/04/2011 to 12/10/2011		Total to 12/10/2011	
	£	£	£	£
SECURED ASSETS				
0.00	Heritable Land & Property	0.00	1.00	
0.00	Heritable Land and Property	107,100.00	172,100.00	
		107,100.00		172,101.00
COST OF REALISATIONS				
0.00	Agents/Valuers Fees	(10,000.00)	(19,571.08)	
0.00	Legal Fees	(13,358.02)	(64,008.02)	
0.00	Office Holders Fees	0.00	(32,500.00)	
0.00	Other Property Expenses	0.00	(2,034.23)	
0.00	Property Search Fees	0.00	(9.00)	
0.00	Registers of Scotland Fee	(120.00)	(210.00)	
		(23,478.02)		(118,332.33)
ASSET REALISATIONS				
0.00	Bank Interest Gross	36.40	107.77	
0.00	Book Debts	0.00	5,116.19	
0.00	Discharge of std security over Plot 10,	0.00	2,000.00	
0.00	Insurance Refund	0.00	209.42	
0.00	Other Current Assets	0.00	32,079.35	
0.00	Plant & Machinery	0.00	46,004.30	
0.00	Shares & Investments	0.00	1.00	
		36.40		85,518.03
COST OF REALISATIONS				
0.00	Agents/Valuers Fees	0.00	(2,367.22)	
0.00	Corporation Tax	(13.72)	(18.76)	
0.00	Counsel Fees	0.00	(100.00)	
0.00	Court Dues	0.00	(210.00)	
0.00	Fees	0.00	(2.00)	
0.00	Insurance of Assets	(985.43)	(2,341.42)	
0.00	Legal Agents' disbursements	(269.48)	(269.48)	
0.00	Legal Fees	(837.00)	(2,309.50)	
0.00	Legal Fees	(12,545.76)	(30,784.40)	
0.00	Legal Fees - Contribution from	0.00	4,000.00	
0.00	Office Holders Expenses	0.00	(9.30)	
0.00	Office Holders Fees	(15,000.00)	(17,000.00)	
0.00	Office Holders Fees - Contribution from	0.00	2,000.00	
0.00	Re-Direction of Mail	0.00	(49.80)	
0.00	Specific Bond	0.00	(143.00)	
0.00	Stationery & Postage	0.00	(7.00)	
0.00	Statutory Advertising	0.00	(63.45)	
0.00	Travel Expenses	0.00	(114.85)	
		(29,651.39)		(49,790.18)
PREFERENTIAL CREDITORS				
0.00	Holiday Pay	(6,432.51)	(6,432.51)	
0.00	Wages	(9,861.15)	(9,861.15)	
		(16,293.66)		(16,293.66)
0.00		37,713.33	73,202.86	
REPRESENTED BY				
	Current A/c		75,260.01	
	Payables		(2,057.15)	
				73,202.86

SOA Value £	13/04/2011 to 12/10/2011		Total to 12/10/2011	
	£	£	£	£
				<u>73,202.86</u>

Receipts and Payments Abstract: E279550 - The Natural House Company Scotland Limited In

Bank, Cash and Cash Investment Accounts: From: 13/10/2011 To: 23/11/2011

SOA Value £		13/10/2011 to 23/11/2011		Total to 23/11/2011	
		£	£	£	£
SECURED ASSETS					
0.00	Heritable Land & Property	0.00		1.00	
0.00	Heritable Land and Property	0.00		172,100.00	
			0.00		172,101.00
COST OF REALISATIONS					
0.00	Agents/Valuers Fees	0.00		(19,571.08)	
0.00	Legal Fees	0.00		(64,008.02)	
0.00	Office Holders Fees	0.00		(32,500.00)	
0.00	Other Property Expenses	0.00		(2,034.23)	
0.00	Property Search Fees	0.00		(9.00)	
0.00	Registers of Scotland Fee	0.00		(210.00)	
			0.00		(118,332.33)
SECURED CREDITORS					
(485,000.00)	The Royal Bank of Scotland PLC	(73,176.65)		(73,176.65)	
			(73,176.65)		(73,176.65)
ASSET REALISATIONS					
0.00	Bank Interest Gross	16.10		123.87	
0.00	Book Debts	0.00		5,116.19	
0.00	Discharge of std security over Plot 10,	0.00		2,000.00	
0.00	Insurance Refund	0.00		209.42	
0.00	Other Current Assets	0.00		32,079.35	
0.00	Plant & Machinery	0.00		46,004.30	
0.00	Shares & Investments	0.00		1.00	
			16.10		85,534.13
COST OF REALISATIONS					
0.00	Agents/Valuers Fees	0.00		(2,367.22)	
0.00	Bank Charges	(20.00)		(20.00)	
0.00	Corporation Tax	(14.66)		(33.42)	
0.00	Counsel Fees	0.00		(100.00)	
0.00	Court Dues	(45.00)		(255.00)	
0.00	Fees	0.00		(2.00)	
0.00	Insurance of Assets	57.35		(2,284.07)	
0.00	Legal Agents' disbursements	0.00		(269.48)	
0.00	Legal Fees	0.00		(30,784.40)	
0.00	Legal Fees	0.00		(2,309.50)	
0.00	Legal Fees - Contribution from	0.00		4,000.00	
0.00	Office Holders Expenses	0.00		(9.30)	
0.00	Office Holders Fees	0.00		(17,000.00)	
0.00	Office Holders Fees - Contribution from	0.00		2,000.00	
0.00	Re-Direction of Mail	0.00		(49.80)	
0.00	Scottish Court Service	(20.00)		(20.00)	
0.00	Specific Bond	0.00		(143.00)	
0.00	Stationery & Postage	0.00		(7.00)	
0.00	Statutory Advertising	0.00		(63.45)	
0.00	Travel Expenses	0.00		(114.85)	
			(42.31)		(49,832.49)
PREFERENTIAL CREDITORS					
0.00	Holiday Pay	0.00		(6,432.51)	
0.00	Wages	0.00		(9,861.15)	
			0.00		(16,293.66)
(485,000.00)		(73,202.86)		0.00	

Appendix B

The Natural House Company Scotland Limited (In Administration) Statement of Estimated Outcome as at 23 November 2011

	£	£
Asset realisations		
<u>Secured Assets</u>		
- Huntshaw, Earlston	162,000	
- Ryehaugh Bank, Galashiels	<u>10,100</u>	
		172,100
Less: Direct Costs		
Agents' selling fees/commissions	(19,571)	
Legal Fees	(64,008)	
Administrators' Remuneration	(32,500)	
Other Property Expenses	<u>(2,253)</u>	
		(118,332)
		53,768
Less Secured Creditor - Royal Bank of Scotland		<u>(1,400,000)</u>
Shortfall to Royal Bank of Scotland - c/fwd to Floating Charge Holder		<u>(1,346,232)</u>
<u>Floating Charge Assets</u>		
Plant & Machinery	46,004	
Book Debts	5,116	
Transfer of interest in property at Craik Farm Steadings & shares in WAM (note 2)	2	
Compulsory land purchase compensation payment - Ryehaugh Bank	32,079	
Discharge of security over plot 10, Huntshaw, Earlston	2,000	
Insurance refund	209	
Bank Interest Gross	108	
Purchaser's contribution towards costs (note 2)	<u>6,000</u>	
	91,518	
Less: Costs of Realisation		
Agents' selling fees/commissions	(2,367)	
Legal Fees	(33,718)	
Administrators' Remuneration	(17,000)	
Expenses of Administration	<u>(2,716)</u>	
	35,717	
Less Preferential Creditors	<u>(16,294)</u>	
	19,423	
Less prescribed part available to Ordinary Creditors (note 1)	<u>(6,884)</u>	
Amount available to Floating Charge Holder		12,539
Shortfall to Royal Bank of Scotland		<u>(1,333,693)</u>

Notes :

1. Prescribed part calculated as 50% of first £10,000 plus 20% of remaining assets available to FCH = £5,000 + (20% x £9,423). We do not propose to make a payment to ordinary creditors via the prescribed part and consequently these funds will flow to RBS as floating charge holder (refer to paragraph 5.6 of Progress Report)

2. The Purchaser made a contribution towards the costs of transferring the interest in the property at Craik Farm Steadings and the shares in WAM.

The Natural House Compnay Scotland Limited - In Administration

Summary of Time Costs from 13 April 2011 to 12 October 2011

	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs	Average hourly rate
Hours (pre 31/12/2002)	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00
Hours (post 31/12/2002)							
Administration and Planning	1.20	9.00	10.40	0.00	20.60	£2,896.50	£140.61
Investigation	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00
Realisation of Assets	0.60	9.30	0.00	0.00	9.90	£1,875.00	£188.39
Trading	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00
Creditors	0.50	8.00	18.20	0.00	26.70	£3,845.00	£136.52
Case Specific Matters	0.20	0.70	0.00	0.00	0.90	£193.00	£214.44
Total Hours	2.50	27.00	28.60	0.00	58.10		
Total Time Costs	843.00	4,860.00	2,906.50	0.00		£8,609.50	

Charge-out Rates:

As at 1 April 2011	£335	£135-225	£75-135	£40-75
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Summary of Time Costs for "Administration and Planning"

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Appointment	0.3	1.8	0.0	0.0	2.1	£424.50
Case Management	0.5	3.5	1.9	0.0	5.9	£1,000.50
Post-appointment - general	0.2	0.0	0.0	0.0	0.2	£67.00
Post-appointment taxation	0.2	1.0	3.8	0.0	5.0	£513.00
Receipts and Payments	0.0	2.7	4.7	0.0	7.9	£891.50
Totals	1.2	9.0	10.4	0.0	20.6	£2,896.50

Summary of Time Costs for "Realisation of Assets"

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Assets - general/other	0.0	0.8	0.0	0.0	0.8	£144.00
Land and Property	0.6	8.5	0.0	0.0	9.1	£1,731.00
Totals	0.6	9.3	0.0	0.0	9.9	£1,875.00

Summary of Time Costs for "Creditors"

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Employees	0.0	0.3	4.6	0.0	4.9	£852.00
Other Creditor Meetings and Reports	0.3	3.8	0.0	0.0	4.1	£784.50
Preferential Creditors	0.1	0.6	5.8	0.0	6.5	£750.50
Secured Creditors	0.0	3.2	0.7	0.0	2.9	£649.50
Unsecured Creditors	0.0	0.0	7.1	0.0	7.3	£608.50
Totals	0.5	8.0	18.2	0.0	26.7	£3,645.00

Summary of Time Costs for "Case Specific Matters"

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Legal Matters	0.2	0.7	0.0	0.0	0.9	£193.00
Totals	0.2	0.7	0.0	0.0	0.9	£193.00

The Natural House Compnay Scotland Limited - In Administration

Summary of Time Costs from 13 October 2011 to 23 November 2011

	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs	Average hourly rate
Hours (pre 31/12/2002)	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00
Hours (post 31/12/2002)							
Administration and Planning	0.20	0.60	17.50	0.00	18.30	£1,948.50	£106.48
Investigation	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00
Realisation of Assets	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00
Trading	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00
Creditors	0.20	1.90	12.30	0.00	14.40	£1,700.50	£118.09
Case Specific Matters	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00
Total Hours	0.40	2.50	29.80	0.00	32.70		
Total Time Costs	134.00	450.00	3,065.00	0.00		£3,649.00	

Summary of Time Costs for "Administration and Planning"

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Case Management	0.0	0.1	6.2	0.0	6.3	£669.00
Closure	0.0	0.5	4.6	0.0	5.1	£573.00
Post-appointment taxation	0.0	0.0	1.9	0.0	1.9	£199.50
Receipts and Payments	0.2	0.0	4.8	0.0	5.0	£507.00
Totals	0.2	0.6	17.5	0.0	18.3	£1,948.50

Summary of Time Costs for "Creditors"

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Employees	0.0	0.0	1.0	0.0	1.0	£105.00
Other Creditor Meetings and Reports	0.0	1.7	7.5	0.0	9.2	£1,093.50
Preferential Creditors	0.2	0.0	3.2	0.0	3.4	£403.00
Secured Creditors	0.0	0.2	0.6	0.0	0.8	£99.00
Totals	0.2	1.9	12.3	0.0	14.4	£1,700.50

The Natural House Compnay Scotland Limited - In Administration

Summary of Time Costs from 13 October 2008 to 23 November 2011

	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs	Average hourly rate
Hours (pre 31/12/2002)	0.00	0.00	0.00	0.00	0.00	£0.00	£0.00
Hours (post 31/12/2002)							
Administration and Planning	7.60	95.70	59.30	6.10	168.70	£21,258.50	£126.01
Investigation	0.20	1.30	0.00	0.00	1.50	£232.00	£154.67
Realisation of Assets	13.40	156.50	0.20	0.00	170.10	£26,283.00	£154.51
Trading	1.20	0.00	0.00	0.00	1.20	£300.00	£250.00
Creditors	7.00	73.20	66.70	0.00	146.90	£19,401.50	£132.07
Case Specific Matters	0.90	2.90	0.00	0.00	3.80	£725.00	£190.79
Total Hours	30.30	329.60	126.20	6.10	492.20		
Total Time Costs	7,957.00	48,458.50	11,413.50	371.00		£68,200.00	

Appendix D

BAKER TILLY RESTRUCTURING AND RECOVERY LLP EDINBURGH CURRENT CHARGE OUT AND DISBURSEMENT RATES

CHARGE OUT RATES		
	Rate at commencement £	Current rate £
Partner	£225 - £300	£225 - £335
Manager	£135 - £225	£135 - £225
Administrator	£75-£135	£75 -£135
Support staff	£40-£75	£40-£75

It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to it's complexity and the skill and experience actually required to perform it.

Baker Tilly Restructuring and Recovery LLP's charge out rates are reviewed periodically.

"CATEGORY 2" DISBURSEMENT RATES	
Fax	Nil
Photocopying	Nil
Internal room hire	Nil
Subsistence	£23 per night
Travel (car)	38p per mile (up to and including 31 March 2010) 40p per mile (from 1 April 2010) 42.5p per mile (from 1 April 2011)

Appendix E

BAKER TILLY RESTRUCTURING AND RECOVERY LLP Joint Administrators' CATEGORY 2 DISBURSEMENTS TABLE

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest			
Recipient, Type and Purpose	Category	Paid	Unpaid
		£	£
Travel Expenses	2	114.85	
Total			

Appendix F

BAKER TILLY RESTRUCTURING AND RECOVERY LLP

CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT

Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time.
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators.
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate.
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done
- The current charge rates for Baker Tilly Restructuring and Recovery LLP Edinburgh are attached
- Time billed is subject to Value Added Tax at the applicable rate.
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it.
- BAKER TILLY RESTRUCTURING AND RECOVERY LLP's charge out rates are reviewed periodically.

Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate.
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to creditors, but do not require creditors' approval prior to being drawn from the insolvency estate. These are known as "Category 1" disbursements.
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) require the approval of creditors prior to being drawn from the insolvency estate. These are known as "Category 2" disbursements.
- A resolution to consider approving "Category 2" disbursements at the rates prevailing at the time the cost is incurred to Baker Tilly Restructuring and Recovery LLP Edinburgh will be proposed to creditors' in general meeting
- General office overheads are not re-charged to the insolvency estate as a disbursement.
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of creditors.
- Where applicable, expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate.