

The Insolvency Act 1986

Statement of administrator's proposals**R2.25****Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.25 of the Insolvency (Scotland) Rules 1986**

Name of Company

SI Hotels Glasgow Investments Ltd

Company number

SC310016

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

We,
Thomas Campbell MacLennan
RSM Tenon Recovery
160 Dundee Street, Edinburgh, EH11 1DQ

Alexander Iain Fraser
RSM Tenon Recovery
Suite 2b, Johnston House, 52-54 Rose Street,
Aberdeen, AB10 1UD

Kenneth Robert Craig
RSM Tenon Recovery
48 St Vincent Street, Glasgow, G2 5TS

attach a copy of our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 4 January 2012

Signed

Joint / Administrator(s)

Dated

9/1/12

Contact Details:

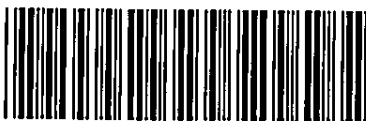
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form.

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

Thomas Campbell MacLennan
RSM Tenon Recovery
160 Dundee Street Edinburgh EH11 1DQ

DX Number

+44 (0) 131 221 8820
DX Exchange



SCT 11/01/2012 #492
COMPANIES HOUSE

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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

**Joint Administrators' Proposals relating to
SI Hotels Glasgow Investments Ltd ("the Company") –
In Administration**

Issued on: 4 January 2012

Thomas Campbell MacLennan, Alexander Iain Fraser and Kenneth Robert Craig of RSM Tenon are the Joint Administrators of the Company and these are the Joint Administrators' statutory proposals relating to the Company.

1. Statutory Information

Statutory information relating to the Company is attached at **Appendix I**.

2. Circumstances Leading to the Appointment of the Joint Administrators

The Company operates as a 100% holding company for Si Argyle Street Ltd, a Northern Ireland registered company, trading as a Radisson Blu branded hotel in Glasgow. The company's sole function is to serve as a vehicle for the debt due to the secured lender and to ingather rental receipts for the three units leased on the ground floor of the hotel. In turn the Company is owned 100% by the Si Limited Partnership No 6. Intercompany loans and cross-company guarantees relating to the property and funds secured on it are in place between Si Argyle Street Ltd and the Company.

As a result of the subsidiaries inability to service the finance costs of the group and to enable a controlled disposal of the hotel the directors sought the appointment of the Joint Administrators.

A summary of the Group's recent trading performance as reported in the Company's statutory accounts is shown below.

	Statutory Accts 1 April 2010 to 31 March 2011 £'000	Statutory Accts 1 April 2009 to 31 March 2010 £'000	Statutory Accts 1 April 2008 to 31 March 2009 £'000
Turnover	10,934	11,781	12,382
Cost of Sales	(1,094)	(1,180)	(1,316)
Gross Profit	9,840	10,601	11,066
Gross Profit %	90	90	89
Overheads	(20,081)	(11,447)	(12,136)
Net Profit/(Loss) after tax	(10,241)	(846)	(1,070)

Consolidated Balance Sheet as at:	Statutory Accts 01/04/10 to 31/03/11 £'000	Statutory Accts 01/04/09 to 31/03/10 £'000	Statutory Accts 01/04/08 to 31/03/09 £'000
Fixed Assets			
Intangible Assets	-	(2,036)	(2,163)
Tangible Assets	40,000	50,950	50,050
	40,000	48,914	47,887
Current Assets			
Stocks	112	135	114
Debtors	965	1,020	938
Cash at bank and in hand	1,049	2,507	2,417
	2,126	3,662	3,469
Creditors: amounts falling due within one year	52,806	53,015	2,232
Net Current Assets	(50,680)	(49,353)	1,237
Total Assets Less Current Liabilities	(10,680)	(439)	49,124
Creditors: amounts falling due after more than one year	-	-	51,215
	(10,680)	(439)	(2,091)

Capital & Reserves			
Called up share capital	11,500	11,500	11,500
Revaluation reserve	(6,867)	(7,331)	(10,685)
Profit & loss account	<u>15,313</u>	<u>(4,608)</u>	<u>(2,904)</u>
Shareholders' (deficit)/funds	<u>(10,680)</u>	<u>(439)</u>	<u>(2,091)</u>

On 9 November 2011, Alexander Iain Fraser, Kenneth Robert Craig and I were appointed by the directors of the company with the consent of the qualifying floating charge holder as Joint Administrators of the Company. The appointment permitted the Joint Administrators to take any actions required either jointly or alone.

3. Objectives of the Administration of the Company and the Joint Administrators' Strategy

The purpose of an administration is to achieve one of the three hierarchical objectives set out in the insolvency legislation, which is to:-

- (a) rescue the company as a going concern; or
- (b) achieve 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) realise property in order to make a distribution to one or more secured or preferential creditors.

Objective (a) could not be achieved as no purchaser could be found for the shares of the Company and the nature of the Company's trading and its financial circumstances meant that a Company Voluntary Arrangement was not appropriate.

Objective (b) could not be achieved as the amount due to the Company's chargeholders compared to the value of its assets means that there are only sufficient assets to make a distribution to the chargeholders and any preferential creditors. As a result, I am seeking to achieve objective (c) for the Company, and will do this by continuing to trade the 100% owned subsidiary, SI Argyle Street Ltd – In Administration, and conclude a sale of the business and assets as a going concern.

The insolvency legislation has set a 12 month maximum duration for administrations, unless the duration is extended by the Court or the creditors. If I am unable to complete the administration of the company within 12 months then I will either apply to the court, or hold a meeting of creditors, in order to seek approval to extending the duration of the administration.

4. Actions of the Joint Administrators Following Appointment

The company carries out no trading function, therefore the company will remain live to facilitate the repayment of the secured lender in terms of their security following the. As such the subsidiary company SI Argyle Street Ltd – In Administration will continue to trade in an effort to preserve the goodwill in the sale agreed with the preferred bidder identified prior to our appointment.

5. Financial Position of the Company

I have asked the directors to prepare a summary of the Company's estimated financial position as at 9 November 2011, which is known as a Statement of Affairs and this has yet to

be submitted. The company's former accountants, BDO LLP, are in the process of assisting the directors in preparing the document.

I have prepared an estimate of the financial position of the Company as at 9 November 2011 from the records of the Company, and that is attached at **Appendix II**, together with a list of names and addresses of all known creditors, and the amounts of their debts.

Comments on the Joint Administrator's estimate of the financial position of the company

5.1. Heritable property

The heritable property of the company is held by the subsidiary company SI Argyle Street Ltd – In Administration. The Company borrowed money against the land and buildings held in the subsidiary and as a result cross guarantees are held as security by Lloyds Banking Group.

6. Joint Administrators' Receipts and Payments Account

I attach a summary of my receipts and payments relating to the Company for the period from when it entered administration, 9 November 2011, to the date of these proposals, at **Appendix IV**.

7. Proposed Future Actions of the Joint Administrators to Achieve the Objective of the Administration

In order to achieve the objective of the Administration of the Company I propose to progress the sale of the business and assets to the preferred bidder.

8. Meeting of Creditors

I am not convening a meeting of creditors as in the Administrators' opinion the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part.

However, creditors whose debts amount to at least 10% of the total debts of the Company can require me to call a meeting. Such a request must be made to me within 8 business days of the date of the letter accompanying these proposals.

If creditors do not require me to convene a meeting of creditors within that time period, then my proposals will be deemed to have been approved.

Creditors are also entitled at a meeting of creditors to establish a Creditors' Committee should they so wish, provided that there are no fewer than three and no more than five wishing to be represented on the Committee.

9. Joint Administrators' Remuneration and Expenses

I propose that our fees will be charged by reference to the time properly spent by us and our staff in dealing with the matters relating to the administration of the Company. This time will be charged at the hourly charge out rate of the grade of staff undertaking the work at the time the work is undertaken. Information about current charge out rates is set out in **Appendix III**. I also propose that we are permitted to charge what are known as category 2 expenses. Information about category 2 expenses is set out in **Appendix III**.

The approval of the basis of our remuneration and category 2 expenses forms part of these proposals for which approval is being sought, but if a creditors' committee is appointed at the forthcoming meeting of creditors then I will seek approval from that committee instead.

To the date this report is prepared, my time costs amount to £11,041.00, representing 47.2 hours work, at an average charge out rate of £233.92. Appendix III contains information about remuneration and expenses, including the total time spent on the affairs of the Company for the period from when it entered administration, 9 November 2011, to the date of these proposals, and the cost of that time based on the charge out rates of the staff undertaking the work.

Please go to <http://www.rsmtenon.com/creditorsguide> and click on "Creditors' Guides" if you require further information relating to Administrator's Remuneration. Alternatively a copy is available free of charge upon request from the address below:

10. Discharge from Liability

We will, in accordance with legislation, be seeking an order of court for discharge from liability in respect of any action of ours as Administrators to take effect at the conclusion of the administration.

11. Joint Administrators' Investigations

I have a duty to consider the conduct of those who have been directors of the Company at any time in the three years preceding the Administration. I am also required to investigate the affairs of the Company in general in order to consider whether any civil proceedings should be taken on its behalf. I should be pleased to receive from you any information you have that you consider will assist me in this duty. I would stress that this request for information forms part of my normal investigation procedure.

12. EC Regulation on Insolvency Proceedings

I consider that the EC Regulation on Insolvency Proceedings apply to the Administration of the Company. I also consider that they are "main" proceedings since the Company's registered office is in the United Kingdom.

13. Joint Administrators' Proposals

In order to achieve the objective set out at Section 3 above, Thomas Campbell MacLennan, Alexander Iain Fraser and Kenneth Robert Craig of RSM Tenon Recovery, the Joint Administrators formally propose to creditors that:

- (a) they continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration. In particular that they:
 - (i) Continue to trade the hotel pending completion of a sale;
 - (ii) sell the Company's assets at such time(s) on such terms as they consider appropriate;
 - (iii) investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company which supplies or has supplied goods or services to the Company; and

- (iv) do all such things and generally exercise all their powers as Administrators as they in their discretion consider desirable or expedient in order to achieve the purpose of the administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these proposals
- (b) As there will be no funds available for distribution to the unsecured creditors other than by virtue of the prescribed part, the Company exits administration by way of dissolution

14. Further Information

Should you require any further information relating to these proposals or the administration of the Company please do not hesitate to contact Alex Brown on the telephone number shown in the covering letter enclosing these proposals.

T C MacLennan

Joint Administrator

Licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland

The affairs, business and property of the Company are being managed by the Administrators

Appendix I

Statutory Information

Appendix I

Company Information

Company Name: SI Hotels Glasgow Investments Limited
Company Number: SC310016
Date of Incorporation: 11 October, 2006
Current Registered Office: 160 Dundee Street
Edinburgh
Former Registered Office: 4th Floor
Saltire Court
20 Castle Terrace
Edinburgh
Principal Trading Activity: Letting of own property

Appointment details

Date of Appointment: 9 November, 2011
Appointment made by: Lloyds Banking Group
Court Name and Reference: /
Administrators Appointed: Thomas Campbell MacLennan IP Number: 8209
Alexander Iain Fraser IP Number: 9218
Kenneth Robert Craig IP Number: 8584

Officers of the company

Director	Appointed	Resigned
Marilyn Dawn Cole	07 November 2006	-
Gregor Euan Alexander Clark	31 January 2008	-
Stuart David Glass	15 January 2010	-
Company Secretary	Appointed	Resigned
Stuart David Glass	31 January 2008	-

Authorised and Issued Share Capital

£1 Ordinary Shares 11,500,001

Ordinary Shareholders

SI Ltd Partnership No 6 11,500,001 ordinary shares

Charges

Standard Security dated 11 April 2007 in favour of Bank of Scotland
Standard Security dated 23 March 2007 in favour of Bank of Scotland
Standard Security dated 23 March 2007 in favour of Bank of Scotland
Floating Charge dated 21 March 2007 in favour of Bank of Scotland

Appendix II

**Joint Administrators' estimate of the Financial
Position of the Company
as at 9 November 2011,**

SI Hotels Glasgow Investments Limited – In Administration

**ESTIMATE OF THE FINANCIAL POSITION OF THE COMPANY
AT 9 NOVEMBER 2011**

Prepared by T C MacLennan, A I Fraser & K R Craig

	Note	Book Value £'000s	Estimated to realise £'000s
Specifically secured assets			
Property at 301 Argyle Street	1	48,648	u/k
Less – Due to Standard Security holder	2	(51,200)	(51,200)
			<u>u/k</u>
Floating Charge Holder			
Shortfall from Standard Security			<u>u/k</u>
			<u>u/k</u>
Ordinary Creditors			
Trade Creditors	3	(78)	
			<u>(78)</u>
Estimated Deficiency to creditors			<u>u/k</u>

**NOTES TO THE JOINT ADMINISTRATORS' ESTIMATE OF THE FINANCIAL POSITION
OF THE COMPANY AS AT 9 NOVEMBER 2011**

The estimated statement of affairs is subject to the costs of the administration. The figures contained in this statement reflect information obtained to date from company records and creditor representations.

1. The estimate to realise value for the property cannot be disclosed as at it remains commercially sensitive at the date of this report.
2. The sole standard security holder is Lloyds Banking Group.
3. Ordinary creditors are included from claims made available by creditors to date and from the company's records.

RSM Tenon Recovery
SI Hotels Glasgow Investments Ltd
Projected Creditor Claims

Key	Name	£
CB00	BT Plc Department W Durham TE Providence Row Durham DH1 1RR	0.00
CB01	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX	780.00
CB02	British Gas Business Spinneyside Penman Way Grove Park Leicester LE19 1SZ	0.00
CC00	Contributions Agency Insolvency Section Room 106E Central Office Longbenton Newcastle upon Tyne NE98 1YX	0.00
CC01	Corporation Tax Insolvency Operations Queens Dock Liverpool L74 4AA	0.00
CD00	DTI. Insolvency Service Redundancy Payments Directorate Ladywell House Ladywell Road Edinburgh EH12 7UR	0.00
CD01	Dundas & Wilson LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EN	70,825.28
CG00	Glasgow Council Rates Dept Non-Domestic Rates PO Box 36 45 John Street Glasgow G1 1JE	0.00
CI00	HM Revenue & Customs Durrington Bridge House Barrington Road Worthing West Sussex BN12 4SE	0.00

Signature _____

RSM Tenon Recovery
SI Hotels Glasgow Investments Ltd
Projected Creditor Claims

Key	Name	£
CL00	Lloyds Banking Group FAO Colin Campbell, Lloyds Bank Corporate Markets, 4th Floor Citymark 150 Fountainbridge Edinburgh EH3 9PE Tel: 0131 347 6391 Fax:	0.00
CS00	Scottish Power PO Box 3867 Glasgow	0.00
CS01	SI Argyle Street Limited 160 Dundee Street Edinburgh EH11 1DQ	0.00
CS02	Si Limited Partnership No 6 41 Charlotte Square Edinburgh EH2 4HQ	6,345.00
13 Entries Totalling		77,950.28

Signature _____

Appendix III

Information relating to Joint Administrators' Remuneration and Expenses

1. Explanation of office-holders charging and disbursement recovery policies

1.1. Time recording

Work undertaken on cases is recorded in 6 minute units in an electronic time recording system. Time properly incurred on cases is charged at the hourly rate of the grade of staff undertaking the work that applies at the time the work is done. The current hourly charge out rates are:

	Rate range since 01/01/11 £
Director and licensed Insolvency Practitioner	340 - 395
Associate Director	275 - 300
Senior Manager	230 - 280
Manager	200 - 210
Senior Administrator	175
Administrator	145 - 150
Secretarial and support staff	85 - 95
Cashier	85 - 95

1.2. Disbursement recovery

Disbursements are categorised as either Category 1 or Category 2.

Category 1 expenses are directly referable to an invoice from a third party, which is either in the name of the Company or RSM Tenon Recovery; in the case of the latter, the invoice makes reference to, and therefore can be directly attributed to, the Company. These disbursements are recoverable in full from the Company without the prior approval of creditors either by a direct payment from the Company or, where RSM Tenon Recovery has made payment on behalf of the Company, by a recharge of the amount invoiced by the third party. Examples of category 1 disbursements are statutory advertising, external meeting room hire, external storage, specific bond insurance and company search fees.

Category 2 expenses are incurred by RSM Tenon Recovery and recharged to the estate; they are not attributed to the estate by a third party invoice and/or they may include a profit element. These disbursements are recoverable in full from the Company, subject to the basis of the disbursement charge being approved by creditors in advance. Examples of category 2 disbursements are photocopying, internal room hire, and internal storage.

Case Name Period		SI Hotels Glasgow Investments Limited - In Administration 9 November 2011 to 4 January 2012								
Hours									Time Cost £	Average Hourly Rate £
Classification of Work Function	Director	Associate Director	Senior Manager	Manager	Senior Administ	Other Senior Staff	Assistants & Support Staff	Total Hours		
Administration and Planning	1.4	8.9	6.2	0.0	3.5	0.0	3.4	23.4	5,395.50	230.58
Investigations	0.7	5.2	1.3	0.0	0.0	0.0	0.0	7.2	2,003.00	278.19
Realisation of Assets	0.0	4.3	0.0	0.0	0.0	0.0	0.0	4.3	1,182.50	275.00
Creditors	0.0	3.2	3.1	0.0	0.0	4.3	1.7	12.3	2,460.00	200.00
Total	2.1	21.6	10.6	0.0	3.5	4.3	5.1	47.2	11,041.00	233.92

Chargeout Rates

£

Director	340 - 395
Associate Director	275 - 300
Senior Manager	230 - 280
Manager	200 - 210
Senior Administrator	175
Other Senior Staff	145 - 150
Assistants/Cashier and Support Staff	85 - 95

SI Hotels Glasgow Investments Ltd
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 09/11/2011 To 04/01/2012	From 09/11/2011 To 04/01/2012
ASSET REALISATIONS		
Registers of Scotland	15.00	15.00
	(15.00)	(15.00)
	(15.00)	(15.00)
REPRESENTED BY		
Office		(15.00)
		(15.00)

Thomas Campbell MacLennan
Joint Administrator