

The Insolvency Act 1986

Administrator's progress report**R2.38**

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

Name of Company

Granite City Assets Limited

Company number

SC416993

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
James Bernard Stephen
BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JXFrancis Graham Newton
BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

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

from

to

(b) Insert date(s)

(b) 15 June 2017

(b) 14 December 2017

Signed

Joint / Administrator(s)

Dated

21/1/18

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

James Bernard Stephen
BDO LLP
4 Atlantic Quay
70 York Street
Glasgow
G2 8JX

DX Number LP 55 Glasgow - 6

01412 483 761
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**

Ct

TUESDAY

SCT 23/01/2018 #247
COMPANIES HOUSE

Granite City Assets Limited (In Administration)

Progress Report in terms of Rule 2.38 of the Insolvency (Scotland) Rules 1986

Period of Report: Six months to 14 December 2017

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James Stephen and Francis Graham Newton of BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX, were appointed Joint Administrators on 15 December 2015. The business and assets of the company are now managed by the Joint Administrators. The Joint Administrators act as agents of the company, without personal liability.

James Stephen is authorised to act as an insolvency practitioner in the UK by the Institute of Chartered Accountants in England & Wales. Office holder number 9273; and
Francis Graham Newton is authorised to act as an insolvency practitioner in the UK by the IPA. Office holder number 9310.

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 as defined by the Data Protection Act 1998. Personal data will be kept secure and processed only for matters relating to the Administration.

This progress report has been prepared by the Joint Administrators solely to comply with their statutory duty under the Insolvency Act and Scottish Rules 1986 (as amended) to provide members and creditors with an update on the progress of the Administration and for no other purpose.

This report is not suitable to be relied upon by any other person, or for any other purpose or in any other context including any decision in relation to the debt of or any financial interest in the Company. Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act and Scottish Rules 1986 (as amended) does so at their own risk. Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for individual creditors.

1 INTRODUCTION

- 1.1 This is a statutory report to creditors on the progress of the Administration of Granite City Assets Limited. The report should be read in conjunction with previous correspondence on the case. A copy of this report will be submitted to the Court and The Registrar of Companies.

2 STATUTORY INFORMATION

- 2.1 The Joint Administrators are James Bernard Stephen and Francis Graham Newton of BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow G2 8JX and they were appointed in respect of the above Company on 15 December 2015. Under the provisions of paragraph 100(2) of schedule B1 of the Insolvency Act 1986 the Joint Administrators carry out their functions jointly and severally and neither Administrator has exclusive power to exercise any function.
- 2.2 The Joint Administrators were appointed by Neil Armstrong Nash, a director of Union Hanover Securities Limited, corporate director of the Company, formerly registered at Warwick House, The Grange, St Peter Port, Guernsey, pursuant to Paragraph 22 of schedule B1 of the Insolvency Act 1986. The Administration proceedings are dealt with in the Court of Session and the court case number is unknown.
- 2.3 The Company's registered office is situated at 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX and the registered number is SC416993. The registered office prior to insolvency was 7-11 Melville Street, Edinburgh.
- 2.4 A request was made to creditors on 14 November 2016 seeking consent to extend the Administration for 12 months pursuant to Paragraph 76(2)(b) of Schedule B1 of the Insolvency Act 1986. Creditors approved the postal resolution to extend the Administration to 14 December 2017.
- 2.5 An application was made to the Court to extend the Administration for a further 12 months to 12 December 2018. The Order to extend was subsequently granted.
- 2.6 We enclose at Appendix A, for your information, a summary of our receipts and payments for the period. The receipts shown are largely self-explanatory, although we would comment specifically on the following:

Legal Fees and Disbursements

- Morton Fraser LLP is the appointed legal agent acting in respect of the standard security validity issue. The sum of £13,278 has been paid in the period for advice and also liaising with Counsel in respect of this issue. Counsel's fees of £4,200 have also been paid.

Interim Distribution to Floating Charge Holder

- We previously advised that pending the resolution of the standard security issue, an interim distribution of c£1m was declared to the syndicate of lenders under their floating charge. No sums have been paid in the period, however a balance of £14,915.98 has not been processed by two of the recipients.

At Appendix B is an Estimated Outcome Statement, which presents the receipts & payments according to insolvency rankings and shows the estimated final outcome for various classes of creditors. We discuss the anticipated outcome for creditors further in Section 7 of this report.

3 PROPOSALS APPROVED

3.1 The Joint Administrators' proposals summarised below were approved at the meeting of creditors held on 22 February 2016. A creditors' committee was not formed at the meeting.

- (i) they continue to manage the Company's business and realise assets in accordance with objectives 2 and 3 of the statutory purpose of the Administration.
- (ii) That the Joint Administrators do all such things and generally exercise all of the powers as Administrators contained in Schedule 1 of the Insolvency Act 1986, as they at their discretion consider desirable or expedient in order to achieve the purposes of the administration, to protect and preserve the assets of the Company or maximise the realisation of those assets or for any purpose incidental to these proposals.
- (iii) they make payments to secured and preferential creditors and if necessary, they distribute funds to ordinary creditors under the prescribed part.
- (iv) That the Joint Administrators, at their sole discretion and at a time they see fit, are empowered to:
 - a. File the necessary returns at Court and with the Registrar of Companies to place the Company into creditors voluntary liquidation pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986 and that James Bernard Stephen and Francis Graham Newton be appointed Joint Liquidators, or any other person(s) be appointed Liquidator(s) of the Company in accordance with Paragraph 83(7) of the same. Any one Joint Liquidator may exercise all and/or any of the powers which are conferred on them as Joint Liquidators.
 - b. Make application to Court to end the Administration pursuant to Paragraph 79 of Schedule B1 of the Insolvency Act 1986, following which, the Joint Administrators request that the Company be Compulsorily wound-up and James Bernard Stephen and Francis Graham Newton be appointed Joint Liquidators if they so desire. Any one Joint Liquidator may exercise all and/or any of the powers which are conferred on them as Joint Liquidators
 - c. File the necessary documents with the Court and with the Registrar of Companies to dissolve the Company pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986.
- (v) That the Joint Administrators' remuneration be fixed on a time cost basis and such remuneration may be drawn in accordance with the Rules.
- (vi) That the Joint Administrators be authorised to draw current and future Category 2 disbursements from the administration funds per the BDO Remuneration policy.

4 DEVIATIONS FROM PROPOSALS

4.1 We have sold the land and continue to pursue objectives 2 & 3 of the Administration.

4.2 Regardless of the decision regarding the security position we expect that the exit route from Administration will be to dissolve the Company pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986.

5 ACTIONS IN PERIOD

Security Position

- 5.1 As creditors are aware, we sought legal opinion from counsel on whether the Bridgepoint Purchasers have a valid standard security after REDS. Counsel's written opinion was provided to us on 9 February 2017 which concluded that in his opinion, the Bridgepoint purchasers do not have the benefit of a valid standard security. Creditors are also aware that the agents acting for the Bridgepoint Purchasers did not agree with our counsel's opinion on the matter and proceeded to seek their own opinion. Their advice from counsel was that the standard security could be relied upon.
- 5.2 Following consultation with our legal advisors and subsequently the opinion of the unsecured creditors at a meeting held at the office of BDO LLP, Citypoint, 65 Haymarket Terrace, EH12 5HD on 4 September 2017, the possibility of rejecting the claim was discussed.
- 5.3 We subsequently discussed the rejection route with our legal advisors and confirmed that the legislation does not provide a scenario of rejecting a claim as a standard security and reclassifying it as a floating charge creditor. Therefore it was necessary to seek directions from Court as to how this claim will be adjudicated.
- 5.4 A Note to Court was filed on 24 October 2017 asking the Court for directions in this matter. The note has been served on all creditors with an interest who have been given the opportunity to lodge answers. Answers have been lodged on behalf of the Bridgepoint purchasers.
- 5.5 The Court has fixed a hearing for 1 February 2018 to determine the matter.

Statutory Matters

- 5.6 A progress report to the period ended 14 June 2017 was issued to all known creditors on 18 July 2017. We advised that a 12 month extension, by way of a Court application, was necessary in order to allow sufficient time to resolve the above security position. The Joint Administrators received a written objection from a creditor to the proposed extension. To address creditors concerns a meeting was called by the Joint Administrators and held on 4 September 2017.
- 5.7 After the meeting, a resolution for the approval of the 12 month extension was circulated to all known creditors via e-mail. Those creditors that voted unanimously agreed to the extension by the deadline of 18 September 2017. An application to Court was made and an interlocutor was granted for a 12 month extension to 14 December 2018.
- 5.8 We have attended to statutory and general administration and dealt with creditors enquiries.
- 5.9 We formally rejected a claim made by Seaforth Developments Limited in the sum of £250,000. No appeals were made to the Court with the prescribed period.

6 OUTSTANDING MATTERS

- 6.1 The Corporation tax return for the period 15 December 2015 to 31 July 2016 was submitted showing a tax liability of £136,283.80 in respect of the chargeable gain from the sale of the land. If the standard security is not valid, any tax payable will be an expense of the Administration, payable before the prescribed part. We have written to HMRC to request whether they would waive the interest and penalties pending the outcome of the security issue and await a response. If the standard security is valid, there will be no funds available to pay the tax liability.

6.2 Any sums for outstanding VAT due will be reclaimed on the appropriate post de-registration VAT426 form.

6.3 If it transpires that Bridgepoint Purchasers' investors do not have a valid standard security, we will make a distribution to the unsecured creditors under the prescribed part. If the Court concludes that Bridgepoint Purchasers do have valid standard security there will be no prescribed part available for the unsecured creditors and funds will be distributed accordingly.

7 EXPECTED OUTCOME FOR CREDITORS

7.1 An Estimated Outcome Statement is attached based upon the legal advice provided to the Joint Administrators.

Secured Creditors

7.2 A standard security was granted by the Company to First Point Security Trustee Limited over the land on the northwest side of John Street, Aberdeen (Title ABN116248). The security was granted on 12 September 2013 and registered on the land register on 7 October 2013. A variation of the Standard Security was registered on 19 November 2015. All security granted in favour of First Point Security Trustee Limited was assigned to REDS. Based on legal opinion REDS have been paid £1,986,464.74 under their standard security. REDS have no further claims in the Administration.

Preferential Creditors

7.3 No preferential claims have been submitted.

Floating Charge Creditors

7.4 A floating charge was granted on 19 December 2012 in favour of First Point Security Trustee Limited for itself and as security trustee. The floating charge was amended on 2 October 2013 to secure additional Bridging Facilities. The floating charge was subsequently amended to transfer the Bridging Loan provider to Real Estate Debt Securities Limited ['REDS'].

7.5 REDS have been paid all sums due under their standard security and as such have no claim under the floating charge.

Prescribed Part - Unsecured Creditors

7.6 The dividend prospects under the Prescribed Part is dependent upon the Court's opinion in respect of the extent to which the Bridgepoint Purchasers are entitled to rely on the standard security granted to First Point Security Trustee Limited as security trustee. We have calculated the prescribed part based on the initial legal opinion that the security is invalid.

7.7 Under Section 176A of the Insolvency Act 1986 where after 15 September 2003 the company has granted to a creditor a floating charge a proportion of the net property of the company must be made available purely for the unsecured creditors. The prescribed part in this case being calculated as follows:

Net Assets Available after Preferential Creditors	£1,515,628
Prescribed Part (50% first £10k, 20% thereafter to ceiling £600k)	£ 306,126
Costs to be borne by prescribed part to enable distribution	£ 10,000
Net distributable	£ 296,126

7.8 If the Court concludes that the Bridgepoint Purchasers standard security is not valid it is estimated that £306,126 will be available for the unsecured creditors.

7.9 We do not believe that there will be additional claims. However, any unsecured creditor who has not submitted their claim should do so now, with supporting documentation, or run the risk of being excluded from any dividend to unsecured creditors under the prescribed part. All submitted claims will be subject to formal adjudication.

7.10 The unsecured creditors registered to date are as follows:

Creditor Name	Claim	Proposed to be Admitted as Unsecured	Rejected
Chandler KBS	£41,869.62	£41,869.62	
Covell Matthews	£38,161.42	£38,161.42	
AKD Consultants (Scotland) Limited	£36,000.00	£36,000.00	
HMRC	£1,015.77	£1,015.77	
Ramsay & Chalmers	£50,816.68	£50,816.68	
Seaforth Developments Ltd	£48,855.49	£48,855.59	
Seaforth Developments Ltd	£250,000.00	-	£250,000
Johnston Carmichael LLP	£1,350.00	£1,350.00	
Lindsays Solicitors	£30,580.08	£30,580.08	
	£498,649.06	£248,649.06	£250,000

7.11 If there is any surplus from the Prescribed Part after paying the unsecured creditors this will be paid to the Floating Charge holder in terms of S176(2)(b) of the Insolvency Act 1986.

8 JOINT ADMINISTRATORS' FEES

8.1 The Joint Administrators are obliged to fix their remuneration in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986. This permits remuneration to be fixed either as a percentage of the value of the property with which the Joint Administrators have to deal with or alternatively by reference to the time the Joint Administrators and their staff have spent attending to matters in this Administration. The proposals approved at the meeting of creditors on 22 February 2016 provided for the Joint Administrators' fees to be based on a time cost basis.

8.2 A summary of the Joint Administrators' time costs for the period are attached at Appendix C. A summary of the cumulative time costs are at Appendix D, together with a copy of our remuneration and disbursements policy.

8.3 The Joint Administrators' fees are approved by resolution of the creditors in terms of rule 2.39(7), failing which approval will be sought from the Court.

8.4 The approvals obtained from creditors to date are summarised below:

Period	Fee (Excl VAT)	Outlays (Excl VAT)
15/12/15 - 05/02/16 (Approved at MOC)	£21,948.10	£0.00
06/02/15 - 14/06/16 (Postal resolution)	£41,904.75	£393.60
15/06/16 - 14/11/16 (Postal resolution)	£29,795.65	£0.00
Total	£93,648.50	£393.60

8.5 To date no fees have been drawn. The request for the balance of fees will be requested at a later date.

9 INSOLVENCY ETHICS & COMPLAINTS

9.1 As Insolvency Practitioners we are bound by the Insolvency Code of Ethics. The fundamental principles are:

- Integrity
- Objectivity
- Professional competence and due care
- Confidentiality
- Professional behaviour

9.2 A full copy of the code of ethics is available at:

<http://www.insolvency-practitioners.org.uk/regulation-and-guidance/ethics-code>.

9.3 The Insolvency Service has established a central gateway for considering complaints in respect of insolvency practitioners. In the event that you make a complaint to us but are not satisfied with the response from us then you should visit <https://www.gov.uk/complain-about-insolvency-practitioner> where you will find further information on how you may pursue the complaint.

10 ADMINISTRATION END

10.1 The Administration would have come to an automatic end on 14 December 2016 had no extension been agreed. As detailed in Section 1 of this report, creditors consented to a resolution, and then further to an application to the Court, the Administration was extended to 14 December 2018.

Joint Administrators' Discharge

10.2 A resolution was passed on 22 February 2016 that the Joint Administrators will be discharged from liability 14 days following the lodgement of the final report with the Registrar of Companies.



James Bernard Stephen
Joint Administrator

22 January 2018

APPENDIX A - Joint Administrators' Receipts & Payments

Granite City Assets Limited (In Administration) Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 15/06/2017 To 14/12/2017	From 15/12/2015 To 14/12/2017
Uncertain		
FIXED CHARGE ASSETS		
Freehold Land & Property	Nil	4,000,000.00
	Nil	4,000,000.00
FIXED CHARGE COSTS		
Administrators' Disbursements	4,200.00	4,200.00
Legal Fees & Disbs	13,278.00	26,711.97
Legal Fees re Secured Lender	Nil	78,931.35
Agents' Fees & Disbs	Nil	73,760.00
Insurance & Service Chgs	Nil	263.13
Bank Charges	0.35	15.80
	(17,478.35)	(183,882.25)
(1,813,752.46)		
Real Estate Debt Security Limited		
Secured Creditor	Nil	1,986,464.74
	Nil	(1,986,464.74)
(6,550,442.10)		
Firstpoint Security Trustees Ltd		
Secured Creditor	Nil	Nil
	Nil	Nil
ASSET REALISATIONS		
Book debts	Nil	Nil
Cash at Bank	Nil	Nil
Interest Gross	214.00	1,835.84
	214.00	1,835.84
COST OF REALISATIONS		
Legal Fees & Disbs	Nil	2,895.53
Bank Charges	0.70	258.80
	(0.70)	(3,154.33)
PREFERENTIAL CREDITORS		
Uncertain		
Preferential E.P.A.	Nil	Nil
	Nil	Nil
Firstpoint Security Trustees Limited		
Floating Charge (1)	14,915.98	999,999.87
	(14,915.98)	(999,999.87)
UNSECURED CREDITORS		
(112,144.77)		
Trade & Expense Creditors	Nil	Nil
Uncertain	Nil	Nil
Unsecured Employees	Nil	Nil
Uncertain	Nil	Nil
Unsecured Taxes	Nil	Nil
(40,000.00)		
Provision for unsecured claims	Nil	Nil
	Nil	Nil
DISTRIBUTIONS		
(200.00)		
Ordinary Shareholders	Nil	Nil
	Nil	Nil
(8,516,539.33)	(32,181.03)	828,334.65

REPRESENTED BY

Input VAT	3,455.60
Floating Current Account	839,795.03
Firstpoint Security Trustees Limited	(14,915.98)
	<hr/>
	828,334.65
	<hr/>

The receipts and payments are shown net of VAT.

APPENDIX B - Estimated Outcome Statement (on the basis that the Court confirms IPIN security is invalid)

Estimated Outcome Statement as at 14 December 2017

	Receipts & Payments £	Anticipated Movement £	Estimated Outcome £
Assets Subject to Standard Security			
Land at St John Street - Aberdeen	4,000,000	-	4,000,000
Interest	-	-	-
	<u>4,000,000</u>	<u>-</u>	<u>4,000,000</u>
Less: Costs of Realisation			
Administrators' Fees	-	(115,000)	(115,000)
Administration Expenses	-	(5,000)	(5,000)
Agents' Fees & Disbursements	(73,760)	-	(73,760)
Legal Fees & Disbursements	(30,912)	(10,000)	(40,912)
Legal Fees re EBAM	(78,931)	-	(78,931)
Statutory costs	-	-	-
Bank Charges	(16)	-	(16)
Insurance	(263)	-	(263)
Available to REDS/Floating Charge	<u>3,816,118</u>	<u>(130,000)</u>	<u>3,686,118</u>
Sum due to REDS	(1,986,465)	-	(1,986,465)
SUM due to IPIN	-	-	-
Surplus/(Deficit)	<u>1,829,653</u>	<u>(130,000)</u>	<u>1,699,653</u>
Assets Subject to Floating Charge			
Surplus/Deficit from Standard Security Asset	1,829,653	(110,000)	1,719,653
Interest	1,835	-	1,835
Total Asset Realisations	<u>1,831,488</u>	<u>(110,000)</u>	<u>1,721,488</u>
Less: Costs of Realisation			
Administrators' Fees	-	(60,000)	(60,000)
Administration Expenses	-	(1,000)	(1,000)
Agents Fees & Disbursements	-	-	-
Legal Fees & Disbursements	(2,896)	(4,200)	(7,096)
Bank charge	(259)	(350)	(609)
Statutory Costs	-	(1,000)	(1,000)
Corporation Tax (only payable from floating charge)	-	(136,156)	(136,156)
	<u>1,828,334</u>	<u>(312,706)</u>	<u>1,515,628</u>
Available to Preferential Creditors	1,828,334	(312,706)	1,515,628
Less: Preferential creditors	-	-	-
Net Assets for Prescribed Part	<u>1,828,334</u>	<u>(312,706)</u>	<u>1,515,628</u>
Less: Prescribed Part			
(50% of first £10k of Net Property, 20% thereafter capped at £600k)	-	(306,126)	(306,126)
Available to Floating Charge Holders	<u>1,828,334</u>	<u>(618,832)</u>	<u>1,209,502</u>
IPIN			
Distribution to IPIN	(1,000,000)	-	(1,000,000)
Balance / Available to IPIN	<u>828,334</u>	<u>(618,832)</u>	<u>209,502</u>

APPENDIX C - Time Costs & Outlays in Report Period

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL		
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	
Planning and Strategy			2.50	530.00									2.50	530.00	2
General Administration	0.55	286.00	8.70	1,867.10	0.15	15.60	0.65	106.30	7.20	561.95			17.25	2,840.45	1
Assets Realisation Dealing	3.00	1,416.00											3.00	1,416.00	4
Creditor Claims	22.00	10,604.00	3.00	619.00									25.00	11,243.00	4
Reporting	10.09	4,820.00	15.60	3,332.50									25.69	8,152.50	3
Work			2.25	499.50									2.25	499.50	2
	35.55	17,126.00	32.05	6,868.10	0.15	15.60	0.65	106.30	7.20	561.95	0.00	0.00			
Net Total													75.60	24,681.45	

APPENDIX D - Time Costs to Date and Statement of Charge Out Rates

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £	Hours	Total £
B. Steps on Appointment														
02 Statutory Documentation	6.00	2,694.30											6.00	2,694.00
08 Detail Documentation Review			1.00	288.00									1.00	288.00
sub total:	6.00	2,694.00	1.00	288.00									7.00	2,982.00
B. Steps on Appointment														
C. Planning and Strategy														
02 Review Financial Position			1.25	360.00									1.25	360.00
07 Strategy Planning			5.00	634.50	3.00	564.00							8.00	1,198.50
99 Other Matters			1.00	288.00									1.00	288.00
sub total:			6.25	1,182.00	3.00	564.00							9.25	1,746.00
C. Planning and Strategy														
D. General Administration														
02 VAT			4.40	1,011.95	1.50	273.00			0.80	159.60			6.70	1,444.55
23 Taxation			3.25	733.85	2.75	512.50			1.80	216.00			7.80	1,464.15
24 Instruct Liase Solicitors			2.50	522.50	0.40	73.85							2.90	596.35
56 Conduct Reports			0.25	56.00									0.25	56.00
07 Receipt Payments Accounts			5.00	1,095.10	2.85	544.25	2.60	505.70	40.10	4,135.00	2.05	149.95	52.60	6,430.00
28 Statutory Matters					2.00	358.00							2.00	358.00
14 General Disclosures			1.75	411.50									1.75	411.50
15 Gen Admin Correspondence	4.50	2,296.55	9.50	2,041.00	4.25	787.50	0.90	165.30	0.25	25.50	0.20	31.90	19.60	5,327.65
sub total:	4.50	2,296.55	26.65	5,873.70	13.75	2,529.10	3.50	671.00	42.95	4,536.10	2.25	181.75	93.60	16,088.20
D. General Administration														
E. Assets Realisation Dealing														
04 Asset Instruction Listing	132.50	50,481.50	0.75	216.00	1.25	223.75							134.50	50,921.25
06 Property Related Matters	28.00	12,733.00			4.00	749.75							32.00	13,482.75
09 Dealing with other Assets					0.50	89.50							0.50	89.50
14 Sale of Business Assets			0.25	75.75	1.25	223.75							1.50	299.50
sub total:	160.50	73,214.50	1.00	291.75	7.00	1,286.75							168.50	74,793.00
E. Assets Realisation Dealing														
F. Trading Related Matters														
06 Monitor Supervise Trading					0.25	47.00							0.25	47.00
sub total:				0.00	0.25	47.00							0.25	47.00
F. Trading Related Matters														
G. Employee Matters														
02 EPA Matters									0.20	26.20			0.20	26.20
24 Pension Issues									0.10	13.10			0.10	13.10

Description	PARTNER		MANAGER		ASSISTANT MANAGER		SENIOR ADMINISTRATOR		ADMINISTRATOR		OTHER STAFF		GRAND TOTAL	
	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total	Hours	Total
		£		£		£		£		£		£		£
sub total -				0.00					0.39	39.39			0.39	39.39
G. Employee Matters														
H. Creditor Claims														
01. Validity of charges	14.00	6,748.00											14.00	6,748.00
02. Secured Creditors	11.00	5,254.00	19.25	4,606.50	1.50	268.50							31.75	9,529.00
03. Preferential Creditors					0.25	44.75							0.25	44.75
04. Non-Preferential Creditors	10.00	4,678.00	5.25	1,199.50	5.00	917.50							20.25	6,775.00
sub total -	35.00	16,680.00	24.50	5,206.00	6.75	1,230.75							66.25	23,095.75
H. Creditor Claims														
I. Reporting														
01. Statutory Reporting			13.00	3,720.25	8.75	1,566.25							21.75	5,286.50
02. Reporting to Appointor	21.00	9,568.00			1.00	188.00							22.00	9,606.00
04. Reporting to Creditors	5.00	2,389.00	16.75	3,661.50	10.25	1,839.25							32.00	7,890.75
05. Reporting to Court			4.60	1,079.50									4.60	1,079.50
06. Reporting to other bodies					1.75	329.00							1.75	329.00
sub total -	26.00	12,158.00	34.35	8,461.25	21.75	3,922.50							82.10	24,571.75
I. Reporting														
J. Distribution and Closure														
02. Distribution			9.75	2,028.00									9.75	2,028.00
sub total -			9.75	2,028.00									9.75	2,028.00
J. Distribution and Closure														
K. Work														
Work			8.75	1,923.00					13.45	1,396.25			22.20	3,319.25
sub total -			8.75	1,923.00					13.45	1,396.25			22.20	3,319.25
K. Work														
Net Total													148,711.25	

A creditors' guide to fees can be accessed via our website: www.bdo.co.uk/cgtf.

BDO LLP REMUNERATION AND DISBURSEMENTS POLICY

In accordance with best practice we provide below details of policies of BDO LLP in respect of fees and expenses for work in relation to the above insolvency.

The current charge out rates per hour of staff within my firm who may be involved in working on the insolvency follows: This in no way implies that staff at all such grades will work on the case.

Charge Out Rates by Staff Grade - Scotland	From 01/07/2017	From 04/07/2016	From 04/07/2015
	£	£	£
Partner1	482	471	449
Principal	373	326 - 364	311 - 347
Senior Manager/Director	310 - 334	278 - 302	265 - 288
Manager	213 - 285	208-275	224 - 265
Assistant Manager	192	188	179 - 198
Senior Cashier/Cashier	180	134-198	134-198
Senior Administrator	163	175-188	167 - 179
Administrator	105 - 144	65-159	97- 167
Support staff/Secretary	67	65	62-77

The rates charged by BDO LLP are reviewed each year and are adjusted to take account of inflation and the firm's overheads.

Time spent on casework is recorded directly to the relevant case using a computerised time recording system and the nature of the work undertaken is recorded at that time. Units of time can be as small as 3 minutes. BDO LLP records work in respect of insolvency work under the following categories:-

Pre Appointment
Steps upon Appointment
Planning and Strategy
General Administration
Asset Realisation/Management
Trading Related Matters
Employee Matters
Creditor Claims
Reporting
Distribution and Closure
Other Issues

Under each of the above categories the work is recorded in greater detail in sub categories. Please note that the 11 categories provide greater detail than the six categories recommended by the Recognised Professional Bodies who are responsible for licensing and monitoring insolvency practitioners.

Where an officeholder's remuneration is approved on a time cost basis the time invoiced to the case will be subject to VAT at the prevailing rate.

Where remuneration has been approved on a time costs basis a periodic report will be provided to any committee appointed by the creditors or in the absence of a committee to the creditors.

The report will provide a breakdown of the remuneration drawn and will enable the recipients to see the average rates of such costs.

Other Costs

Where expenses are incurred in respect of the insolvent estate they will be recharged. Such expenses can be divided into two categories.

Category 1

This heading covers expenses where BDO LLP has met a specific cost in respect of the insolvent estate where payment has been made to a third party. Such expenses may include items such as advertising, couriers, travel (by public transport), land registry searches, fees in respect of swearing legal documents etc. In each case the recharge will be reimbursement of a specific expense incurred.

Category 2

Insolvency practice additionally provides for the recharge of expenses such as postage, stationery, photocopying charges, telephone, fax and other electronic communications, which cannot be economically recorded in respect of each specific case. Such expenses, which are apportioned to cases, must be approved by the creditors in accordance with the Insolvency Rules 1986, before they can be drawn, and these are known as category 2 disbursements. The current policy of BDO LLP is to recharge this expense on the basis of a figure based upon the number of creditors with whom we have to communicate and report during the insolvency. This is the method of calculation that was historically provided under statutory orders for the Official Receiver.

In respect of the Administration we propose to charge £12.50 (plus VAT) for the first year and £6.25 (plus VAT) for each subsequent year, per creditor. This will cover the disbursement costs of for postage and stationery for all reports and letters, together with all copying charges and telephone and email costs. Creditors will be invited to approve a resolution to this effect. During the first year the Administrators will issue 3 reports and in successive years 2 reports.

A further disbursement under this heading is the cost of travel where staff use either their own vehicles or company cars in travelling connected with the insolvency. In these cases a charge of 45p per mile is raised which is in line with the Inland Revenue Approved Mileage Rates (median - less than 10,000 miles per annum) which is the amount the firm pays to staff. Where costs are incurred in respect of mileage, approval will be sought in accordance with the Insolvency Rules 1986 to recover this disbursement.

Where applicable, all disbursements will be subject to VAT at the prevailing rate.