

The Insolvency Act 1986

Administrator's progress report

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

Name of Company AC199 Realisations Limited

Company number SC102977

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

We (a) Robert Caven of Grant Thornton UK LLP, 95 Bothwell Street, Glasgow G2 7JZ, and John Montague of Grant Thornton UK LLP, 1-4 Atholl Crescent, Edinburgh EH3 8LQ, Joint Administrators of the above company, attach a progress report for the period

(b) Insert dates

from

(b) 23 March 2012

to

(b) 22 September 2012

Signed


Joint Administrator

Dated

30/10/12

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

Natalie Smith

c/o Grant Thornton UK LLP, 95 Bothwell Street, Glasgow G2 7JZ

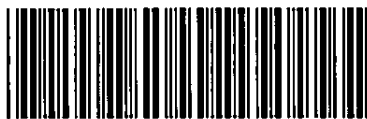
Tel

DX Number

DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
DX 235 Edinburgh / LP 4 Edinburgh-2



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2 STATUTORY INFORMATION

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

Court details	Court of Session
Full name/ trading name	AC199 Realisations Limited (formerly Airchannel Limited)
Registered number	SC102977
Registered office	95 Bothwell Street Glasgow G2 7JZ
Former trading address	Stirling Road Industrial Estate Dykehead Road Airdrie Lanarkshire ML6 7UJ
Company directors	Colin Grassie and Alexander Shanks
Date of appointment	23 March 2010
Administrators' names and addresses	John Montague of Grant Thornton UK LLP, 1-4 Atholl Crescent, Edinburgh, EH3 8LQ; and Robert Caven of Grant Thornton UK LLP, 95 Bothwell Street, Glasgow, G2 7JZ
The European Regulation on Insolvency Proceedings	The regulations apply to this Administration and the proceedings are main proceedings

3 PROGRESS REPORT

Background and Objectives

- 3.1. As noted above, the Directors of the Company appointed Robert Caven and I as Joint Administrators of the Company on 23 March 2010. As previously reported, this followed various measures to try and overcome the trading difficulties faced by both the Company and the wider Group.
- 3.2. Details of the background to the appointment and the actions taken are contained in the proposals to the creditors dated 17 May 2010 and subsequent progress reports.
- 3.3. The objective of the Administration was to achieve a better result for the Company's creditors as a whole than would be likely if the Company had been wound up. In tandem with this, the Joint Administrators were to pursue the objective of realising assets for the

benefit of preferential and secured creditors.

- 3.4. These objectives were achieved by realising the business and assets of the Company via a going concern sale.

Assets still to realise

- 3.5. We are currently progressing the sale of the Airdrie property and expect this to complete in the near future.
- 3.6. Due to the confidential nature of these discussions, I am unable to provide any further details at this time. I will provide a further update at the time of my next report.

Debtors

- 3.7. As previously advised, the debtor collections are now complete.
- 3.8. Collections totalled £1,618,000, of which £1,302,000 was paid to Royal Bank of Scotland plc ("RBS") by way of settlement of the sums due under the pre-appointment factoring arrangement.
- 3.9. Accordingly, the net surplus from debtor collections was £316,000.

Other assets

- 3.10. No further Company assets have been identified.

4 Receipts and Payments

- 4.1. My receipts and payments account covering the six month period to 22 September 2012, together with the cumulative position, is attached in Appendix A.
- 4.2. The main expenses during the period were as follows:

Administrators' fees of £84,999.94, discussed further at Section 6 below;

Insurance of £7,460.42 and other property expenses of £3,240.18 in relation to the property owned by the Company in Airdrie;

Corporation Tax of £3,194.66 relates to the periods 24 March 2010 to 31 December 2010 and 1 January 2011 to 31 December 2011; and

Legal Fees of £2,045.00 paid to Maclay Murray and Spens for providing advice to, and acting on behalf of, the Joint Administrators on various matters.

- 4.3. Due to insufficient funds from realisations to date, the Company has borrowed funds from one of the related companies (discussed at Section 5 below) through the cross guarantee provided. The current amount due to Fidelity Limited is £8,500, which will be repaid following the sale of the property owned by the Company.

5 Estimated Outcome for Creditors

Preferential Creditors

- 5.1. Total claims of £191,452 have been settled in full.

Secured and floating Charge Creditor

- 5.2. The Company's secured creditor is RBS. A summary of the debt due to RBS is set out below:

	£000
Term loans	1,140
Overdraft	816
Interest & charges	129
Due under Factoring Agreement	1,182
Factoring Charges	120
	3,387

- 5.3. It is anticipated that the secured creditor will suffer a shortfall in the region of £1,523,000 from the Company's assets.
- 5.4. As RBS will not receive full recovery of the sums outstanding from the assets of the Company, the balance of its recovery will be under cross guarantee from two related companies, namely Fidelity Plant Hire (Scotland) Limited ("Fidelity") and AC201 Realisations Limited, formerly Anglair Limited ("AC201").
- 5.5. Please note that Robert Caven and I were appointed as Joint Administrators over Fidelity and AC201 at the same time we were appointed as Joint Administrators of the Company. We were subsequently appointed as Joint Liquidators of Fidelity and AC201 on 20 March 2012.
- 5.6. Funds from both these companies have already been used to repay RBS, however as stated in our earlier reports Fidelity and AC201 have a right to recover any funds paid as substitute floating charge creditors.

Unsecured Creditors

- 5.7. There is no prescribed part for unsecured creditors as the floating charge was created before 15 September 2003.
- 5.8. On the basis of current and expected future realisations, and due to the cross guarantee in place, there will be no surplus arising to the creditors of the Company. As such there will be insufficient funds available to pay a dividend to unsecured creditors.

6 Joint Administrators' Remuneration

- 6.1. In accordance with Statement of Insolvency Practice (SIP 9), I attach as Appendix B a summary of my time costs to 22 September 2012 by grade of staff and type of work. This shows total time costs of £421,081.35, representing 1,784.15 hours at an average of £236.01 per hour. Details of any matters which have had a significant impact on the time costs are included in the appendix, together with details of any disbursements charged during the period under review.
- 6.2. The Joint Administrators' remuneration for the period 23 March 2010 to 10 May 2011 in the sum of £361,705.85 (excluding VAT), together with expenses of £57.37 (excluding VAT) was authorised by creditors in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986. I would confirm that this amount has now been taken in full.
- 6.3. No further fees have been requested to date.
- 6.4. A copy of "A Creditors' Guide to Administrators' Remuneration" can be downloaded from the Insolvency Practitioners Association website (www.insolvency-practitioners.org.uk - select "Technical", "Creditors Guide to Fees" and then the Administration Guide). If you would prefer this to be sent to you in hard copy please contact us and a copy will be forwarded to you.

7 Extension of Administration

- 7.1. The Court granted a further extension to the Administration for 12 months to 22 March 2013 to allow for the realisations of the remaining assets.

8 Ending the Administration

- 8.1. Following the completion of the sale of the Airdrie property, the final distributions to the secured creditor and agreement of the Administrators' remuneration to closure of the case, the Joint Administrators will file a notice of dissolution with the Registrar of Companies. The Company will be dissolved after three months of registration of this notice.

9 Next Report

- 9.1. The Joint Administrators are required to provide a progress report within six weeks of the end of the next accounting period (being 22 March 2013), or earlier if the Administration has been finalised.

Should you wish to discuss this report in further detail then please do not hesitate to contact my colleague Natalie Smith on 0141 223 0707.

Yours faithfully
For and on behalf of
AC199 Realisations Limited

A handwritten signature in black ink, appearing to be 'John Montague', with a long horizontal stroke extending to the right.

John Montague
Joint Administrator

The affairs, business and property of AC199 Realisations Limited are being managed by Robert Caven and John Montague, appointed as Joint Administrators on 23 March 2010.

The Joint Administrators act as agents of the Company and without incurring any personal liability

**Appendix A – Joint Administrators' Receipts and Payments from
23 March 2012 to 22 September 2012 (1 of 3)**

Joint Administrators' Trading Account

	From 23/03/2012 To 22/09/2012	From 23/03/2010 To 22/09/2012
TRADING EXPENDITURE		
Heat & Light	NIL	5,971.91
Property Expenses	NIL	112.59
ROT	NIL	74,040.00
	<u>NIL</u>	<u>(80,124.50)</u>
TRADING SURPLUS/(DEFICIT)	<u>NIL</u>	<u>(80,124.50)</u>

**Appendix A – Joint Administrators' Receipts and Payments from
23 March 2012 to 22 September 2012 (2 of 3)**

Joint Administrators' Abstract of Receipts & Payments

	From 23/03/2012 To 22/09/2012	From 23/03/2010 To 22/09/2012
SECURED ASSETS		
Freehold Land & Property	NIL	125,000.00
Book Debts	(523.74)	1,716,136.25
Misc Fixed Receipts	NIL	134.54
	<u>(523.74)</u>	<u>1,841,270.79</u>
COSTS OF REALISATION		
Legal Fees	NIL	7,318.00
Agents/Valuers Fees	NIL	2,851.00
Debt Collection Fees	NIL	24,885.27
Factoring Charges	NIL	120,445.62
Insurance	7,460.42	77,282.89
	<u>(7,460.42)</u>	<u>(232,782.78)</u>
SECURED CREDITORS		
Chargeholder (1)	NIL	1,181,783.05
	<u>NIL</u>	<u>(1,181,783.05)</u>
HIRE PURCHASE		
HP Asset (1)	NIL	40,800.00
Finance Company (1)	NIL	(16,775.21)
	<u>NIL</u>	<u>24,024.79</u>
ASSET REALISATIONS		
Freehold Land & Property	NIL	NIL
Plant & Machinery	NIL	59,720.00
Motor Vehicles	NIL	1,200.00
Stock	NIL	1,550.28
Stock/WIP	NIL	85,000.00
Book Debts	NIL	52.72
Property Rights/Patents	NIL	2.00
Rent	NIL	10,722.25
Bank/ISA InterestGross	18.34	599.66
Rates Refund	NIL	861.04
Misc Refunds	NIL	4,493.46
Trading Surplus/(Deficit)	NIL	(80,124.50)
Goodwill	NIL	500,000.00
	<u>18.34</u>	<u>584,076.91</u>

**Appendix A – Joint Administrators' Receipts and Payments from
23 March 2012 to 22 September 2012 (3 of 3)**

Joint Administrators' Abstract of Receipts & Payments

	From 23/03/2012 To 22/09/2012	From 23/03/2010 To 22/09/2012
COST OF REALISATIONS		
Specific Bond	NIL	528.00
Preparation of S. of A.	NIL	2,689.01
Administrators Fees	84,999.94	361,705.85
Administrators Expenses	NIL	7,041.83
Agents/Valuers Fees (1)	NIL	23,965.30
Legal Fees (1)	2,045.00	49,182.36
Professional Fees	850.00	850.00
Corporation Tax	3,194.66	3,194.66
Room Hire	NIL	151.49
Storage Costs	NIL	6,306.23
Statutory Advertising	NIL	63.45
Other Property Expenses	3,240.18	51,238.46
Bank Charges	NIL	300.00
	<u>(94,329.78)</u>	<u>(507,216.64)</u>
PREFERENTIAL CREDITORS		
Employee Arrears/Hol Pay	NIL	187,826.00
Preferential Creditors (All)	NIL	3,626.20
	<u>NIL</u>	<u>(191,452.20)</u>
FLOATING CHARGE CREDITORS		
Floating Charge Creditor	(9,121.80)	343,396.96
	<u>9,121.80</u>	<u>(343,396.96)</u>
	<u>(93,173.80)</u>	<u>(7,259.14)</u>
REPRESENTED BY		
Vat Receivable		297.94
Floating Current Account		9,253.34
Inter Co Balance		(16,810.42)
		<u>(7,259.14)</u>

Appendix B Time and cost analysis as at 22 September 2012

Joint Administrators' Basis of Remuneration

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 periods from 1 July 2010 to 30 June 2011, from 1 July 2011 to 30 June 2012 and from 1 July 2012 to 30 June 2013:

Staff Category	Ave Hourly Rate (£) from 01/07/2010 to 30/06/2011	Ave Hourly Rate (£) from 01/07/2011 to 30/06/2012	Ave Hourly Rate (£) from 01/07/2012 to 30/06/2013
Partner	425	425	440
Associate Director/Director	345 to 395	350 to 395	365 to 410
Assistant Manager/Manager	245 to 280	215 to 285	230 to 295
Administrator/Executive	115 to 190	120 to 195	125 to 195
Support staff	87 to 112	90 to 115	95 to 120

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 for the period from 23 March 2009 to 22 September 2012 are set out below:

	Partner			Manager			Executive			Administrator			Total	
	Hrs	£	Avg. Hourly Rate	Hrs	£	Avg. Hourly Rate	Hrs	£	Avg. Hourly Rate	Hrs	£	Avg. Hourly Rate	Hrs	£
Administration and Planning	51.05	15,952.25	310.61	82.15	22,501.00	273.91	298.85	49,397.50	231.44	169.75	19,507.75	121.91	633.80	138,358.50
Creditors	17.60	6,822.25	387.63	120.30	43,332.50	360.20	25.70	4,584.75	221.49	107.50	11,364.85	105.72	268.90	68,104.35
Investigations	2.75	1,073.25	390.27	4.50	1,858.50	413.00	1.00	225.00	225.00	-	-	-	8.65	2,956.75
Realisation of Assets	61.70	23,856.50	386.64	50.10	30,647.50	611.73	557.30	146,835.00	263.43	92.60	11,775.00	127.16	801.70	212,973.00
Trading	0.85	344.75	405.59	-	-	-	0.30	54.00	180.00	2.75	290.00	105.45	3.90	638.75
Total	133.95	51,952.00	387.89	307.05	106,138.50	345.67	978.15	228,664.25	233.86	363.60	41,627.60	316.34	1,784.15	421,081.35

The time costs are split into 5 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 employee preferential and unsecured claims.

Investigations: this includes work such as investigating into directors conduct and investigating 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.

Trading: this includes work such as managing operations, planning strategy, preparing and monitoring trading forecasts, accounting for trading and administering any landlord and employee issues.

Classification of Disbursements

The analysis above purely represents time costs of the Insolvency Practitioners and their staff and does not account for disbursements.

Category 1

Category 1 disbursements will 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 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 postage.

Where Category 1 disbursements are paid by the Insolvency Practitioners' firm, these are reimbursed as and when funds are available.

Category 2

Category 2 disbursements will 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 practitioner firm.

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.