

The Insolvency Act 1986

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

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

Name of Company
FM Property and Leisure Limited

Company number
SC173328

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

I/We (a)
Fraser Gray, Elizabeth Mackay and
Zolfo Cooper
Cornerstone
107 West Regent Street
Glasgow
G2 2BA

Anne O'Keefe
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

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

from

to

(b) Insert date(s)

23 February 2010

22 August 2010

Signed

Joint / Administrator(s)

Dated

8/9/10

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

Michael James
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

DX Number 0161 838 4500

DX Exchange

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

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

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COMPANIES HOUSE

Joint Administrators' Progress Report For the Period 23 February 2010 to 22 August 2010

FM Property and Leisure Limited - In
Administration

15 September 2010

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1 Statutory Information

- 1.1 I was appointed Joint Administrator of FM Property and Leisure Limited (the Company) together with Fraser Gray and Elizabeth Mackay on 23 February 2009 by the Court of Session, Edinburgh. The application for the appointment of an Administrator was made by the Governor and Company of the Bank of Scotland plc (the Bank), The Mound, Edinburgh, EH1 1YZ.
- 1.2 This Administration is being handled by Zolfo Cooper's Glasgow office, situated at Cornerstone, 107 West Regent Street, Glasgow, G2 2BA.
- 1.3 The Administration is registered at the Court of Session, Edinburgh. No reference number was assigned.
- 1.4 The trading address of the Company was 9 Great Stuart Street, Edinburgh, Midlothian, EH3 7TP.
- 1.5 The registered office of the Company has been changed to c/o Zolfo Cooper, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA and its registered number is SC173328.
- 1.6 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, the functions of the Administrators may be exercised by any or all, acting jointly or alone.

2 Progress of the Administration

- 2.1 Attached at Appendix A is the Joint Administrators Receipts and Payments Accounts for the Period from 23 February 2010 to 22 August 2010 together with a Cumulative Receipts and Payments Account for the Period from 23 February 2009 to 22 August 2010.
- 2.2 The Joint Administrators are continuing to pursue the second objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company was wound up (without first being in Administration).
- 2.3 Progress to date in respect of the disposal of the Company's assets is shown below: -

Dalgety
- 2.4 A sale of the land and farm building completed on 31 March 2010 for consideration totalling £51,000.

Mains of Farnell
- 2.5 The site at Mains of Farnell is continuing to be marketed for sale. Several offers have been received and are being considered. The waste removal at the site mentioned in the last report is currently on hold until a decision is made on whether to accept any of the offers.

Other Assets
- 2.6 As previously reported, a single farm payment due to the Company totalling £198,347 was received. Further receipts totalling £4,550 have been received in respect of land management payments.

- 2.7 The sale of a motor vehicle owned by the Company realised £690. Bank interest in the period of this report totals £806. This brings total realisations in the Administration from this source to £1,127.
- 2.8 The intercompany loans shown within the Directors' Estimated Statement of Affairs are irrecoverable where the loan was made to a company that is now in Administration.
- 2.9 As previously advised, the "Freehold Property and Land" figure shown on the Directors' Estimated Statement of Affairs is inclusive of property which is owned by another insolvent group company, FM Developments Limited - In Administration.

3 Assets still to be Realised

- 3.1 As detailed above, the site at Mains of Farnell is still to be realised. It is anticipated that the sale of this site will be finalised within the next six months.

4 Joint Administrators' Remuneration

- 4.1 The creditors approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by them and their staff in managing the Administration.
- 4.2 The Joint Administrators' time costs in the six month period from 23 February 2010 to 22 August 2010 are £18,266. Attached at Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period. Approval of the Joint Administrators' remuneration will be sought in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986 as amended.
- 4.3 Approval will be sought from the secured creditor as it is anticipated that the Company has insufficient property to enable a distribution to be made to unsecured creditors.
- 4.4 Also attached at Appendix C is a Cumulative Time Analysis for the Period 23 February 2009 to 22 August 2010 which provides details of the activity costs incurred by staff grade since the Joint Administrators' appointment.
- 4.5 Shown below is further information regarding the work which has been performed during the Administration;
- **Administration and Planning** - Time has been spent formulating and implementing case strategy to deal with various issues surrounding the Administration, together with ensuring all statutory requirements are met.
 - **Realisation of Assets** - Time has been spent pursuing a sale of the Company's assets which includes liaising with my agents and evaluating offers received.
 - **Creditors** - A significant amount of time has been spent corresponding with creditors and dealing with various specific queries. A significant amount of time has also been spent reporting to the Bank and the Company's creditors.
- 4.6 Attached at Appendix D is additional information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors, disbursements and details of their current charge-out rates by staff grade.

5 Estimated Outcome for Creditors

Secured Creditor - Bank of Scotland

- 5.1 The Company's indebtedness to the Bank at the date of the Joint Administrators' appointment was in excess of £41 million under a cross collateralised revolving security facility with other group companies also in Administration. Credit balances in several bank accounts totalling approximately £4 million have been offset against this debt; however interest and charges continue to accrue. It is anticipated that the Bank will suffer a significant shortfall in respect of its security.

Preferential Creditors

- 5.2 There are no preferential creditors of the Company.

Unsecured Creditors' Fund

- 5.3 Pursuant to Section 176A of the Insolvency Act 1986, where there is a floating charge which post dates 15 September 2003, the Joint Administrators are required to create a prescribed part from the Company's net property available for the benefit of unsecured creditors.
- 5.4 As the Company granted a floating charge to the secured creditor before 15 September 2003, there is no requirement set to create an Unsecured Creditors Fund.

Unsecured Creditors

- 5.5 Based on current information, there will be insufficient funds to enable a dividend to be paid to the unsecured creditors of the Company.

6 Extending the Administration

- 6.1 Prior to the one year statutory deadline, the relevant approval was obtained from the secured creditor for a six month extension to the Administration to 22 August 2010. For the reasons set out in Paragraph 2 the Joint Administrators have applied to Court and a further 12 month extension to the Administration to 22 August 2011 has been granted.

7 Ending the Administration

- 7.1 If, as it is currently expected, there are insufficient funds to enable a dividend to be paid to the unsecured creditors, the Joint Administrators propose filing a notice together with their final progress report at Court and with the Registrar for the dissolution of the Company. Copies of these documents will be sent to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.
- 7.2 In the unlikely event that the Joint Administrators think a dividend will be paid to the unsecured creditors they will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors' Voluntary Liquidation (CVL). It is proposed that the Joint Administrators will also become the Joint Liquidators of the CVL.

- 7.3 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

8 Next Report

- 8.1 The Joint Administrators are required to provide a progress report within six weeks of the end of the next six month period of the Administration, or the date they cease to act as Administrators, if earlier.

For and on behalf of
FM Property and Leisure Limited

A handwritten signature in black ink, appearing to read 'AO' followed by a stylized surname.

Anne O'Keefe
Joint Administrator

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Receipts and Payments Account for the Period from
23 February 2010 to 22 August 2010 and a
Cumulative Account for the Period from 23
February 2009 to 22 August 2010

Appendix A

Statement of Affairs	From 23/02/2010 To 22/08/2010	From 23/02/2009 To 22/08/2010
RECEIPTS		
4,500,000 Freehold Property & Land	51,000	51,000
4,980 Plant & Machinery	-	-
Motor Vehicles	-	690
1,005 Patents & Trademarks	-	-
255 Loans & Advances	-	-
Bank Interest	806	1,127
Sundry Refunds	30	30
Land Management	-	4,550
European Farming Commodity	-	198,347
	<u>51,836</u>	<u>255,744</u>
PAYMENTS		
Agent's Fees	2,347	19,521
Bordereau Costs	-	30
Auctioneers Costs	-	3,967
Stationery & Postage	-	101
Re-Direction of Mail	-	103
Statutory Advertising	-	104
Registers of Scotland Fee	-	15
Bank Charges	-	24
Landlord Registration Fees	-	88
Professional Fees	-	1,495
	<u>(2,347)</u>	<u>(25,448)</u>
BALANCE	<u>49,489</u>	<u>230,296</u>
REPRESENTED BY		
Interest Bearing Account		231,703
VAT Payable		(1,407)
		<u>230,296</u>

Time Analysis for the Period from 23 February 2010 to 22 August 2010

Appendix B

	Employee Grade (Hours)					(£'s)	
	Partner / Director	Senior Associate	Associate / Analyst	Jnr Analyst/ Support	Total Hours	Total Cost	Average Rate p/h
Administration and Planning							
Strategy and Control	0.5	4.9	8.6	2.8	16.8	3,651.50	217
Statutory Duties	0.0	0.2	0.6	1.7	2.5	376.00	150
Job Administration	0.0	3.4	2.1	12.3	17.8	2,801.00	157
Cash Accounting and Time Records	0.0	1.2	6.0	2.9	10.1	1,944.50	193
Internal Documentation and IT	0.0	0.0	1.2	0.0	1.2	259.00	216
Realisation of Assets - Fixed Charge							
Initial Actions and Valuations	0.0	0.5	7.3	0.0	7.8	1,756.00	225
Sale of Assets	0.0	0.3	0.8	0.0	1.1	266.00	242
Internal and External Documentation	0.0	0.0	0.4	0.0	0.4	88.00	220
Realisation of Assets - Floating Charge							
Initial Actions and Valuations	0.0	0.0	0.9	0.0	0.9	198.00	220
Sale of Assets	0.0	0.0	3.5	0.0	3.5	770.00	220
Hire Purchase / Leased Assets	0.0	0.0	0.3	0.0	0.3	63.00	210
Trading							
Initial Actions	0.0	0.0	0.0	0.6	0.6	66.00	110
Ongoing Trading Activities	0.0	0.0	0.3	2.1	2.4	294.00	123
Internal and External Communication	0.0	0.0	0.0	0.9	0.9	99.00	110
Creditors							
Bank and Creditor Reporting	1.0	3.2	16.1	5.3	25.6	5,435.00	212
Creditor Dealings	0.0	0.0	0.7	0.1	0.8	159.00	199
Totals	1.5	13.7	48.8	28.7	92.7	18,226.00	197

Cumulative Time Analysis for the Period from 23 February 2009 to 22 August 2010

Appendix C

	Employee Grade (Hours)					(£'s)	
	Partner / Director	Senior Associate	Associate / Analyst	Jnr Analyst/ Support	Total Hours	Total Cost	Average Rate p/h
Administration and Planning							
Strategy and Control	2.5	20.8	54.9	5.7	83.9	19,653.50	234
Statutory Duties	0.1	0.6	3.7	3.3	7.7	1,370.00	178
Job Administration	0.1	13.4	14.6	26.2	54.3	9,939.00	183
Cash Accounting and Time Records	0.2	3.3	10.2	16.1	29.8	4,912.00	165
Travel and Waiting Time	0.0	0.0	7.1	0.0	7.1	1,562.00	220
Internal Documentation and IT	0.0	0.0	18.0	0.8	18.8	4,016.00	214
Investigations							
D Reports	1.5	0.8	4.6	1.0	7.9	1,984.50	251
Internal Documentation	0.0	0.0	0.6	0.0	0.6	129.00	215
Realisation of Assets - Fixed Charge							
Initial Actions and Valuations	0.0	1.1	28.7	0.0	29.8	6,628.00	222
Sale of Assets	1.0	0.6	12.1	0.0	13.7	3,236.00	236
Internal and External Documentation	0.0	0.0	2.7	0.0	2.7	571.00	211
Realisation of Assets - Debtors							
Debt Collection	0.0	0.0	3.4	0.0	3.4	741.00	218
Crown Debtors	0.0	0.0	0.1	0.0	0.1	21.00	210
Realisation of Assets - Floating Charge							
Initial Actions and Valuations	0.0	1.1	4.5	0.0	5.6	1,317.00	235
Sale of Assets	0.0	8.0	15.2	0.0	23.2	5,741.00	247
Insurance	0.0	0.0	0.4	0.0	0.4	84.00	210
Hire Purchase / Leased Assets	0.0	0.5	0.3	0.0	0.8	213.00	266
Trading							
Initial Actions	0.2	0.3	0.0	0.6	1.1	241.00	219
Cash Accounting	0.0	0.0	1.1	0.5	1.6	288.00	180
Ongoing Trading Activities	0.0	0.0	10.3	3.2	13.5	2,542.00	188
Internal and External Communication	0.0	0.0	2.6	0.9	3.5	671.00	192
Creditors							
Bank and Creditor Reporting	2.5	11.6	48.8	16.4	79.3	16,763.50	211
Creditor Dealings	0.0	0.0	4.9	0.8	5.7	1,145.00	201
Internal Documentation	0.0	0.0	0.5	0.0	0.5	105.00	210
Totals	8.1	62.1	249.3	75.5	395.0	83,873.50	212

Additional Information in Relation to the Joint Administrators' Fees Pursuant to Statement of Insolvency Practice 9 (Scotland)

Appendix D

1 Policy

Detailed below is Zolfo Cooper's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

1.1 Staff Allocation and the use of Sub-contractors

The Joint Administrators general approach to resourcing their assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Partner, a Senior Associate, an Associate and an Analyst. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Joint Administrators' charge out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, the Joint Administrators would advise that time spent by treasury in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g. report compilation and distribution, do the Joint Administrators seek to charge and recover their time in this regard.

The Joint Administrators have not utilised the services of any sub contractors in this case.

1.2 Professional Advisors

On this assignment the Joint Administrators have used the professional advisors listed below. The Joint Administrators have also indicated alongside, the basis of their fee arrangement with them, which is subject to review on a regular basis.

Name of Professional Advisor	Basis of Fee Arrangement
Dundas & Wilson CS LLP (legal advice)	Hourly rate and disbursements
Anderson Strathern LLP (agricultural legal advice)	Hourly rate and disbursements
Jardine Lloyd Thompson (insurance broker)	Risk based premium
Savills (L&P) Limited (land and property management)	Hourly rate and disbursements
Savills (L&P) Limited (valuation and disposal advice)	Percentage of realisations

The Joint Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of their fee arrangement with them.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by the Joint Administrators and their staff.

Category 2 disbursements do require prior approval by creditors before they are paid. If they are incurred, they will be drawn in accordance with the Joint Administrators' Proposals. Category 2 disbursements that may be incurred are as follows:

- Photocopying - charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying.

2 Charge Out Rates

A schedule of Zolfo Cooper charge-out rates effective from 1 January 2009 is detailed below.

Description	£
Partner/Director:	
Partner 1*	425
Partner 2*	375
Director	325
Senior Associate:	
Senior Associate 1*	300
Senior Associate 2*	250
Associate/Analyst:	
Associate	220
Analyst*	210
Junior Analyst and Support Staff:	
Junior Analyst*	110
Senior Treasury Associate	150
Treasury Associate	100
Treasury Analyst	75
Support	70

***Key**

Partner 1 - Partners with 3 or more years experience at partner level

Partner 2 - Partners with less than 3 years experience at partner level

Senior Associate 1 - Staff who have been Senior Associates for over 2 years

Senior Associate 2 - Staff who have been Senior Associates for less than 2 years

Analyst - Staff who have been Analysts for more than 1 year

Junior Analyst - First year Analysts