

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

We
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

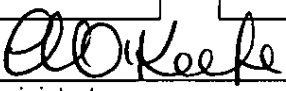
from

to

23 August 2010

22 February 2011

Signed


Joint Administrator

Dated

23 March 2011

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.

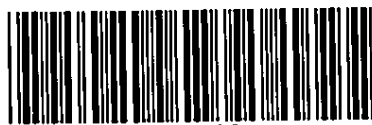
The contact information that you give will be visible to searchers of the public record

Kate Wrigley
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

Telephone Number 0161 838 4500

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**



SCT

25/03/2011

675

COMPANIES HOUSE

Co

FRIDAY

Joint Administrators' Progress Report for the Period 23 August 2010 to 22 February 2011

FM Property and Leisure Limited - In
Administration

23 March 2010

Contents

- 1 Statutory Information
- 2 Progress of the Administration
- 3 Assets still to be Realised
- 4 Joint Administrators' Remuneration
- 5 Estimated Outcome for Creditors
- 6 Ending the Administration
- 7 Next Report

Appendices

Receipts and Payments Account for the Period from 23 August 2010 to 22 February 2011 and a Cumulative Account for the Period from 23 February 2009 to 22 February 2011	Appendix A
Time Analysis for the Period from 23 August 2010 to 22 February 2011	Appendix B
Cumulative Time Analysis for the Period from 23 February 2009 to 22 February 2011	Appendix C
Additional Information in Relation to the Joint Administrators' Fees Pursuant to Statement of Insolvency Practice 9 (Scotland)	Appendix D

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

t: +44 (0) 161 838 4500 f: +44 (0) 161 838 4501

© Zolfo Cooper 2011. All rights reserved.

www.zolfocooper.com

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 August 2010 to 22 February 2011 together with a Cumulative Receipts and Payments Account for the period from 23 February 2009 to 22 February 2011.
- 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 at Dalgety completed on 31 March 2010 for consideration totalling £51,000.
 - Mains of Farnell**
 - 2.5 In our last report we advised that several offers had been received for this site. Following discussions with our agent and the Bank, an offer of £30,000 was accepted and the sale completed on 24 January 2011.
 - Other Assets**
 - 2.6 Our ongoing investigations into the Company's pre-appointment dealings have established that the Company owns a property that sits within the Ury Estate, the asset of FM Developments Limited, an insolvent group company (over which we are also Joint Administrators).

- 2.7 Our legal advisor is continuing to liaise with the proposed purchaser's solicitor to resolve various legal issues surrounding the sale. An option to purchase the site has been issued to the proposed purchaser giving a deadline for completion of a sale by 31 May 2011. We understand the purchaser is however aiming to complete the sale by the end of April 2011. Should the proposed purchaser not complete by the expiry of the option agreement we will place the site on the open market. Until a sale has completed we are not in a position to disclose the details of the offer.
- 2.8 Following completion of the sale of the estate the proceeds attributable to the property owned by the Company will be transferred accordingly.
- 2.9 Bank interest received in this period totals £1,333. This brings total realisations in the Administration from this source to £1,931.

3 Assets still to be Realised

- 3.1 As detailed above, the sale of the site at Mains of Farnell has recently completed. Following the completion of the property within the Ury Estate, the Joint Administrators will discharge the costs of the Administration and complete the necessary administrative duties to enable them to cease to act.

4 Joint Administrators' Remuneration

- 4.1 The relevant 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 August 2010 to 22 February 2011 are £9,443. This represents 47 hours at an average rate of £200 per hour. 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 Bank 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 February 2011 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 the ongoing strategy of the Administration. Case related Treasury function time is also recorded here.
 - **Realisation of Assets** - Time has been spent pursuing and finalising a sale of the site at Mains of Farnell which includes liaising with the Bank, our agent and the purchaser.
 - **Creditors** - A number of hours have been spent corresponding with creditors and 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. Realisations from the assets held by the insolvent companies will not be sufficient to repay the Bank in full. 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 to create such a 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 Ending the Administration

- 6.1 As 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.
- 6.2 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.

7 Next Report

- 7.1 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 'Anne O'Keefe', written in a cursive style.

Anne O'Keefe
Joint Administrator

Enc

**Receipts and Payments Account for the Period from
23 August 2010 to 22 February 2011 and a
Cumulative Account for the Period from 23
February 2009 to 22 February 2011**

Appendix A

Statement of Affairs	From 23/08/2010 To 22/02/2011	From 23/02/2009 To 22/02/2011
RECEIPTS		
4,500,000 Freehold Property & Land	30,000	81,000
4,980 Plant & Machinery	-	-
Motor Vehicles	-	690
2 Uncalled Share Capital	-	-
1,005 Patents & Trademarks	-	-
255 Loans & Advances	-	-
Bank Interest	1,333	1,931
Sundry Refunds	-	30
Land Management	-	4,550
European Farming Commodity	-	198,347
	<u>31,333</u>	<u>286,548</u>
PAYMENTS		
Agent's Fees	16,455	21,760
Bordereau Costs	-	30
Auctioneers Costs	-	3,967
Stationery & Postage	51	152
Re-Direction of Mail	-	103
Statutory Advertising	-	104
Registers of Scotland Fee	-	15
Bank Charges	-	24
Landlord Registration Fees	-	88
Professional Fees	1,178	1,495
	<u>(17,683)</u>	<u>(27,738)</u>
BALANCE	<u>13,650</u>	<u>258,811</u>
REPRESENTED BY		
Interest Bearing Account		260,209
VAT Payable		(1,398)
		<u>258,811</u>

Time Analysis for the Period from 23 August 2010 to 22 February 2011

Appendix B

	Employee Grade (Hours)				Total Hours	(£'s)	
	Partner / Director	Senior Associate / Associate	Jnr Analyst/ Analyst	Support		Total Cost	Average Rate p/h
Administration and Planning							
Strategy and Control	0.2	0.9	2.8	2.4	6.3	1,228.50	195
Statutory Duties	0.0	0.2	0.4	1.0	1.6	261.00	163
Job Administration	0.0	0.5	2.2	4.2	6.9	1,088.50	158
Cash Accounting and Time Records	0.0	0.5	1.3	2.0	3.8	664.00	175
Internal Documentation and IT	0.0	0.0	0.6	0.0	0.6	133.00	222
Investigations							
Internal Documentation	0.0	0.0	2.3	0.0	2.3	513.00	223
Realisation of Assets - Fixed Charge							
Initial Actions and Valuations	1.0	0.0	0.1	0.0	1.1	467.00	425
Realisation of Assets - Debtors							
Crown Debtors	0.0	0.0	0.0	0.1	0.1	11.50	115
Internal and External Documentation	0.0	0.0	0.5	0.0	0.5	105.00	210
Realisation of Assets - Floating Charge							
Initial Actions and Valuations	0.0	0.0	5.8	0.0	5.8	1,277.00	220
Sale of Assets	0.0	0.0	1.3	0.0	1.3	294.00	226
Internal and External Communications	0.0	0.0	1.6	0.0	1.6	355.00	222
Trading							
Cash Accounting	0.0	0.1	0.0	0.0	0.1	31.50	315
Ongoing Trading Activities	0.0	0.0	1.0	0.7	1.7	287.00	169
Creditors							
Bank and Creditor Reporting	0.4	1.1	7.0	2.2	10.7	2,256.00	211
Creditor Dealings	0.0	0.4	0.0	1.9	2.3	332.50	145
Creditor Claims	0.0	0.3	0.0	0.2	0.5	117.50	235
Internal Documentation	0.0	0.0	0.1	0.0	0.1	21.00	210
Totals	1.6	4.0	27.0	14.7	47.3	9,443.00	200

Cumulative Time Analysis for the Period from 23 February 2009 to 22 February 2011

Appendix C

	Employee Grade (Hours)				<u>Total Hours</u>	(£'s)	
	Partner / Director	Senior Associate / Associate	Jnr Analyst/ Analyst	Support		<u>Total Cost</u>	<u>Average Rate p/h</u>
Administration and Planning							
Strategy and Control	2.7	21.9	57.8	8.1	90.5	20,966.00	232
Statutory Duties	0.1	0.8	4.1	4.3	9.3	1,631.00	175
Job Administration	0.1	13.9	16.5	30.4	60.9	10,961.50	180
Cash Accounting and Time Records	0.2	3.8	11.7	18.1	33.8	5,618.00	166
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	18.6	0.8	19.4	4,149.00	214
Investigations							
D Reports	1.5	0.8	4.6	1.0	7.9	1,984.50	251
Internal Documentation	0.0	0.0	2.9	0.0	2.9	642.00	221
Realisation of Assets - Fixed Charge							
Initial Actions and Valuations	1.0	1.1	28.8	0.0	30.9	7,095.00	230
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	0.1	0.2	32.50	163
Internal and External Documentation	0.0	0.0	0.5	0.0	0.5	105.00	210
Realisation of Assets - Floating Charge							
Initial Actions and Valuations	0.0	1.1	10.3	0.0	11.4	2,594.00	228
Sale of Assets	0.0	8.0	16.5	0.0	24.5	6,035.00	246
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
Internal and External Communications	0.0	0.0	1.6	0.0	1.6	355.00	222
Trading							
Initial Actions	0.2	0.3	0.0	0.6	1.1	241.00	219
Cash Accounting	0.0	0.1	1.1	0.5	1.7	319.50	188
Ongoing Trading Activities	0.0	0.0	11.3	3.7	15.0	2,807.00	187
Internal and External Communications	0.0	0.0	2.6	0.9	3.5	671.00	192
Creditors							
Bank and Creditor Reporting	2.9	12.5	55.8	18.6	89.8	18,959.50	211
Creditor Dealings	0.0	0.4	4.9	2.9	8.2	1,499.50	183
Creditor Claims	0.0	0.3	0.0	0.2	0.5	117.50	235
Internal Documentation	0.0	0.0	0.6	0.0	0.6	126.00	210
Totals	9.7	66.1	276.3	90.2	442.3	93,316.50	211

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 2011 is detailed below.

Description	£
Partner/Director:	
Partner 1*	445
Partner 2*	395
Director	340
Senior Associate:	
Senior Associate 1*	315
Senior Associate 2*	265
Associate/Analyst:	
Associate	230
Analyst*	220
Junior Analyst and Support Staff:	
Junior Analyst*	115
Senior Treasury Associate	155
Treasury Associate	105
Treasury Analyst	80
Support	75

***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