

The Insolvency Act 1986

**Notice of move from
administration to
dissolution****R2.48(1)**Pursuant to paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 and
Rule 2.48(1) of the Insolvency (Scotland) Rules 1986

Name of Company

Scotgen (Dumfries) Limited

Company number

SC180809

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a) Alan Fallows
Kay Johnson Gee Corporate Recovery Limited
Griffin Court
201 Chapel Street
Salford
Manchester
M3 5EQ

Charles Michael Brook

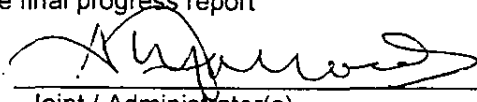
(b) Insert name and
address of
registered office of
companyhaving been appointed administrator(s) of (b) Scotgen (Dumfries) Limited c/o Morton Fraser LLP
Quatermile Two 2 Lister Square Edinburgh(c) Insert date of
appointment
(d) Insert name of
applicant/appointor

on (c) 17 October, 2013 by (d) The Court of Session

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986
apply.

We attach a copy of the final progress report

Signed


Joint / Administrator(s)

Dated

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 recordAlan Fallows
Kay Johnson Gee Corporate Recovery Limited
Griffin Court
201 Chapel Street
Salford
Manchester
M3 5EQ

DX Number

0161 832 6221
DX Exchange

SATURDAY



SCT

16/04/2016

#251

COMPANIES HOUSE

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' Final Progress Report
For the Period 17 October 2015 to 13 April 2016
Scotgen (Dumfries) Limited -In Administration

13 April 2016

SCOTGEN (DUMFRIES) LIMITED - IN ADMINISTRATION

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1 Statutory Information

- 1.1 I, together with my partner Charles Michael Brook, was appointed Joint Administrator of Scotgen (Dumfries) Limited (the **Company**) on 17 October 2013. The Company's Director, Mr James Hennessey, made the application for the appointment of Joint Administrators.
- 1.2 This Administration is being handled by Kay Johnson Gee Corporate Recovery Limited, situated at Griffin Court, 201 Chapel Street, Salford, Manchester, M3 5EQ. The Administration is registered in the The Court of Session, Edinburgh.
- 1.3 The trading address of the Company is Dargavel Stores, Lockerbie Road, Dumfries, DG1 3PY. The registered office of the Company is Morton Fraser LLP, Quatermile Two, 2 Lister Square, Edinburgh, EH3 9GL and its registered number is SC180809.
- 1.4 We confirm that an order to extend the Administration to the 16 April 2016 was obtained on the 9 April 2015.

2 Administrators' Proposals

- 2.1 As previously advised, the Joint Administrators must perform their functions with the purpose of achieving the following objective:
- achieving 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).
- 2.2 The sale of the Company's business and assets was completed on the 17 October 2013, immediately after the appointment of the Joint Administrators. However, despite the early sale of the assets, realising the amounts outstanding proved to be both problematic and time consuming, details of which have been summarised below.

3 Progress of the Administration

- 3.1 Attached at Appendix A is our Receipts and Payments Account for the period from 17 October 2013 to 13 April 2016 and a cumulative Receipts and Payments Account for the period 17 October 2013 to 13 April 2016.
- 3.2 A full Statement of Insolvency Practice No.13 (SIP13) disclosure has been made in our previous progress reports to creditors.

SCOTGEN (DUMFRIES) LIMITED - IN ADMINISTRATION

Sale of the Leasehold

- 3.3 As detailed in our previous progress report, Mr James Hennessey, the Director of the Company and the secured creditor, entered into negotiations with the Landlord of the premises prior to the appointment of the Joint Administrators. This was with a view to obtaining a conditional agreement to the assignment of the Company's leasehold interest to a prospective purchaser.
- 3.4 Immediately following the appointment of the Joint Administrators, and prior to completion of the sale to the Purchaser, an assignment of the Company's leasehold interest was completed to Scothold Limited (the Leasehold Purchaser). This took place with the consent of the Landlord, for consideration in the sum of £810,000.

Sale of the Business and Assets

- 3.5 Creditors were advised in my initial SIP16 report, that a sale of the Company's business and assets as a going concern was completed on 17 October 2013, immediately after the appointment of the Joint Administrators. The purchaser, Rank Recycling Scotland Limited (RRS) has no connection with the Company or its Directors.
- 3.6 As detailed in our previous report, the Joint Administrators sold such right, title and interest they have in the business and assets. The sale of assets includes the Business Rights, Goodwill, Plant & Machinery, Stock and the Transferred Records.
- 3.7 By way of a summary the initial consideration of £100,000.00 was received upon completion. The Sales Purchase Agreement ("SPA") terms were for the remaining consideration to be paid on a deferred basis as follows:-
- £900,000 on 31 January 2014
 - £500,000 on 15 July 2014
 - £450,000 on 15 December 2014 (less set off)
- 3.8 The purchaser was unable to adhere to the original SPA and requested a variation to the original terms. We can confirm that during the course of Administration, a variation to the terms was not accepted. However, the Administrators have tolerated continual late payments and delays in an effort to allow the purchaser every opportunity to pay the sums due.
- 3.9 That tolerance extended to agreeing a proposal to delay payment of the final instalment and interest until 30 September 2015. However, the purchaser failed to discharge the amount outstanding by the agreed date.
- 3.10 Again on 27 October 2015 it was agreed that the sum of £112,998 inclusive of interest and charges remained outstanding. The following repayments were proposed and accepted.

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Due Date	Amount Proposed	Date Payment Received	Amount Received
October 2015	£10,000	3 November 2015	£10,000
November 2015	£10,000	3 December 2015	£10,000
December 2015	£10,000	16 February 2016	£10,000
January 2016	£40,000	28 January 2016	£5,000
February 2016	£42,998	9 March 2016	£85,802
Total	£112,998		£120,802

3.11 The purchasers failed to adhere to the above payment schedule and as such interest continued to accrue at 8%. We confirm the total amount received amounts to £120,801.84 and that all outstanding amounts have been paid in full.

3.12 We confirm that the total amount of £1,499,995 due under the SPA has been paid in full in respect of the Company's plant and equipment.

Cash at Bank

3.13 The sum of £111.03 has been received in respect of the Cash at Bank.

Misc Refunds

3.14 The sum of £8.94 was received from MBM Commercial Ltd.

Bank Interest

3.15 The sum of £1,069.21 has been received in respect of bank interest.

Contribution to Costs

3.16 The Director of the Company paid £18,000.00 to the Joint Administrators pre appointment and the amount is reflected on the attached Receipts and Payments Account. We can confirm that the amount received was utilised in respect of the Joint Administrators' pre appointment costs, which were approved by the Secured creditor.

Goodwill, Permit, Stock, Records and Business Rights

3.17 All of the assets above were estimated to realise a nominal £1. We confirm all funds have been received.

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SPA Interests & Charges

- 3.18 As a result of the purchaser failing to adhere to the original terms of the SPA, we confirm the sum of £106,400.35 has been paid in respect of interest accrued and charges which have accrued in respect of legal fees and court extension fees. No further payments are due in respect of interest and charges.

Scottish Environment Protection Agency (SEPA) Refund

- 3.19 The Joint Administrators were responsible for subsistence fees, in relation the Pollution Prevention, Control Fees, and Charges (Scotland) Scheme 2014. The cumulative sum of £68,991.04 has been paid to SEPA in respect of the above charges for the period 17 October 2013 to 13 April 2016. The sum of £33,960.30 was paid to SEPA for the period 1 April 2015 to 31 March 2016.
- 3.20 During the Joint Administrators' time in office, the Joint Administrators were responsible to make good all environmental issues, which arose following the site fire, which happened prior to the Joint Administrators' appointment.
- 3.21 The environmental issue which arose as a result of the fire proved to be extremely time consuming. The Joint Administrators requested the assistance of the Bond Holder and independent third parties who specialised in reducing the contaminants in the soil.
- 3.22 Soil samples and boreholes were frequently extracted from site and tested, the results were sent to SEPA for their consideration. Following SEPA's comments and suggestion steps were taken to reduce the contaminants in the soil. The process was repeated on several occasions until the pollutants were of a level SEPA found acceptable. We confirm that a revocation notice was received on the 21 December 2015, following which SEPA issued a refund totalling £9,371.56.

4 Administrators' Remuneration

- 4.1 The Bond holder 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 Attached as Appendix B is a Time Analysis which provides details of the activity costs incurred by staff grade during this period in respect of the costs fixed by reference to time properly spent by us in managing the Administration. Our time costs for the period from 17 October 2015 to 13 April 2016 are £29,624. This represents 95.85 hours at an average rate of £309.07 per hour.
- 4.3 Appendix C provides our cumulative time costs for the period from 17 October 2013 to 13 April 2016 which amount to £103,757. This represents 389.08 hours at an average rate of £266.67 per hour. We confirm the sum of £103,757 has been drawn in respect of this time, which

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includes £5,300 in respect of dealing with the prescribed part calculation, agreement of claims and distribution.

4.4 A copy of 'A Creditors' Guide to Administrators' Fees' is available on request or can be downloaded from <http://www.kayjohnsongee.com/pdf/Administration-SC.pdf>

4.5 Attached as Appendix E is additional information in relation to this firm's policy on staffing, the use of subcontractors, disbursements and details of our current charge-out rates by staff grade.

4.6 Since the the date of appointment we can advise that no Category 2 disbursements have been incurred.

5 Pre-administration Costs

5.1 Details of the pre administration costs were provided in our previous progress report, dated 15 May 2014.

6 Joint Administrators' Expenses

6.1 Details of expenses incurred by the Joint Administrators during the period since the last progress report to creditors are outlined below together with an explanation, where applicable, as to why any of these expenses remain unpaid:

Joint Administrators' Expenses				
Bermans Solicitors	Fees in relation to legal advice	1,700.00	1,700.00	-
Morton Fraser	Fees in relation to extension and Scottish Insolvency Rules	749.00	749.00	-
Handelsbanken	Bank Charges	58.12	58.12	-

7 Investigations

7.1 In accordance with the Company Directors Disqualification Act 1986 we have submitted a report on the conduct of the Directors of the Company to the Department for Business Innovation & Skills (BIS). As this is a confidential report, we are not able to disclose the contents.

7.2 Shortly after appointment, we made an initial assessment of whether there could be any matters that might lead to recoveries for the estate and what further investigations may be appropriate. This assessment took into account information provided by creditors either at the

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initial meeting (where held) or as a response to our request to complete an investigation questionnaire. Our investigations have not revealed any issues requiring further report.

8 Unrealised Assets

Book Debts

- 8.1 As stated in the Joint Administrators' proposals, the book debts due to the Company were of limited value. The book debts are subject to the right of set off. There will be no realisations in respect of the book debts

Patent

- 8.2 The Company had a patent pending in respect of the Thermal Oxidation of Waste. The Joint Administrators took steps to secure the patent pending and filed the claims and abstract with the UK patent office as required. The estimated to realise value of this asset was uncertain.
- 8.3 Agents were instructed to market and sell the patent. However, there was no interest in the patent and as such, the decision was made to stop marketing the patent. No realisations have been received in respect of this asset.

9 Outcome for Creditors

Secured Creditors

- 9.1 Mr J Hennessey (Bond holder) held a fixed charge over the Company's interest in the lease and a bond over the other assets. The following distribution has been made to the Bond holder under his fixed charge.

Date	Amount £
17 October 2013	810,000.00
5 April 2016	1.00
Total	810,001.00

- 9.2 The following distributions have been made to the Bond holder under its Bond.

Date	Amount £
26 August 2014	500,942.00
28 October 2014	250,000.00
11 March 2015	112,027.94

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5 April 2016	127,955.23
Total	990,926.17

Preferential Creditors

- 9.2 There are no preferential creditors in this matter.

Unsecured Creditor

- 9.3 As stated previously in this report the Company granted a Bond to James Hennessey on 30 November 2011. Accordingly, we are required to create a fund out of the Company's net property for unsecured creditors.

- 9.4 We advise that the sum of £18,555.76 remains outstanding in respect of unpresented dividend payments. We confirm revised cheques have been issued with this report in respect of the following creditors;

Creditor	Amount
Alstom Power Thermal Services	15,395.05
Allianz Insurance	1,821.34
Larkman Lodh Solicitors	464.90
Northern Tool & Equipment	874.47
Total	18,555.76

- 9.5 We can confirm that a Court order was granted permitting a distribution to the unsecured creditors out of the prescribed part funds whilst the Company is in Administration. We have received and agreed claims totalling £1,671,855.46 from 69 creditors.

- 9.6 An interim dividend of 15.23 pence in the pound was paid to all proven creditors on 5 March 2015. A second and final distribution of 2.14 pence in the pound has been included with this report. Total distribution to date amounts to 17.37 pence in the pound. Creditors who have failed to provide details of their claims have been excluded from the prescribed part distribution.

10 Creditors' rights

- 10.1 Within 21 days of the receipt of this report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% in value of the unsecured creditors) may request in writing that the Joint Administrators provide further information about his remuneration or expenses (other than pre-administration costs) which have been itemised in this progress report.

SCOTGEN (DUMFRIES) LIMITED - IN ADMINISTRATION

- 10.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% in value of the unsecured creditors) may within 8 weeks of receipt of this progress report make an application to court on the grounds that, in all the circumstances, the basis fixed for the Joint Administrators' remuneration is inappropriate and/or the remuneration charged or the expenses incurred by the Joint Administrators, as set out in this progress report, are excessive.

11 Ending the Administration

- 11.1 The Joint Administrators will be discharged from their liability under Paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 and their appointment as Joint Administrator will cease to have effect following the filing of Form 2.26B (Scot) at Companies House.

For and on behalf of
Scotgen (Dumfries) Limited



Alan Fallows
Joint Administrator

Scotgen (Dumfries) Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Appendix A

Statement of Affairs		From 17/10/2015 To 13/04/2016	From 17/10/2013 To 13/04/2016
	SECURED ASSETS		
810,000.00	Leasehold Land & Property	NIL	810,000.00
		NIL	810,000.00
	SECURED CREDITORS		
(2,900,814.00)	Chargeholder	1.00	810,001.00
		(1.00)	(810,001.00)
	ASSET REALISATIONS		
1.00	Goodwill	1.00	1.00
1,949,995.00	Plant & Equipment	14,396.49	1,499,995.00
1.00	Permit	1.00	1.00
1.00	Stock	1.00	1.00
1.00	Transferred Records	1.00	1.00
NIL	Book Debts	NIL	NIL
1.00	Business Rights	1.00	1.00
	SPA Interest & Charges	106,400.35	106,400.35
111.00	Cash at Bank	NIL	111.03
	Misc Refunds	NIL	8.94
	Contribution to Costs	NIL	18,000.00
	Bank Interest Gross	NIL	NIL
	Bank Interest	98.05	1,069.21
	SEPA Refund	9,371.56	9,371.56
		130,271.45	1,634,961.09
	COST OF REALISATIONS		
	Bordereau	NIL	450.00
	Pre Appointment Remuneration	NIL	43,490.00
	Office Holders Fees	35,072.00	98,457.00
	Office Holders Prescribed Part Fees	NIL	5,300.00
	Office Holder's Expenses	NIL	1,309.41
	Agents/Valuers Fees	NIL	40,000.00
	Accountancy Fees	NIL	10,000.00
	Legal Fees	2,449.00	77,024.73
	Professional Fees (Poland)	NIL	5,495.07
	Patent Attorneys	NIL	932.62
	Corporation Tax	NIL	110.66
	Legal Disbursements	NIL	1,770.00
	Edinburgh Gazette	NIL	211.01
	SEPA Charges	NIL	68,991.04
	Bank Charges	58.12	194.43
		(37,579.12)	(353,735.97)
	FLOATING CHARGE CREDITORS		
(2,090,814.00)	Bond Holder	127,955.23	990,925.17
		(127,955.23)	(990,925.17)
	UNSECURED CREDITORS		
(613,017.00)	Trade & Expense Creditors	11,104.38	90,198.10
(270,973.00)	Nationwide Loan	5,792.56	47,051.37
(763,978.00)	UK Venturing	16,331.48	132,656.22
(92,729.00)	H M Revenue & Customs (PAYE & NI)	2,258.08	18,341.81

Scotgen (Dumfries) Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs		From 17/10/2015 To 13/04/2016	From 17/10/2013 To 13/04/2016
(142,749.00)	H M Revenue & Customs (VAT)	252.56 (35,739.06)	2,051.45 (290,298.95)
	DISTRIBUTIONS		
(2.00)	Ordinary Shareholders	NIL NIL	NIL NIL
<u>(4,114,965.00)</u>		<u>(71,002.96)</u>	<u>0.00</u>
	REPRESENTED BY		<u>NIL</u>

Time Entry - SLP9 Time & Cost Summary

Appendix B

SCOT01 - Scotgen (Dumfries) Limited
Project Code: POST
From: 17/10/2015 To: 08/04/2016

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Assistant Manager	Senior Administrator	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	11.45	8.00	0.00	0.00	0.00	0.00	19.45	6,351.00	326.53
Case Specific	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cashiering	3.50	0.00	0.00	0.00	0.00	0.00	3.50	1,330.00	380.00
Creditors	3.75	24.00	0.00	0.90	0.00	0.00	28.65	7,533.00	262.93
Investigation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realisation of Assets	25.75	18.50	0.00	0.00	0.00	0.00	44.25	14,410.00	325.65
Statutory Compliance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Hours	44.45	50.50	0.00	0.90	0.00	0.00	95.85	29,824.00	308.07
Total Fees Claimed	103,757.00								

Time Entry - SLP9 Time & Cost Summary

Appendix C

SCOT01 - Scotgen (Dumfries) Limited
Project Code: POST
From: 17/10/2013 To: 08/04/2016

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Assistant Manager	Senior Administrator	Total Hours	Time Cost (£)	Average Hourly Rate (£)
Admin & Planning	47.45	33.90	0.00	20.50	6.00	0.00	107.85	26,307.00	243.92
Case Specific	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cashiering	3.65	11.68	0.00	0.50	0.00	0.00	15.83	3,992.00	252.18
Creditors	70.50	88.75	0.00	6.40	0.00	0.00	165.65	42,886.00	258.90
Investigation	2.25	5.00	0.00	0.00	0.00	0.00	7.25	1,675.00	231.03
Realisation of Assets	64.85	25.10	0.00	1.60	0.00	0.00	91.75	28,672.00	312.50
Statutory Compliance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trading	0.75	0.00	0.00	0.00	0.00	0.00	0.75	225.00	300.00
Total Hours	189.45	164.43	0.00	29.20	6.00	0.00	389.08	103,757.00	266.67
Total Fees Claimed	103,757.00								

ADDITIONAL INFORMATION IN RELATION TO OFFICE HOLDER'S FEES PURSUANT TO STATEMENT OF INSOLVENCY PRACTICE 9 (SIP9)

Policy

- 1.1 Detailed below is Kay Johnson Gee Corporate Recovery Limited's policy in relation to:
- Staff allocation and the use of subcontractors
 - Professional advisors
 - Disbursements

Staff allocation and the use of subcontractors

- 1.2 Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.
- 1.3 The constitution of the case team will usually consist of a Partner, Manager, Administrator and/or an Assistant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment and additional staff may be allocated to meet the demands of the case.
- 1.4 On this case we are not proposing to use any sub-contractors.

Professional advisors

- 1.5 On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of Advisor	Narrative	Basis of Fee Arrangement
Cerberus Asset Management	Valuation and disposal advice	Fixed fee
Cowgill Holloway	Tax Advice	Fixed fee
Bermans Solicitors	Legal advice	Hourly rate plus disbursements

- 1.6 Our choice was based on our perception of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

Disbursements

- 1.7 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 personnel in connection with the case

1.8 Category 2 disbursements do require approval from creditors. These are costs which are directly referable to the appointment in question but are not payments which are made to an independent third party and may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis such as internal room hire, document storage or business mileage.

1.9 Kay Johnson Gee Corporate Recovery Limited does not seek to recovery Category 2 disbursements.

2 Charge Out Rates

2.1 Below are details of this firm's charge out rates which have been applied with effect from 1 April 2015.

Role	Charge out rate per hour £
Partner	380.00
Senior Manager	300.00
Manager	250.00
Assistant Manager	220.00
Administrator	180.00
Junior/Support Staff	120.00

2.2 Below are details of this firm's charge out rates which have been applied with effect from 1 January 2013 to 31 March 2015.

Role	Charge out rate per hour £
Partner	300.00
Manager	200.00
Assistant Manager	150.00
Administrator	110.00
Junior/Support Staff	80.00

2.3 Please note that this firm records its time in minimum units of 6 minutes.