

Rule 2.38

Form 2.20B(Scot)

The Insolvency Act 1986

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

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

Name of Company

Thornhill Securities Limited

Company number

SC237654

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

We

Elizabeth Mackay
Zolfo Cooper
Cornerstone
107 West Regent Street
Glasgow
G2 2BAFraser Gray
Zolfo Cooper
Cornerstone
107 West Regent Street
Glasgow
G2 2BAAnne O'Keefe
Zolfo Cooper
The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

Joint Administrators of the above company attach a progress report for the period

from

to

(b) Insert date(s)

13 June 2013

12 December 2013

Signed

E. S. Mackay
Joint Administrator

Dated

16-01-14

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 recordAmy Atkinson
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Manchester+44 (0) 161 838 4561
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SATURDAY



SCT

S2ZU2MGW

18/01/2014

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COMPANIES HOUSE

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Registrar of Companies at:-Companies House,
4th Floor, Edinburgh Quay 2,
139 Fountainbridge,
Edinburgh,
EH3 9FF

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**Joint Administrators'
Progress Report
for the period
13 June 2013 to
12 December 2013**

**Thornhill Securities Limited
In Administration**

16 January 2014

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1 Statutory information

- 1.1 Elizabeth Mackay was appointed Joint Administrator of Thornhill Securities Limited (the Company) together with Anne O'Keefe and Fraser Gray on 13 December 2012 by the director, Stuart Wilson, c/o CTC0246 Limited, 203 St Vincent Street, Glasgow, G2 5NH.
- 1.2 The Administration is being handled by Zolfo Cooper's Manchester office, situated at The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 1.3 The Joint Administrators' addresses are as follows; Anne O'Keefe of Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB and Elizabeth Mackay and Fraser Gray of Zolfo Cooper, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA.
- 1.4 The Administration is registered in the Court of Session Edinburgh, no reference number was provided.
- 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 SC237654.
- 1.6 In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Joint Administrators are to be exercised by any or all of the Joint Administrators.

2 Progress of the Administration

- 2.1 Attached at Appendix A is the Joint Administrators' Receipts and Payments Account for the period 13 June 2013 to 12 December 2013, together with a Cumulative Receipts and Payments Account for the period 13 December 2012 to 12 December 2013.
- 2.2 As stated in the Joint Administrators' Statement of Proposals (the Proposals), the Joint Administrators are pursuing the third objective of an administration whereby they are aiming to maximise realisations from the sale of property in order to make a distribution to the secured creditor.
- 2.3 The strategy for achieving this objective is to continue to manage the property and land at Crompton Way, Irvine (Crompton Way) and Pennyburn Roundabout, Hawkhill (Pennyburn) until sales can be completed.

Property

- 2.4 The Joint Administrators continue to manage the property and land at Crompton Way and Pennyburn.
- 2.5 As stated in the previous progress report, Savills plc (Savills) was engaged to provide valuations and disposal advice regarding the assets.
- 2.6 Both sites were marketed for sale and three formal offers were received for Crompton Way on 26 June 2013. The best offer was accepted, however, the party was unable to complete missives and their offer was subsequently withdrawn on 10 December 2013.
- 2.7 Upon confirmation from the secured creditor, Clydesdale Bank plc (the Bank), Savills have reverted to previous interested parties. Negotiations are still on-going regarding this matter.

- 2.8 An offer for Pennyburn was received on 29 April 2013, which was subsequently accepted by the Bank in June 2013. The sale has been delayed due to the purchaser wanting confirmation of certain issues in relation to the site. The Joint Administrators together with their solicitors, Dundas and Wilson LLP (D&W), are collating the required information in order to finalise this sale.

Rent

- 2.9 Rent continues to be collected from Amer Sports UK Limited (Amer), the sole tenant at Crompton Way and £87,500 has been realised during the period.

Service charge income

- 2.10 The sum of £3,962 has been received from Amer during the period in respect of the service charge for their unit at Crompton Way.

Bank interest

- 2.11 Bank interest totalling £2 has been received during the period.

3 Assets still to be realised

- 3.1 As stated in section 2.4, Crompton Way and Pennyburn are still to be realised. Rent and service charge income will continue to be collected until a sale of Crompton Way has been completed.

4 Joint Administrators' remuneration

- 4.1 On 9 October 2013, the secured creditor approved that the basis of the Joint Administrators' remuneration be fixed by reference to the time properly spent by the Joint Administrators and their staff on matters arising in the Administration.
- 4.2 The Joint Administrators' time costs for the period 13 June 2013 to 12 December 2013 are £21,806. This represents 103 hours at an average rate of £211 per hour. Attached at Appendix B is a Time Analysis for the period which provides details of the activity costs incurred by staff grade.
- 4.3 Approval of the Joint Administrators' remuneration will be sought in accordance with rule 2.39 of the Insolvency (Scotland) Rules 1986 as amended. Approval will be sought from the secured creditor as the Company has insufficient property to enable a distribution to be made to unsecured creditors, other than by virtue of the Unsecured Creditor Fund (see point 5.4).
- 4.4 Principal areas of activity during the period are discussed in further detail below.
- **Administration and planning** - time has been incurred managing and monitoring the case strategy, complying with statutory duties and performing general administrative work. Case related treasury and support time is also recorded here.
 - **Realisation of assets - standard security** - time has been incurred reviewing the realisation strategy, managing the marketing process, negotiating with interested

parties, reviewing offers received and finalising the sales process. Time has also been incurred complying with security and insurance requirements at the properties.

- **Realisation of assets - floating charge** - time recorded within this category includes liaising with the tenant, Amer, in respect of rent collection and dealing with insurance issues, including health and safety matters at Crompton Way. Time spent accounting for rent and service charge income is also recorded here.
- **Creditors** - time has been incurred preparing statutory reports and reporting to the secured creditor. Time has also been incurred dealing with general creditor correspondence.

- 4.5 A copy of 'A Creditors' Guide to Administrators' Fees' can be downloaded from Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>) - click on Creditors' Guide to Fees in the menu on the left side of the screen. If you would prefer this to be sent to you in hard copy please contact Amy Atkinson of this office on 0161 838 4561 or alternatively email aatkinson@zolfocooper.eu and she will forward a copy to you.
- 4.6 Attached at Appendix C is a Cumulative Time Analysis for the period 13 December 2012 to 12 December 2013 which provides details of the activity costs incurred by staff grade since the Joint Administrators' appointment.
- 4.7 To date, no fees have been drawn on account, total disbursements of £1,609 have been incurred, of which £254 have been drawn on account.
- 4.8 The Joint Administrators can confirm that the following category 2 disbursements have been incurred.
- Photocopying - charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying.
 - Printing - charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour.
- 4.9 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 - Clydesdale Bank plc

- 5.1 The Company granted a standard security to the Bank over Crompton Way and Pennyburn on 6 March 2008. The Company also granted a floating charge to the Bank on 27 February 2008. Although there is no indebtedness due from the Company, there is a cross-corporate guarantee for sums owed from CTC0246 Limited and Beacon Retail LLP, connected companies.
- 5.2 At the date of the Joint Administrators' appointment the Bank was owed £76 million (excluding interest and charges) across the Company and its connected companies, CTC0246 Limited, CTC0646 Limited and Beacon Retail LLP (all of which entered Administration on 13 December 2012). The Bank will suffer a shortfall in respect of its security.

Preferential creditors

- 5.3 As the Company had no employees, there are no preferential claims in the Administration.

Unsecured Creditors' Fund

- 5.4 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 fund from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund).
- 5.5 As the Company granted a floating charge to the secured creditor after 15 September 2003, the Joint Administrators are required to create an Unsecured Creditors' Fund. The Joint Administrators anticipate the amount available for the Unsecured Creditors' Fund will be approximately £19,547, based on current information.
- 5.6 The Proposals stated that no funds would be available to create an Unsecured Creditors' Fund, however, due to realisations in respect of rental income it is anticipated that there will be sufficient funds to create an Unsecured Creditors' Fund.

Unsecured creditors

- 5.7 Based on current information, unsecured creditors are anticipated to be approximately £400,134. The amount available to unsecured creditors from the Unsecured Creditors' Fund is £19,547, before costs, therefore the dividend is likely to be between two and three pence in the pound.

6 Ending the Administration

Dissolution of the Company

- 6.1 To ensure the distribution process is cost effective, the Joint Administrators will submit an application to the court for approval to make the distribution to unsecured creditors in the Administration. If granted, the Company will proceed to dissolution after the distribution has been made by filing a notice together with their final progress report at court and with the Registrar of Companies for the dissolution of the Company. The Joint Administrators shall send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.

Court Liquidation

- 6.2 If a distribution is to be made to the secured creditors, as well as a distribution to the unsecured creditors, by virtue of the Unsecured Creditors' Fund (see section 5.4), and due to time constraints it is not appropriate to apply to the court to make the distribution from the relevant Administration, an application will be made to the court seeking the appointment of the Joint Administrators as Joint Interim Liquidators for that purpose.

Discharge from liability

- 6.3 The Joint Administrators will be discharged from liability under paragraph 98 of schedule B1 to the Insolvency Act 1986 directly after their appointment as Joint Administrators ceases 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 months of the Administration, or the date they cease to act as administrators, if earlier.

For and on behalf of
Thornhill Securities Limited



Elizabeth Mackay
Joint Administrator

Encs

**Receipts and Payments Account for the period
13 June 2013 to 12 December 2013 and a
Cumulative Account for the period 13 December 2012
to 12 December 2013**

Appendix A

Statement of Affairs	Period	Cumulative
£	£	£
Standard security assets		
Receipts		
1,500,000 Freehold land and property	-	-
Bank interest	1	1
Loan from floating charge	-	57,668
	<u>1</u>	<u>57,669</u>
Payments		
Agent's/valuer's fees	1,520	20,878
Other property expenses	-	956
Security costs	3,808	3,808
Insurance of assets	15,840	15,840
Health and safety repairs and maintenance	1,350	16,163
Bank charges	24	24
	<u>(22,542)</u>	<u>(57,669)</u>
Balance of standard security assets	<u>(22,541)</u>	<u>-</u>
Floating charge assets		
Receipts		
Rent	87,500	131,250
Insurance commissions	-	993
Service charge income	3,962	5,944
11,831 Trade debtors	-	-
Bank interest	1	1
	<u>91,463</u>	<u>138,188</u>
Payments		
Insurance	1,062	-
Repairs and maintenance	4,814	4,814
Management fees	2,500	2,500
Category 1 disbursements:		
Stationery and postage	-	38
Storage costs	-	167
Statutory advertising	11	49
Registers of Scotland	-	15
Loan to standard security	-	57,668
Bank charges	142	186
	<u>(8,529)</u>	<u>(65,437)</u>
Balance of floating charge assets	<u>82,934</u>	<u>72,751</u>
Total balance		<u>72,751</u>
Represented by		
Interest bearing account		81,619
VAT payable		(8,868)
		<u>72,751</u>

Time Analysis for the period 13 June 2013 to 12 December 2013

Appendix B

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Strategy and control	0.1	0.9	0.1	1.3	2.4	516.00	215
Statutory duties	-	0.1	6.1	0.8	7.0	1,592.00	227
Case administration	0.3	0.6	1.1	1.3	3.3	706.50	214
Accounting and treasury	0.9	2.7	3.2	11.1	17.9	3,053.50	171
Internal documentation	0.1	-	1.2	1.8	3.1	549.00	177
Realisation of assets - standard security							
Asset realisation strategy	-	-	0.8	-	0.8	192.00	240
Asset identification and valuation	-	-	-	0.4	0.4	50.00	125
Sale of assets	-	5.0	0.7	0.4	6.1	1,818.00	298
Asset accounting and administration	0.3	-	11.1	0.8	12.2	2,870.50	235
Realisation of assets - floating charge							
Asset realisation strategy	-	0.7	5.7	-	6.4	1,592.00	249
Recovery of assets	-	0.1	5.7	-	5.8	1,396.00	241
Asset accounting and administration	0.2	1.3	8.6	9.6	19.7	3,473.00	176
Creditors							
Creditor claims	-	-	-	0.2	0.2	25.00	125
Internal documentation	-	-	-	0.7	0.7	87.50	125
Reporting to creditors	0.5	2.4	4.1	3.3	10.3	2,327.00	226
Secured creditors	-	2.5	1.4	0.5	4.4	1,198.50	272
Unsecured creditors	-	-	0.3	2.3	2.6	359.50	138
Totals	2.4	16.3	50.1	34.5	103.3	21,806.00	211

**Cumulative Time Analysis for the period
13 December 2012 to 12 December 2013**

Appendix C

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Planning	0.8	-	-	1.4	1.9	358.50	189
Strategy and control	3.4	4.1	2.9	6.3	16.9	4,115.00	243
Statutory duties	-	2.1	7.8	10.3	20.2	3,491.50	183
Case administration	0.4	3.0	7.3	18.4	29.3	5,032.50	172
Accounting and treasury	1.3	4.2	4.4	21.5	31.4	6,082.50	162
Travel and waiting time	-	-	0.5	1.1	1.6	241.50	151
Internal documentation	0.1	-	1.6	4.0	5.7	905.00	159
Investigations							
Director conduct reports	-	1.4	1.5	9.3	12.2	1,893.50	155
Other investigations	-	-	-	4.3	4.3	494.50	115
Internal documentation	-	-	-	0.5	0.5	57.50	115
Realisation of assets - standard security							
Asset realisation strategy	-	-	0.9	-	0.9	215.00	239
Asset identification and valuation	-	23.2	1.7	5.4	30.3	8,321.00	275
Sale of assets	-	8.3	0.7	0.7	9.7	2,902.00	299
Recovery of assets	-	0.3	5.7	0.5	6.5	1,513.00	233
Asset accounting and administration	0.3	0.2	11.4	0.9	12.8	3,017.00	236
Realisation of assets - floating charge							
Asset realisation strategy	-	0.7	5.7	-	6.4	1,592.00	249
Asset identification and valuation	-	-	0.1	0.3	0.4	57.50	144
Sale of assets	-	-	-	0.1	0.1	11.50	115
Recovery of assets	-	0.5	-	0.1	0.6	168.50	281
Asset accounting and administration	0.3	1.3	8.6	10.4	20.6	3,605.00	175
Trading							
Trading strategy	0.5	-	-	0.5	1.0	255.00	255
Trading activities	-	0.4	12.7	0.1	13.2	3,181.50	241
Accounting and administration	0.1	1.0	8.7	8.0	17.8	3,140.00	176
Creditors							
Creditor claims	-	-	-	0.7	0.7	82.50	118
Internal documentation	-	-	0.3	0.7	1.0	156.50	157
Creditor strategy	-	-	-	1.3	1.3	159.50	120
Reporting to creditors	1.5	15.1	6.4	10.0	33.0	8,051.00	244
Secured creditors	-	9.3	1.9	1.4	12.6	3,589.00	285
Unsecured creditors	-	2.1	2.1	7.3	11.5	2,007.50	175
Totals	8.8	77.2	92.9	125.5	304.4	63,893.00	210

Additional information in relation to the Joint Administrators' remuneration 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 case team will usually consist of a partner, an associate director, a senior associate, an associate and an analyst. The exact 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, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

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 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 LLP (legal advice)	Hourly rate and disbursements
Griffiths & Armour Insurance Brokers Limited (Insurance)	Risk based premium
Savills plc (valuation and disposal advice)	Fixed fee and percentage of realisations
Willis Limited (Insurance advisors)	Hourly rate

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. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Any properly reimbursed expenses incurred by the Joint Administrators and their staff will also be chargeable.

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 resolution approved by creditors. 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.
- Printing - charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour.

2. Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 April 2013 is detailed below, together with those applicable prior to that date. Time is charged by partners and case staff in units of six minutes.

Description	Rates from 1 April 2013	Description	Rates pre 1 April 2013
	£		£
Partner 1 ^(a)	445	Partner 1*	445
Partner 2 ^(b)	415	Partner 2*	395
Director	360	Director	340
Associate director*	320	Senior associate 1*	315
Senior associate	280	Senior associate 2*	265
Associate	240	Associate	230
Analyst	220	Analyst	220
Junior analyst	125	Junior analyst	115
Senior treasury associate	170	Senior treasury associate	155
Treasury associate	110	Treasury associate	105
Treasury analyst	85	Treasury analyst	80
Support	79	Support	75

***Key**

(a) Partner 1 - partners with three or more years' experience at partner level

(b) Partner 2 - partners with fewer than three years' experience at partner level

Promotion from senior associate to associate director from 1 April 2013 is on the basis of performance and experience. Prior to that, the distinction from senior associate 2 to senior associate 1 was made for staff with two or more years' experience at senior associate level