

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

We

Elizabeth Mackay
Cornerstone
107 West Regent Street
Glasgow
G2 2BA

Fraser Gray
Cornerstone
107 West Regent Street
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G2 2BA

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

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

from

13 June 2014

to

5 December 2014

Signed


Joint Administrator

Dated

9/12/14

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.

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10/12/2014

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Administrators' Final
Progress Report
for the period
13 June 2014 to
5 December 2014

Thornhill Securities Limited
In Administration

9 December 2014

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1 Statutory information

- 1.1 Elizabeth Mackay and Fraser Gray of Zolfo Cooper, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA and Anne O'Keefe of Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB, were appointed Administrators of Thornhill Securities Limited (the Company) on 13 December 2012 by the Company's director, Stuart Wilson whose address is c/o 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 Administration is registered in the Edinburgh Court of Session. No reference number was assigned.
- 1.4 The registered office of the Company is c/o Zolfo Cooper, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA and its registered number is SC237654.
- 1.5 In accordance with paragraph 100(2) of Schedule B1 to the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators.

2 Administrators' proposals

- 2.1 As advised in the Administrators' proposals previously sent to creditors, the Administrators must perform their functions with the purpose of achieving one of the following objectives:
 - rescuing the Company as a going concern; or
 - 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); or
 - realising property in order to make a distribution to one or more secured or preferential creditors.
- 2.2 The first and second objectives were unlikely to be achieved, therefore the Administrators pursued the third objective. The strategy employed has resulted in a dividend becoming available to the Company's secured creditor and the objective has been achieved.
- 2.3 The Administrators collected rent and service charge income from the tenant of the Company's warehouse property at Crompton Way, Irvine (**Crompton Way**) for a period until 24 January 2014 when the site was sold. In managing the site, the Administrators ensured that realisations were maximised and enabled dividends to be paid to the Company's secured and unsecured creditors.

3 Progress of the Administration

- 3.1 This report should be read in conjunction with the Administrators' previous reports, the most recent of which is dated 16 July 2014.
- 3.2 Attached at Appendix A is the Administrators' Receipts and Payments Account for the period 13 June 2014 to 5 December 2014 (the Period), together with a Cumulative Account for the period since appointment.

Property

- 3.3 A sale of Crompton Way completed on 24 January 2014. Realisations of £1.32 million were achieved.
- 3.4 A sale of the land at Pennyburn roundabout, Hawkhill (Pennyburn) completed on 8 August 2014. Realisations of £100,000 were achieved.

Rent and service charge income

- 3.5 Rent and service charge collections from the tenant at Crompton Way totalled £174,734 during the Administration.

Tenant contributions

- 3.6 The tenant at Crompton Way contributed £14,343 towards costs during the Administration.

Bank interest

- 3.7 Bank interest of £391 has accrued during the Period. The total bank interest accrued during the Administration is £823.

Unsecured dividend

- 3.8 Since the last report, the Administrators have reviewed and agreed the claims of unsecured creditors and distributed the available funds. Further details are provided at section 7.

4 Pre-administration costs

- 4.1 The Administrators have written off all costs incurred prior to the Administration.

5 Administrators' fees

- 5.1 Approval of the Administrators' fees has been sought in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986 as amended. Approval was sought from the secured creditor as the Company has insufficient property to enable a distribution to be paid to its unsecured creditors, other than by virtue of the Unsecured Creditors' Fund (see section 8 of this report). Approval from the secured creditor was received on 9 October 2013.
- 5.2 The Administrators' time costs for the Period are £12,356. This represents 57 hours at an average rate of £218 per hour. Attached at Appendix B is a Time Analysis for the Period which provides details of the costs incurred by activity and by staff grade.
- 5.3 Principal areas of activity during the period are discussed in further detail below.
- Administration and planning - time has been incurred implementing the final case strategy matters, 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 progressing the sale of Pennyburn and assisting the purchaser with arranging the servitude rights so as to complete the missives.
 - Realisation of assets - floating charge - time has been spent finalising payments incurred in the Administration.
 - Creditors - time has been incurred preparing statutory reports and reviewing and agreeing the claims of unsecured creditors and declaring the dividend.
- 5.4 A copy of 'A Creditors' Guide to Administrations (Scotland)' can be downloaded from Zolfo Cooper's creditor portal (<http://www.zcinfoportal.com>). If you would prefer this to be sent to you in hard copy please contact Hannah Smallwood on 0161 838 4552 or by email to creditorreports@zolfocooper.eu, or in writing to Zolfo Cooper, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.
- 5.5 Attached at Appendix C is a Cumulative Time Analysis which provides details of the costs incurred by activity and staff grade since the Administrators' appointment.
- 5.6 Fees totalling £65,093 plus category 1 disbursements of £1,719 and category 2 disbursements of £445 have been discharged. Of this amount, £3,000 has been drawn in respect of dealing with the distribution to unsecured creditors.
- 5.7 The category 2 disbursements that have been taken relate to:
- 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;
- 5.8 No further fees will be drawn.
- 5.9 Information in relation to the Administrators' policy on staffing, the use of sub-contractors, disbursements and details of current charge-out rates by staff grade is provided at Appendix D.

6 Unrealised assets

- 6.1 All assets have been realised and the Receipts and Payments Account at Appendix A reflects the final position on both realisations achieved and payments discharged during the course of the Administration.

7 Outcome for creditors

Secured creditor - Clydesdale Bank plc (the Bank)

- 7.1 The Company granted standard securities over Crompton Way and Pennyburn to the Bank on 6 March 2008. The Company granted a floating charge to the Bank on 27 February 2008. As previously reported, the Company also guaranteed the debts owed to the Bank by associated group companies (the Group), including the insolvent companies CTC0246 Limited, CTC0646 Limited and Beacon Retail LLP.
- 7.2 At the date of the Administrators' appointment the Bank was owed approximately £76 million (excluding interest and charges) under its securities over the Group.
- 7.3 From the Company, the Bank has received distributions totalling £1.33 million under its standard security and £71,485 under its floating charge. The Bank has suffered a significant shortfall on its debt.

Preferential creditors

- 7.4 The Company has no preferential creditors.

Unsecured creditors' fund

- 7.5 Pursuant to Section 176A of the Insolvency Act 1986, where there is a floating charge which post-dates 15 September 2003, the Administrators are required to create a prescribed part from the Company's net property available for the benefit of unsecured creditors (Unsecured Creditors' Fund).
- 7.6 As the Company granted a floating charge to the Bank after 15 September 2003, the Administrators were required to create an Unsecured Creditors Fund from the Company's net floating charge property of £92,229. The value of the Unsecured Creditors' Fund was £21,446.
- 7.7 After deducting the costs of distribution, the balance available to unsecured creditors was £18,416. Unsecured creditors' claims totalled £395,740 resulting in a dividend distribution of approximately five pence in the pound. The dividend was declared on 5 December 2014.

Unclaimed dividends

- 7.8 All cheques paid to unsecured creditors should be banked as soon as possible, and in any event must be banked within six months of the date of the cheque. Any cheques which have not cleared after six months will be cancelled and the funds paid to The Accountant of Court's Office, Hadrian House, Callendar Business Park, Callendar Road, Falkirk, FK1 1XR.

- 7.9 If your cheque is cancelled on or after the six months, please allow ten working days to pass before submitting a claim to the Accountant of Court. To make a claim, creditors should contact the Accountant of Court at the above address.
- 7.10 The transfer of responsibility to the Accountant of Court is a routine step which requires administrators of an insolvent company to transfer unclaimed dividend awards to the agency six months after the cheques were issued. The agency will hold the funds for the next six years, after which it will return any money that remains unclaimed to The Officer of Queen's and Lord Treasurer's Remembrancer; however, this does not affect creditors' rights to claim funds after the six years has passed.
- 7.11 The Administrators have accrued for a fee of £30 to account for forwarding unbanked dividend awards to the Scottish Court Service upon expiry of the dividend cheques. This fee is reflected at Appendix E.

8 Ending the Administration

- 8.1 An application to court was made on 29 May 2014 to obtain permission to distribute to unsecured creditors in the Administration rather than move the Company into Compulsory Liquidation. This application was granted on 3 June 2014 and the distribution was made on 5 December 2014. No further funds are available.
- 8.2 The Administrators have therefore filed a notice, together with this final progress report, at court and with the Registrar of Companies for dissolution of the Company. The Administrators have sent 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.
- 8.3 The Administrators will be discharged from liability under paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately after their appointment as Administrators ceases to have effect.

9 Creditors' rights

- 9.1 Within 21 days of the receipt of the report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their remuneration or expenses (other than pre-Administration costs) which have been itemised in this progress report.
- 9.2 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% of the value of unsecured creditors), may, within eight weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Administrators' remuneration is inappropriate, or that the remuneration or the expenses incurred by the Administrators as set out in the progress report are excessive.

For and on behalf of
Thornhill Securities Limited



Anne O'Keefe
Administrator

**Appendix A. Receipts and Payments Account for the period
13 June 2014 to 5 December 2014 and a Cumulative
Account for the period since appointment**

Statement of Affairs		Period	Cumulative
£		£	£
Standard security assets			
Receipts			
1,500,000	Freehold property and land	100,000	1,425,000
-	Insurance contributions	-	14,343
-	Bank interest	116	430
		<u>100,116</u>	<u>1,439,773</u>
Payments			
	Administrators' fees	-	15,587
	Legal costs	11,019	23,019
	Legal disbursements	397	2,092
	Agents' fees	5,660	42,608
	Insurance	-	9,733
	Alarm supervision costs	-	330
	H&S repairs and maintenance costs	-	11,672
	Bank charges	-	24
		<u>(17,076)</u>	<u>(105,065)</u>
Distributions			
	Standard security chargeholder	134,708	1,334,708
		<u>(134,708)</u>	<u>(1,334,708)</u>
	Balance of standard security assets	<u>(51,668)</u>	<u>-</u>

Statement of Affairs £	Period £	Cumulative £
Floating charge assets		
Receipts		
Insurance commissions	-	993
Rent	-	158,219
Service charge income	-	16,515
Bank interest	275	393
	<u>275</u>	<u>176,120</u>
Payments		
Administrators' fees	-	46,506
Legal fees	1,650	1,650
Legal disbursements	339	794
Service charge expenses	-	23,298
Service charge contributions	-	8,591
Unsecured Creditors' Fund costs		
Administrators' costs	3,000	3,000
Unbanked dividend fee	30	30
Category 1 disbursements:		
Travel and subsistence	9	9
Stationery and postage	140	188
Storage costs	120	287
Register of Scotland	-	21
Statutory advertising	-	49
Insolvency bonds		1,110
Courier costs	36	55
Category 2 disbursements:		
Photocopying	7	28
Printing	159	417
Bank charges	-	186
	<u>(5,490)</u>	<u>(86,219)</u>
Distributions		
Floating chargeholder	49,998	71,485
Unsecured creditors: 5p/£1, 5/12/14	18,416	18,416
	<u>(68,414)</u>	<u>(89,901)</u>
Balance of floating charge assets	<u>(73,629)</u>	<u>-</u>
Total balance		<u>-</u>

Appendix B. Time Analysis for the Period

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Planning	-	-	0.3	-	0.3	75.00	250
Strategy and control	1.1	1.7	1.3	0.3	4.4	1,404.50	319
Statutory duties	-	0.1	1.9	2.0	4.0	801.00	200
Case administration	0.3	0.3	4.3	1.0	5.9	1,455.00	247
Accounting and treasury	0.4	1.3	2.7	7.4	11.8	2,078.50	176
Internal documentation	0.2	-	0.2	-	0.4	128.00	320
Realisation of assets - standard security							
Asset identification and valuation	-	-	-	0.3	0.3	45.00	150
Sale of assets	-	-	2.0	0.7	2.7	605.00	224
Asset accounting and administration	0.2	0.2	1.7	1.4	3.5	773.00	221
Realisation of assets - floating charge							
Asset realisation strategy	-	-	-	0.3	0.3	45.00	150
Sale of assets	-	-	-	0.2	0.2	30.00	150
Recovery of assets	-	-	-	0.1	0.1	15.00	150
Asset accounting and administration	0.2	0.1	-	0.3	0.6	145.00	242
Trading							
Accounting and administration	-	0.3	-	0.3	0.6	122.50	204
Creditors							
Creditor claims	-	-	0.3	1.5	1.8	300.00	167
Creditor strategy	-	0.5	-	-	0.5	170.00	340
Reporting to creditors	-	0.2	2.6	3.9	6.7	1,303.00	194
Secured creditors	-	0.5	3.3	-	3.8	995.00	262
Unsecured creditors	0.2	0.7	3.8	4.0	8.7	1,865.50	214
Totals	2.6	5.9	24.4	23.7	56.6	12,356.00	218

Appendix C. Cumulative Time Analysis for the period since appointment

	Employee grade (hours)				£		
	Partner/ director	Senior associate	Associate/ analyst	Junior analyst/ support	Total hours	Total cost	Average rate per hour
Administration and planning							
Planning	0.5	-	0.3	1.4	2.2	433.50	197
Strategy and control	4.8	7.9	6.0	7.9	26.6	6,846.50	257
Statutory duties	-	2.4	10.4	13.7	26.5	4,916.50	186
Case administration	1.9	3.8	19.4	20.8	45.9	9,146.50	199
Accounting and treasury	2.7	7.2	8.5	42.0	60.4	9,764.50	162
Travel and waiting time	-	-	0.5	1.1	1.6	241.50	151
Internal documentation	0.3	-	7.2	6.9	14.4	2,710.00	188
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	-	-	3.7	-	3.7	891.00	241
Asset identification and valuation	-	23.2	1.7	6.0	30.9	8,403.50	272
Sale of assets	-	8.6	18.1	2.8	29.5	7,479.00	254
Recovery of assets	-	0.3	-	0.5	0.8	145.00	181
Asset accounting and administration	0.6	0.4	14.4	3.2	18.6	4,282.00	230
Realisation of assets - floating charge							
Asset realisation strategy	-	0.7	5.7	0.3	6.7	1,637.00	244
Asset identification and valuation	-	-	0.1	0.5	0.6	87.50	146
Sale of assets	-	1.0	0.6	0.3	1.9	515.50	271
Recovery of assets	-	0.5	7.5	0.2	8.2	1,983.50	242
Asset accounting and administration	0.5	1.4	11.0	12.1	25.0	4,511.50	180
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	1.3	9.2	10.3	20.9	3,605.50	173
Creditors							
Creditor claims	-	-	0.3	2.2	2.5	382.50	153
Internal documentation	-	-	0.3	2.3	2.6	371.50	143
Creditor strategy	-	0.5	-	1.8	2.3	390.50	170
Reporting to creditors	2.4	17.1	13.0	18.8	51.3	11,977.00	233
Secured creditors	0.2	10.3	10.9	2.6	24.0	6,366.50	265
Unsecured creditors	0.2	2.8	9.4	11.9	24.3	4,825.50	199
Employees	-	-	-	0.2	0.2	23.00	115
Totals	14.7	91.2	172.4	184.5	462.8	97,818.50	211

Appendix D. Additional information in relation to Administrators' fees pursuant to Statement of Insolvency Practice 9 (Scotland)

Policy

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

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

Staff allocation and the use of sub-contractors

The Administrators' general approach to resourcing 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, a senior associate or associate director, 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 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 Administrators have not utilised the services of any sub-contractors in this case.

Professional advisors

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

Name of professional advisor	Basis of fee arrangement
Dundass and Wilson LLP (now CMS Cameron McKenna 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 advice)	Hourly rate

The 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 the fee arrangement with them.

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. Also chargeable will be any properly reimbursed expenses incurred by the Administrators and their staff.

Category 2 disbursements do require prior approval by creditors before they are paid. The Category 2 disbursements incurred in this case have been drawn in accordance with the Administrators' proposals, which approved category 2 disbursements as follows:

- Photocopying - charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying; and
- Printing - charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour.

Charge-out rates

A schedule of Zolfo Cooper charge-out rates for this assignment effective from 1 April 2014 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 post 1 April 2014
	£
Partner 1	445
Partner 2	415
Director	390
Associate director	340
Senior associate	280
Associate	250
Analyst	220
Junior analyst	150
Senior treasury associate	170
Treasury associate	110
Treasury analyst	85
Support	79

Appendix E. Summary of dividend

	£
Floating charge assets	144,231
Less:	
Payments	(52,002)
Net property	92,229
Prescribed Part	21,446
Unbanked dividend fee	(30)
Administrators' costs	(3,000)
Available to distribute	18,416
Total unsecured claims	395,740
Dividend	0.05