

# Administrator's progress report

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

Name of Company Hymore Limited	Company number SC271129
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(a) Insert full name(s)  
and address(es) of  
administrator(s)

I / We (a) Colin Peter Dempster and Thomas Merchant Burton  
of Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ

administrator(s) of the above company attach a progress report for the period

from

To

(b) Insert date

(b) 12 December 2008

(b) 11 June 2009

Signed

[Signature]  
Joint / Administrator(s)

Dated

20/07/09

## 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

Jennifer Thorpe	
Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ	
	Tel: 0131 777 2289
DX Number:	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

THURSDAY

**TO ALL KNOWN CREDITORS**

**21 July 2009**

Ref: CPD/GWW/JT/PF16.1  
Direct line: 0131 777 2289  
Direct Fax: 0131 777 2213  
Jennifer Thorpe

Dear Sirs

**Hymore Limited (In Administration) ("the Company")**

**Registered office address: Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ**

I write, in accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986, to provide creditors with a report on the progress of the administration. This report covers the period from 12 December 2008 to 11 June 2009 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 3 February 2009.

Hymore Limited, registered number SC271129, entered administration on 12 December 2008 and C P Dempster and T M Burton ("the Administrators") were appointed to act as Administrators. The appointment was made by the Bank of Scotland plc under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986, and lodged in the Court of Session, Edinburgh. Under the terms of the appointment, any act required or authorised to be done by the Administrators can be done by either of them.

**Summary of progress**

As set out in the Administrators' Proposals the Company's main assets are two development sites at Tonedale Mill, Wellington and Crewkerne, Somerset.

The site at Tonedale Mill was acquired in 2006 for £6.7m and has detailed planning permission for a two hundred and twenty-three unit conversion of a complex of former mill buildings which are in various states of disrepair. Work commenced in four areas of the site in February 2007 and was stopped prior to the Administrators' appointment in August 2008.

On appointment, the Administrators organised twenty-four hour security for the site to protect the value in the works done.

When the Company purchased the site the budgeted build costs on acquisition were approximately £23m. However, during the initial stages of the onsite work, the anticipated build costs for the Company's proposed scheme were revised to circa £40m. This clearly made the planned scheme unviable.

The Administrators appointed quantity surveyors to better understand the works to be done on the site, and the existing planning. This review highlighted a number of issues but in particular



the poor condition of the existing buildings, the restrictions to changes to the listed buildings and the substantial flood alleviation requirements as the majority of the site is on a flood plain.

As a result of these issues and the substantial build costs, the Administrators will not be completing the planned development.

Discussions are being held with English Heritage, the Environmental Agency and the local council to investigate any possible changes to the planning approvals to enhance the site's value.

The difficulties encountered at this site, and the limited interest in the site to date confirms that disposal proceeds are likely to be substantially less than the debt due to the secured lender at this site.

The site at Crewkerne was purchased for £1.7m and planning permission was received for seventy-six units - forty-five for private residential sale, twenty for social housing and eleven commercial units. In May 2008 the properties suffered significant flood damage and although the majority of the construction is complete, there are still significant works to be carried out in relation to flood damage and defects.

When the Company began work on the site, it had budgeted for total construction costs of £4.9m, however the actual costs over-ran by £0.5m and this takes no account of the works still to be completed.

On appointment there were seventeen residential and one commercial unit unsold. The Administrators appointed agents to ascertain the likely sales value that could be achieved when the remedial works had been completed.

In light of the information received from the sales agents, and the likely significant costs to complete, it is clear that net sales proceeds will be significantly below the level of debt due to the secured lender at this site.

As noted above, net realisations at both sites will be significantly below the level of debt due to the secured lender and there will be no funds available to enable a distribution to ordinary unsecured creditors.

#### **Remaining assets**

The Directors' Statement of Affairs showed pre-appointment debtors of c£220k. These debts are being disputed, and although we continue to pursue them, recoveries are unlikely to be at the levels indicated. The Company's only other remaining assets are the two development sites at Tonedale Mill and Crewkerne.

#### **Receipts and payments account**

I enclose a receipts and payments account for the period 12 December 2008 to 11 June 2009. This does not reflect estimated future realisations or costs.

You will note from the Account that costs incurred to date have been met via an intercompany control account. To date, twenty-five companies within the Highmore Homes Group have entered administration. The Bank of Scotland plc have agreed that rather than provide funding to each individual company, the various administrations would be funded by a Group overdraft facility in Highmore Residential Limited (In Administration) ("Residential"). Accordingly, all costs are accounted for in each company but funded via the intercompany control account with Residential.

Certain costs have been incurred by Residential on behalf of the other Group companies, and these have been recharged accordingly.

#### **Joint Administrators' remuneration and disbursements**

Based on the latest estimated realisations from the Company's assets, the Administrators believe that there will be no funds available to ordinary unsecured creditors. Accordingly, in terms Rule 2.39(3)(b)(i) of the Insolvency (Scotland) Rules 1986 the Administrators' remuneration shall be agreed by the Secured Creditors.

Details of time spent and charge out rates will be provided to the secured creditor and will be made available to any other creditor upon written request to the Joint Administrators. To date, £17,400 of fees have been taken in this case.

The statutory provisions relating to remuneration are set out in Rule 2.39 of the Insolvency (Scotland) Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors Guide to Administrators Fees' a copy of which may be accessed from the website of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Joint Administrators.

#### **Secured Creditors**

The Bank of Scotland plc, the Company's principal secured lender, had indebtedness at 12 December 2008 of £13,241,313. The lending is secured over the Company's property assets.

#### **Preferential Creditors**

As the Company had no employees we do not expect there to be any preferential creditors.

#### **Non-preferential Creditors**

It is estimated that total non-preferential claims will be in the region of £3,822,584.

#### **The prescribed part**

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The Bank of Scotland plc hold floating charges created on 30 October 2006 and 11 March 2005.

The Administrators currently estimate, to the best of their knowledge and belief, that

- ▶ the value of the Company's net property is Nil and
- ▶ the value of the prescribed part is £Nil

The Joint Administrators do not intend to make an application to the court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part as they do not believe that there will be funds available to the floating charge creditor.

A decision on the prescribed part will be taken when realisations of the floating charge assets and the associated costs have been finally determined.

#### **Distributions to creditors**

We are of the opinion that there will be insufficient property to enable a distribution to ordinary unsecured creditors.

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully  
for Hymore Limited

A handwritten signature in black ink, appearing to be 'C P Dempster', written over a horizontal line.

C P Dempster  
Joint Administrator

Enc: Joint Administrators' Receipts and Payments Account

The Institute of Chartered Accountants of Scotland authorises CP Dempster and TM Burton to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Company are being managed by the Joint Administrators, CP Dempster and TM Burton, who act as agents of the Company only and without personal liability.

**Appendix 1****Hymore Limited (In Administration)****Joint Administrators' Abstract of Receipts and Payments from 12 December 2008 to 11 June 2009**

<b>RECEIPTS</b>	<b>£</b>
Rent	16,808.02
Pre Appointment Debtors	74,680.07
Bank Interest Received	0.01
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	91,488.10
<b>PAYMENTS</b>	
Service Charges	(12,000.00)
Repairs and Renewals	(1,234.00)
Costs incurred by other group companies on behalf of the Company	(39,399.51)
Security	(43,759.19)
Electricity	(582.27)
Gas	(31.56)
Insurance	(6,179.00)
Professional Fees	(15,557.00)
Agents Fees	(25,618.80)
Legal Fees	(23,668.73)
Administrators' Fees	(17,400.00)
Public Notices	(309.12)
Specific Bond	(24.00)
	<hr/>
	(185,603.25)
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	(94,115.15)
<b>Represented by:</b>	
Floating – VAT Receivable	1,699.08
VAT Control Account	9,077.39
Intercompany Control Account	(104,891.62)
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	(94,115.15)
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