

Administrator's progress report

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

Name of Company

Hymore Limited

Company number

SC271129

(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 June 2010

(b)

11 December 2010

Signed

[Signature]
Joint / Administrator(s)

Dated

16/12/10

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

SATURDAY



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18/12/2010

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COMPANIES HOUSE

TO ALL KNOWN CREDITORS

16 December 2010

Ref: C PD/GWW/JT/PF16.1
Direct line: 0131 777 2289
Direct Fax: 0131 777 2213
Jennifer Thorpe
email: gwilson1@uk.ey.com

Dear Sirs

Hymore Limited (In Administration)

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 June 2010 to 11 December 2010 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 3 February 2009 and the previous progress reports to creditors dated 21 July 2009, 18 November 2009 and 16 July 2010.

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 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 Joint Administrators can be done by either of them.

Extensions to the initial period of appointment

Given the outstanding issues in the Administration, the Administrators petitioned the Court of Session for an extension to the initial one year period of administration. The petition was heard on 9 December 2009 at which time the Court granted an extension to the period of administration to 12 December 2010.

As noted below, there remain a number of outstanding issues to be resolved in the Administration, including the sale of the Company's two remaining properties. Accordingly, a further extension to the period of administration was required and therefore the Administrators petitioned the Court for a further 12 month extension. The petition was heard on 7 December 2010 at which time the Court extended the period of administration to 12 December 2011.

Summary of progress

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



INVESTOR IN PEOPLE

As previously reported, on appointment, the Crewkerne site had seventeen residential and one commercial unit that remained unsold. In May 2008 the properties suffered significant flood damage and although at the date of administration the majority of the construction work was complete, there were significant works in relation to the flood damage and defects to be carried out to the remaining vacant properties. The remedial works have now completed and I am pleased to report that 15 units have now been sold and one has been reserved. Sales efforts continue with regard to the remaining unit. As previously advised it is clear that net sales proceeds will be significantly below the level of debt due to the secured lender.

You will recall from our last report that with regard to Tonedale Mill, we were in discussions with the Environment Agency regarding an oil spill and with the Health and Safety Executive regarding asbestos on the site. These discussions have progressed and we are discussing the site with a small number of interested parties. However, given the site's history and the current state of the property market, sales proceeds are likely to be substantially less than the debt due to the secured lender at this site.

We will be unable to finalise the Company's corporation tax position with HM Revenue & Customs until the property sales have been completed.

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 June 2010 to 11 December 2010. 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-nine 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 will be 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, £158,126.90 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.

Following the sale of a number of the Company's properties at Crewkerne, an initial distribution of £500,000 was paid to the secured creditor.

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.

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 C P Dempster and T M 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, C P Dempster and T M Burton, who act as agents of the Company only and without personal liability.

Hymore Limited (In Administration)

***Joint Administrators' Abstract of Receipts and Payments
from 12 June 2010 to 11 December 2010***

Receipts	£
Brought forward	1,136,950.32
Crewkerne sales	562,950.00
Rental income - Crewkerne	1,339.91
Rental income - Tonedale	4,131.32
Bank interest received	330.43
Total	1,705,701.98

Payments	
Brought forward	(1,207,067.56)
Repairs and renewals	(85,466.59)
Security	(41,370.00)
Rates	(3,125.60)
Water rates	(150.22)
Insurance	(8,953.46)
Rental costs	(1,602.24)
Professional fees	(30,115.06)
Motor expenses	(72.00)
Agent fees sales	(11,259.00)
Legal fees - Sales	(1,531.16)
Legal fees	(1,019.84)
Premier guarantee	(7,093.17)
Administrators fees	(53,015.50)
Total	(1,451,841.40)

253,860.58

Represented by

Floating vat receivable	4,976.48
Vat control account	11,962.93
I/B current account	154,245.84
Intercompany account	82,675.33
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	253,860.58