

The Insolvency Act 1986

R2.25

Statement of administrator's proposals

Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.25 of the Insolvency (Scotland) Rules 1986

Name of Company Anderson Homes (City) Limited
--

Company number SC280643

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

I/We (a)
 Matthew Purdon Henderson
 Johnston Carmichael
 7-11 Melville Street
 Edinburgh
 EH3 7PE

Gordon Malcolm MacLure
 Johnston Carmichael
 Bishops Court
 29 Albyn Place
 Aberdeen
 AB10 1YN

attach a copy of my/our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 1 December 2008

Signed

Joint / Administrator(s)

Dated

10 DEC 2008

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

Matthew Purdon Henderson Johnston Carmichael 7-11 Melville Street Edinburgh EH3 7PE	
DX Number	0131 220 2203 DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
DX 235 Edinburgh / LP4 Edinburgh-2



**Joint Administrators' Report
And Statement of Proposals**

**Anderson Homes (City) Limited
In Administration**

1 December 2008

CONTENTS

1. Statutory Information
2. Background to the Administration
3. Administration Strategy and Objective
4. Joint Administrators' Receipts and Payments
5. Financial Position
6. Proposals
7. Exit Route
8. Joint Administrators' Remuneration
9. Estimated Outcome
10. Notification to Creditors and Next report
11. Meeting of Creditors
12. Directors' Conduct

APPENDICES

Appendix A

Receipts and Payments Account for the Period from 15 October 2008 to 1 December 2008

Appendix B

Summary of the Estimated Financial Position of the Company as at 15 October 2008

Appendix C

Time Analysis for the Period from 15 October 2008 to 1 December 2008

Appendix D

Additional Information in Relation to Joint Administrators' Fees Pursuant to Statement of Insolvency Practice 9

1. STATUTORY INFORMATION

- 1.1 The registered number of Anderson Homes (City) Limited ("the Company") is SC280643 and it was incorporated on 24 February 2005.
- 1.2 The Company's registered office was at 129 Comely Bank Road, Edinburgh, EH4 1BH and has subsequently been changed to Johnston Carmichael, 7-11 Melville Street, Edinburgh, EH7 3PE.
- 1.3 The Company's sole purpose was to develop the premises at 67-77 Glassford Street, Glasgow, G1 1BQ. This was a development of 25 residential units and two retail units.
- 1.4 Details of the Company's directors and secretary, and its shareholders are as follows:

	Date Appointed	Date Resigned	No of £1 Ordinary shares held
Director			
James Anderson	01/12/2000		1
Lynn Anderson	01/12/2000	31/12/2000	
Secretary			
Anderson Evans	01/12/2000		
Other Shareholders			None

- 1.5 The Company granted the following securities:

Charge Holder	Security Held	Date Created
Royal Bank of Scotland plc	Fixed and Floating Charge over all property and assets of the Company.	24 April 2005
	Standard Security over 67-77 Glassford Street, Glasgow.	20 September 2005

The Royal Bank of Scotland plc ("the Bank") therefore holds a Standard Security over the property and also a Floating Charge over any other assets of the Company. The bank also holds personal guarantees from James Anderson, Lynn Anderson and Anderson Homes Limited.

2. BACKGROUND TO THE ADMINISTRATION

- 2.1 The Company's principal activity was the development of a property at 67-77 Glassford Street, Glasgow. This development was entirely funded by loans from the Bank and the development was effectively completed in October 2008.
- 2.2 The building was then placed on the open market for sale, however no acceptable offers were forthcoming.
- 2.3 Alternative uses were considered, including altering the building to be used as serviced apartments, but it was decided that this was not a viable option.
- 2.4 After considering the levels of creditor pressure and the likelihood that one of the creditors might enforce court action, the director decided that placing the Company into Administration was appropriate in the circumstances.
- 2.5 Matthew Purdon Henderson and Gordon Malcolm MacLure, licensed insolvency practitioners, subsequently were appointed Joint Administrators of the Company on 15 October 2008.
- 2.6 Matthew Purdon Henderson and Gordon Malcolm MacLure are licensed by the Institute of Chartered Accountants in Scotland.
- 2.7 The EC Regulations on Insolvency Procedures 2000 apply to the Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom.
- 2.8 The Joint Administrators act jointly and severally, so that all functions may be exercised by either Administrator.
- 2.9 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
 - Rescuing the Company as a going concern;
 - 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.

Further information on the pursuance of the above objectives is detailed in the next section.

3. ADMINISTRATION STRATEGY AND OBJECTIVE

- 3.1 Based on the information available to the Joint Administrators there are no obvious benefits in rescuing the Company as a going concern as the development of 67-77 Glassford Street, Glasgow was effectively complete and there are no other realisable assets. Accordingly the Joint Administrators do not believe that rescuing the Company as a going concern was reasonably practical.
- 3.2 The Company's only significant asset is the property at Glassford Street, Glasgow. The Joint Administrators do not believe that the Administration would necessarily achieve a better result for the Company's creditors as a whole than would be achieved by winding up.
- 3.3 Accordingly, the Joint Administrators believe that the third objective, namely realising property in order to make a distribution to one or more secured or preferential creditors is the most appropriate objective for this Administration.

The sale of assets

- 3.4 Immediately upon appointment, the Joint Administrators engaged Graham & Sibbald, Chartered Surveyors to value and thereafter market and sell the Company's property.
- 3.5 At present the marketing of the property is still ongoing. Several interested parties have been identified and approached. Viewings have been carried out, but at present no offer has been accepted for the property.
- 3.6 If the Joint Administrators' proposals are approved, it is proposed that they continue to manage the affairs, business and property of the Company in the manner outlined above in order to achieve the purpose of the Administration.
- 3.7 To date no other assets of the Company have been identified.

4. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS

- 4.1 A summary of the receipts and payments for the Administration period from the date of appointment, 15 October 2008 to 24 November 2008 is attached as Appendix A.

5. FINANCIAL POSITION

- 5.1 A Statement of the Company's Affairs has not yet been received, although we have been advised by the Director that it should be available shortly. Upon receipt it will be filed with the Registrar of Companies.

- 5.2 In its absence, attached as Appendix B is a summary of the Estimate Financial Position of the Company as at 15 October 2008 as far as we understand it, together with a list of trade creditors' names and addresses.
- 5.3 The estimated financial position does not include the cost of the Administration and therefore the overall deficiency will be greater than that shown.
- 5.4 No values have been inserted for the property nor for the amount due to the secured creditor as the sale of the property is still on-going and this information is commercially sensitive.
- 5.5 The Joint Administrators have sufficient information to enable them to state that because of the downward pressure on property prices due to the financial distress in the property sector and the level of the secured debt due to the Bank, there is certainly no prospect of a dividend becoming payable to the ordinary creditors.

6. PROPOSALS

It is proposed that:

- 6.1 The Joint Administrators continue to manage the affairs of the Company in order to achieve the third objective of the Administration being the realisation of property in order to make a distribution to one or more secured or preferential creditors.
- 6.2 The Joint Administrators conclude their enquiries into the Company's affairs.
- 6.3 If, as expected, the Joint Administrators believe that the Company has no property which might permit a distribution to its creditors, they propose to file a notice with the Court and the Registrar of Companies for the dissolution of the Company. See Section 7 below on Exist Routes for further information on this process.
- 6.4 If, at any time, the Joint Administrators believe it would be beneficial to have the Company placed into liquidation, they will either place the Company into Creditors' Voluntary Liquidation or petition a court for a Winding Up Order. In these circumstances it is proposed that the Joint Administrators will become the Joint Liquidators of the Liquidation.
- 6.5 The Joint Administrators should do all other things and generally exercise all of their powers as contained in Schedule 1 of the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration.
- 6.6 As detailed below in Section 11, the Joint Administrators do not propose calling a meeting of the Company's creditors. However in the event that one is requested by the creditors, they may consider establishing a Creditors' Committee and if any such committee is formed they shall be authorised to sanction the basis of the Joint Administrators' remuneration and any proposed act on the part of the Joint

Administrators without the need to report back to a further meeting of creditors generally, to include any decision regarding the most appropriate exit route from the Administration.

- 6.7 The Administrators propose that their remuneration be fixed on the basis of time properly given by them and their staff in dealing with matters arising from the Administration.
- 6.8 In this particular case it will fall upon the secured and preferential creditors, if applicable, to approve the Joint Administrators' remuneration.
- 6.9 It is envisaged that all matters will be concluded by the anniversary of the Administration. However in the event that further time is needed then it is proposed that the Administration be extended by consent of the relevant creditors or application of Court in accordance with paragraph 78 of Schedule B1 of the Insolvency Act 1986, whichever is appropriate.
- 6.10 The Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 of the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect.

7. EXIT ROUTES

Dissolution of the Company

- 7.1 If, as expected, the Company does not have sufficient property to permit a distribution to its creditors, the Joint Administrators will file a notice together with our final progress report at Court and with the Registrar of Companies for the dissolution of the Company. The Joint Administrators will send copies of these documents to the Court, the Company, and its creditors. The appointment will end following the registration of the notice with the Registrar of Companies.

Creditors' Voluntary Liquidation

- 7.2 At present there is no prospect of a dividend being paid to the unsecured creditors in this case. However, if the Joint Administrators believe that it would be beneficial to have the company placed in liquidation, the Administrators will place the Company into Creditors' Voluntary Liquidation with the Joint Administrators becoming the Joint Liquidators of the CVL. Creditors would have the right to nominate an alternative liquidator of their choice.

8. JOINT ADMINISTRATORS' REMUNERATION

- 8.1 The Joint Administrators' time costs as at 1 December 2008 are £17,699.85. This represents 73.95 hours at an average rate of £239.35 per hour. A copy of "A Creditors' Guide to Administrators' fees" can be downloaded from the Insolvency Practitioners Association Website (www.insolvency-practitioners.org.uk). If you would prefer this to be sent to you in hard copy please contact us and we will forward a copy to you.
- 8.2 Attached as Appendix C is a Time Analysis which provides details of the activity costs incurred by staff grade to the above date.
- 8.3 Attached as Appendix D is additional information in relation to the Joint Administrators' policy on staffing, the use of sub-contractors and disbursements.
- 8.4 Time costs incurred to date have been incurred primarily as a consequence of dealing with the security and marketing of the property at Glassford Street, Glasgow and thereafter liaising with interested parties regarding the sale of the assets. The principal activities undertaken by the Joint Administrators to date have comprised:
- Administration and planning: agreeing and implementing the strategy for the Administration. Reviewing and monitoring the strategy.
 - Sale of Assets: identifying and contacting potential interested parties and dealing with expressions of interest received and progression towards a sale. Liaising with the marketing agents, Graham and Sibbald.
 - Liaising with creditors: dealing with general and specific creditors' calls, and correspondence, and meetings.
- 8.5 Following a review of the financial position of the Company, the Joint Administrators believe that there will be no funds available to ordinary unsecured creditors. Accordingly, in terms of Rule 2.39(8)(a) of the Insolvency (Scotland) Rules 1986 the Joint Administrators' remuneration will be agreed with the Bank as secured creditor.

9. ESTIMATED OUTCOME

- 9.1 **Based on current information, there is no prospect that sufficient funds will be available to enable a dividend to be paid to any class of creditor, other than the fixed charge distribution.**
- 9.2 The Company granted a floating charge to the Bank on 28 April 2005. Accordingly, where funds permit, the Joint Administrators are required to set aside an "Unsecured

Creditors Fund" out of the Company's net floating charge realisations as outlined in Section 176A of the Act.

- 9.3 However, based on present information, the Joint Administrators do not believe that the Company will have any residual net property available after discharging the costs of the Administration.

10. NOTIFICATION TO CREDITORS AND NEXT REPORT

- 10.1 Following their appointment, the Joint Administrators notified the Company's creditors of the appointment by circulating a letter of notification of the appointment.

The Joint Administrators are required to provide a progress report within one month of the end of the first six months of the Administration. This will form the basis of the next report to creditors.

11. MEETING OF CREDITORS

- 11.1 The Joint Administrations believe that the Company has insufficient property to enable a distribution to be made to the unsecured creditors. In accordance with Paragraph 52 (1) (b) of Schedule B1 of the Insolvency Act 1986, an initial meeting of the Company's creditors was therefore not been convened. The Administrators are however obliged to hold an initial creditors' meeting if 10% in value of the creditors request it. If you wish for a meeting to be held, you must notify us in writing in the prescribed form within 12 days of the date of these proposals.

12. DIRECTORS' CONDUCT

- 12.1 The Company Directors Disqualification Act 1986, Administrators are required to prepare a note of whose individuals who have been Directors or Shadow Directors of the Company in the three year period prior to our appointment. If any creditors are aware of any matter which should be brought to our attention, then they should write to us giving appropriate details.

For and on behalf of
Anderson Homes (City) Limited

M P Henderson
Joint Administrator

**Anderson Homes (City) Limited
(In Administration)**

**Joint Administrators' Abstract Of Receipts And Payments
To 10 December 2008**

RECEIPTS	Total (£)
	<hr/>
	0.00 <hr/>
PAYMENTS	
Registers of Scotland	15.00
Specific Bond	10.00
Statutory Advertising	524.78
	<hr/>
	549.78
Balance	<hr/>
	(549.78) <hr/> <hr/>
MADE UP AS FOLLOWS	
General Clients Account	(549.78)
	<hr/>
	(549.78) <hr/> <hr/>

APPENDIX B**ANDERSON HOMES (CITY) LIMITED (IN LIQUIDATION)****ESTIMATED STATEMENT OF AFFAIRS AS AT 15 OCTOBER 2008**

	Notes	£	£
ASSETS			
Heritable Property 67-77 Glassford Street, Glasgow Estimated to realise			Not Disclosed
Less amount due to secured creditor Royal Bank of Scotland plc			<u>Not Disclosed</u>
TOTAL ASSETS			0
LIABILITIES			
AVAILABLE FOR FLOATING CHARGE CREDITOR			
Floating Charge Holders Royal Bank of Scotland plc			Not Disclosed
AVAILABLE FOR ORDINARY CREDITORS			
Ordinary Creditors Claims Received - per attached Schedule		0	
Claims Outstanding - per attached Schedule		1,013,370	
			<u>1,013,370</u>
DEFICIENCY AS REGARDS ORDINARY CREDITORS			(1,013,370)
Shareholders Issued and Called up Share Capital			1
TOTAL ESTIMATED DEFICIENCY			<u><u>(1,013,371)</u></u>

**Johnston Carmichael
Anderson Homes (City) Limited
A5 - Unsecured Creditors Statement of Affairs Figures**

Key	Name	£
C100	File copy	0.00
CG00	Glasgow City Council 136556/30524663	202.68
CM02	MacRoberts LLP	18,884.87
CM00	McDonald Flooring Limited	0.00
CM01	McDonald Flooring Limited	0.00
CR00	Royal Bank of Scotland plc	0.00
CR02	Ryden LLP	1,567.23
CS00	Scottish Power	300.00
CW00	Woolgar Hunter	734.37
CX00	Xircon Limited	991,680.61
10 Entries Totalling		1,013,369.76

Signature _____

ANDERSON HOMES (CITY) LIMITED
SIP 9 TIME COST ANALYSIS
PERIOD - 15 OCTOBER 2008 TO 1 DECEMBER 2008

APPENDIX C

Classification of work function	Partner Hours	Manager Hours	Staff Hours	Total Hours	Time Cost	Average Hourly Rate
Administration and Planning- incl Statutory Work	20.25	17.30	0.75	38.30	£8,071.20	£210.74
Property Matters and Realisation of Assets	28.65	1.45	0.00	30.10	£8,760.30	£291.04
Creditors	0.35	1.55	0.00	1.90	£281.70	£148.26
Bank & Cash	0.00	0.50	0.45	0.95	£83.55	£87.95
Legal Matters	0.85	1.65	0.00	2.50	£443.10	£177.24
Tax	0.20	0.00	0.00	0.20	£60.00	
	50.30	22.45	1.20	73.95	£17,699.85	£239.35
Amount	£15,075.00	£2,532.30	£92.55			
Total Fee Claimed					£17,699.85	

Additional Information in Relation to Administrators' Fees Pursuant to Statement of Insolvency Practice 9

APPENDIX D

1. Policy

Detailed below is Johnston Carmichael'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*

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meeting specific requirements of the case.

The constitution of the case team will depend on the anticipated size and complexity of the assignment and the various requirements of the assignment.

With regards support staff, we should advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, eg. Report compilation and distribution, do we seek to charge and recover our time in this regard.

We have not utilised the services of any sub-contractors in this case.

1.2 *Professional Advisors*

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 Professional Advisor	Basis of Fee Arrangement
Brodies LLP (Legal advice)	Fixed fee for basic Administration work and hourly rate for any work out with this scope. Disbursements.
Lockton Company International Ltd (Insurance)	Risk based premium
Graham & Sibbald, Chartered Surveyors (valuation and marketing property)	Percentage of realisations

Our choice was based on our perception on 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.

1.3 Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursements 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.