

## The Insolvency Act 1986

## Administrator's progress report

R2.38

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

SF 2046 Limited

Company number

SC286013

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

BC Nimmo and GA Friar

KPMG LLP

191 West George Street

Glasgow, G2 2LJ

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

(b) Insert dates

from

(b) 23 December 2012

to

(b) 22 June 2013

Signed

G.A. F  
Joint Administrator

Dated

4/07/2013

## 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

Carleen Watt

KPMG LLP, 191 West George Street,

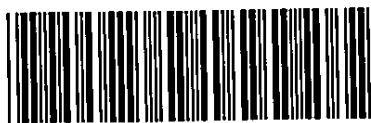
Glasgow, G2 2LJ

Tel 0141 226 5511

DX Number DX 551820

DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF  
DX 235 Edinburgh / LP 4 Edinburgh-2

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06/07/2013

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COMPANIES HOUSE

SATURDAY



**SF 2046 Limited (in administration)**

**Joint Administrators' progress report to  
creditors pursuant to Rule 2.38 of  
the Insolvency (Scotland) Rules 1986**

**4 July 2013**

**KPMG LLP**

**4 July 2013**

*This report contains 6 Pages*

**AMC/CW/982**



*SF 2046 Limited (in administration)*  
*Joint Administrators' progress report to creditors pursuant to Rule 2.38 of*  
*the Insolvency (Scotland) Rules 1986*  
*KPMG LLP*  
*4 July 2013*

## **Notice: About this Report**

This Report has been prepared by BC Nimmo and GA Friar, the Joint Administrators of SF 2046 Limited, solely to comply with their statutory duty under Rule 2.38 of the Insolvency (Scotland) Rules 1986 to provide the creditors with an update on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in SF 2046 Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this Report for any purpose or in any context other than under Rule 2.38 of the Insolvency (Scotland) Rules 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report.

BC Nimmo and GA Friar are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

The Joint Administrators act as agents for SF 2046 Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the Administration.



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## 1 Introduction

We, Blair Carnegie Nimmo and Gerard Anthony Friar of KPMG LLP, were appointed Joint Interim Managers of SF 2046 Limited ("SF 2046" or "the Company") on 29 November 2011 and subsequently Joint Administrators on 23 December 2011.

We were appointed by the Court of Session ("the Court") following an application to the Court for the appointment of the Joint Administrators by the Bank of Scotland Plc ("the Bank").

BC Nimmo and GA Friar have also been appointed to 17 other companies within the Herd Estates group ("the Group"), details of which are set out at Appendix 2.

In accordance with paragraph 100 (2) of schedule B1 of the Insolvency Act 1986 the functions of the Joint Administrators may be exercised by either of or both the Joint Administrators.

In accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986 we set out below our six monthly progress report to creditors.

The receipts and payments account for the period 23 December 2012 to 22 June 2013 for the Company is attached at Appendix 3. This shows that the Company has funds on hand totalling £210,590.65. These funds are subject to the costs of the Administration process.

## 2 Progress to date including realisation of assets

### 2.1 Property

At the date of appointment of the Joint Administrators, the Company's principal asset comprised a freehold property ("the Property") as detailed at Figure 2 below:

**Figure 2: Property assets**

Company	Property
SF 2046 Limited	BP Filling Station, Glasgow Airport
<i>Source: Directors/Bank of Scotland Plc</i>	

Lisney LLP ("Lisney") were instructed to manage the Property on our behalf, until it was sold on 23 March 2012 to a joint venture formed between LaSalle Holdings Limited and Flodrive Holdings Limited ("the Purchaser"). The Purchaser paid £2.3 million (excluding VAT) for the property.

In the period between the date of our appointment and the sale of the property, we ingathered £13,503.25 of rental income.

## 2.2 Other assets

Following our appointment, we instructed the Company's accountants to prepare management accounts up to the date of our appointment. These accounts disclose the following other assets.

- Inter-company debtor balance of £68,469.12 due from Circe Limited ("Circe"), a company outwith the Group. We understand that Circe was dissolved on 15 June 2012, and accordingly there will be no recoveries from this source.
- At the date of our appointment there was £68,733.18 of cash being held by Lisney's in relation to pre-appointment rental income which has since been ingathered.

## 2.3 Investigation matters

In accordance with our statutory obligations, we have submitted our report to the Department for Business, Innovation & Skills. The content of the report is confidential and cannot be disclosed to any third parties.

# 3 Amounts payable to secured creditors, preferential creditors and the floating charge holder

## 3.1 Secured lenders

The Bank holds a standard security over the property owned by the Company. The estimated amounts due to the Bank are set out in Figure 2 below.

**Figure 2: Secured lender's indebtedness**

	£000
<b>Amounts secured by cross guarantee</b>	
SF 2046 Limited – direct	2,882
– via cross guarantees	70,551
	<hr/>
	73,433
	<hr/>
<i>Source: Company records and Joint Administrators' estimates</i>	

**Note:** In addition to the direct debt of £2.882 million owed to the Bank, the Company has guaranteed the debt of a further two Group companies, Varren Properties Limited ("Varren") and Ashquay Properties Limited ("Ashquay"). BC Nimmo and GA Friar were appointed as Joint Administrative Receivers of Varren and Ashquay on 28 November 2011, at which point they owed £70.551 million to the Bank.

To date distributions in the sum of £2.1 million have been made to the Bank. Interest and charges continue to accrue on the Bank's indebtedness until repaid in full.

### **3.2 Preferential creditors**

The Company did not have any employees at the date of appointment. Accordingly, there are no preferential creditors in the Administration.

### **3.3 Floating charges**

There is no floating charge/debenture over the business and assets of the Company.

## **4 Prescribed parts of the Companies' net property pursuant to Section 176A of the Insolvency Act 1986**

The Bank does not hold a floating charge/debenture over the Company. Therefore section 176A of the Insolvency Act 1986 is not applicable and there will be no prescribed part of the Company's net property available for unsecured creditors.

## **5 Dividend prospects for creditors of the Company**

Based on the information on hand, it is anticipated that the secured lender, the Bank, will receive a partial distribution under the terms of its fixed charge over the property of SF 2046.

It is anticipated that there may be a small dividend available to the unsecured creditors of the Company. The quantum and timing of this distribution is currently uncertain.

## **6 Joint Administrators' fees**

I enclose, at Appendix 4, an analysis of our time and costs properly incurred in the period from 23 December 2011 to 22 June 2013 in attending to the significant amount of work required in this case.

During the period, a total of 158.75 hours were spent by our firm's staff in relation to the activities listed below at a total cost of £51,287.75.

Key areas where costs have been incurred in relation to the Company are, *inter alia*, as follows:-

- meeting and liaising with the directors/accountants of the Company in order to establish the financial and operational position of the Company as at the date of our appointment, and to gather information on the Company's assets;
- discussions with Lisneys to understand the operation and management of the Group's property portfolio, and their subsequent appointment as managing agents;
- ongoing liaison and monitoring of Lisneys and of the collection of rents, insurance rents and service charge from the tenants together with the chasing of arrears;



*SF 2046 Limited (in administration)*

*Joint Administrators' progress report to creditors pursuant to Rule 2.38 of  
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*KPMG LLP*

*4 July 2013*

- discussions with CBRE regarding the marketing and disposal of the Group's property portfolio, including the property owned by the Company. Following discussions with the secured lender, the appointment of CBRE, as marketing agents;
- ongoing liaison with CBRE in relation to the marketing of the property portfolio;
- review of offers received at the closing date, selection of preferred bidders and agreement of heads of terms for the sale of the properties;
- addressing property enquiries received from the preferred bidders and provision of property diligence information and documentation;
- in conjunction with our solicitors, negotiating and agreeing the legal documentation for the sale of the properties;
- ongoing liaison with the relevant councils and utility companies in respect of rates and utilities;
- liaison with the open cover insurers acting on behalf of the Joint Administrators to ensure that appropriate cover remains in place at all times;
- liaison with the Company's former accountants and solicitors to obtain all appropriate information pertaining to the Company, up to date the books and records, and to ingather all pertinent company books and records held in their possession;
- seeking advice, as appropriate, from our specialist tax and VAT advisers in relation to the financial, and ongoing operational, position of the Company;
- undertaking all statutory and administrative matters as required, including corresponding with creditors;
- corresponding with the directors and obtaining the statement of affairs of the Company as at the date of our appointment;
- confirming the validity of the Bank's securities;
- corresponding with the secured lender, the Bank;
- investigation into the affairs of the Company prior to our appointment, including consultation with the directors of the Company as appropriate;
- dealing with all relevant environmental bodies and issues, including contacting the Environment Agency, the health and safety executive and the local council;
- dealing with creditor correspondence and queries;
- undertaking all cashiering requirements including reconciling the administration bank account.



I would advise that the secured lender, the Bank, has provided its approval to the Joint Administrators' interim fee of £20,000 in respect of the Administration. This was drawn on 28 February 2013. The Bank has subsequently provided its approval to a further interim fee of £30,000 in respect of the Administration. This has yet to be drawn.

In terms of Rule 2.39A of the Insolvency (Scotland) Rules 1986, any creditor or creditors representing at least 25% in value of the total creditors may appeal against this fee to the Court of Session within 14 days from the date of this letter.

For your information, we would advise that a creditors' guide to fees can be found at:-

<http://icas.org.uk/WorkArea/DownloadAsset.aspx?id=4294968700>

However, if you are unable to access this guide and would like a copy, please contact Carleen Watt, c/o KPMG LLP, 191 West George Street, Glasgow, G2 2LJ.

## 7 Extension of the Administration

Ordinarily, our appointment as Joint Administrators would automatically cease at the end of one year beginning with the date on which it took effect, pursuant to Paragraph 76 (1) Schedule B1 to the Insolvency Act 1986, being 22 December 2012. However, given that we had yet to finalise matters, we required an extension to the Administration period.

We therefore requested that the secured lender, the Bank, granted a further extension of the Administration for a period of six months to 22 June 2013. The Bank confirmed its approval to the six month extension on 1 October 2012.

We then subsequently submitted an application to the Court to extend the Administration for a period of 12 months to 22 June 2014. The extension was approved by the Court on 10 June 2013.

We will endeavour to finalise all outstanding matters in the Administration (see Section 8 below) as quickly as possible.

## 8 Other matters

A number of issues still require to be dealt with in the Administration. These include, *inter alia*:-

- finalising the distribution of funds to the secured lender following the disposal of the property;
- conversion of the Administration to a Creditors Voluntary Liquidation in order to finalise, adjudicate and distribute funds to the unsecured creditors; and
- attending to all statutory aspects of the Administration process.



*SF 2046 Limited (in administration)*  
*Joint Administrators' progress report to creditors pursuant to Rule 2.38 of*  
*the Insolvency (Scotland) Rules 1986*  
*KPMG LLP*  
*4 July 2013*

We will endeavour to finalise the remaining outstanding matters in the Administration as quickly as possible.

BC Nimmo & GA Friar  
KPMG  
191 West George Street  
Glasgow  
G2 2LJ

4 July 2013



*SF 2046 Limited (in administration)*  
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*KPMG LLP*  
*4 July 2013*

## **Appendix 1**

### **Statutory and other information**



## **Appendix 1 – SF 2046 Limited**

### **Statutory and other information**

#### **EC Regulation**

This Administration is a main proceeding under the EC Regulation on Insolvency Proceedings. Article 3 of the EC Regulation defines main proceedings and the Company is registered in Scotland, has its main centre of interest in Scotland and does not fall within one of the excepted categories. Consequently, the Administration is governed by the Insolvency Act 1986 and not any other European Union Member State's insolvency law.

#### **Relevant court**

We were appointed by the Court of Session ("the Court") following an application to the Court for the appointment of the Joint Administrators by the Bank of Scotland Plc ("the Bank").

#### **Incorporation**

SF 2046 Limited was incorporated on 9 June 2005.

#### **Extension to initial period of appointment**

The Administration has been extended, with the consent of the Court, by 12 months to 22 June 2013.

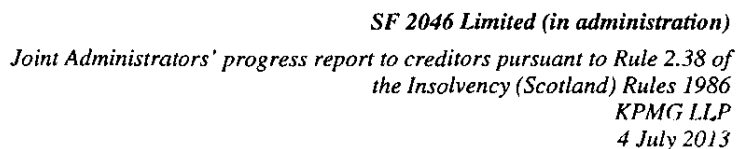
#### **Registered office and trading address**

SF 2046 Limited's former registered office was situated at:

24 Great King Street  
Edinburgh  
EH3 6QN

As part of the Administration process, the registered office of SF 2046 Limited has been changed to:

c/o KPMG LLP  
191 West George Street  
Glasgow  
G2 2LJ



51 Hill Street  
Belfast  
County Antrim  
BT1 2LB

The company number is SC286013.

The directors at the date of our appointment were:

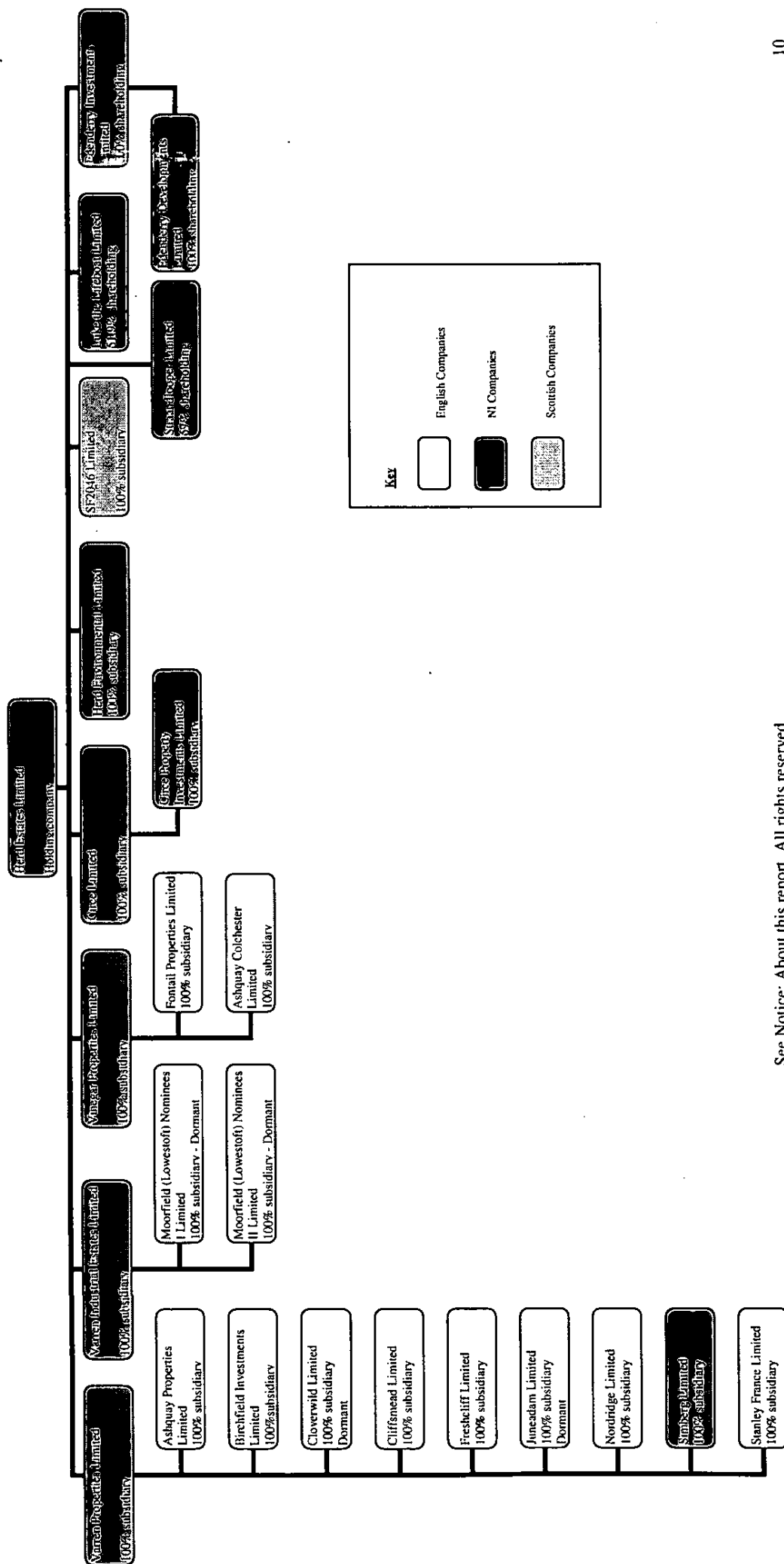
Eric Henry Sproule                      Appointed 10 March 2006

The authorised issued and called up share capital of the Company is set out in Figure 1, below.

Shareholder	Class of Share	Number	Value (£)
Herd Estates Limited	Ordinary £1	2	2

*Source: Companies House*

## Appendix 2a - Group Structure



## Appendix 2b – Summary of appointments

Company name	Registered	Reg no	Insolvency mechanism	Date of appointment	Appointees
Varren Properties Limited	Northern Ireland	N1040779	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Varren Industrial Estates Limited	Northern Ireland	N1043917	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Vinegar Properties Limited	Northern Ireland	N1040778	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Ashquay Properties Limited	England	03181557	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Birchfield Investments Limited	England	03118818	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Cloverwild Limited	England	03179529	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Cliffsmead Limited	England	03124542	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Freshcliff Limited	England	03298153	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Juneadam Limited	England	03175553	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Nordridge Limited	England	03225720	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Stanley France Limited	England	00599354	Administrative receivership	28 Nov 11	BC Nimmo and GA Friar
Herd Environmental Limited	Northern Ireland	N1066767	Administration	28 Nov 11	BC Nimmo and GA Friar
Sarcon (No 235) Limited	Northern Ireland	N1062570	Administration	28 Nov 11	BC Nimmo and GA Friar
Fontail Properties Limited	England	03365237	Administration	28 Nov 11	BC Nimmo and GA Friar
Ashquay Colchester Limited	England	04126037	Administration	28 Nov 11	BC Nimmo and GA Friar
Herd Estates Limited	Northern Ireland	N1040442	Administration	5 Dec 11	BC Nimmo and GA Friar
Simberg Limited	Northern Ireland	N1023107	Administration	5 Dec 11	BC Nimmo and GA Friar
SF 2046 Limited	Scotland	SC286013	Administration	23 Dec 11	BC Nimmo and GA Friar

### Notes:

BC Nimmo and GA Friar were previously appointed as Interim Managers of SF 2046 Limited on 29 November 2011.

Sarcon (No 235) Limited is not a subsidiary of Herd Estates Limited but has common directors with the Group companies and is included in the bank's security ring.



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*KPMG LLP*  
*4 July 2013*

## **Appendix 3**

### **Administrators' receipts and payments accounts for the period 23 December 2012 to 22 June 2013**



**SF 2046 Limited**  
**(In Administration)**  
**Administrators' Trading Account**

Statement of Affairs	From 23/12/2012 To 22/06/2013	From 23/12/2011 To 22/06/2013
POST-APPOINTMENT SALES		
Rental income	<u>NIL</u>	<u>13,503.25</u>
	NIL	13,503.25
OTHER DIRECT COSTS		
Sundry	<u>NIL</u>	<u>420.80</u>
	NIL	(420.80)
TRADING EXPENSES		
Lisney's management fee	<u>NIL</u>	<u>1,449.62</u>
	NIL	(1,449.62)
<b>TRADING SURPLUS/(DEFICIT)</b>	<u><b>NIL</b></u>	<u><b>11,632.83</b></u>

**SF 2046 Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 23/12/2012 To 22/06/2013	From 23/12/2011 To 22/06/2013
	<b>FIXED CHARGE ASSETS</b>		
2,590,000.00	Core portfolio	<u>NIL</u>	<u>2,300,000.00</u>
		NIL	2,300,000.00
	<b>FIXED CHARGE COSTS</b>		
	Administrators' fees	20,000.00	20,000.00
	Legal fees	NIL	14,369.90
	Insurance of property	786.37	786.37
	Property agents fees	<u>NIL</u>	<u>18,693.50</u>
		(20,786.37)	(53,849.77)
	<b>FIXED CHARGE CREDITORS</b>		
(2,590,000.00)	Fixed charge creditor	<u>NIL</u>	<u>2,100,000.00</u>
		NIL	(2,100,000.00)
	<b>ASSET REALISATIONS</b>		
59.00	Cash at bank	<u>NIL</u>	<u>68,766.71</u>
		NIL	68,766.71
	<b>OTHER REALISATIONS</b>		
	Bank interest, gross	334.27	5,789.33
	Trading Surplus/(Deficit)	<u>NIL</u>	<u>11,632.83</u>
		334.27	17,422.16
	<b>COST OF REALISATIONS</b>		
	Registers of Scotland	NIL	30.00
	Legal fees	NIL	10,000.00
	Statutory advertising	NIL	76.50
	Bank charges	<u>NIL</u>	<u>45.00</u>
		NIL	(10,151.50)
	<b>FLOATING CHARGE CREDITORS</b>		
(65,934,974.00)	Floating charge	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>UNSECURED CREDITORS</b>		
(728.00)	Trade & expense	NIL	NIL
(20,578.00)	Banks/Institutions	NIL	NIL
(1,024,270.00)	Connected companies	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
	<b>DISTRIBUTIONS</b>		
(2.00)	Ordinary shareholders	<u>NIL</u>	<u>NIL</u>
		NIL	NIL
<u>(66,980,493.00)</u>		<u>(20,452.10)</u>	<u>222,187.60</u>
	<b>REPRESENTED BY</b>		
	Floating charge current		35,590.65
	Three months fixed term		175,000.00
	Floating ch. VAT control		11,596.95
			<u>222,187.60</u>



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## **Appendix 4**

**Joint Administrators' time costs for the period 23 December 2011 to 22  
June 2013**

SIP9 Analysis data as at: 26/06/2013  
Case name: SF 2046 Limited  
Appointment date: 23/12/2011

23/12/2011 to 22/06/2013

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
<b>Administration &amp; planning</b>							
<b>Cashiering</b>							
General (Cashiering)			3.70	1.10	4.80	£987.00	£205.63
Reconciliations (& IPS accounting reviews)			7.90		7.90	£1,901.00	£240.63
<b>General</b>							
Books and records			1.30		1.30	£325.00	£250.00
Fees and WIP			3.00		3.00	£551.00	£183.67
<b>Statutory and compliance</b>							
Appointment and related formalities		2.55	9.20		11.75	£2,601.75	£221.43
Checklist & reviews		5.60	2.40		8.00	£2,508.50	£313.56
Pre-appointment checks		1.10			1.10	£467.50	£425.00
Reports to debenture holders	1.00	6.40	0.30		7.70	£3,086.50	£400.84
Strategy documents		2.60			2.60	£1,105.00	£425.00
<b>Tax</b>							
Post appointment VAT			0.20		0.20	£50.00	£250.00
<b>Creditors</b>							
<b>Creditors and claims</b>							
General correspondence		1.20	0.30	2.70	4.20	£818.50	£194.88
Secured creditors		7.80			7.80	£3,155.00	£404.49
Statutory reports	6.50	17.00	11.20	2.40	37.10	£12,186.00	£328.46
<b>Investigation</b>							
<b>Directors</b>							
Correspondence with directors			1.70		1.70	£297.50	£175.00
D form drafting and submission	1.00	2.00	3.60		6.60	£1,780.00	£269.70
Statement of affairs			0.10		0.10	£17.50	£175.00
<b>Investigations</b>							
Correspondence re investigations			1.90		1.90	£332.50	£175.00
Mail redirection			1.20	0.30	1.50	£244.50	£163.00
<b>Realisation of assets</b>							
<b>Asset Realisation</b>							
Freehold property	11.50	15.30	2.60		29.40	£12,411.00	£422.14
Open cover insurance			0.40		0.40	£70.00	£175.00
Other assets	1.00				1.00	£460.00	£460.00
<b>Trading code used when engagement didn't trade</b>							
<b>Trading</b>							
Cash & profit projections & strategy		1.70	6.30		8.00	£1,760.50	£220.06
Purchases and trading costs		2.70			2.70	£1,147.50	£425.00
Sales		8.00			8.00	£3,024.00	£378.00
<b>Total in period</b>					<b>158.75</b>	<b>£51,287.75</b>	<b>£323.07</b>