

The Insolvency Act 1986

R2.38

Administrator's progress report

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

Name of Company Action Building Contracts Limited
--

Company number SC295118

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

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

Gordon Malcolm MacLure
Johnston Carmichael LLP
Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

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

from

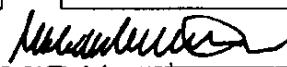
to

(b) Insert date(s)

(b) 11 November 2013

(b) 10 May 2014

Signed



Joint / Administrator(s) M P Henderson

Dated

22 MAY 2014

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

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

FRIDAY



SCT 23/05/2014 #143
COMPANIES HOUSE

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 / LP 4 Edinburgh-2



**JOHNSTON
CARMICHAEL**

Action Building Contracts Limited (In Administration)

Court reference: N/A

Joint Administrators' progress report for the period from 11 November 2013 to 10 May 2014

This report has been prepared for the sole purpose of updating creditors and members pursuant to the Insolvency Act 1986 (as amended). The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by creditors for any purpose other than informing them, or by any other person for any purpose whatsoever. The Joint Administrators act as agents of the company without any personal liability.

Action Building Contracts Limited (In Administration)

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Action Building Contracts Limited (In Administration)

Section 1: Introduction

1.1 Matthew Purdon Henderson and Gordon Malcolm MacLure were appointed as Joint Administrators of Action Building Contracts Limited ("the company") (company number SC295118) on 11 November 2010 on the application of the directors, which was lodged at the Court of Session on 11 November 2010.

1.2 The name of the director who made the appointment is as follows:

- Brendan Cantwell

1.3 The company's registered office was at 2A New Mart Road, Edinburgh, EH14 1RL and is now at 7-11 Melville Street, Edinburgh, EH3 7PE.

1.4 This report covers the period from 11 November 2013 to 10 May 2014 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 20 December 2010 and previous progress reports.

Section 2: Receipts and Payments Account

2.1 A copy of the Joint Administrators' Receipts and Payments account for the period from 11 November 2013 to 10 May 2014 is attached at Appendix I.

Section 3: Asset Realisations

3.1 The company's only known assets are the property at 2A New Mart Road, Edinburgh, EH14 1RL and sums due from completed and part-completed contracts

3.2 The property at 2A New Mart Road, Edinburgh was sold on 17 June 2011 for £225,000.

3.3 A business rates refund has been ingathered in the sum of £3,380.33 before costs.

3.4 The Joint Administrators have engaged the services of Ian Gracie (a Chartered Civil Engineer) of Construction Recovery Solutions to review the contracts and recover outstanding sums due to the company.

3.5 The sum projected as recoverable from the company's sales ledger balances, based on a report from Ian Gracie dated 1 February 2011, is in the region of £150,000. Unfortunately the timescales for recovery remain unclear as the vast majority of the company's contracts were with The City of Edinburgh Council ("the Council"). As has been widely publicised, the Council departments responsible for the allocation and payment of the contracts were under investigation by Lothian & Borders Police Specialist Fraud Unit. Those investigations are however understood to now be complete.

3.6 At the end of 2012 the Council advised that they would clarify their intentions in connection with the company's numerous

Action Building Contracts Limited (In Administration)

- accounts following an internal meeting that was being held in early January 2013.
- 3.7 The following update was subsequently received from an Operations Manager within the Council's Property Conservation Team on 7 March 2013: "The Council are currently developing work streams that this service will take forward in the forthcoming financial year. Finalising the accounts of those contractors that are in Administration will form part of this. I will revert to you when I am in a position to put a name to this stream of work, which will consider the Action projects as a whole to come to a balance of sums owed".
- 3.8 A further meeting was held between Ian Gracie and the Council on 14 August 2013 at which he was advised that their Property Conservation Service is effectively closed and an appointed Quantity Surveyor is closing out all contracts with a completion date of March 2014. The company's contracts were however to be finalised in a shorter timescale with a date of 31 October 2013 agreed at that meeting.
- 3.9 As advised in my previous report, Ian Gracie had again discussed matters with the appointed Quantity Surveyor on 9 September 2013 who advised that the target date had moved to nearer the end of November 2013. Following further discussions on 28 October the appointed Quantity Surveyor had advised that other work had taken priority and therefore the target of the end of November was unlikely to be met. The Council were then understood to be working to a long stop target of the end of their financial year i.e. the end of March 2014.
- 3.10 As anticipated this timescale has not been adhered to and Ian Gracie now has a further meeting with the appointed Quantity Surveyor on 10 June 2014.
- 3.11 The Council's policy with the accounts remains an ongoing source of frustration for the Joint Administrators who, through their appointed agent, have repeatedly stressed their willingness to co-operate with the Council and do everything required to progress matters.
- 3.12 As per previous reports, as things stand the timescales for all matters to be resolved remain unclear as there could be scope for significant further negotiation in connection with the finalisation of the contracts. This could therefore still take matters well into 2014 and beyond, with no certainty of the final outcome.
- ### Section 4: Creditors
- 4.1 The Royal Bank of Scotland plc ("RBS") is due approximately £257,100. Their liability is secured by a Bond and Floating Charge created on 24 July 2008 and a Standard Security over the property at 2A New Mart Road, Edinburgh.
- 4.2 RBS has received a distribution of £175,000 from the property sale proceeds. Based on the projected recovery figure of £150,000 from the sales ledger balances due to the company, a dividend might become payable to preferential creditors. This will, however, be entirely dependent upon the successful collection of sums due to the company.

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- 4.3 A preferential claim of £17,323.03 has been received from The Insolvency Service in respect of arrears of wages and holiday pay.
- 4.4 The Prescribed Part, referred to in Section 176A of the Insolvency Act 1986, applies where the company has granted to a creditor a floating charge after 15 September 2003. If appropriate a proportion of the net property of the company will be made available purely for the unsecured creditors. It should be noted, however, that asset recoveries are not currently projected to be sufficient to enable a dividend to be paid to any class of creditor other than the secured creditor. In accordance with insolvency legislation I can advise, therefore, that the value of the prescribed part and the company's net property is anticipated to be nil and no application to court will be made under section 176A(5) of the Insolvency Act 1986 for an order waiving the requirement to distribute the prescribed part to the unsecured creditors.

Section 5: Other Matters

- 5.1 Some of the other matters dealt with during the period have been:
- Reviewing and monitoring the strategy for the Administration.
 - Sale of Assets: reviewing the position in connection with the company's debtor balances and liaising with the appointed agents.

- Liaising with creditors: dealing with general and specific creditors' calls and correspondence. Acknowledging creditors' claims and responding to their queries.
- Recording administration receipts and payments.

Section 6: Extension of Administration

- 6.1 The Court approved the extension of the administration for a period of ten months until 10 September 2014. The Registrar of Companies was notified accordingly.
- 6.2 Due to the ongoing recovery of funds due to the company the Joint Administrators may require to seek a further extension of the Administration for a period of 12 months from 10 September 2014.
- 6.3 Prior to seeking an extension from the Court, pursuant to paragraph 76(2)(a) of Schedule B1 of the Insolvency Act 1986, the Joint Administrators are required to notify the company's creditors of their intention.
- 6.4 Creditors are able to object to the proposed extension to the Administration. Any creditor who wishes to object should provide written notice along with their reason for objecting to the Joint Administrator at the above address within **14 days** of the letter notifying creditors of this Progress Report.
- 6.5 Due consideration will be given to any objection received within that time period and details thereof will be provided to the Court as part of the extension process.

Action Building Contracts Limited (In Administration)



Section 7: Joint Administrators' remuneration

- 7.1 As it is currently anticipated that there will not be any distribution to unsecured creditors then, in terms of Rule 2.39(8)(a) of the Insolvency (Scotland) Rules 1986, the Joint Administrators' remuneration will be fixed by agreement with the secured creditor.
- 7.2 To date the Joint Administrators have drawn a total of £22,750.00 plus VAT on account of their time costs incurred in relation to secured realisations.
- 7.3 In the event of unsecured realisations being sufficient to allow a dividend to unsecured creditors, the Joint Administrators' Report and Statement of Proposals proposed that in terms of Rule 2.39 of the Insolvency (Scotland) Rules 1986 the Joint Administrators' remuneration would, in the absence of a Creditors' Committee, be fixed by a resolution of a meeting of the creditors of the company as appropriate, failing which the remuneration would be fixed by the Court on the basis of time properly spent by the Joint Administrators and their staff in dealing with matters arising during the course of the Administration.
- 7.4 If creditors would like further information relating to the approval process for Joint Administrators' remuneration then they should go to <http://www.jcca.co.uk/guides-creditors-and-other-stakeholders>. Alternatively, a copy of the information on that website is available from the Joint Administrators free of charge.

Section 8: Outstanding Matters

- 8.1 The principal outstanding matters in the administration are as follows:
- Ongoing action to recover sales ledger balances due to the company.
 - Distribution to secured, preferential and floating charge creditors as appropriate.
 - Settlement of Administration costs and expenses.
 - Closing Administration procedures.

Section 9: Next Report

- 9.1 The next progress report will be issued within 6 weeks of the end of the next accounting period which will be on 10 September 2014 unless a further extension of the Administration is obtained.

Signed:

M P Henderson
Joint Administrator
7-11 Melville Street
Edinburgh
EH3 7PE

Action Building Contracts Limited (In Administration) – Appendix I



**Joint Administrators' Receipts and Payments Account
for the period 11 November 2013 to 10 May 2014**

Action Building Contracts Limited
(In Administration)
Joint Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 11/11/2013 To 10/05/2014	From 11/11/2010 To 10/05/2014
SECURED ASSETS		
Heritable Property	NIL	225,000.00
	NIL	225,000.00
COSTS OF REALISATION		
Property Marketing Costs	NIL	4,357.04
Legal Fees	NIL	2,489.42
Other Property Expenses	NIL	3,168.35
Insurance of Assets	NIL	3,100.65
	NIL	(13,115.46)
SECURED CREDITORS		
The Royal Bank of Scotland plc	NIL	175,000.00
	NIL	(175,000.00)
ASSET REALISATIONS		
VAT Refund	NIL	1,225.00
Insurance Refund	NIL	3,380.33
Cash held on appointment	NIL	3.32
Bank Interest Gross	39.78	467.23
	39.78	5,075.88
COST OF REALISATIONS		
Registers of Scotland	NIL	15.00
Specific Bond	NIL	295.00
Office Holders Fees	6,750.00	22,750.00
Office Holders Expenses	NIL	17.23
Debt Recovery Agent	NIL	3,500.00
Agents/Valuers Fees (1)	NIL	845.08
Legal Fees (1)	NIL	2,807.48
Corporation Tax	NIL	19.50
Travel	NIL	98.53
Stationery & Postage	NIL	11.35
Re-Direction of Mail	NIL	25.96
Statutory Advertising	NIL	657.90
Rents Payable	NIL	NIL
	(6,750.00)	(31,043.03)
	(6,710.22)	10,917.39
REPRESENTED BY		
VAT Receivable		1,485.10
Bank 1 - Current		9,432.29
		10,917.39



Matthew Purdon Henderson
Joint Administrator