

Rule 2.38

Form 2.20B(Scot)

The Insolvency Act 1986

Administrator's progress report

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

Name of Company AC199 Realisations Limited	Company number SC102977
---	----------------------------

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

We (a) John Montague of Grant Thornton UK LLP, 7 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN, and Robert Caven, of Grant Thornton UK LLP, 95 Bothwell Street, Glasgow, G2 7JZ, Joint Administrators of the above company, attach a progress report for the period

from

to

(b) 23 September 2012

(b) 20 March 2013

(b) Insert dates

Signed 
 Joint Administrator

Dated 21/3/13

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

Natalie Smith	
c/o Grant Thornton UK LLP, 95 Bothwell Street, Glasgow G2 7JZ	
	Tel
DX Number	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 / LP 4 Edinburgh-2

FRIDAY



S24PT5YR
 SCT 22/03/2013 #1151
 COMPANIES HOUSE



Our Ref JGM/MDG/NMS/TAD/A00351/7

To the Creditors

21 March 2013

Dear Sirs

Recovery and Reorganisation

Grant Thornton UK LLP
95 Bothwell Street
Glasgow G2 7JZ

T +44 (0)141 223 0000
F +44 (0)141 223 0001
DX GW232 Glasgow
www.grant-thornton.co.uk

**AC199 Realisations Limited (formerly Airchannel Limited) - In Administration
("the Company")**

Joint Administrators' Final Progress Report

1 Introduction

- 1.1 Following the appointment of Robert Caven and I, John Montague, both of Grant Thornton UK LLP, as Joint Administrators of the Company by the Directors of the Company on 23 March 2010, I am now in a position to present my final progress report on this matter.
- 1.2 I enclose Form 2.20B(Scot) together with an account of my receipts and payments for the period ended 21 March 2013, together with the cumulative position, in accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986.
- 1.3 In accordance with paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986 the functions of the administrators are to be exercised by any or all of them.

Chartered Accountants

Member firm within Grant Thornton International Ltd

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

A list of personnel permitted by Grant Thornton to accept appointments as insolvency practitioners and of their respective authorising bodies may be inspected at the above address.

2 Statutory Information

2.1 The Company's statutory details are as follows:

Court details	Court of Session
Full name/ trading name	AC199 Realisations Limited (formerly Airchannel Limited)
Registered number	SC102977
Registered office	95 Bothwell Street Glasgow G2 7JZ
Former trading address	Stirling Road Industrial Estate Dykehead Road Airdrie Lanarkshire ML6 7UJ
Company directors	Colin Glassey, Setve Holman, Alastair Shanks, Alexander Shanks and James Sheldon
Date of appointment	23 March 2010
Administrators' names and addresses	John Montague of Grant Thornton UK LLP, 7 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN; and Robert Caven of Grant Thornton UK LLP, 95 Bothwell Street, Glasgow, G2 7JZ
The European Regulation on Insolvency Proceedings	The regulations apply to this Administration and the proceedings are main proceedings

3 Summary of the Joint Administrators' Proposals

- 3.1 Following my appointment, it was clear that the rescue of the Company would not be possible due to the level and nature of the debts, in particular the liability due to the defined benefit pension scheme. Therefore, the Joint Administrators initially pursued the objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up. In tandem with this the Administrators pursued the objective of realising assets for the benefit of preferential and secured creditors.
- 3.2 Following the successful sale of the business, it was expected that this objective would be achieved by the Administrators continuing to sell the Company's assets on a piecemeal basis. This excluded assets subject to fixed charges or mortgages, except as otherwise agreed between the Joint Administrators and the chargeholders or mortgagees, or as ordered by the court. The Royal Bank of Scotland plc ("RBS"), agreed that the Joint Administrators were able to sell properties which were subject to charges in their favour, provided the funds were remitted to it to the extent required to satisfy its indebtedness.
- 3.3 In addition to the above it was proposed that
- the Joint Administrators would continue to support the collection of debts on behalf of Royal Bank of Scotland Invoice Finance Limited ("RBSIF") to ensure that it recovered its debt in full and that the realisable value of book debts was maximised. Any surplus funds would be used to satisfy debt due to RBS in accordance with the security granted by the Company and to reduce RBS's floating charge claim to the benefit of unsecured creditors
 - the Joint Administrators would defend any proceedings brought against the Company by any party, so far as they believed it to be appropriate, mindful of the need to balance the costs of defence as against the potential detriment to creditors of abandoning the defence if it appeared that funds may be available to the creditors following the conclusion of the Administration
 - the Joint Administrators be authorised to settle legal and other agents' fees and disbursements properly incurred in assisting the Joint Administrators, to be paid out of the assets of the Company
 - the Joint Administrators be authorised to agree the claims of secured, preferential and unsecured creditors of the Company, unless the Joint Administrators conclude that, in their opinion, the Company will have no assets available for distribution
 - the Joint Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit. In relation to distributions to unsecured creditors, if appropriate, the Administrators be authorised to seek the consent of the Court to make a distribution to the unsecured creditors pursuant to paragraph 65 of Schedule B1 of Insolvency Act 1986
 - in the event that the creditors of the Company so determine at the meeting of creditors, to appoint a Creditors Committee in the Administration, the Joint Administrators will

- consult with the Committee at appropriate intervals concerning the conduct of the Administration
 - agree with the Committee the implementation and further development of these proposals, as necessary
- it was proposed that the Administration would end by the Company going into Creditors Voluntary Liquidation, or if there are no monies available for unsecured creditors, by the dissolution of the Company. If the Company is placed into Creditors Voluntary liquidation it is proposed that the Joint Administrators in office at that date will be appointed Joint Liquidators, any act in the Liquidation to be done by any one or more of the Liquidators. However, creditors may nominate a different Liquidator or Liquidators if nomination to that effect is received before the approval of these proposals
- 3.4 If more time was needed to complete realisations after any extension of the administration, the Administrators may have presented a petition either seeking court approval for a further extension or, if the creditors did not approve the Company going into Creditors Voluntary Liquidation, to wind up the Company and seek their appointment as Liquidators.
- 3.5 A variation to the Joint Administrators' Proposals was approved by a meeting of creditors on 2 February 2012.
- 3.6 As noted above, the original objective of the Joint Administrators was to pursue realisation of the assets for the benefit of preferential and secured creditors and, if possible, achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
- 3.7 Following a more detailed understanding of the cross guarantee obligations and inter-company liabilities, creditors were advised in progress reports that there would be no funds available to enable a distribution, other than to the secured creditors. Creditors were advised in the original proposals documentation that no prescribed part would be set aside for unsecured creditors as the floating charge was created prior to 15 September 2003.
- 3.8 Accordingly the proposals were varied to include a statement, in accordance with Paragraph 52 (1) of Schedule B1 of Insolvency Act 1986, that the Joint Administrators were of the opinion that there will insufficient funds to allow a distribution to unsecured creditors.
- 3.9 The revision of the proposals did not impact on the outcome for unsecured creditors which remained as previously reported. However, it enabled a more cost efficient progression of the Administration including distribution to the secured creditor and approval of fees in accordance with Rule 2.39 of Insolvency (Scotland) Rules 1986.

4 Report and Outcome

Background and Objectives

- 4.1 As noted above, the Directors of the Company appointed Robert Caven and I as Joint Administrators of the Company on 23 March 2010. As previously reported, this followed various measures to try and overcome the trading difficulties faced by both the Company and the wider Group.
- 4.2 Details of the background to the appointment and the actions taken are contained in the proposals to the creditors dated 17 May 2010 and subsequent progress reports.
- 4.3 Initially the objective of the Administration, as detailed above, was to achieve a better result for the Company's creditors as a whole than would be likely if the Company had been wound up. In tandem with this, the Joint Administrators were to pursue the objective of realising assets for the benefit of preferential and secured creditors.
- 4.4 As discussed above, during the course of the Administration period it became apparent to the Joint Administrators that there would be insufficient funds to enable a distribution to the unsecured creditors. As such, the objective of the Administration was to realise assets for the benefit of preferential and secured creditors.
- 4.5 This objective was achieved by realising certain of the business and assets of the Company via a going concern sale, collecting in the book debts and selling the Company's properties.
- 4.6 The Company's final property was sold on 5 November 2012 for a consideration of £365,000.

Debtors

- 4.7 As previously advised, the debtor collections are now complete.
- 4.8 Collections totalled £1,618,000, of which £1,302,000 was paid to RBSIF by way of settlement of the sums due under the pre-appointment factoring arrangement.
- 4.9 Accordingly, the net surplus from debtor collections was £316,000.

Other assets

- 4.10 No further Company assets have been identified.

5 Receipts and Payments

- 5.1 My receipts and payments account covering the period from 23 September 2012 to 20 March 2013, together with the cumulative position, is attached in Appendix A.
- 5.2 The main expenses during the period were as follows:

- Administrators' fees of £68,000, discussed further at Section 6 below;
- Legal fees of £9,477;
- Insurance of £7,460.42 and other property expenses of £7,571.95 in relation to security inspections of the property owned by the Company in Airdrie; and
- Agents fees of £3,272.50 paid to J&E Shepherd for marketing and selling the Company's property at Airdrie.

6 Estimated Outcome for Creditors

Preferential Creditors

- 6.1 Preferential creditor claims of £187,826 are for arrears of wages deducted from the price paid by the purchaser of the business and assets of the Company. There are no preferential claims relating to outstanding holiday pay as the liability in this regard was transferred to the purchaser on the acquisition of the business and assets.
- 6.2 A preferential claim has arisen for an employee dismissed shortly before our appointment. The balance of the preferential claims relate to pension contributions deducted but not paid over at the date of appointment. These claims have been settled in full.

Secured and floating Charge Creditor

- 6.3 The Company's secured creditor is RBS. A summary of the debt due to RBS is set out below:

	£000
Term loans	1,140
Overdraft	816
Interest & charges	129
Due under Factoring Agreement	1,182
Factoring Charges	120
	3,387

- 6.4 RBS suffered a shortfall of £1,467k from the Company's assets, however the balance of the sums due was covered under a cross guarantee from two related companies, namely Fidelity Plant Hire (Scotland) Limited ("Fidelity") and AC201 Realisations Limited, formerly Anglair Limited ("AC201") which are both 100% subsidiaries of the Company.
- 6.5 Please note that Robert Caven and I were appointed as Joint Administrators over Fidelity and AC201 at the same time we were appointed as Joint Administrators of the Company. We were subsequently appointed as Joint Liquidators of Fidelity and AC201 on 20 March 2012.
- 6.6 A total of £1,467k was therefore required to be paid from Fidelity and AC201. As stated in our earlier reports, Fidelity and AC201 have a right to recover any funds paid as substitute floating charge creditors. These funds have now been repaid to AC201 and Fidelity.

Unsecured Creditors

- 6.7 There is no prescribed part for unsecured creditors as the floating charge was created before 15 September 2003.
- 6.8 As previously advised, for the reasons detailed above there is no surplus arising to the creditors of the Company. As such there are insufficient funds available to pay a dividend to unsecured creditors.

7 Joint Administrators' Remuneration

- 7.1 In accordance with Statement of Insolvency Practice (SIP 9), I attach as Appendix B a summary of my time costs to 15 March 2013 by grade of staff and type of work. This shows total time costs of £436,902.25, representing 1,874 hours at an average of £233.12 per hour. Details of any matters which have had a significant impact on the time costs are included in the appendix, together with details of any disbursements charged during the period under review.
- 7.2 The Joint Administrators' remuneration for the period 23 March 2010 to 10 May 2011 in the sum of £361,705.85 (excluding VAT), together with expenses of £57.37 (excluding VAT) was approved by creditors in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986. I would confirm that this amount has been taken in full.
- 7.3 The Joint Administrators' remuneration for the period 11 May 2011 to the closure of the case in the sum of £68,000 (excluding VAT) was approved by creditors in accordance with Rule 2.39 of the Insolvency (Scotland) Rules 1986. I would confirm that this amount has now been taken in full.
- 7.4 A copy of "A Creditors' Guide to Administrators' Remuneration" can be downloaded from the Insolvency Practitioners Association website (www.insolvency-practitioners.org.uk - select "Technical", "Creditors Guide to Fees" and then the Administration Guide). If you would prefer this to be sent to you in hard copy please contact us and a copy will be forwarded to you.

8 Ending the Administration

- 8.1 All matters have now been finalised and the Joint Administrators are in a position to close this case.
- 8.2 The Joint Administrators have today sent the enclosed Form 2.26B(Scot) - Notice of Move from Administration to Dissolution to the Registrar of Companies. The Company will be dissolved after three months of registration of this notice.

Should you wish to discuss this report in further detail then please do not hesitate to contact my colleague Natalie Smith on 0141 223 0707.

Yours faithfully
For and on behalf of
AC199 Realisations Limited



John Montague
Joint Administrator

The affairs, business and property of AC199 Realisations Limited (formerly Airchannel Limited) are being managed by John Montague and Robert Caven, appointed Joint Administrators) on 23 March 2010

The Joint Administrators act as agents of the Company and without personal liability

**Appendix A – Joint Administrators' Receipts and Payments from
23 September 2012 to 20 March 2013 (1 of 3)**

Joint Administrators' Trading Account

	From 23/09/2012 To 20/03/2013	From 23/03/2010 To 20/03/2013
TRADING EXPENDITURE		
Heat & Light	-	5,972
Insurance	7,460	7,460
Property Expenses	-	113
ROT	-	74,040
	<u>(7,460)</u>	<u>(87,585)</u>
TRADING SURPLUS/(DEFICIT)	<u>(7,460)</u>	<u>(87,585)</u>

**Appendix A – Joint Administrators' Receipts and Payments from
23 September 2012 to 20 March 2013 (2 of 3)**

Joint Administrators' Abstract of Receipts & Payments

	From 23/09/2012 To 20/03/2013	From 23/03/2010 To 20/03/2013
SECURED ASSETS		
Freehold Land & Property	365,004	490,004
Book Debts	-	1,716,136
Misc Fixed Receipts	-	135
	365,004	2,206,275
COSTS OF REALISATION		
Legal Fees	-	7,318
Agents/Valuers Fees	-	2,851
Debt Collection Fees	-	24,885
Factoring Charges	-	120,446
Insurance	-	77,283
	-	(232,783)
SECURED CREDITORS		
Chargeholder (1)	-	1,181,783
	-	(1,181,783)
HIRE PURCHASE		
HP Asset (1)	-	40,800
Finance Company (1)	-	(16,775)
	-	24,025
ASSET REALISATIONS		
Plant & Machinery	-	59,720
Motor Vehicles	-	1,200
Stock	-	1,550
Stock/WIP	-	85,000
Book Debts	-	53
Property Rights/Patents	-	2
Rent	-	10,722
Bank/ISA InterestGross	108	708
Rates Refund	-	861
Misc Refunds	-	4,493
Trading Surplus/(Deficit)	(7,460)	(87,585)
Goodwill	-	500,000
	(7,352)	576,725
COST OF REALISATIONS		
Specific Bond	-	528
Preparation of S. of A.	-	2,689
Administrators Fees	68,000	429,706
Administrators Expenses	-	7,042
Agents/Valuers Fees (1)	3,273	27,238
Legal Fees (1)	9,477	58,659
Professional Fees	-	850
Corporation Tax	37	3,231
Room Hire	-	151
Storage Costs	-	6,306
Statutory Advertising	-	63
Other Property Expenses	7,572	58,810
Bank Charges	-	300
	(88,358)	(595,575)

**Appendix A – Joint Administrators' Receipts and Payments from
23 September 2012 to 20 March 2013 (3 of 3)**

Joint Administrators' Abstract of Receipts & Payments

	From 23/09/2012 To 20/03/2013	From 23/03/2010 To 20/03/2013
PREFERENTIAL CREDITORS		
Employee Arrears/Hol Pay	-	187,826
Preferential Creditors (All)	-	3,626
	-	(191,452)
FLOATING CHARGE CREDITORS		
Floating Charge Holder	-	343,397
Fidelity Plant Hire (Scotland) Limited	173,623	173,623
AC201 Realisations Limited	88,412	88,412
	(262,035)	(605,432)
	7,259	-

Appendix B Time and cost analysis as at 15 March 2013

Joint Administrators' Basis of Remuneration

Remuneration is charged on the basis of the time costs of the Insolvency Practitioners and their staff. Standard filing and secretarial costs are not charged or recovered from the case.

We set out below our firm's current charge out rates for the periods from 1 July 2010 to 30 June 2011, from 1 July 2011 to 30 June 2012 and from 1 July 2012 to 30 June 2013:

Staff Category	Ave Hourly Rate (£) from 01/07/2010 to 30/06/2011	Ave Hourly Rate (£) from 01/07/2011 to 30/06/2012	Ave Hourly Rate (£) from 01/07/2012 to 30/06/2013
Partner	425	425	440
Associate Director/Director	345 to 395	350 to 395	365 to 410
Assistant Manager/Manager	245 to 280	215 to 285	230 to 295
Administrator/Executive	115 to 190	120 to 195	125 to 195
Support staff	87 to 112	90 to 115	95 to 120

Work is allocated to staff members based upon their experience, grade and the complexity of the task involved.

Summary of Time costs incurred

A summary of our time costs for the period from 23 September 2012 to 15 March 2013 are set out below:

	Partner/Director			Manager			Executive			Administrator			Total		
	Hrs	£	Avg. Hly Rate	Hrs	£	Avg. Hly Rate	Hrs	£	Avg. Hly Rate	Hrs	£	Avg. Hly Rate	Hrs	£	Avg. Hly Rate
Administration and Planning	54.05	21,048.75	390.32	103.65	32,423.50	313.34	238.85	80,387.50	231.44	270.52	27,009.00	128.59	658.37	150,187.65	244.71
Creditors	17.60	8,622.25	490.03	122.80	44,070.00	359.86	20.90	4,830.75	231.57	119.35	12,700.00	105.41	280.85	88,223.80	243.09
Investigations	2.75	1,073.25	390.27	4.90	1,658.50	338.47	1.00	225.00	225.00	0.00	0.00	0.00	8.65	2,956.75	341.82
Realisation of Assets	61.70	23,855.50	386.64	81.10	31,012.50	344.42	657.30	146,695.00	223.18	102.50	13,282.50	129.59	912.60	214,845.50	235.42
Trading	0.65	344.75	405.59	0.00	0.00	0.00	0.30	54.00	180.00	0.00	0.00	0.00	3.90	688.75	176.60
Total	136.95	53,182.50	388.41	322.75	146,384.50	358.88	879.38	221,002.25	225.88	406.12	53,343.00	122.89	1,674.17	436,902.25	232.12

The time costs are split into 5 standard categories. A guide as to what might be included in each category is as follows:

Administration and planning: this includes work such as case planning, case reviewing, administrative set-up, appointment notification, maintenance of records, statutory reporting and compliance.

Creditors: this includes work such as communication and meetings with creditors, reviewing and adjudicating on creditors preferential and ordinary unsecured claims, corresponding with secured creditors, reviewing security documentation issues and preparing, recording, reviewing and adjudicating on employee preferential and unsecured claims.

Investigations: this includes work such as investigating into directors conduct and investigating antecedent transactions.

Realisation of assets: this includes work such as identifying, securing and insuring assets, administering retention of title claims, debt collection, property, business and asset sales for property covered by both fixed and floating charges.

Trading: this includes work such as managing operations, planning strategy, preparing and monitoring trading forecasts, accounting for trading and administering any landlord and employee issues.

Classification of Disbursements

The analysis above purely represents time costs of the Insolvency Practitioners and their staff and does not account for disbursements.

Category 1

Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and postage.

Where Category 1 disbursements are paid by the Insolvency Practitioners' firm, these are reimbursed as and when funds are available.

Category 2

Category 2 disbursements will comprise cost allocations which may arise on some Category 1 disbursements where supplied internally: typically, items such as room hire and document storage. Also typically included will be routine or more specialist copying or printing, and allocated communication costs provided by the practitioner firm.

Category 2 disbursements are paid as and when approval is obtained.

Use of Agents and Subcontractors

Agents and subcontractors are utilised where there is the need for specialist knowledge. Only agents and subcontractors with the appropriate qualifications are employed. Where possible, their fees and expenses are agreed in advance.