In accordance with Rule 3.93(1) of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018.

AM10 (Scot)

Notice of administrator's progress report

Companies House

SATURDAY

S8BIV35C
SCT 10/08/2019 #39
COMPANIES HOUSE

1	Company details
Company number	S C 1 4 0 8 9 5
Company name in full	Sierra Energy Limited

→ **Filling in this form**
Please complete in typescript or in bold black capitals.

2	Administrator's name
Full forename(s)	Ewen R
Surname	Alexander

3	Administrator's address
Building name/number	Bishops Court
Street	29 Albyn Place
Post town	Aberdeen
County/Region	
Postcode	A B 1 0 1 Y L
Country	

4	Administrator's name ❶
Full forename(s)	Gordon Malcolm
Surname	MacLure

❶ **Other administrator**
Use this section to tell us about another administrator.

5	Administrator's address ❷
Building name/number	Bishops Court
Street	29 Albyn Place
Post town	Aberdeen
County/Region	
Postcode	A B 1 0 1 Y L
Country	

❷ **Other administrator**
Use this section to tell us about another administrator.

AM10 (Scot)
Notice of administrator's progress report

6	**Period of progress report**
From date	05 / 10 / 2018
To date	29 / 04 / 2019

7 **Progress report**

☑ I attach a copy of the progress report

8	**Sign and date**
Administrator's signature	Signature X pp. [signature] X
Signature date	06 / 08 / 2019

AM10 (Scot)
Notice of administrator's progress report

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Richard Bathgate
Company name	Johnston Carmichael LLP
Address	Bishops Court
	29 Albyn Place
Post town	Aberdeen
County/Region	
Postcode	A B 1 0 1 Y L
Country	
DX	
Telephone	01224 212222

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed the form.

Important information

All information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh.

Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse
or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

JOHNSTON
CARMICHAEL

Sierra Energy Limited (In Administration)

Joint Administrators' Progress Report
for the period 5 October 2018 to 29 April 2019

Issued on 2 August 2019

Contents

Appendices

This report contains the information required by Rules 2.38 and 2.44 of the Insolvency (Scotland) Rules 1986

Section 1: Introduction

1.1 Ewen Alexander and Gordon MacLure of Johnston Carmichael LLP were appointed Joint Administrators of Sierra Energy Limited ("the Company") (company number SC140895) on 30 April 2013.

1.2 The appointment was on the application of the Royal Bank of Scotland PLC ("the Bank") as holder of a qualifying floating charge.

1.3 The Bank's application was lodged with the Sheriff at Aberdeen on 30 April 2013.

1.4 The Company's registered office was at 51 Queens Road, Aberdeen and is now at the offices of the Joint Administrators ("the Administrators") at Bishop's Court, 29 Albyn Place, Aberdeen, AB10 1YL.

1.5 This report covers the period from 5 October 2018 to 29 April 2019 ("the period") and should be read in conjunction with the Administrators' Statement of Proposals dated 21 June 2013 and the Administrators' other reports.

Section 2: Asset Realisations

2.1 The Company owns six villas at Plots 5, 6, 7, 8, 9 and 10 within the 42-villa Inchmarlo Holiday Village complex, near Banchory, Aberdeenshire ("the Villas").

2.2 To date the Administrators have not marketed the Villas for sale and have made any asset realisations other than realising rental income from the Villas, given planning restrictions that are in place.

2.3 In their prior reports, the Administrators explained the impact of occupancy planning restrictions on the potential value of the Villas. The view of the Administrators is that having the Villas removed from their current planning classification and restrictions will facilitate their sale and increase their realisable value for the benefit of the Company's creditors.

2.4 This is a view shared with the Villa Owners' Group (a group formed to represent the views of the various villa owners). The Company is just one owner, albeit an owner of six properties, within the Inchmarlo Holiday Village complex.

2.5 The Bank has six standard securities, one over each of the Villas, and a bond and floating charge over all assets of the Company.

2.6 As part of their plan to have the planning restrictions lifted, the Villa Owners' Group had wanted the holiday homes removed from a Historic Gardens protected area and included within the Inchmarlo settlement boundary.

2.7 Chartered Surveyors have been retained by the Villa Owners' Group to progress discussions with both Historic Scotland and the Local Authority's Local Development Plan team with a view to ultimately securing changes to the current planning restrictions on the Villas.

2.8 Details of the Villa Owners' Group's ongoing efforts to have the planning restrictions removed have been set out in the Administrators' previous reports.

2.9 In May 2018 the Administrators obtained the Bank's agreement that they should proceed to support a Section 42 planning application and in June 2018 the Administrators paid a contribution of £600 per villa to the Villa Owners' Group to support the costs of that application.

2.10 In this period the Administrators have worked to support that planning application, including providing the Villa Owners' Group with trading information for each Villa.

2.11 The Administrators also instructed professional valuations of the Villas in this period as part of a review of their asset realisation strategy. The results of the valuations are commercially sensitive and will not be disclosed to unsecured creditors.

2.12 On 2 April 2019 three planning applications (references APP/2019/0911, APP/2019/0908 and APP/2019/0909) were submitted to Aberdeenshire Council seeking relaxations of the occupancy restrictions associated with the planning consents that are in place. The applications have a two-month statutory determination period.

2.13 Prior to the submission of the three planning applications, the Villa Owners' Group were advised that it was likely there would be extensions to the statutory determinations period due to the complexities of the applications. That has proven to be the case as a number of consultees have requested further information in support of the applications and to date no decision has been issued.

2.14 If the planning applications are refused, there will be a three-month period from the date of refusal in which the Villa Owners' Group could make an appeal to Scottish Ministers.

2.15 The Administrators are monitoring the status of the planning applications and will continue to liaise with the Bank as secured creditor in relation to any sale of the Villas.

Section 3: Receipts and Payments Account

3.1 The Administrators' Receipts & Payments account for the period, including a Trading Account, is attached at Appendix I. The account includes cumulative figures since the commencement of the Administration on 30 April 2013.

3.2 Rental income received during the period, which spanned the winter months when rentals are typically lower, was £4,820.88 and trading expenditure totalled £12,755.34, resulting in a trading deficit of £7,934.46. All figures are exclusive of VAT. Inchmarlo Land Company ("ILC") continues to act as letting agent for the Administrators.

3.3 Since the commencement of the Administration a trading surplus of £67,939.46 has been generated. However, that surplus is before accounting for the Administrators' trading related time costs, which are yet to be approved, allocated and paid. Once paid, it is likely that those costs will result in an overall trading deficit.

3.4 The only non-trading receipt in the period comprised gross bank interest of £22.13.

3.5 Non-trading payments in the period comprised:

- £3,250.00 for valuer's fees and outlays;
- £2,857.00 for legal fees relating to an application to court to extend the Administration to 29 October 2019; and
- irrecoverable VAT of £42.96 and bank charges of £10.00.

3.6 The Administrators held cash at bank of £6,944.58 as at 29 April 2019. *Those funds may be required to meet ongoing trading* expenditure.

Section 4: Outcome for Creditors

4.1 Realisations from the sale of the Villas are likely to vary depending on the outcome of the planning applications. It is not yet clear if there will be sufficient realisations to fully repay the Bank's debt under its standard securities.

4.2 There are no preferential creditors.

4.3 Given realisations to date and estimated future realisations and costs, the Administrators currently estimate that it is unlikely there will be a dividend payable to unsecured creditors, even under the Prescribed Part provisions of section 176A of the IA86.

Section 5: Other Matters

5.1 Other matters attended to by the Administrators during the period have included:

- reviewing and monitoring ongoing case strategy and maintaining financial records for the Administration;
- liaising with the Bank as standard security holder;
- liaising with ILC regarding the trading of the Villas including rentals, maintenance and repairs;
- liaising with the Villa Owners' group; and
- reporting to creditors and attending to various statutory *requirements in relation to the progress of the* Administration.

Section 6: Extension of the Administration

6.1 On 13 March 2014 the Bank, as the Company's sole secured creditor, consented in terms of Paragraph 78(2)(a) of Schedule B1 of the IA86, to an initial extension of the period of the Administration by six months to 29 October 2014.

6.2 The Court, on 28 October 2014, issued an Interlocutor extending the Administration for a further period of 12 months until 29 October 2015. The Court has since issued further Interlocutors each extending the period of the Administration by a further 12 months to 29 October 2016, to 29 October 2017, 29 October 2018 and then to 29 October 2019.

Section 7: Administrators' Remuneration

7.1 The Administrators' proposals, which were approved by all creditors of the Company, provided that their remuneration be agreed and fixed by agreement with the Bank as the Company's secured creditor in accordance with Rule 2.39(9) of the Insolvency (Scotland) Rules 1986 ("ISR86").

7.2 In the event funds were to become available to allow a dividend to be paid to unsecured creditors under the Prescribed Part provisions of s.176A of the Insolvency Act 1986 ("IA86"), the Administrators' remuneration would be based on time properly spent by the Administrators and their staff at the normal hourly rates charged by Johnston Carmichael LLP for this type of assignment, and subject to approval by all creditors.

7.3 With limited funds available, no remuneration has been paid to the Administrators during the period 5 October 2018 to 29 April 2019. The Administrators will seek approval of their time costs directly with the Bank in due course.

7.4 In accordance with Statement of Insolvency Practice 9, if creditors would like further information relating to the approval process for Administrators' remuneration a guide is available to download at: https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration. Alternatively, a copy of the guide is available from the Administrators free of charge.

Section 8: Outstanding Matters

8.1 The principal outstanding matters include:

- clarification of the planning restrictions over the Villas and whether those restrictions will be removed or amended;
- marketing and sale of the Villas;
- agreeing the Administrators' final remuneration and outlays;
- distribution of the net sale proceeds from the sale of the Villas to the Bank under its standard securities;
- calculating whether there will be any dividend available to unsecured creditors and paying any such dividend, which currently appears unlikely given the level of anticipated trading surplus and asset realisations; and
- on-going reporting and compliance matters, including reporting on progress to creditors.

Section 9: Next Report to Creditors

9.1 The Administrators will issue a further progress report to creditors several weeks prior to the expiry of the Administration on 29 October 2019 seeking their consent to a further extension of the Administration to allow time for the Villas to be marketed and sold.

Yours faithfully

Richard Bathgate
For Ewen Alexander
Joint Administrator

2 August 2019

Johnston Carmichael LLP
Chartered Accountants
Albyn Place
Aberdeen
AB10 1YL

Appendix I: Joint Administrators' Receipts and Payments Account

JOHNSTON CARMICHAEL

Sierra Energy Limited
(In Administration)
Joint Administrators' Trading Account

Statement of Affairs £		From 05/10/2018 To 29/04/2019 £	From 30/04/2013 To 29/04/2019 £
	POST APPOINTMENT SALES		
	Rental Income	4,820.88	327,457.95
		4,820.88	327,457.95
	TRADING EXPENDITURE		
	Management Fee	668.14	18,961.35
	Sewage Treatment System	NIL	4,956.48
	Rates	3,456.00	32,039.30
	Heat & Light	3,768.20	41,666.17
	Water Services	576.00	3,610.51
	Letting Income Commission	867.76	60,537.40
	Insurance	NIL	2,982.48
	Bank Charges	NIL	5.00
	General Housekeeping	2,310.38	78,324.80
	Grounds Management / Maintenance	1,108.86	11,473.63
	Repairs	NIL	3,761.37
	Internet Services	NIL	1,200.00
		(12,755.34)	(259,518.49)
	TRADING SURPLUS/(DEFICIT)	**(7,934.46)**	**67,939.46**

Sierra Energy Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments

Statement of Affairs £		From 05/10/2018 To 29/04/2019 £	From 30/04/2013 To 29/04/2019 £
	SECURED ASSETS		
982,300.00	Villas 5-10 Queens Court	NIL	NIL
		NIL	NIL
	COSTS OF REALISATION		
	Planning Application Costs	NIL	3,600.00
		NIL	(3,600.00)
	SECURED CREDITORS		
(678,435.00)	*Royal Bank of Scotland*	NIL	NIL
		NIL	NIL
	REALISATIONS		
	Pension Refunds	NIL	NIL
	Bank Interest Gross	22.13	132.08
	VAT Refund	NIL	332.10
	Trading Surplus/(Deficit)	(7,934.46)	67,939.46
	Miscellaneous	NIL	0.80
		(7,912.33)	68,404.44
	ADMINISTRATION EXPENSES		
	Bordereau	NIL	90.00
	Agents/Valuers Fees	3,250.00	4,250.00
	Legal Fees & Outlays	2,857.00	15,442.14
	Public Notices	NIL	432.75
	Irrecoverable VAT	42.96	649.54
	Bank Charges	10.00	25.00
	Office Holders Fees	NIL	22,100.00
	Insurance	NIL	5,780.81
	Heat & Light	NIL	NIL
	Villa Owners Community Fund	NIL	8,074.68
		(6,159.96)	(56,844.92)
	PREFERENTIAL CREDITORS		
(4,948.00)	Inland Revenue	NIL	NIL
		NIL	NIL
	UNSECURED CREDITORS		
(72,552.00)	Trade & Expense Creditors	NIL	NIL
		NIL	NIL
	DISTRIBUTIONS		
(100.00)	Ordinary Shareholders	NIL	NIL
		NIL	NIL
226,265.00		**(14,072.29)**	**7,959.52**
	REPRESENTED BY		
	Due (to)/from Inchmarlo Land Co		(157.13)
	Input VAT		976.71
	Bank account		6,944.58
	Output VAT		(0.02)
	Vat Control Account		195.38
			7,959.52