

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company HIC Realisations Limited (formerly Hebridean International Cruises Limited)	Company number 02229087
In the High Court of Justice Chancery Division Companies Court <small>[full name of court]</small>	Court case number 13001/2009

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

I / We (a) Colin Peter Dempster and Fiona Livingstone TaylorErnst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ

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

From	to
(b) <u>8 April 2009</u>	(b) <u>7 October 2009</u>

Signed

Joint / Administrator(s)

Dated

06/11/09**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

Craig Robertson	
Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ	
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DX Number:	DX Exchange:

MONDAY



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09/11/2009  
COMPANIES HOUSE

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Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardif

5 November 2009

Ref: CPD/CR

Direct line: 0141 626 5531  
Direct fax: 0141 626 5003  
Email: crobertson3@uk.ey.com

Dear Sirs

**HIC Realisations Limited (formerly Hebridean International Cruises Limited) (In Administration) ("the Company")**

**Registered office address: Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR**

I write, in accordance with Rule 2.47 of the Insolvency Rules 1986, to provide creditors with a report on the progress of the administration. This report covers the period from 8 April 2009 to 7 October 2009 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 2 June 2009.

HIC Realisations Limited (formerly Hebridean International Cruises Limited), registered number 02229087, entered administration on 8 April 2009 and C P Dempster and F L Taylor ("the Administrators") of Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ were appointed to act as Administrators. The appointment was made by Bank of Scotland plc under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986. The Notice of Appointment was lodged in the High Court of Justice, Chancery Division, court reference number 13001/2009. Under the terms of the appointment, any act required or authorised to be done by the Administrators can be done by either of them.

**Summary of progress**

On 8 April 2009, the Company's principal asset was the business of operating luxury cruises around the Western Isles of Scotland aboard the Hebridean Princess. The vessel was owned by the Company's parent company, Leisure and Marine Holdings Limited ("LMH"), which also entered Administration on 8 April 2009.

As detailed in the Administrators' Proposals, on the day of our appointment, we were approached by a trade buyer to purchase the business and assets of the Company and LMH. The potential purchaser agreed to make an immediate non-refundable payment to the administrators to fund the business for a 2 week period, including the cruises of the Princess due for departure on 9 April 2009 and 16 April 2009, in return for a 2 week exclusivity period to negotiate a sale of the business and its assets.

On 22 April 2009, the Joint Administrators completed a sale of the business and assets of the Company and LMH to All Leisure Holidays Limited ("ALHL") for a total consideration of £1.36m.



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The Joint Administrators have completed their investigations into the conduct of the Directors for the periods prior to the Company's insolvency and they have submitted a report to the Secretary of State for Business, Innovation and Skills.

Please note that the contents of this report are privileged and, consequently, the Administrators are not in a position to provide creditors with any further details.

### **Remaining assets**

The VAT return for the period up to the appointment of the Joint Administrators has been submitted showing a repayment of £48,392 due to the Company. We have yet to receive confirmation that HMRC will settle this amount without offset.

Following the sale of the business and assets of the Company and LMH to ALHL, no further realisations are expected.

### **Receipts and payments account**

I enclose a receipts and payments account for the period 8 April 2009 to 7 October 2009. This does not reflect estimated future costs including the Joint Administrators' remuneration and disbursements.

Certain of the costs incurred to date are in respect of the period that the Administrators operated the business from 8 April 2009 to 22 April 2009. As detailed in the Proposals, the purchaser, ALHL, provided non-refundable payments totalling £360,000 to enable the Company to continue to trade whilst negotiations took place. Accordingly, a trading account has been prepared to show the costs incurred during this period.

### **Joint Administrators' remuneration and disbursements**

The Administrators believe that there will be no funds available to ordinary unsecured creditors. Accordingly, in terms Rule 2.106(5A)(b) of the Insolvency Rules 1986 the Administrators' remuneration shall be agreed by the Secured Creditors and Preferential Creditors.

Details of time spent and charge our rates have been provided to the secured creditors and preferential creditors and will be made available to any other creditor upon written request to the Administrators. To date, no fees have been taken in this case and any fees approved and taken will be reported to creditors in future progress reports.

The statutory provisions relating to remuneration are set out in Rule 2.39 of the Insolvency (Scotland) Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors Guide to Administrators Fees' a copy of which may be accessed from the website of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Administrators.

### **Secured Creditors**

Hebridean Cruises plc, the Company's ultimate parent company, had debts of £1,691,350 owing to Bank of Scotland plc. The Company cross guaranteed this debt and this is secured by way of a mortgage over the Princess and a debenture including a fixed and floating charge over the assets of the Company.

Stonefield Castle Group Limited is owed £2m by Hebridean Cruises plc. The Company cross guaranteed this debt and this is secured by a second ranking floating charge over the assets of the Company.

### **Preferential Creditors**

We currently estimate preferential creditors of £9,080 in respect of claims for employees' salaries, holiday pay and pension contributions. It is anticipated that preferential creditors will be paid in full.

### **Non-preferential Creditors**

Creditor claims continue to be submitted. It is estimated that total non-preferential claims will be in the region of £1.8m. Please note that this figure does not include customer deposits noted below.

### **Customer deposits**

Customers should note that, as previously advised in the Proposals, the Company is not in a financial position to provide any refunds of deposits made for cruises prior to the Administration of the Company. Customer claims for the refund of deposits will therefore rank as ordinary unsecured claims in the Administration. It is estimated that the total customer claims will be in the region of £4.8m.

Attached at Appendix 3 are further details for customers in respect of deposits made to the Company before the appointment of the Administrators.

### **The prescribed part**

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The Bank of Scotland hold a floating charge created on 27 June 2008 and Stonefield Castle Group Limited hold a floating charge created on 23 August 2008.

The Administrators estimate, to the best of their knowledge and belief, that

- the value of the prescribed part is £nil and
- the value of the Company's net property is £nil

The Administrators do not intend to make an application to the court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part.

**Distributions to creditors**

We are of the opinion that there will be insufficient property to enable a distribution to ordinary unsecured creditors.

I will report to you again at the conclusion of the Administration or in six months' time, whichever is the sooner.

Yours faithfully



C F Robertson  
for C P Dempster  
Joint Liquidator

Enc: Joint Administrators' Receipts and Payments Account

The Institute of Chartered Accountants of Scotland authorises C P Dempster and the Institute of Chartered Accountants in England and Wales authorises F L Taylor to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Company are being managed by the Joint Administrators, C P Dempster and F L Taylor who act as agents of the Company only and without personal liability.

## Appendix 1

**HIC Realisations Limited (formerly Hebridean International Cruises Limited) (In Administration)**
**Joint Administrators' Abstract of Receipts and Payments from 8 April 2009 to 7 October 2009**

	<i>Notes</i>	£	£
<b>Receipts</b>	1		
Funding	2	360,000.00	
Plant & equipment		45,000.00	
Stock	3	30,000.00	
Intellectual Property		4.00	
Cash on appointment		32,806.90	
Debtors		11,179.57	
Bank interest		444.07	
Motor vehicles		<u>23,635.95</u>	
			503,070.49
<b>Payments</b>			
Loss on trading account		436,570.18	
Legal fees		115,000.00	
Haulage & storage		9,989.65	
Statutory advertising		296.19	
Postage and carriage		1.10	
Bank charges		150.00	
Auctioneers' fees		4,757.00	
Specific bond		<u>158.00</u>	
			<u>566,922.12</u>
<b>Balance</b>			<u><b>(63,851.63)</b></u>
<b>Represented by:</b>			
Interest bearing current account		(96,193.11)	
Inter company balance – Hebridean Cruises plc		8,763.69	
Inter company balance – LMH		24.00	
Inter company balance		238.92	
Net VAT receivable		<u>23,314.87</u>	
			<u><b>(63,851.63)</b></u>

## Appendix 2

**HIC Realisations Limited (formerly Hebridean International Cruises Limited) (In Administration)**  
**Joint Administrators' trading account for the period 8 April 2009 to 22 April 2009**

	Notes	£	£
<b>Receipts</b>			
Cruise upgrade		<u>3,047.98</u>	3,047.98
<b>Payments</b>			
Payroll costs		133.33	
Cruise consumables		25,618.61	
Cruise cash funding		7,250.00	
Guide fees		3,774.10	
Maritime creditors		9,713.07	
Car parking		679.00	
Vessel insurance		34,213.52	
Hire of life rafts		1,140.00	
Coach hire		4,279.12	
Fuel & oil		15,172.08	
Telecommunications		1,586.57	
Property rental		824.65	
Rates		119.59	
Harbour dues		8,945.61	
Computer equipment		6,000.00	
Staff salaries & expenses	4	251,548.55	
Vessel operational management fee	5	<u>68,620.36</u>	
			<u>439,618.16</u>
<b>Loss on trading account</b>			<u><b>436,570.18</b></u>

**Notes**

1. Receipts and payments are stated net of VAT
2. The proceeds from the sale of the business and assets of the Company and LMH have been apportioned in accordance with the ownership of the assets. £924,996 of the sale proceeds has been recognised in the receipts and payments account for LMH, as owner of the Princess vessel.
3. The stock and work in progress that existed at the date of our appointment has been consumed in the process of trading or returned to suppliers under claims for retention of title
4. £46,835.37 of the staff costs represent a payment made under duress for the continued support of the employee management company, without which we would have been unable to sail the vessel.
5. £68,620.35 of the ship management fee represents a payment made under duress for the continued support of the ship management company, without which we would have been unable to sail the vessel.

## Appendix 3

### Customer deposits

#### Hebridean Spirit

In March 2009, the directors of the Company notified customers of the Spirit that this vessel was to be sold to an undisclosed buyer. The directors informed these customers that they would refund their deposits once the sale of the vessel had been completed.

However, as detailed in the Proposals, the funds received from the sale of the Spirit were applied to settle some of the Company's secured debt. Consequently, the Company is no longer in a financial position to refund customer deposits in respect of the Spirit.

The Joint Administrators have advised all customers who remitted funds to the Company prior to the administration in respect of a Spirit cruise that they should contact ATOL to initiate a claim for their cancelled cruise. ATOL can be contacted directly on 020 7453 6350 between 9am to 5pm Monday to Friday or, alternatively, on their website at [www.caa.co.uk](http://www.caa.co.uk)

#### Hebridean Princess

Following the sale to ALHL, we understand that the purchaser has made a commercial decision to continue the current cruise programme of the Hebridean Princess, under the name of Hebridean Island Cruises.

Customers of the Princess should note that the Company no longer held any funds in respect of customer deposits for bookings made with HICL on the Hebridean Princess prior to the Administration of the Company. Customers will therefore be required to claim their initial booking from the Company's financial failure insurance provider, International Passenger Protection Limited ("IPP"). Customers should contact IPP directly on +44 (0)20 8776 3752 to register their claim or visit their website at [www.ipplondon.co.uk](http://www.ipplondon.co.uk).

Customers of the Princess will be aware that IPP have indicated that they may not accept claims by passengers in respect of their initial booking for the financial failure of the Company.

Customer deposits will therefore rank as ordinary unsecured claims in the Administration. Regrettably, there are no funds available for distribution to the Company's ordinary unsecured creditors.

The Company sold some Princess cruise packages which included a flight element. Those customers who remitted funds in respect of a booking on the Princess before the Administration of the Company which included a flight element within their booking should contact ATOL directly on 020 7453 6350 between 9am to 5pm Monday to Friday or visit the website at [www.caa.co.uk](http://www.caa.co.uk) in order to register their claim.



**All Customers**

All customers of the Company should also check their travel insurance policy as it may provide cover for a cancellation. The type of cover provided will vary according to the type of policy taken out. Your policy may cover the complete or partial cost of the original booking purchased.

If you paid by credit card, you may also be protected by Section 75 of the Consumer Credit Act 1974. You should check with your credit card provider for further advice.