

The Insolvency Act 1986

Administrator's progress report

Name of Company
Kenmore Capital Plymouth Limited

Company number
05556248

In the
High Court of Justice, London

[full name of court]

Court case number

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

We (a) Rob Caven of Grant Thornton UK LLP, 95 Bothwell Street, Glasgow, G2 7JZ and
Martin Ellis of Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU

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

from

to

(b)12 November 2009

(b)11 May 2010

(b) Insert dates

Signed

Joint / Administrator(s)

Dated 11 June 2010

MONDAY



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21/06/2010

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COMPANIES HOUSE



Grant Thornton

Our Ref RXC/SWP/ST/K30291032/7

To All Known Creditors

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

11 June 2010

Dear Sirs

Kenmore Capital Plymouth Limited - In Administration ("the Company")

1 Introduction

- 1.1 Following the appointment of Martin Ellis and I as Joint Administrators of the Company on 12 November 2009, I now report on progress of the Administration for the period ended 11 May 2010
- 1.2 This report contains the information required by Rule 2.47 of the Insolvency Rules 1986 (including a receipts and payments account for the period of the report)
- 1.3 In accordance with Paragraph 100 (2) of Schedule B1 to the Insolvency Act 1986, the functions of the Joint Administrators are to be exercised by any or both of them

2 Statutory information

- 2.1 Martin Ellis and I were appointed Joint Administrators of the Company on 12 November 2009 by the Directors of the Company. Notice of Appointment was lodged at High Court, London
- 2.2 The Company's registered office was changed from 58 Davies Street, London, W1K 5JF to c/o Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU. The registered number of the Company is 05556248



COMPANIES HOUSE

Chartered Accountants

Member firm within Grant Thornton International Ltd
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3 Progress report

Trading/asset realisation strategy

- 3.1 The Joint Administrators' Report and Statement of Proposals ("**the Proposals**") dated 5 January 2010 outlined the proposed trading strategy for the wider Kenmore Group ("**the Group**")
- 3.2 Following the date of the Proposals, we continued to trade the business and prepared (in conjunction with management of the Group) a medium term work out strategy for the various assets within the Kenmore Capital Fund together with the assets held by Kenmore Snowhill Limited (and subsidiaries), including the Company's asset, MK Manchester Limited
- 3.3 A shorter term marketing and sale strategy was also prepared for such assets (in conjunction with our agents) outlining the likely return from a short term disposal of the assets
- 3.4 As you will be aware from the Proposals, Bank of Scotland ("**the Bank**") is a secured creditor of the Company and related Kenmore entities which own the relevant assets. In such circumstances, it was appropriate to obtain approval from the Bank as to the strategy to be adopted. Following lengthy discussions, the Bank confirmed its approval for the shorter term disposal strategy, i.e. immediate marketing and sale of the majority of the property portfolio
- 3.5 Following a period of marketing, a number of offers were received for certain properties and we are continuing to work towards exchange of contracts and completion of sale on these assets
- 3.6 We are also continuing to seek buyers for the properties which are not currently subject to offer

Disposal of the Company's assets

- 3.7 The Company owns 99% of the units in Broadway Unit Trust ("**BUT**") which, in turn, owns a freehold property the Broadway Shopping Centre, Plymstock ("**the Property**"). Accordingly, the Company holds a beneficial interest in the Property
- 3.8 We instructed our agents to undertake a marketing process for the Property (as part of the wider Group portfolio). At the date of this report we have exchanged contracts for the sale of the Property with a view to completing the sale on 23 June 2010
- 3.9 The terms of this contract remain confidential and we will provide a further update on the sale of the Property in our next progress report

Trading performance

- 3 10 The day-to-day trading/management of the Property is the responsibility of the trustees of BUT
- 3 11 All trading income and expenditure is accounted for through BUT and, accordingly, our receipts and payments account (per Appendix A) does not include any trading analysis

Receipts and payments account

- 3 12 A summary of the Joint Administrators' receipts and payments for the period from 12 November 2009 to 11 May 2010 is attached at Appendix A
- 3 13 This shows negative net funds in hand at 11 May 2010 of £20,756 All costs to date have been funded by way of an inter company loan from Kenmore Investments Limited

Objectives of Administration

- 3 14 On the basis of the current strategy, it is unlikely to be possible to rescue the Company as a going concern
- 3 15 In accordance with the terms of the Proposals, the Joint Administrators will continue to pursue the second objective of Administration, i.e. achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration)

4 Administrators' time costs and remuneration

- 4 1 Time costs for the period from 12 November 2009 to 11 May 2010 total £10,698 representing 47 30 hours at an average rate of £226 per hour
- 4 2 Appendix B includes a time analysis which provides details of the activity costs incurred by staff grade for the period from 12 November 2009 to 11 May 2010
- 4 3 In accordance with Rule 2 106 of the Insolvency Rules 1986, the Administrators' remuneration requires to seek approval from the Bank prior to drawing any fees
- 4 4 The Bank has confirmed its approval for the Administrators to draw a fee of £5,694 for the period ended 14 March 2010
- 4 5 On 22 May 2010 the Bank approved a further fee of £2,084 for the period from 15 March 2010 to 2 May 2010 These fees will be drawn during the next accounting period

4 6 In addition to Administrators' fees, we have incurred the following disbursements

- Category 2 disbursements we instructed Grant Thornton UK LLP to provide tax advice and, in the period to 11 May 2010, costs of £3,000 were paid to Grant Thornton UK LLP for this service

4 7 In accordance with Rule 2 106 of the Insolvency Rules 1986, these disbursements were approved by the Bank in its capacity as secured creditor

4 8 A copy of "A Creditors' Guide to Administrators' Remuneration" can be downloaded from the Insolvency Practitioners Association website (www.insolvency-practitioners.org.uk - navigate via "Technical" to "Creditors' Guide to Fees") Alternatively, I can supply this information by post on request

5 Estimated recovery Prospects

General

5 1 We would draw your attention to the debt/security structure of the Group as outlined in the Proposals

5 2 For the purpose of this report we have not included an estimated outcome statement (reflecting the confidential nature of the discussions surrounding sale of assets) It is likely that an estimated outcome statement will be included in the next progress report

Secured creditor

5 3 Under the terms of its security, the Bank is entitled to the net proceeds (after costs) of any return on the Company's units in BUT

5 4 There are a number of cross guarantees in place and, in the circumstances, the Bank will rank in the Administration for monies advanced to Kenmore Capital Limited These advances exceed the value attributable to the Property

Preferential creditors

5 5 The Company has no employees and no preferential creditors

Unsecured creditors

5 6 The bond and floating charge granted to the Bank post-dates the commencement of the Enterprise Act 2002

5 7 Section 176A of the Insolvency Act 1986 provides that, in these circumstances, a Prescribed Part be set aside for payment to the unsecured creditors

5 8 On the basis of current estimates, it is unlikely that there will be sufficient funds available for distribution to the unsecured creditors

6 Ending the Administration

- 6.1 It is unlikely that there will be sufficient funds available to enable a distribution to unsecured creditors
- 6.2 In accordance with the Proposals, and assuming that there are no funds available for distribution to the unsecured creditors, it is likely that the Company will move from Administration to Dissolution
- 6.3 In the event that there are sufficient funds to enable a distribution to be made to the unsecured creditors the Company will move from Administration to Creditors' Voluntary Liquidation and, in accordance with the Proposals, the Joint Administrators will become the Joint Liquidators

7 Next Report

- 7.1 The Joint Administrators are required to provide a progress report within one month of the end of the next accounting period (being 11 November 2010), or earlier if the Administration has been finalised

Yours faithfully
For and on behalf of
Kenmore Capital Plymouth Limited



Rob Caven
Joint Administrator

The business, affairs and property of the Company are being managed by the Joint Administrators who act as agents of the Company and without incurring personal liability

Appendix A: Receipts and payments account as at 11 May 2010

Kenmore Capital Plymouth Limited - In Administration Joint Administrators' Abstract of Receipts and Payments

| | From 6-Jan-10 To 11-May-10 | From 12-Nov-09 To 11-May-10 |
|--|-------------------------------|--------------------------------|
| Floating Asset Realisations | | |
| Bank Interest | 3 84 | 3 91 |
| Total Floating Asset Realisations | 3 84 | 3 91 |
| Floating Costs of Realisation | | |
| Specific Bond | (36 00) | (36 00) |
| Administrators' Fees | (5,694 48) | (5,694 48) |
| Legal Fees | (11,682 14) | (11,682 14) |
| Tax Advisory Fees - Grant Thornton | (3,000 00) | (3,000 00) |
| Statutory Advertising | - | (348 00) |
| Total Floating Costs of Realisation | (20,412 62) | (20,760 62) |
| | (20,408 78) | (20,756 71) |
| Represented by | | |
| VAT Receivable | | 1,973 23 |
| Fixed Current Account | | 0 62 |
| Floating Current Account | | 4,633 13 |
| Inter Company Loan - KIL | | (27,363 69) |
| | | (20,756 71) |

Appendix B: Time and cost analysis as at 11 May 2010

Charge Out Rates

Remuneration is charged on the basis of the time costs of the insolvency practitioner and his staff

We set out below our firm's current charge out rates from 1 July 2009

| Staff Category | Hourly Rate (£) |
|--------------------|-----------------|
| Partner | 410 - 510 |
| Director | 365 - 400 |
| Associate Director | 335 |
| Manager | 225 - 330 |
| Assistant Manager | 220 |
| Executive | 165 - 185 |
| Administrator | 110 - 125 |
| Support Staff | 85 - 110 |

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 are set out below

| Standard | Partner/Director | | | Associate Director/Manager | | | Assistant Manager/Executive | | | Administrator/Support | | | Total | | |
|-----------------------------|------------------|-----------------|---------------|----------------------------|-----------------|---------------|-----------------------------|-----------------|---------------|-----------------------|-----------------|---------------|--------------|------------------|---------------|
| | Hrs | £ Avg Hly Rate | | Hrs | £ Avg Hly Rate | | Hrs | £ Avg Hly Rate | | Hrs | £ Avg Hly Rate | | Hrs | £ Avg Hly Rate | |
| Administration and Planning | 1 70 | 697 00 | 410 00 | 4 10 | 1 367 50 | 333 54 | 15 50 | 1 042 50 | 185 00 | 9 50 | 1 077 00 | 113 37 | 25 80 | 5 084 00 | 197 05 |
| Creditors | | | | 3 20 | 1 072 00 | 335 00 | 0 50 | 110 00 | 220 00 | 1 65 | 186 75 | 113 18 | 5 35 | 1 366 75 | 255 84 |
| Investigations | 0 40 | 154 00 | 410 00 | 0 50 | 167 50 | 335 00 | 0 20 | 37 00 | 185 00 | 1 30 | 149 50 | 115 00 | 2 40 | 518 00 | 215 83 |
| Realisation of Assets | 1 80 | 738 00 | 410 00 | | | | 8 00 | 1 772 50 | 221 56 | | | | 9 80 | 2 510 50 | 256 17 |
| Trading | 0 15 | 61 50 | 410 00 | 3 20 | 1 072 00 | 335 00 | 0 20 | 37 00 | 185 00 | 0 40 | 46 00 | 115 00 | 3 95 | 1 216 50 | 307 97 |
| Total | 4 05 | 1 660 50 | 410 00 | 11 00 | 3 679 00 | 334 45 | 19 40 | 3 899 00 | 206 98 | 12 85 | 1 459 25 | 113 56 | 47 30 | 10,697 75 | 226 17 |

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

Investigations this includes work such as investigating directors' conduct and 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

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 employees' preferential and unsecured claims

Classification of Disbursements

Category 1 disbursements these 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 storage

Where Category 1 disbursements are paid by the insolvency practitioners' firm these are reimbursed as and when funds are available

Category 2 disbursements these 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 insolvency practitioners or their 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