

The Insolvency Act 1986

## Statement of administrator's proposals

Name of Company Ashchurch Corston Limited	Company number 06995050
In the Court of Session  [full name of court]	Court case number 20775/2009

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

We (a) Robert 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

attach a copy of our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date

(b) 5 January 2010

Signed   
Joint Administrator

Dated 5 January 2010

### 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

Tony McDaid

Grant Thornton UK LLP, 95 Bothwell Street, Glasgow, G2 7JZ

Tel 0141 223 0822

DX Number

DX Exchange



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COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

FRIDAY

Our Ref RXC/SWP/TZM/A91019/RR/7

**To All Known Creditors**

5 January 2010

Dear Sirs

**Recovery and Reorganisation**

**Grant Thornton UK LLP**  
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**Ashchurch Corston Limited - In Administration ("the Company")**

**1 Introduction**

- 1.1. Following the appointment of Martin Ellis and I as Joint Administrators of the Company by the Directors of the Company on 12 November 2009, I am submitting my proposals, pursuant to Paragraph 49(1) of Schedule B1 to the Insolvency Act 1986, for achieving the objectives of the Administration.
- 1.2. This report contains the information required by Rule 2.33 of the Insolvency Rules 1986.
- 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 all of them.

**2 Statutory Information**

- 2.1. The registered number of the Company is 06995050.
- 2.2. The Company was incorporated on 19 August 2009.
- 2.3. The trading address of the Company is 33 Castle Street, Edinburgh, EH2 3DN.
- 2.4. Following appointment of the Joint Administrators the registered office of the Company was changed from 58 Davies Street, London, W1K 5JF to 30 Finsbury Square, London, EC2P 2YU.
- 2.5. The authorised share capital of the Company is £100 divided into 100 shares of £1 each. The issued share capital is one share of £1

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 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.

- 2.6. Details of the Company's Directors (within the last 3 years) and the Company Secretary are included in Appendix A

### **3 Background to Administrators' Appointment**

- 3.1. The Kenmore Property Group ("**the Group**") invested in properties directly (usually through Group SPVs) and indirectly (through a number of joint venture property investment funds). In each case properties were acquired for investment and development purposes. It has eight primary funds with properties situated in UK, Europe and Middle East
- 3.2. The Group's key objective was to enhance shareholder value through investment returns originating from trading and active management opportunities within its various funds.
- 3.3. The Company is a wholly owned subsidiary of Kenmore Investments Limited ("**KIL**") and owns 100% of the share capital of Kenmore Financial Services Limited ("**KFSL**") and Kenmore Property Management 2 Limited ("**KPM2L**").
- 3.4. KFSL and KPM2L held asset management agreements for a number of the joint venture funds in which KIL held a stake. KFSL held the asset management contract for the Kenmore European Investment Fund and KPM2L held the asset management contract for Melville Crescent Ventures.
- 3.5. For a number of months the Group had been experiencing significant cash flow issues. The downturn in the property sector had a number of consequences for the Group:
- The Group previously relied on actively managing/developing its assets in order to generate significant profit on disposal. The downturn in the property market resulted in property sales "drying up" and this had a significant impact upon the level of profit being generated across the Group
  - Profits turned into significant losses and the Group's cash position deteriorated rapidly
  - The value attributable to the Group's assets reduced with the result that most of the Group's properties fell into negative equity and the Group began to breach its banking covenants on a regular basis

- 3.6. The Group's trading performance in recent years (per consolidated management accounts) is summarised as follows:

(£'000)	Jun-09	Jun-08	Jun-07
Net Revenue	7,236	8,783	6,263
Pre-tax profit/(loss)	(179,102)	(86,431)	(3,056)
Total assets	83,754	224,618	236,645
Total liabilities	(227,134)	(203,141)	(136,187)
Net assets	(143,380)	21,477	100,458

- 3.7. In November 2008 the Group agreed a refinancing package with the Bank resulting in £87 million of existing Group facilities being consolidated into a new five year facility and an additional £67 million being made available forming a strategic funding package for the Group.
- 3.8. Following this refinancing the Group's financial performance/position continued to deteriorate. The Board of Directors of the Company's ultimate holding company (Kenmore Property Group Limited) then explored with the Bank a potential further restructuring/refinancing of the Group. The Bank continued to support the Group during this period providing additional funding to enable the Group to continue to meet its commitments.
- 3.9. Ultimately, a further restructuring/refinancing was not possible. Acknowledging that, in the absence of such a restructuring/refinancing the Group was insolvent, the Board of Directors resolved to appoint Joint Administrators to a number of companies within the Group.
- 3.10. The Directors of the Company passed a Board resolution on 11 November 2009 and a Notice of Appointment of Administrator was executed and lodged at the High Court, London ("**the Court**") on 12 November 2009.
- 3.11. Martin Ellis and I, both Insolvency Practitioners, were appointed Joint Administrators of the Company on 12 November 2009. Martin Ellis is licensed by the Insolvency Practitioners Association and I am licensed by the Institute of Chartered of Accountants of Scotland.
- 3.12. We were also appointed Joint Receivers/Administrators to a number of other entities within the Group. These appointments are listed in Appendix B.
- 3.13. The EC Regulation on Insolvency Proceedings 2000 applies to the Administration. The proceedings are main proceedings under Article 3 of the Regulation. The Company is based in the United Kingdom.

## **4 Administration Strategy and Objectives**

### **Group Strategy**

- 4.1. Following our appointment, my team have stabilised the business and have implemented a number of changes in order to ensure that the Group can continue to trade.
- 4.2. We intend to continue to trade the Group in order to actively manage the assets and to generate maximum return for the creditors of the various companies over which we have been appointed (including the creditors of the Company).
- 4.3. For the avoidance of doubt we are focused on realising maximum value for the Group's assets and will not contemplate a distressed sale of all or any of the assets owned by the companies over which we have been appointed.
- 4.4. In order to facilitate this process the Bank has provided significant funding to enable the Administrators to continue to trade the business and to ensure that the various entities can continue to meet their ongoing obligations (in particular landlord obligations under the terms of existing and future leases).

### **Company Strategy**

- 4.5. At the date of appointment the Company owned 100% of KFSL and KPM2L which each held a management contract for provision of asset management services to investments funds in which KIL held an investment.
- 4.6. Following appointment we undertook the necessary steps to ensure that the KFSL and KPM2L management contracts could continue to be serviced by the Group and to ensure that value in the Company's investments was not adversely affected by non-performance of these contracts.
- 4.7. In our capacity as Joint Receivers of KIL we have negotiated a transaction whereby some of the KIL investments (and the associated management contracts) have been sold to a third party. The Company's investments in KFSL and KPM2L are included within this transaction, however the specific terms of this transaction must remain confidential until such time that formal completion is achieved.

### **Objectives**

- 4.8. In accordance with Paragraph 3(1) of Schedule B1 to the Insolvency Act 1986, the Joint Administrators must perform their functions with the purpose of achieving one of the following objectives:
  - rescuing the Company as a going concern
  - 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)

- realising property in order to make a distribution to one or more secured or preferential creditors

4.9. It has not been possible to rescue the Company as a going concern.

4.10. Through continuation of trading of the Group the Joint Administrators will seek to achieve 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).

## **5 Administrators' Receipts and Payments**

5.1. A summary of receipts and payments for the Administration period from 12 November 2009 to 3 January 2010 is attached as Appendix C.

## **6 Directors' Statement of Affairs**

6.1. The Directors have been requested to prepare a Statement of Affairs of the Company as at 12 November 2009. An extract from this document is attached at Appendix D. A copy of the sworn Statement of Affairs will be lodged at Companies House.

6.2. We would make the following comments:

- The Directors have assumed that the value attributable to the investments in KFSL and KPM2L equate to book value (£2 and £1 respectively). Future realisable value of these investments may differ however we are unable to provide further comment until such time that formal completion of any share disposal takes effect
- The Company appears to have no creditors
- The Directors' Statement of Affairs does not include any costs of Administration

## **7 Amounts Payable to Secured Creditors**

7.1. The Company granted the following security to Bank of Scotland plc ("the Bank"):

- Debenture consisting of a fixed and floating charge over the Company's business and assets created on 9 November 2009 and registered on 11 November 2009

7.2. The Company was not indebted to the Bank at the date of appointment.

## **8 Amounts Payable to Preferential Creditors**

8.1. The Company has no employees and no preferential creditors.

## **9 Amounts Payable to Unsecured Creditors**

- 9.1. On the basis of information available it seems there are no unsecured creditors of the Company.

## **10 The Administrators' Proposals**

The Joint Administrators propose the following:

- 10.1. to continue to trade the business in order to achieve the objectives outlined in Section 4 (above)
- 10.2. to manage the affairs of the Company and do all such other things, and generally exercise all of their powers as contained in Schedule 1 to the Insolvency Act 1986, as they consider desirable or expedient to achieve the statutory purpose of the Administration
- 10.3. to continue to pursue and recover any debts still owed to the Company
- 10.4. to continue to realise any other assets of the Company
- 10.5. to be authorised to continue, or raise, any legal actions required, provided such actions are in the best interests of the creditors and that it is economical to do so
- 10.6. to seek an extension of the Administration period if deemed necessary
- 10.7. that the creditors consider establishing a Creditors' Committee and that, if any such Committee is formed, they be authorised to sanction the basis of the Joint Administrators' remuneration and any proposed act on the part of the Joint Administrators without the need to report back to a further meeting of creditors generally (to include any decision regarding the most appropriate exit route from the Administration)
- 10.8. that, where no Creditors' Committee is appointed, the remuneration of the Joint Administrators shall be fixed by application to the secured creditor
- 10.9. that, where remuneration has not been fixed by the Committee or the secured creditor, the remuneration of the Joint Administrators shall be fixed by application to the Court
- 10.10. that 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;

- 10.11.that, if having realised the assets of the Company, the Joint Administrators are of the opinion that a distribution will be made to preferential creditors (if any) and the floating charge creditor, they will be authorised to adjudicate upon the claims of these creditors and thereafter to make distribution of any dividend;
- 10.12.that, if necessary, the Joint Administrators be authorised to adjudicate upon the unsecured creditors' claims and thereafter to facilitate a Prescribed Part distribution to those creditors with accepted claims, provided the net property available for distribution exceeds the prescribed minimum (currently £10,000);
- 10.13.that, if having realised the assets of the Company, the Joint Administrators are of the opinion that a distribution will be made to the unsecured creditors, they are permitted to move the Company from Administration to Creditors' Voluntary Liquidation and it is proposed that the Joint Administrators will become the Joint Liquidators of the Company. In accordance with Paragraph 83(7) of Schedule B1 to the Insolvency Act 1986, creditors may nominate a different Liquidator providing nomination to that effect is received before the approval of these proposals;
- 10.14.that, if the Joint Administrators think that the Company has no property which might permit a distribution to its creditors, they will file a notice with the Court and the Registrar of Companies for the dissolution of the Company;
- 10.15.that the Joint Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately upon their appointment as Joint Administrators ceasing to have effect.

## **11 Administrators' Remuneration and Disbursements**

- 11.1. In accordance with Rule 2.106 of the Insolvency Rules 1986, the Creditors' Committee (if appointed) should determine the basis of the Joint Administrators' remuneration.
- 11.2. If no Committee is appointed or it does not make the requisite determination, a resolution of the creditors will be required (given that there is insufficient property available to provide a return to unsecured creditors, only the approval of the secured creditor would be sought in this instance).
- 11.3. Should remuneration not be fixed by the Committee or the secured creditor, then an application can be made to the Court.
- 11.4. The Joint Administrators will request that their remuneration be calculated according to the time properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administration.
- 11.5. The Joint Administrators will charge out of pocket expenses at cost. Mileage is charged at standard rates which comply with HM Revenue & Customs limits or AA recommended rates. VAT is added to disbursement charges as necessary.



- 11.6. Payments of the Joint Administrators' remuneration and disbursements are to be met from funds held in the Administration in priority to the claims of creditors, and, after approval of the basis, the Joint Administrators may draw sums on account.
- 11.7. The Joint Administrators' time costs as at 30 December 2009 amount to £3,268. This equates to 18.4 hours at an average hourly rate of £178.
- 11.8. Appendix E includes a time analysis which provides details of the activity costs incurred by staff grade for the period from 12 November 2009 to 30 December 2009.
- 11.9. A copy of "A Creditors' Guide to Administrators' Remuneration" can be downloaded from the Insolvency Practitioners Association Website ([www.insolvency-practitioners.org.uk](http://www.insolvency-practitioners.org.uk) – navigate via "Technical" to "Creditors' Guides to Fees"). Alternatively, I can supply this information by post on request.

## **12 Meeting of Creditors**

- 12.1. On the basis of the information provided it appears that there are no unsecured creditors and, accordingly, any recoveries (net of costs of Administration) will be available for distribution to the shareholders of the Company.
- 12.2. Accordingly, and in accordance with Paragraph 52(1)(a) of Schedule B1 to the Insolvency Act 1986, an initial meeting of the Company's creditors is not being convened.
- 12.3. The proposals contained in this statement will be deemed to have been approved by the creditors unless, within 12 days of this statement being sent out, a meeting is requisitioned by creditors whose debts amount to at least 10% by value of the total debts of the Company.
- 12.4. Should you require a meeting to be held, you must notify us, in writing in the prescribed form, on or before 18 January 2010.

## **13 Investigation**

- 13.1. The Joint Administrators have a duty to investigate whether potential causes of action exist against third parties which could increase recoveries for creditors.
- 13.2. The Joint Administrators are also required to prepare a report on the conduct of Directors who have held office within the three year period prior to appointment for submission to the Department for Business Innovation and Skills ("BIS"). This report must be lodged with BIS within six months of appointment i.e. before 11 May 2010.
- 13.3. If any creditors wish to bring any matters considered relevant to the attention of the Joint Administrators they are invited to do so, in writing. Please note that any such matters will remain confidential.

## **14 Next Report**

14.1. We are required to issue a progress report within one month of the end of the accounting period ending on 11 May 2010 (or earlier if the Administration has been finalised).

Yours faithfully  
For and on behalf of  
Ashchurch Corston Limited

Rob Caven  
Joint Administrator

The affairs, business and property of Ashchurch Corston Limited are being managed by Rob Caven and Martin Ellis, appointed as Joint Administrators on 12 November 2009.

**Appendix A: Summary of Directors Appointments (within last 3 years)**

	Effective Date of appointment	Date Resigned	Shares Held
<b>Director</b>			
John Anthony Bingham Kennedy	1 October 2009	4 December 2009	nil
Robert William Middleton Brook	1 October 2009	n/a	nil

## **Appendix B: List of Appointments**

Rob Caven and Martin Ellis were appointed Joint Receivers of the following company on 11 November 2009:

- Kenmore Investments Limited

Rob Caven and Martin Ellis were appointed Joint Receivers of the following company on 12 November 2009:

- Kenmore Capital 3 Limited

Rob Caven and Martin Ellis were appointed Joint Administrators of the following companies on 12 November 2009:

- Kenmore Property Group Limited
- Kenmore Capital Limited
- Kenmore Capital 2 Limited
- Kenmore Capital Alfreton Limited
- Kenmore Capital Cuprum Limited
- Kenmore Capital Glenrothes Limited
- Kenmore Capital Leeds Limited
- Kenmore Capital Middlesbrough Limited
- Kenmore Capital Moulton Limited
- Kenmore Capital Northbank Limited
- Kenmore Capital Plymouth Limited
- Kenmore Capital Portfolio Limited
- Kenmore Capital Tipton Limited
- Kenmore Capital Tipton 2 Limited
- Kenmore Snowhill Limited
- Black Button Limited
- Gothic Font Limited
- Number Rule Limited
- MK Manchester Limited
- KAV Management Limited
- Ashchurch Corston Limited
- Kenmore Private Equity Limited

Rob Caven was appointed Provisional Liquidator of the following company on 2 December 2009:

- Kenmore Aberdeen Limited

<p style="text-align: center;"><b>Ashchurch Corston Limited</b>  <b>(In Administration)</b>  <b>Joint Administrators' Abstract of Receipts &amp; Payments</b></p>		
Statement of Affairs	From 12/11/2009 To 03/01/2010	From 12/11/2009 To 03/01/2010
ASSET REALISATIONS		
Bank/ISA InterestGross	0.07	0.07
	0.07	0.07
COST OF REALISATIONS		
Statutory Advertising	348.00	348.00
	(348.00)	(348.00)
	(347.93)	(347.93)
REPRESENTED BY		
Inter Company Loan (Debtor)		(400.20)
Vat Receivable		52.20
Floating Current Account		0.07
		(347.93)
		Robert Caven
		Joint Administrator

## A – Summary of Assets

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Assets

Assets subject to fixed charge:

None

Assets subject to floating charge:

None

Uncharged assets:

Unpaid share capital	2	Nil
Investment in Kenmore Financial Services Limited and Kenmore Property Management 2 Limited	1	Nil
Estimated total assets available for preferential creditors	3	Nil

Signature A White Date 18/12/09

**Appendix D: Directors' Statement of Affairs as at 12 November 2009 (2 of 2)**

**A1 – Summary of Liabilities**

		Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)	£	Nil
Liabilities	£	
Preferential creditors:-	Nil	Nil
Estimated surplus as regards preferential creditors	£	Nil
Estimated prescribed part of net property where applicable (to carry forward)	£	
	Nil	Nil
Estimated total assets available for floating charge holders	£	Nil
Debts secured by floating charges	£	
	Nil	Nil
Estimated surplus of assets after floating charges	£	Nil
Estimated prescribed part of net property where applicable (brought down)	£	
	Nil	Nil
Total assets available to unsecured creditors	£	Nil
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£	
	Nil	Nil
Estimated surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	Nil
Shortfall to floating charge holders (brought down)	£	
	Nil	Nil
Estimated surplus as regards creditors	£	Nil
Issued and called up capital	£	
	(3)	(3)
Estimated total deficiency as regards members	£	(3)

Signature



Date

18/12/09

## Appendix E: Time and Cost Analysis as at 30 December 2009

### 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			Associate Director/Manager			Assistant Manager/Executive			Administrator/Support			Total		
	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate	Hrs	£	Avg. Hrly Rate
Administration and Planning	1.20	492.00	410.00	.70	228.50	326.43	3.50	647.50	185.00	7.40	855.00	115.54	12.80	2,223.00	173.67
Creditors							.50	110.00	220.00	.80	104.00	130.00	1.30	214.00	164.62
Hiatus period													.00	.00	
Investigations	.25	102.50	410.00							.30	34.50	115.00	.55	137.00	249.09
Realisation of Assets							3.75	693.75	185.00				3.75	693.75	185.00
Trading													.00	.00	
<b>Total</b>	<b>1.45</b>	<b>594.5</b>	<b>410.00</b>	<b>0.7</b>	<b>228.5</b>	<b>326.43</b>	<b>7.75</b>	<b>1451.25</b>	<b>187.26</b>	<b>8.5</b>	<b>993.5</b>	<b>116.88</b>	<b>18.4</b>	<b>3267.75</b>	<b>177.60</b>

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.