

## The Insolvency Act 1986

## Administrator's progress report

R2.38

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

Name of Company

Kelvin Homes Limited

Company number

SC082028

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

We (a) Blair Carnegie Nimmo and Gary Steven Fraser

Joint Administrators of the above company attach a progress report for the period

from

(b) 25 January 2007

to

(b) 24 July 2008

Signed

Joint Administrator

(b) Insert dates

Dated

21/9/08

## 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.

KPMG LLP, 191 West George Street, Glasgow, G2 2LJ

Tel 0141 226 5511

DX Number

DX Exchange

Companies House receipt date barcode

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

MONDAY



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08/09/2008

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COMPANIES HOUSE



**Kelvin Homes Limited  
(in administration)**

Joint Administrators' progress report to  
creditors pursuant to Rule 2.38 of the  
Insolvency Rules (Scotland) Act 1986

24 July 2008

KPMG LLP

24 July 2008

*This report contains 11 Pages*

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*KPMG LLP*  
*24 July 2008*

## **Notice: About this Report**

This Report has been prepared by BC Nimmo and GS Fraser, the Joint Administrators of Kelvin Homes Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context. This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Kelvin Homes Limited. Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors. Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person. BC Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Scotland. GS Fraser is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Scotland. The Joint Administrators act as agents for Kelvin Homes Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



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## **1 Introduction**

We, Blair Carnegie Nimmo and Gary Steven Fraser of KPMG LLP, Joint Administrators of Kelvin Homes Limited ("KHL"), set out below our progress report in accordance with Rule 2.38 of the Insolvency Act 1986 (Scotland) Rules 1986.

We were appointed Joint Administrators by the directors of KHL pursuant to Paragraph 22 of Schedule B1 to the Insolvency Act 1986 following the lodgement of a Notice of Appointment at the Court of Session.

A receipts and payments account for the period 25 January 2007 (the date of appointment) to 24 July 2008 is attached at Appendix 2. This shows funds on hand totalling £126,673.01.

## **2 Extension to initial period of appointment**

As you will be aware from our last report, the Court granted a twelve month extension to the statutory administration period to 24 January 2009 in order to allow additional time to deal with the outstanding issues in the administration.

Due to the ongoing nature of the issues currently being dealt with, there is a strong possibility that we will have to seek a further extension to the administration. The outstanding issues are discussed in further detail in Section 3 below.

## **3 Progress to date including realisation of the assets**

### **3.1 Contract recoveries**

At the date of administration, KHL's contract debts comprised six contracts in progress and five completed contracts.

To date we have recovered £159,172.50 from the six contracts in progress. As a result of the substantial costs incurred by the customer to complete these contracts, we do not expect to make any further recoveries from contracts in progress.

In respect of the five completed contracts, we are continuing to negotiate the settlement of outstanding retention balances with the principal contract employers. Negotiation of the completed contracts has proved to be a lengthy and time consuming process with all contract employers submitting final accounts in excess of the available retentions.

We remain hopeful of agreeing settlements on a number of the completed contracts and will continue to pursue all outstanding balances as long as it remains cost effective to do so.

### **3.2 Land and properties**

As you will be aware from my previous report, we completed the sale of two residential flats at Brablock Park, Paisley realising £257,639 in total.

The directors of Aberlady Homes Limited ("Aberlady") also completed the sale of Moredun House however, as previously advised, the entire proceeds of the property sale were used to settle the outstanding bank debt on the property. KHL has not received any recovery in respect of its shareholding in Aberlady.

We are continuing to market the remaining land and properties for sale with the assistance of our property agent, Ryden. Due to the nature and location of the various pieces of land there have been difficulties in obtaining planning permission and we therefore expect that it may take some time to dispose of KHL's land holdings. It may ultimately become necessary to investigate alternative methods of disposing of KHL's land holdings in the event that a commercial buyer is not found in order to avoid incurring further costs in respect of insurance and maintenance.

### **3.3 Inter company debtor**

We continue to liaise with the directors of Dundas Development Company Limited ("Dundas"), a subsidiary of Kelvin Holdings Limited, regarding the £6.5 million receivable due to KHL from Dundas.

As previously advised, we understand that Dundas' principal asset is a 25% shareholding and loan notes in Land Options (West) Limited ("LOWL").

The value of LOWL is contingent upon areas of development land which it owns and intends to develop or sell. Given the current low levels of activity in the real estate sector, the areas of development land owned by LOWL may take some time to develop or sell. Recovery from this source, if any, is unlikely in the near future.

## **4 Amounts payable to secured creditors, preferential creditors and the floating charge holder**

### **4.1 Secured lenders**

HSBC Bank plc's direct claim against KHL at the date of our appointment amounted to £2,779,953. KHL had also granted guarantees for sums due by Kelvinkit Limited, Dundas and Aberlady to HSBC Bank plc. Taking into account the additional sums due under the cross guarantees, HSBC Bank plc's total claim against KHL at the date of appointment amounted to £5,184,664. It should be noted that interest continues to accrue on this balance. The Bank's claim is secured by way of a fixed and floating charge.

### **4.2 Preferential creditors**

KHL's preferential creditors have now been finalised and are as follows.

**Figure 1: Preferential creditors**

	£000
Employees – arrears of salary/wages	31
Employees – accrued holiday pay	0
	<hr/>
	31
	<hr/>
<i>Source KPMG records</i>	

## 5 **Prescribed part of KHL's net property pursuant to Section 176A of the Insolvency Act 1986**

The Bank's floating charge was granted prior to 15 September 2003. Therefore s 176A is not applicable and there will be no prescribed part of KHL's net property available for unsecured creditors.

## 6 **Dividend prospects for creditors**

Our initial investigations into the assets and liabilities of KHL indicate that there will be no dividend payable to ordinary creditors.

## 7 **Joint Administrators' fees**

In accordance with Paragraph 51 of Schedule B1 of the Insolvency Act 1986, the Administrators held the initial meeting of the creditors of KHL on 5 April 2007.

The Joint Administrators' proposals were approved at this meeting and a Creditors' Committee was formed.

The Creditors' Committee has audited and approved both our receipts and payments and our remuneration of £141,573.15 plus outlays of £1,124.86 (both excluding VAT) in respect of the period from 25 January 2007 to 6 September 2007.

## 8 Other matters

We have continued to attend to all statutory and administrative matters as required, including the submission of our report on the directors' conduct to the Department of Trade and Industry and the completion and submission of VAT and corporation tax returns to HM Revenue and Customs

There remain a number of issues that require to be dealt with in the Administration. In addition to those discussed in Section 3, these include, inter alia

- Pay preferential creditors claims,
- Continue to negotiate with outstanding contract debtors,
- Liaise with the directors of Dundas,
- Continue to market for sale KHL's land holdings, and
- Review and respond to correspondence received from creditors

Every effort will continue to be made to maximise realisations whilst it remains cost effective to do so

Gary S Fraser  
KPMG LLP  
191 West George Street  
Glasgow  
G2 2LJ

24 July 2008



## **Appendix 1**

### **Statutory and other information**

## **Statutory and other information**

### **Relevant court**

Notice of the appointment by directors was lodged at the Court of Session on 25 January 2007

### **Registered office and trading address**

KHL's former registered office was situated at

Kelvin House  
87 Calder Street  
Coatbridge  
Lanarkshire  
ML5 4EY

As part of the Administration process, the registered office for KHL has been changed to

c/o KPMG LLP  
191 West George Street  
Glasgow  
G2 2LJ

### **Company number**

The company number is SC082028

## **Appendix 2**

### **Administrators' receipts and payments accounts**

**Kelvin Homes Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**  
**To 24/07/2008**

S of A £		£	f
	<b>ASSET REALISATIONS</b>		
280,000 00	Brabloch Park	257,639 19	
15,000 00	Plant & machinery	4,500 00	
500 00	Furniture & equipment	NIL	
150,000 00	Work in progress	NIL	
820,695 00	Book debts	159,172 50	
6,023,498 00	Loans & Advances	NIL	
250 00	Patents, trade marks, etc	NIL	
17,672 00	Invests other than marketable secs	NIL	
	VAT refunds (pre app'ent)	2,784 68	
	Insurance refund	421 43	
	Miscellaneous income	15,146 60	
			439,664 40
	<b>OTHER REALISATIONS</b>		
	Bank interest, gross	7,215 53	
	Bank interest, net of tax	0 72	
	Pension refund	495 46	
	Sundry refunds	50 00	
			7,761 71
	<b>COST OF REALISATIONS</b>		
	Telephone/Telex/Fax	108 30	
	Petty cash	30 00	
	HP/ Leasing payments	44 70	
	Repairs & maintenance	450 00	
	Agents'/Valuers' fees	15,629 00	
	Property agents fees	14,830 00	
	Direct labour	24,579 19	
	Specific bonds	370 00	
	Administrators' fees	141,573 15	
	Administrators' expenses	1,124 86	
	Legal fees	54,541 67	
	Property agents' commission	2,575 00	
	Re direction of mail	232 50	
	Statutory advertising	481 95	
	Other property expenses	1,126 16	
	Insurance of assets	10,796 79	
	Bank charges	1,357 84	
			(269,851 11)
	<b>PREFERENTIAL CREDITORS</b>		
(50,000 00)	Salaries & wages	NIL	
(3,889 00)	Conts to pension schemes	NIL	
			NIL
	<b>FLOATING CHARGE CREDITORS</b>		
(2,551,119 00)	HSBC Bank plc	50,000 00	
(280,000 00)	HSBC Bank plc	NIL	
			(50,000 00)

**Kelvin Homes Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**  
**To 24/07/2008**

S of A £		£	£
	UNSECURED CREDITORS		
(7,885,498 00)	Trade creditors	NIL	
(90,884 00)	PAYE	NIL	
			NIL
	DISTRIBUTIONS		
50,000 00	Issued & called up capital	NIL	
			NIL
(3,503,775 00)			127,575 00
	REPRESENTED BY		
	Floating ch VAT rec'able		901 99
	Fixed charge current		126,673 01
			127,575 00

## **Appendix 3**

### **Administrators' time cost analysis**

KCHM Hotels Limited (Incorporated in South Africa)  
 For the period ending 25 January 2007 to 24 July 2008

SIP 9 Compliance fees worksheet

Consolidated time spent by grade

Charge out rates  
 Activity code

	Partner	Director	Senior Manager	Manager	Administrator	Administrator	Support	Total Hours	Total Cost	Average Rate
	442 22	385 49	377 86	276 43	197 32	141 00	90 82			
Total	3 00	10 10	0 00	65 00	24 80	76 70	76 20	255 80	45 392 49	177 45
Statutory & compliance	41 00	211 10	0 00	200 00	43 00	84 50	0 00	579 60	165 055 11	284 77
Asset realisation	0 00	3 20	0 00	2 00	0 00	12 10	0 00	17 30	3 415 39	197 42
Trading	0 00	0 00	0 00	0 10	23 90	141 60	0 00	165 60	24 708 77	149 21
Employees	0 00	0 00	0 00	0 00	4 80	16 00	0 00	26 80	4 861 69	181 41
Directors	1 00	10 90	0 00	39 00	32 50	116 80	57 40	257 60	43 056 62	167 15
Credit & claims	0 00	1 30	0 00	7 50	0 00	12 00	0 00	20 80	4 266 35	205 11
Committees	0 00	0 00	0 00	0 00	31 00	0 40	0 50	31 90	6 218 79	194 95
Cashiering	0 00	0 00	9 10	3 00	6 00	24 40	0 00	42 50	8 892 05	209 22
Tax	0 00	0 00	0 00	7 00	0 00	0 00	0 00	7 00	1 935 03	276 43
Investigations	0 00	1 00	0 00	0 00	6 70	1 10	0 00	8 80	12 964 70	1 473 26
General										
Total hours/cost	45 00	237 60	9 10	329 60	172 70	485 60	134 10	1 413 70	320 767 00	

Expenses

Car mileage	775 20
Lunch	89 33
Meals (breakfast/dinner)	108 38
Parking and tolls	16 90
Taxes	113 00
Telecommunications	214 45
Total Expenses	1 317 26

All staff who have worked on the assignment are included in the analysis of time spent. The cost of staff employed in the administration function is not charged directly to the assignment but is reflected in the general levels of clerical rates.