

The Insolvency Act 1986

## Administrator's progress report

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

Name of Company

Best Braehead Development Company Limited  
(in administration)

Company number

SC298070

(a) Insert full name(s)  
and address(es) of  
administrator(s)We, Blair Carnegie Nimmo and Gerard Anthony Friar  
Both of KPMG LLP, 191 West George Street, Glasgow G2 2LJ

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

(b) Insert dates

from

8 January 2011

to

7 July 2011

Signed

Joint Administrator

Dated

01/08/2011

**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

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  
235 Edinburgh / LP 4 Edinburgh-2

WEDNESDAY



\*SSKGRWDK\*

SCT

03/08/2011

934

COMPANIES HOUSE



**Best Braehead Development Company Limited  
(in administration)**

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

**1 August 2011**

KPMG LLP

1 August 2011

*This report contains 13 Pages*

gj/sdw/982/bb



*Best Braehead Development Company Limited  
(in administration)*

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

*1 August 2011*

## **Notice: About this Report**

This Report has been prepared by Blair Carnegie Nimmo and Gerard Anthony Friar the Joint Administrators of Best Braehead Development Company Limited, solely to comply with their statutory duty to report to creditors under the Insolvency (Scotland) 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 Best Braehead Development Company Limited.

Any estimated outcome for creditors included in this Report is 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 (Scotland) 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.

The affairs, property and business of Best Braehead Development Company Limited are being managed by the Joint Administrators.

Blair Carnegie Nimmo and Gerard Anthony Friar are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

The Joint Administrators act as agents for Best Braehead Development Company 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.



*Best Braehead Development Company Limited  
(in administration)*

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

*1 August 2011*

## **Contents**

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Statutory and other information</b>	<b>1</b>
<b>3</b>	<b>Progress to date including realisation of assets</b>	<b>1</b>
<b>4</b>	<b>Amounts payable to secured creditors, preferential creditors and the floating chargeholders</b>	<b>2</b>
<b>5</b>	<b>Prescribed Part of the Company's net property pursuant to Section 176A of the Insolvency Act 1986</b>	<b>3</b>
<b>6</b>	<b>Dividend prospects for creditors</b>	<b>3</b>
<b>7</b>	<b>Joint Administrators' fees</b>	<b>3</b>
<b>8</b>	<b>Extension to the term of the administration</b>	<b>4</b>
<b>9</b>	<b>Other matters</b>	<b>5</b>

## **Appendices**

<b>1</b>	<b>Statutory and other information</b>
<b>2</b>	<b>Joint Administrators' receipts and payments account</b>
<b>3</b>	<b>Joint Administrators' time costs</b>



**Best Braehead Development Company Limited**  
**(in administration)**

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

**KPMG LLP**

*1 August 2011*

## **1 Introduction**

We, Blair Carnegie Nimmo and Gerard Anthony Friar of KPMG LLP, were appointed Joint Administrators of Best Braehead Development Company Limited ("the Company") on 8 January 2010, and, in terms of Rule 2.38 of the Insolvency (Scotland) Rules 1986, provide our Progress Report to Creditors for the period 8 January 2011 to 7 July 2011.

We were appointed following a petition submitted to the Court of Session in Edinburgh by the Directors of the Company.

Our receipts and payments account for the period 8 January 2011 to 7 July 2011 is attached at Appendix 2 and shows funds on hand totalling £554,574.92. These funds are subject to the ongoing costs of the Administration process.

## **2 Statutory and other information**

A summary of the statutory and other relevant information relating to the Company is set out in Appendix 1.

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

### **3.1 Ferry Village development site**

The Company's principal asset was a partially completed residential development at Ferry Village, Braehead, Renfrew ("the Site"). The Site had been mothballed prior to our appointment and comprised of the following:

- 51 completed, sold and occupied units (these units were no longer assets of the Company);
- 31 town houses or mews under construction, ranging from the stage of being wind and watertight to fully complete;
- two blocks of flats under construction (each block to house 20 flats);
- some foundation work for a third block of flats, with no construction work having been commenced;
- one purpose built marketing suite comprising an office and one show flat;
- one site compound which comprises staff facilities, storage areas and portacabins; and

- a significant area of flat, undeveloped land extending to c25 acres (some infrastructure works have been undertaken across this area, including roads and utilities).

Following detailed negotiations, the sale of the Site in its entirety, together with the moveable assets owned by the Company, was completed on 6 May 2011 at a price of £14,000,000 plus VAT.

It was agreed that £600,000 of the consideration would be held in escrow following completion of the sale and that future costs incurred by the purchaser in attending to the remediation of certain parts of the Site would be deducted from this amount. Once the remedial works have been completed, which could take a further two months, the balance of the retention will be available for the Administration.

We are currently seeking to finalise all costs associated with the management, maintenance and realisation of the Site (including, legal fees, factor's fees and Council Tax).

We will confirm the amount which ultimately becomes available from the retention, if any, at the time of our next progress report, together with an update on the finalisation of all costs pertaining to the Site.

### **3.2 Pre-appointment Corporation Tax**

As you may recall, following a review of the Company's tax records, we identified that the Company was potentially entitled to a substantial refund of Corporation Tax from HM Revenue & Customs ("HMRC").

Accordingly, we invested significant time and effort in collating the appropriate information and liaising with HMRC regarding the potential refund. Ultimately, I am pleased to confirm that we successfully negotiated and secured a tax repayment of c.£310,000 from HMRC.

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

### **4.1 Secured lenders**

The Royal Bank of Scotland plc ("the Bank") has a fixed charge security over the Site and had a total indebtedness of £26.6 million at the date of appointment.

In addition to the standard security held over the Site, the Bank also holds a first-ranking bond and floating-charge over the business and assets of the Company.



**Best Braehead Development Company Limited  
(in administration)**

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

KPMG LLP

1 August 2011

The Bank has received interim distributions, to date, totalling £12,555,000 under its standard security over the Site, together with an interim distribution of £145,000 under its floating-charge.

Interest and charges continue to accrue on the Bank's indebtedness.

#### **4.2 Preferential creditors**

There are no employees of the Company, therefore, there are no preferential creditors.

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

The Bank's floating charge was granted after 15 September 2003. Therefore s.176A is applicable and there would be a Prescribed Part of the Company's net property available for unsecured creditors if floating charge funds are available.

There may be a Prescribed Part dividend, however, the quantum and timing thereof remains uncertain at this time.

### **6 Dividend prospects for creditors**

Unfortunately, there remains no prospect of a return to the unsecured creditors other than the possibility of a very small return under the Prescribed Part Provisions.

The timing and amount of any Prescribed Part dividend to unsecured creditors remains dependent upon the ultimate costs associated with realisation of the assets covered by the floating charge, and the ultimate level of creditors' claims received and accepted for dividend purposes.

### **7 Joint Administrators' fees**

The Joint Administrators' time costs for the period from the date of appointment to 7 July 2011 are £214,364.00 (excluding VAT), plus expenses totalling £132.31 (excluding VAT).

We enclose, at Appendix 3, an analysis of our time and costs properly incurred in the above period in attending to the significant amount of work required in this case.

We would advise that in its capacity as secured lender to the Company, the Bank has provided its approval to the Joint Administrators' fees and outlays for the period to 7 July 2011 as noted above.

If any creditor, or creditors, of the Company representing, in value, at least 25 per cent of the creditors wishes to object to the Joint Administrators' fees as approved by the Bank, they may apply to the Court of Session by no later than 1 September 2011.

The Joint Administrators' further fees and disbursements will be subject to approval by the Bank in due course.

For your information, we would advise that a Creditors' Guide to Fees can be found at:-

[http://www.icas.org.uk/site/cms/download/insolvency/SIP9\\_Scotland\\_Final-effective\\_1\\_February\\_2010.pdf](http://www.icas.org.uk/site/cms/download/insolvency/SIP9_Scotland_Final-effective_1_February_2010.pdf)

However, if you are unable to access this guide and would like a copy, please contact Sandy Walker on 0141 300 5845.

## **8 Extension to the term of the administration**

Ordinarily, our appointment as Joint Administrators would automatically cease at the end of the period of one year beginning with the date on which it took effect pursuant to Paragraph 76 (1) of Schedule B1 to the Insolvency Act 1986, on 7 January 2011.

As we had yet to realise the primary asset of the Company (the Site) we required an extension of the Administration.

Pursuant to Paragraphs 76, 78 & 109 of Schedule B1 to the Insolvency Act 1986, the Administration was initially extended by six months to 7 July 2011 with the approval of the Company's secured lender, the Bank.

Although the Site has now been sold, there are a number of matters which remain to be finalised in the Administration. Most notably, as noted at Section 3.1, we require to ensure that we control the utilisation of funds held under retention (£600,000) and ingather any remaining balance at the end of the retention period. Finalisation of this matter is likely to take a further two months. It is only after this matter is resolved that we can take steps to finalise the case and submit the final distributions.

In light of the foregoing, we requested that the Court of Session grant a further 12-month extension of the Administration to 7 July 2012. The Court of Session granted the extension of the Administration to 7 July 2012 as requested.





*Best Braehead Development Company Limited  
(in administration)*

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

*KPMG LLP*

*1 August 2011*

## 9 Other matters

We have continued to attend to all statutory and administrative matters as required. There remain a number of matters outstanding, including, inter alia:

- Collection of the balance of the retention sum of £600,000 currently deposited in escrow per the terms of the sale contract. We estimate that finalisation of this matter is likely to take a further two months;
- Further distributions, as appropriate, to the Bank under the terms of its fixed charge security over the site;
- Review of notices received requesting payment of Council Tax for charges incurred during the Administration period and arranging for payment to be made of any amounts properly incurred;
- Review of notices received requesting payment of factor's fees incurred during the Administration period and arranging for payment to be made of any amounts properly incurred;
- Accounting for all VAT receivable and payable;
- Accounting for any Corporation Tax payable;
- Settling all outstanding legal and agents' fees;
- Seeking approval of the Joint Administrators' fees, and, thereafter, arranging for payment of the Joint Administrators' fees;
- Adjudicating upon the unsecured creditor's claims in the event that sufficient funds are available to enable a distribution to be made under the Prescribed Part Provisions; and
- Finalising other outstanding liabilities and administrative matters.

Every effort will be made to resolve the above matters as quickly as possible and to maximise realisations whilst it remains cost effective to do so.

We trust that you will find this update to be of use. If you require to discuss any of the above, please do not hesitate to contact, Sandy Walker on 0141 300 5845.

BC Nimmo  
KPMG LLP  
191 West George Street  
Glasgow  
G2 2LJ

GA Friar  
KPMG LLP  
191 West George Street  
Glasgow  
G2 2LJ



**Best Braehead Development Company Limited  
(in administration)**

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

**KPMG LLP**

**1 August 2011**

## **Appendix 1**

### **Statutory and other information**

#### **EC Regulation**

This Administration is a main proceeding under the EC Regulation on Insolvency Proceedings. Article 3 of the EC Regulation defines main proceedings and the Company is registered in Scotland, has its main centre of interest in Scotland and does not fall within one of the excepted categories. Consequently, the Administration is governed by the Insolvency Act 1986 and not any other European Union Member State's insolvency law.

#### **Relevant court**

Notice of the appointment by directors was lodged at the Court of Session in Edinburgh on 8 January 2010.

The Administration appointment period has been extended by order of the Court of Session until 7 July 2012.

#### **Incorporation**

The Company was incorporated on 2 March 2006.

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

The Company's former registered office was situated at:

2 Blythswood Square  
Glasgow  
G2 4AD

As part of the Administration process, the registered office has been changed to:-

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

The Company traded from Gladedale (Northern Division) Limited's head office at:

Argyll Court  
The Castle Business Park  
Stirling  
FK9 4TT



**Best Braehead Development Company Limited**  
**(in administration)**

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

**KPMG LLP**  
**1 August 2011**

The Company also traded from the development site at:-

Ferry Village  
King's Inch Road  
Braehead  
Renfrew

**Company number**

The company number is SC298070.

**Directors**

The directors at the date of our appointment were:

Charles Church	Appointed	9 April 2009 (first appointed on 2 March 2007)
Keith Richard Douglas	Appointed	8 December 2006
Martin Feeney	Appointed	8 December 2006
David Gaffney	Appointed	8 December 2006
John Joseph O'Neill	Appointed	8 December 2006

Other directors during the three years prior to the date of our appointment were:

Peter Brogan	Appointed	8 December 2006
	Resigned	16 March 2009
Alexander Clunie McBride	Appointed	1 August 2008
	Resigned	3 March 2009
James Kirkpatrick	Appointed	8 December 2006
	Resigned	2 March 2007

**Company secretary**

The Company Secretary at the date of our appointment was Brodies Secretarial Services Limited.

There were no other Secretaries during the three years prior to the date of administration.

**Share capital and associated companies**

The issued share capital of the Company comprises of one thousand £1 ordinary shares.

Gladedale (Northern Division) Limited owns five hundred £1 ordinary shares.

Strathclyde Homes Limited owns five hundred £1 shares.



***Best Braehead Development Company Limited  
(in administration)***

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

*KPMG LLP*

*1 August 2011*

**Auditors**

The auditors were:-

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH



***Best Braehead Development Company Limited  
(in administration)***

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

***KPMG LLP***

***1 August 2011***

## **Appendix 2**

### **Joint Administrators' receipts and payments account**

**Best Braehead Development Company Ltd**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs	From 08/01/2010 To 07/07/2011	From 08/01/2010 To 07/07/2011
<b>FIXED CHARGE ASSETS</b>		
Ferry Village, Braehead	13,340,000.00	13,340,000.00
	<u>13,340,000.00</u>	<u>13,340,000.00</u>
<b>FIXED CHARGE COSTS</b>		
Agents'/Valuers' fees	84,784.19	84,784.19
Site insurance	113,385.52	113,385.52
Site management	14,254.11	14,254.11
Heat and light	11,247.14	11,247.14
Site investigation	9,115.00	9,115.00
Site security	81,886.15	81,886.15
Site repairs & maintenance	491.79	491.79
Site advertising & marketing	12,841.50	12,841.50
	<u>(328,005.40)</u>	<u>(328,005.40)</u>
<b>FIXED CHARGE CREDITORS</b>		
The Royal Bank of Scotland plc	12,555,000.00	12,555,000.00
	<u>(12,555,000.00)</u>	<u>(12,555,000.00)</u>
<b>ASSET REALISATIONS</b>		
Furniture & equipment	60,000.00	60,000.00
Tax refunds (pre-app'ent)	310,238.05	310,238.05
	<u>370,238.05</u>	<u>370,238.05</u>
<b>OTHER REALISATIONS</b>		
Bank interest, gross	640.96	640.96
Misc Income	1,057.03	1,057.03
	<u>1,697.99</u>	<u>1,697.99</u>
<b>COST OF REALISATIONS</b>		
Specific bonds	550.00	550.00
Statutory advertising	3,151.95	3,151.95
Other property expenses	15.00	15.00
Bank charges	20.00	20.00
	<u>(3,736.95)</u>	<u>(3,736.95)</u>
<b>FLOATING CHARGE CREDITORS</b>		
The Royal Bank of Scotland plc	145,000.00	145,000.00
	<u>(145,000.00)</u>	<u>(145,000.00)</u>
	<u><u>680,193.69</u></u>	<u><u>680,193.69</u></u>
<b>REPRESENTED BY</b>		
Floating ch. VAT rec'able		551.65
Floating charge current		554,574.92
30 day notice account		125,067.12
		<u><u>680,193.69</u></u>



*Best Braehead Development Company Limited  
(in administration)*

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

*KPMG LLP*

*1 August 2011*

## **Appendix 3**

### **Joint Administrators' time costs**

Best Brackhead Development Company Limited (in administration)  
Joint Administrators' fees and outlays for the period from 8 January 2010 to 7 July 2011

Consolidated time spent by grade

Charge-out rate range (£)  
Activity Code

Realisation of assets	Freehold property	75.45	184.95	153.35	1.75	415.50	138,292.53	332.83
	Health & safety		0.30	1.50		1.80	343.50	190.83
	Open cover insurance	0.50		5.00	5.50	5.50	1,055.00	191.82
	Plant and machinery			2.50	412.50	2.50	412.50	165.00
	Pre-appointment tax & VAT refunds	3.50	33.50	37.25		74.25	22,464.08	302.55
	Appointment and related formalities		4.00	24.45	6.60	37.55	8,570.39	228.24
	Bonding and bordereau	2.50		1.00		1.00	195.00	195.00
	Checklist & reviews		5.00	5.70		10.70	2,932.50	274.07
	Statutory advertising			0.50		0.50	82.50	165.00
	Statutory receipts and payments accounts			0.40		0.40	96.00	240.00
Creditors	Meetings		4.00			4.00	1,620.00	405.00
	Statutory reports	1.00	3.70	25.50	13.45	43.65	8,115.50	185.92
Tax	General correspondence	6.00	1.50	5.75	5.65	18.90	4,983.75	263.69
	Notification of appointment			0.50		0.50	82.50	165.00
	Reports to debenture holders	15.20	3.00	21.00		39.20	12,427.00	317.02
	Initial reviews - CT and VAT		0.50	7.00		7.50	1,689.00	225.20
	Pre-appointment VAT / PAYE / CT			3.00		3.00	555.00	185.00
	Post appointment corporation tax			1.50		1.50	247.50	165.00
	Post appointment VAT	0.30	1.10	9.25		10.65	2,299.25	215.89
	Correspondence with directors		1.00	9.00		10.00	1,890.00	189.00
	D form drafting and submission			3.00		3.00	495.00	165.00
	Directors' questionnaire / checklist			0.50		0.50	82.50	165.00
Investigation	Statement of affairs			5.00		5.00	825.00	165.00
	Pension funds			1.50		1.50	247.50	165.00
Employees	Pensions reviews			0.50		0.50	112.50	225.00
	General (Cashing)			9.60	1.70	11.30	2,190.00	193.81
Cashiering	Reconciliations (& IPS accounting reviews)			1.10		1.10	258.00	234.55
	Books and records				1.00	1.00	105.00	105.00
General	Fees and WIP	1.50				1.50	1,087.50	339.84
	Strategy documents		1.50			1.50	607.50	405.00

Expenses

Mileage  
Other transport costs  
Telephone  
Meal/Lunch allowance

85.45  
23.60  
12.16  
11.00

132.21

All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the assignment but is reflected in the general levels of charge out rates.