

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 July 2011

to

7 January 2012

Signed

Joint Administrator

Dated

10/02/2012

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

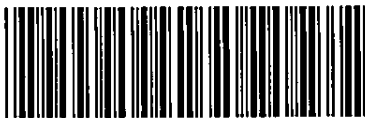
DX Number

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

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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**

10 February 2012

KPMG LLP

10 February 2012

This report contains 13 Pages

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*Best Braehead Development Company Limited
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KPMG LLP*

10 February 2012

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.



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*Best Braehead Development Company Limited
(in administration)*

*Joint Administrators' progress report to creditors pursuant to Rule 2.38 of
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KPMG LLP

10 February 2012

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 July 2011 to 7 January 2012.

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 July 2011 to 7 January 2012 is attached at Appendix 2 and shows funds on hand totalling £679,416.07. 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.

As previously advised, 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.

As you may recall from our most recent Progress Report, 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. In conjunction with the third-party construction consultants employed to oversee completion of the remedial work, we monitored the extent of the works undertaken, and the associated costs, and are pleased to advise that following completion of the works, £265,000 plus VAT has been secured for the Administration.

We are currently finalising the residual costs associated with the management, maintenance and realisation of the Site in the Administration and hope to be able to settle all outstanding accounts shortly.

3.2 Pre-appointment Corporation Tax

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, we are 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 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.

Per the Joint Administrators' receipts and payments account to 7 January 2012 attached at Appendix 2, the Bank has received interim distributions totalling £12,555,000 under its standard security over the Site, together with an interim distribution of £145,000 under its floating-charge.

We would advise that further interim distributions of £425,000 and £20,000 have been made to the Bank under its standard security and floating charge respectively since 7 January 2012.

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.

Based upon the information on hand, there will be a Prescribed Part dividend available to unsecured creditors, however, the quantum and timing thereof remains uncertain at this time. We will issue correspondence to unsecured creditors regarding the unsecured creditor claim adjudication process under separate cover.

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 costs associated with realisation of the assets, and the 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 January 2012 are £232,096.50 (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.

In its capacity as secured lender to the Company, the Bank provided its approval to the Joint Administrators' fees and outlays in the amounts of £200,000.00 and £132.31, respectively, for the period to 7 July 2011. These amounts have now been drawn from case funds.

We would advise that the Bank has provided its approval of the Joint Administrators' further fees of £30,000 plus VAT for the period to 8 January 2012.

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' further fees as approved by the Bank, they may apply to the Court of Session by no later than 4 March 2012.

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

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), 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.

A number of matters remained to be finalised in the Administration as at July 2011. Most notably, we required to control the utilisation of the funds held under retention (£600,000). As such, we requested that the Court of Session grant a further extension of the Administration to 7 July 2012. This further extension was granted as requested.

In the event that a further extension of the Administration is required to attend to the remaining outstanding matters in the case, including adjudication on the unsecured creditors' claims with a view to making a Prescribed Part distribution to unsecured creditors as soon as possible, we will make an application to the Court at the appropriate time.

If any creditor of the Company wishes to object to an application to extend the Administration, should a further extension be required, they should confirm their objection, in writing, to the Joint Administrators c/o KPMG LLP, 191 West George Street, Glasgow, G2 2LJ by no later than 16 March 2012. If we do not hear from you by this date, and a further extension is required, we will advise the Court that you have not objected to the proposed extension and ask that the Court proceeds to grant the extension of the Administration to 7 July 2013.

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:

- Further distributions, as appropriate, to the Bank under the terms of its fixed charge security over the Site and under its floating charge over the business and assets of the Company;
- 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 creditors' claims and facilitating a Prescribed Part distribution to the unsecured creditors; 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

10 February 2012

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



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KPMG LLP

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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.



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Auditors

The auditors were:-

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH



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Appendix 2

Joint Administrators' receipts and payments account

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

Statement of Affairs	From 08/07/2011 To 07/01/2012	From 08/01/2010 To 07/01/2012
FIXED CHARGE ASSETS		
Ferry Village, Braehead	264,480.00	13,604,480.00
Other interest	403.18	403.18
	<u>264,883.18</u>	<u>13,604,883.18</u>
FIXED CHARGE COSTS		
Legal fees	46,521.10	46,521.10
Council Tax & Non-domestic Rates	12,536.66	12,536.66
Agents'/Valuers' fees	NIL	81,100.00
Site insurance	NIL	113,385.52
Site management	NIL	14,254.11
Heat and light	NIL	11,247.14
Site investigation	NIL	9,115.00
Site security	NIL	81,886.15
Site repairs & maintenance	NIL	4,175.98
Site advertising & marketing	NIL	12,841.50
	<u>(59,057.76)</u>	<u>(387,063.16)</u>
FIXED CHARGE CREDITORS		
The Royal Bank of Scotland plc	NIL	12,555,000.00
	<u>NIL</u>	<u>(12,555,000.00)</u>
ASSET REALISATIONS		
Furniture & equipment	NIL	60,000.00
Tax refunds (pre-app'ent)	NIL	310,238.05
	<u>NIL</u>	<u>370,238.05</u>
OTHER REALISATIONS		
Bank interest, gross	1,262.75	2,829.95
Misc Income	NIL	1,057.03
	<u>1,262.75</u>	<u>3,886.98</u>
COST OF REALISATIONS		
Specific bonds	NIL	550.00
Administrators' fees	200,000.00	200,000.00
Administrators' expenses	132.21	132.21
Legal fees	8,632.00	8,632.00
Storage costs	27.33	27.33
Statutory advertising	NIL	3,151.95
Other property expenses	NIL	15.00
Bank charges	NIL	20.00
	<u>(208,791.54)</u>	<u>(212,528.49)</u>
FLOATING CHARGE CREDITORS		
The Royal Bank of Scotland plc	NIL	145,000.00
	<u>NIL</u>	<u>(145,000.00)</u>
	<u>(1,703.37)</u>	<u>679,416.56</u>
REPRESENTED BY		
Floating ch. VAT rec'able		0.49
Floating charge current		553,690.22

30 day notice account

125,725.85

679,416.56

Gerard Anthony Friar
Administrator



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KPMG LLP

10 February 2012

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 January 2012

Consolidated time spent by grade		Partner / Director	Manager	Administrator	Support	Total hours (Hrs)	Time cost (£)	Ave hourly rate (£)
Charge-out rate range (£)	Activity Code	440 - 535	320 - 425	165 - 240	105 - 110			
Realisation of assets	Freehold property	80.30	198.45	161.83	1.75	442.33	148,201.03	335.26
	Health & safety		0.30	1.50		1.80	343.50	190.83
	Open cover insurance	0.50		5.00		5.50	1,055.00	191.82
	Plant and machinery			2.50		2.50	412.50	165.00
Statutory & compliance	Pre-appointment tax & VAT refunds	3.50	33.50	37.25		74.25	22,464.08	302.55
	Appointment and related formalities		4.00	25.05	6.60	38.15	8,675.39	227.40
	Bonding and bordereau	2.50		1.00		1.00	195.00	195.00
	Checklist & reviews		5.00	8.80		13.80	3,475.09	251.81
Creditors	Statutory advising			0.50		0.50	82.50	165.00
	Statutory receipts and payments accounts			0.40		0.40	96.00	240.00
	Meetings		4.00			4.00	1,630.00	405.00
	Statutory reports	2.00	3.70	29.70	14.95	50.35	9,683.50	192.32
Tax	General correspondence	6.00	1.50	5.75	6.25	19.50	5,049.75	258.96
	Notification of appointment			0.50		0.50	82.50	165.00
	Reports to debenture holders	17.30	3.00	33.20		53.50	16,321.00	305.07
	Initial reviews - CT and VAT		0.50	7.00		7.50	1,689.00	225.20
Investigation	Pre-appointment VAT / PAYE / CT	0.40		3.25		3.65	851.50	233.29
	Post appointment corporation tax		1.10	9.25		10.65	2,299.25	215.59
	Post appointment VAT	0.30		9.00		10.00	1,890.00	189.00
	Correspondence with directors		1.00	3.00		3.00	495.00	165.00
Employees	ID form drafting and submission			0.50		0.50	82.50	165.00
	Directors' questionnaire / checklist			5.00		5.00	825.00	165.00
	Statement of affairs			1.50		1.50	247.50	165.00
	Pension funds			0.50		0.50	112.50	225.00
Cashiering	General (Cashiering)			10.70	2.10	12.80	2,491.50	194.65
	Reconciliations (& TFS accounting reviews)			2.30		2.30	546.00	237.39
	Books and records				1.30	1.30	138.00	106.15
	Fees and WIP	2.20	1.50	1.70	1.30	3.90	1,409.50	361.41
General	Strategy documents					1.50	607.50	405.00
		115.00	257.55	369.70	32.95	775.20	232,096.50	
	Expenses							
	Mileage						85.45	
	Other transport costs						23.60	
	Telephone						12.16	
	Misc/Lunch allowance						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.