

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 2010	to  7 January 2011
-------------------------	--------------------------

Signed

Joint Administrator

Dated

7/02/11

**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  
X 235 Edinburgh / LP 4 Edinburgh-2



\*SX290RJA\*

SCT

10/02/2011

757

COMPANIES HOUSE

THURSDAY



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

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

**7 February 2011**

KPMG LLP

7 February 2011

*This report contains 12 Pages*

gj/sdw/982/bb



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(in administration)**

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

7 February 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.



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## **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 2010 to 7 January 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 July 2010 to 7 January 2011 is attached at Appendix 2 and shows funds on hand totalling £178,616.28. 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**

As you will recall, the Company's principal asset is 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



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

You will recall from our most recent update report that based on the advice of our appointed property agent, Jones Lang LaSalle ("JLL") and our appointed construction consultant, Gardiner & Theobald LLP, we set a closing date for offers for the site as a whole, and in its partially complete state, of 5 August 2010.

You will also recall that following a detailed review of each of the offers received at the closing date, and in conjunction with JLL, a preferred bidder was selected.

We are continuing to liaise with our legal agent, the preferred bidder and their legal agent with a view to concluding the sale of the site at the earliest opportunity. At this time, due to reasons of commercial sensitivity, we are unable to comment on the sum that is likely to be realised from the sale.

We have retained an on-site security presence and the services of a property management agent to attend to the protection, inspection and maintenance of the site pending its disposal.

We will provide you with a further update on the sale of the site at the time of our next report.

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

As previously advised, 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 successfully negotiated and secured a tax repayment of c.£310,000 from HMRC.

### **3.3 Other assets**

As you may recall, only minimal other assets are owned by the Company, principally consisting of old portacabins located on the site and a small quantity of furniture therein.

Our agents have confirmed that there is little or no value in these assets. Accordingly, we do not anticipate any realisations from these items.



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

### **4.1 Secured lenders**

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

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

### **4.2 Preferential creditors**

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

### **4.3 Floating charges**

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.

## **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 level of asset realisations, the costs of the Administration process, and the level of creditors' claims received and accepted for dividend purposes.

Whilst negotiations with the preferred bidder in respect of the sale of the site remain ongoing, we are unable to confirm the likely outcome of the Administration for unsecured creditors. We will update you on the potential outcome as soon as we are able to do so.

## **7 Joint Administrators' fees**

The Joint Administrators' time costs for the period from the date of appointment to 7 January 2011 is £140,309.00 (excluding VAT), plus expenses totalling £39.30 (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 the Joint Administrators' fees and disbursements will be subject to approval by the secured lender, as appropriate, in due course. You will note that no fee has been drawn to date.

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 8 January 2010.

You will recall from our most recent update report to creditors dated 30 November 2010 that in light of the various matters which remain outstanding in the Administration, we requested approval from the creditors of the Company to a six-month extension of the Administration appointment period. The term of the Administration has now been extended to 7 July 2011.



Given that the principal asset owned by the Company, the Ferry Village site, has yet to be disposed of, and a number of other case matters have yet to be finalised (see Section 9 below), the Joint Administrators anticipate that a further 12-month extension of the Administration will require to be sought from the Court prior to the expiration of the extended appointment period on 7 July 2011. In this regard, with the assistance of our legal agent, we will arrange for the appropriate paperwork to be submitted to the Court in due course.

If any creditor of the Company wishes to object to the application to extend the Administration, 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 1 April 2011. If we do not hear from you by this date, we will go back to the Court to advise that you have not objected to the proposed extension and ask that the Court proceeds to grant the extension of the Administrations until 7 July 2012.

## 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*:

- Realising the remaining assets owned by the Company, principally the Ferry Village site;
- Adjudicating upon the secured creditor's claim in the Administration and distributing funds realised from the sale of Ferry Village site, as appropriate, thereunder;
- Reviewing notices received requesting payment of Council Tax for charges incurred during the Administration period and making payment to the local authority of any amounts properly incurred;
- Reviewing notices received requesting payment of utility charges incurred during the Administration period and making payment to the utility providers 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;
- Attending to creditor correspondence;
- Adjudicating upon the unsecured creditors' claims in the event that sufficient funds are available to enable payment of a dividend; and



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- Finalising the remaining miscellaneous administration 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 foregoing, please do not hesitate to contact, Sandy Walker on 0141 300 5845.

BC Nimmo  
KPMG  
191 West George Street  
Glasgow  
G2 2LJ

GA Friar  
KPMG  
191 West George Street  
Glasgow  
G2 LJJ

7 February 2011



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**KPMG LLP**

**7 February 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 to 7 July 2011.

Given that the principal asset owned by the Company, the site at Ferry Village, has yet to be realised, the Joint Administrators anticipate that a further extension of the Administration appointment period to 7 July 2012 will require to be sought from the Court in due course.

#### **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:



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Argyll Court  
The Castle Business Park  
Stirling  
FK9 4TT

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.



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**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.

**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**  
**To 07/01/2011**

S of A £	£	£
<b>FIXED CHARGE COSTS</b>		
Site insurance	43,433.83	
Site management	8,566.78	
Heat and light	3,290.45	
Site security	53,424.95	
Site repairs & maintenance	491.79	
Site advertising & marketing	12,841.50	
		(122,049.30)
<b>ASSET REALISATIONS</b>		
Tax refunds (pre-app'ent)	310,238.05	
		310,238.05
<b>OTHER REALISATIONS</b>		
Misc Income	802.34	
		802.34
<b>COST OF REALISATIONS</b>		
Specific bonds	550.00	
Statutory advertising	3,151.95	
Other property expenses	15.00	
		(3,716.95)
		<b>185,274.14</b>
<b>REPRESENTED BY</b>		
Floating ch. VAT rec'able		6,657.86
Floating charge current		178,616.28
		<b>185,274.14</b>

Gerard Anthony Friar  
Administrator



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## **Appendix 3**

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



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

Consolidated time spent by grade

Charge-out rate range (£) Activity Code	Partner / Director 440 - 535	Manager 320 - 425	Administrator 165 - 240	Support 105 - 110	Total hours (hrs)	Time cost (£)	Ave hourly rate (£)
<b>Realisation of assets</b>							
Freehold property	27.50	129.45	103.00	1.75	261.70	80,726.53	308.47
Health & safety		0.30	1.50		1.80	343.50	190.83
Open cover insurance			5.00		5.00	825.00	165.00
Plant and machinery			2.50		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	2.50	4.00	16.50	3.70	26.70	6,681.39	250.24
Bonding and bordereau			1.00		1.00	195.00	195.00
Checklist & reviews		3.00	0.50		3.50	2,242.50	257.76
Statutory advertising			0.40		0.40	83.50	165.00
Statutory receipts and payments accounts			0.40		0.40	96.00	240.00
Meetings		4.00			4.00	1,620.00	405.00
Statutory reports		3.70	19.00	11.95	34.65	6,028.00	173.97
General correspondence	1.00	1.50	4.25	2.00	8.75	1,934.75	223.40
Notification of appointment			0.50		0.50	82.50	165.00
Reports to debenture holders	6.50	3.00	10.00		19.50	5,785.00	296.67
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		1.10	7.25		8.35	1,681.25	201.35
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
Statement of affairs			5.00		5.00	825.00	165.00
Pension funds			1.50		1.50	247.50	165.00
Pensions reviews			0.50	1.50	2.00	1,125.00	225.00
General (Cashing)			5.50		5.50	1,294.50	184.93
Reconciliations (& IPS accounting reviews)			0.40		0.40	90.00	225.00
Books and records				1.00	1.00	105.00	105.00
Fees and WIP	1.50	1.50	0.70		3.70	847.50	385.23
Strategy documents					1.50	607.50	405.00
	42.50	186.55	251.95	21.50	502.90	140,309.00	

Expenses

Mileage  
Other transport costs  
Meal/Lunch allowance

30.00  
6.30  
3.00

39.30

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.