

The Insolvency Act 1986

Administrator's progress report

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

Name of Company

Horizon (Lochend) LLP

Company number

SO301119

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

I / We (a) Blair Carnegie Nimmo and Gary Steven Fraser
c/o KPMG LLP, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG

administrator(s) of the above company attach a progress report for the period

(b) Insert dates

from

(b) 22 September 2011

to

(b) 21 March 2012

Signed

Joint / Administrator(s)

Dated

26/4/12

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

	Tel
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





**Horizon (Lochend) LLP
(in administration)**

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

26 April 2012

KPMG LLP

26 April 2012

This report contains 15 Pages

gsf/jv/982



*Horizon (Lochend) LLP
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KPMG LLP*

26 April 2012

Notice: About this Report

This Report has been prepared by Blair Carnegie Nimmo and Gary Steven Fraser, the Joint Administrators of Horizon (Lochend) LLP, solely to comply with their statutory duty under Rule 2.38 of the Insolvency (Scotland) Rules 1986 to provide the creditors an update 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 Horizon (Lochend) LLP.

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 Rule 2.38 of the Insolvency (Scotland) Rules 1986 does so at their 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. Blair Carnegie Nimmo and Gary Steven Fraser are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland. The Joint Administrators act as agents for Horizon (Lochend) LLP 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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26 April 2012

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1 Introduction

We, Blair Carnegie Nimmo and Gary Steven Fraser of KPMG LLP, were appointed Joint Administrators of Horizon (Lochend) LLP ("Horizon" or "the Company") on 22 September 2009.

We were appointed by the directors of the Company.

In accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986 we set out below our six monthly progress report.

The receipts and payments account for the period 22 September 2011 to 21 March 2012 is attached at Appendix 2. This shows funds in hand totalling £250,894.35.

2 Progress to date including realisation of assets

2.1 Sale of the properties

On our appointment, Horizon owned the following property assets at Lochend Park, Hawkhill Avenue, Edinburgh, EH7 6BY:

- a Phase 1 development of 52 flats at blocks 13, 15 and 17 Lochend Park View, Edinburgh. 19 of the flats were sold prior to our appointment leaving 33 owned by the Company;
- an adjacent Phase 2 site which the Company planned to develop on completion of the Phase 1 site. The Phase 2 site had some of the foundations in place and was hoarded off.

Following a tender process we appointed Rettie & Co to market and sell all 33 properties owned by the Company and the Phase 2 site.

2.1.1 Phase 1

All remedial works were completed at the 33 properties and building warrants and guarantees subsequently obtained. Trinity Factors were appointed as factors to all three blocks at the development.

To date, 19 flats have been sold, by us, with total realisations of £2,665,500.

We have recently revised our sales strategy for the remaining 14 properties at the development. Given that the flats have been complete now for approximately 3 years, the remaining properties will now be marketed as individual flats rather than as new homes.



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As a result, we have appointed Lindsays to market the remaining 14 properties for sale. Lindsays are members of the Edinburgh property Solicitors Centre ("ESPC"). We hope this step will provide a marketing refresh and expose the remaining properties to a new market. There are currently 2 properties under offer.

2.1.2 Phase 2

The development site is currently being marketed for sale by Rettie & Co. Advertisements have been placed in the Scotsman and Estates Gazette.

We continue to monitor the progress of this sale.

2.2 Other assets

We are not aware of any other assets owned by the Company.

2.3 Investigation matters

In accordance with our statutory obligations we have submitted our report to the Department of Trade & Industry following our investigation of the Company's affairs prior to our appointment. The content of this report is confidential and cannot be disclosed to creditors or to any other third parties.

3 Amounts payable to secured creditors, preferential creditors and the floating charge holder

3.1 Secured lenders

Bank of Scotland plc ("the Bank") has a secured claim against the Company totalling £8,311,600. It should be noted that interest continues to accrue on this balance.

Mathon plc ("Mathon") has a secured claim against the Company totalling £1,549,294. Mathon's standard security and floating charge were created and registered prior to the Bank's, however when the Bank's securities were created and registered there was a ranking agreement entered into whereby:

- The Bank's fixed charge ranks first to the extent of their "Priority debt" – up to £8 million;
- The Bank's floating charge ranks second to the extent of the balance of the Priority debt; and
- Then Mathon's debt ranks.

The Bank is therefore the first ranking chargeholder.



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Bryan Jackson and Anne Buchanan of PKF LLP were appointed Joint Administrators of Mathon on 17 February 2010. Prior to this, Mathon's loan book was assigned to Heather Capital Limited ("Heather").

Paul Duffy of Ernst & Young LLP was appointed Provisional Liquidator of Heather on 2 March 2010. Heather discharged its standard security held over the properties owned by the Company in July 2010 to allow the flat sales to take place.

3.2 Preferential creditors

The Company has no preferential creditors that we are aware of.

3.3 Floating charges

As noted above, the Bank and Mathon both hold bond and floating charges over all of the business and assets of the Company.

4 Prescribed part of the Company's net property pursuant to Section 176A of the Insolvency Act 1986

The floating charges held by the funders were granted after 15 September 2003 and therefore s.176A is applicable and, should realisations allow, there would be a Prescribed Part of the Company's net property available for unsecured creditors.

However, the availability of a distribution via a Prescribed Part is directly dependent on the floating charge realisations. In this case, virtually all assets are subject to a fixed charge and so it is not anticipated that there will be a Prescribed Part available to unsecured creditors.



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5 Dividend prospects for creditors of the Company

Given the level of the secured lenders' debt, the value of the sales that we have achieved to date and the estimated value of the remaining flats, it is very unlikely that a dividend will become available to unsecured creditors.

It is also estimated that no recovery will be made by Heather.

6 Creditors' meeting

In accordance with Paragraph 52 (1) (b) of Schedule B1 to the Insolvency Act 1986, the Joint Administrators elected not to hold an initial meeting of the creditors of the Company on the basis that insufficient funds will be realised to enable a distribution to be made to unsecured creditors.

I can confirm that we did not receive any requests from creditors of the Company to summon an initial meeting of creditors.

7 Joint Administrators' fees

I enclose, at Appendix 3, an analysis of our time and costs properly incurred in the period from 22 September 2011 to 21 March 2012 in attending to the significant amount of work required in this case. In this period, a total of 109.78 hours were spent by our firm's staff in relation to the activities listed below at a total cost of £33,941.

Key areas where costs have been incurred are, *inter alia*, as follows:-

- liaising with Lindsays and the bank regarding the offers received for the residential properties and correspondence, thereafter, with the solicitors acting on behalf of the Joint Administrators in respect of the offers accepted;
- liaising with Rettie & Co regarding offers received for phase 2;
- liaising with the open cover insurers acting on behalf of the Joint Administrators to ensure that appropriate cover remains in place at all times;
- seeking advice, as appropriate, from our specialist tax and VAT advisers in relation to the financial, and ongoing operational, position of the Company;
- undertaking all statutory and administrative matters as required;
- corresponding with the secured lenders;
- dealing with creditor correspondence and queries; and

- undertaking all cashiering requirements including reconciling the administration bank accounts.

I would advise that the Joint Administrators' fees and disbursements are subject to approval by the secured lenders, as appropriate.

For your information, I would advise that a creditors' guide to fees can be found at:-

[http://www.r3.org.uk/uploads/sip/SIP9%20 Scotland %20%201-4-2007.pdf](http://www.r3.org.uk/uploads/sip/SIP9%20Scotland%20%201-4-2007.pdf)

However, if you are unable to access this guide and would like a copy, please contact Neil Brown.

8 Extension to the initial period of appointment

Pursuant to Paragraph 76 (1) of Schedule B1 to the Insolvency Act 1986, the Administration was scheduled to automatically end on 21 September 2010, one year after the granting of the Administration order. An extension of six months to 21 March 2011 was granted by the secured lenders. An extension of twelve months to 21 March 2012 was subsequently granted by the Court.

In our progress report of 6 October 2011 we advised creditors that we may be required to apply to the Court for an extension and requested that if any creditors objected to this process they should advise us in writing by 4 November 2011. No objections were received.

As a result of the remaining properties that require to be realised, the Joint Administrators applied to the Court for an extension of 12 months to 21 March 2013 when the administration will come to an end unless we apply for a further extension or take steps to close the Administration before this date.

An extension of 12 months to 21 March 2013 was granted by the Court.

9 Other matters

A number of issues still require to be dealt with in the Administration. These include, *inter alia*:-

- with the assistance of our property agent, and in consultation with the secured lender, seek the disposal of the residential properties and the development site;
- distributing funds to the secured lenders, as appropriate, upon the disposal of the development sites and the remaining residential property; and
- attending to all statutory aspects of the Administration process.

We will endeavour to finalise the remaining outstanding matters in the Administration as quickly as possible.

Blair Nimmo
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Gary Fraser
KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

26 April 2012



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Appendix 1

Statutory and other information



Horizon (Lochend) LLP
(in administration)

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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 the directors was lodged at the Court of Session in Edinburgh on 22 September 2009.

Incorporation

The Company was incorporated on 7 November 2006.

Extensions to initial period of appointment

As noted at Section 8 within the main body of the report, due to the remaining issues that require to be dealt with by the Joint Administrators as outlined in this report, we applied to the court for an extension of twelve months to 21 March 2013 will apply.

An extension of twelve months to 21 March 2013 was granted by the Court

Registered office and trading address

The Company's former registered office was situated at:-

7-11 Melville Street
Edinburgh
EH3 7PE

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

c/o KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG



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The Company traded from premises at:

Lochend Park
Hawkhill Avenue
Edinburgh
EH7 6BY

Company number

The Company number is SO301119.



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Appendix 2

**Administrators' receipts and payments accounts for the period from
22 September 2011 to 21 March 2012**

Horizon (Lochend) LLP
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 22/09/2011 To 21/03/2012	From 22/09/2009 To 21/03/2012
FIXED CHARGE ASSETS		
Freehold property	NIL	2,660,250.00
Reservation Fees	NIL	5,250.00
	NIL	2,665,500.00
FIXED CHARGE COSTS		
Administrators' fees	NIL	100,000.00
Administrators' expenses	NIL	173.89
	NIL	(100,173.89)
FIXED CHARGE CREDITORS		
Fixed charge creditor	NIL	1,950,000.00
	NIL	(1,950,000.00)
ASSET REALISATIONS		
Cash at bank	NIL	279.34
	NIL	279.34
OTHER REALISATIONS		
Bank interest, gross	135.99	761.36
Bank interest, net of tax	(27.17)	(158.59)
	108.82	602.77
COST OF REALISATIONS		
Agents'/Valuers' fees	1,591.00	100,227.96
Agents'/Valuers' fees (2)	108.00	108.00
Legal fees	1,134.51	20,927.13
Legal fees (2)	1,118.64	1,644.04
Security Costs	NIL	27,550.20
Telephone/Telex/Fax	NIL	63.02
Heat & light	347.16	9,664.33
Storage costs	4.93	38.78
Statutory advertising	NIL	299.45
Factor Charges	5,033.77	30,824.31
Other property expenses	12,124.50	148,860.90
Insurance of assets	353.34	20,651.21
Bank charges	NIL	674.76
	(21,815.85)	(361,534.09)
	(21,707.03)	254,674.13
REPRESENTED BY		
Floating ch. VAT rec'able		3,779.78
Floating charge current		250,894.35
		254,674.13



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Appendix 3

**Joint Administrators' time costs for the period from
22 September 2011 to 21 March 2012**

Horizon (Lechend) LLP
(in administration)
Joint Administrators time analysis
for the period 22 September 2011
to 21 March 2012

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
General (Cashiering)			3.60	4.00	7.60	£1,070.00	£140.79
Reconciliations (& IPS accounting reviews)			0.73	0.20	0.93	£149.75	£161.02
Statutory and compliance							
Appointment and related formalities		8.00			8.00	£2,760.00	£345.00
Checklist & reviews		0.20	1.00		1.20	£325.00	£270.83
Reports to debenture holders	0.80	10.20	14.70		25.70	£7,431.00	£289.14
Statutory receipts and payments accounts			1.00		1.00	£240.00	£240.00
Tax							
Post appointment VAT		1.00			1.00	£345.00	£345.00
Creditors							
Creditors and claims							
General correspondence		2.00			2.00	£890.00	£345.00
Statutory reports			0.80	2.50	3.30	£415.00	£125.76
Realisation of assets							
Asset Realisation							
Freehold property	3.00	53.95	2.00		58.95	£20,472.75	£347.29
Trading							
Purchases and trading costs		0.10			0.10	£42.50	£425.00
Total in period					109.78	£33,941.00	£309.17