

Section 67(1)

The Insolvency Act 1986
 Notice of Receiver's Report
 Pursuant to Section 67(1)
 of the Insolvency Act 1986

S67(1)

To: the Registrar of Companies
 the Accountant in Bankruptcy

For Official Use

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Company Number

SC110570

Insert full name of
 company

Name of Company

Strathclyde Homes Limited

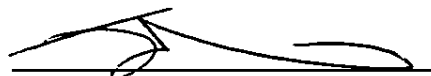
Insert full name and
 address of receiver(s)

We
 John Charles Reid
 Lomond House
 9 George Square
 Glasgow
 G2 1QQ

Brian William Milne
 Lomond House
 9 George Square
 Glasgow
 G2 1QQ

receivers of the company attach a copy of our report to creditors and a summary of the
 statement of affairs of the company.

Signed



Dated

25th August 2011

Presenter's name,
 address and reference
 (if any)

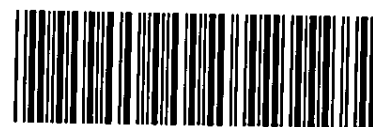
STRA11G
 Strathclyde Homes Limited
 John Charles Reid
 Deloitte LLP
 Lomond House
 9 George Square
 Glasgow
 G2 1QQ

For Official Use

Receiver's Section

Post Room

SATURDAY



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COMPANIES HOUSE

STRATHCLYDE HOMES LIMITED - IN RECEIVERSHIP ("THE COMPANY")

**JOINT RECEIVERS' REPORT PURSUANT TO SECTION 67 OF THE INSOLVENCY ACT
1986 (AS AMENDED)**

1 September 2011

John Charles Reid and Brian William Milne
Joint Receivers
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

Tel: 0141 314 5828
Fax: 0141 314 5895

John Charles Reid and Brian William Milne were appointed Joint Receivers of Strathclyde Homes Limited on 27 June 2011. The affairs, business and property of the Company are managed by the Joint Receivers.

Disclaimer Notice

- This Report has been prepared by John Charles Reid and Brian William Milne, the Receivers of Strathclyde Homes Limited, solely to comply with their statutory duty under Section 67 of the Insolvency Act 1986 (as amended), 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 the Company.
- 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 Section 67 of the Insolvency Act 1986 (as amended) does so at their own risk. To the fullest extent permitted by law, the Receivers do not assume any responsibility and will not accept any liability in respect of this Report.
- The Receivers act as agents for Strathclyde Homes Limited. The appointments of the Receivers are personal to them and, to the fullest extent permitted by law, Deloitte 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 Receivers.
- All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

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1. Statutory Information
2. Summary of the Director's Statement of Affairs

ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

"the Act"	Insolvency Act 1986 (as amended)
"the Rules"	Insolvency (Scotland) Rules 1986 and the Insolvency (Scotland) Amendment Rules 2010
"the Receivers"	John Charles Reid and Brian William Milne of Deloitte LLP
"Deloitte"	Deloitte LLP
"the Company"	Strathclyde Homes Limited (In Receivership)
"the Bank" / "Secured Creditor"	The Royal Bank of Scotland Plc
"the Director"	John Joseph O'Neill
"G A Johnston"	G A Johnston & Associates
"G&S"	Graham & Sibbald
"Sitex"	SitexOrbis
"Great Western Road"	Site at 2331 Great Western Road, Glasgow
"Ayr"	Site at Britannia Place and McCalls Avenue, Ayr
"Fauldhouse"	Site and part complete properties at Newhills, Fauldhouse
"Clydebank"	Site and properties at Auld Street, Clydebank known as 'The Link'
"Bathgate"	Five properties at Scholar's Gate, Bathgate
"the Properties"	Great Western Road, Ayr, Fauldhouse, Clydebank and Bathgate
"SIP13 (Scotland)"	Statement of Insolvency Practice 13 (Scotland)

1. BACKGROUND

1.1. Introduction

John Charles Reid and Brian William Milne were appointed Joint Receivers of Strathclyde Homes Limited on 27 June 2011. This followed a request by the Director of the Company to the Royal Bank of Scotland Plc, as holder of a floating charge over the Company assets.

The Receivers' appointment was advertised in the Edinburgh Gazette on 5 July 2011 and the Glasgow Evening Times on 5 July 2011. A circular was sent to all known creditors on 6 July 2011.

All statutory and administrative matters have been dealt with to date.

1.2. Background

The Company was formed in April 1988 and operated from head office premises in Glasgow. Its primary activity was to build residential housing developments across Central Scotland.

1.3. Balance sheet information

The last audited accounts lodged with Companies House are for the period to 31 December 2008 and an extract is provided below.

Please note that this information has not been verified by the Joint Receivers or by Deloitte.

Balance Sheet	Audited Statutory Accounts for year to 31/12/2008 £'000
Tangible assets	15
Intangible assets	1
Fixed assets	16
Current Assets	
stock	15,805
debtors	2,205
cash at bank	1
	18,011
Liabilities	
Trade creditors	(3,312)
Other	(7,046)
Bank	(14,091)
Total Liabilities	(24,449)
Net current (liabilities)	(6,438)
Net (liabilities)	(6,422)

Source: Audited Accounts as at 31 December 2008

Tangible assets principally comprise land and buildings, plant and machinery and motor vehicles. Intangible assets comprise shares in joint venture undertakings.

No Company Profit and Loss information has been filed with Companies House.

1.4. Events leading up to the Receivers' appointment

It is understood that, over the past few years, the Company and the Director had been co-operating with the Bank to implement a managed work out. However, more recently, the Company's cash flow forecasts indicated a significant cash requirement, for which no further funding was available.

Accordingly, it was necessary for the Director to request the Secured Creditor to appoint John Reid and Brian Milne as Joint Receivers.

1.5. Management and employees

As at 27 June 2011, the Company employed 20 staff, 14 of which were made redundant immediately upon the Receivers' appointment. Six staff were retained in order to assist with matters in the Receivership, with four of those retained subsequently being made redundant, and one employee leaving voluntarily. One staff member remains employed by the Company.

Statutory information on the Company, including details of the Directors and Company Secretary, Bankers and Shareholders is provided at Appendix 1.

2. THE MANNER IN WHICH THE AFFAIRS OF THE COMPANY HAVE BEEN MANAGED AND WILL CONTINUE TO BE MANAGED

2.1. Post Appointment Strategy

Immediately following the Receivers' appointment, the Receivers' staff met the Director and the Company's staff in order to collate financial information and understand the status of the remaining work in progress and contracts.

Site management staff were retained in order to maintain security and presence at Fauldhouse, Clydebank and Bathgate, while the Receivers assessed the immediate post appointment strategy. The Receivers appointed G A Johnston, a firm of quantity surveyors, to provide advice and costings in order to compare the options of pursuing a build out strategy versus a closure strategy.

G&S, a firm of property agents, and Sitex, a firm of vacant property specialists, were also appointed in order to provide an independent valuation of the Properties, and secure the Properties respectively.

The Receivers, following discussions with the Secured Creditor, and detailed consideration of the Company's trading position, took the view that it was not commercially viable to complete the work in progress and contracts. Legal advice has also been sought in relation to contracts arranged prior to the Receivers' appointment.

There have been no disposals of assets to date. Details of the assets currently being dealt with by the Receivers are outlined below.

2.2. Residential Property Assets

Clydebank

This is a completed development site at Auld Street, Clydebank, with four houses and 14 flats for sale. There is also an area of land on which the Company had identified for further development.

Bathgate

This is a part complete development site at Wester Inch, Bathgate. The site contains five part built detached homes. These plots are 75%-85% complete.

Fauldhouse

This is a part complete development site at Breichwater Place, Fauldhouse. Assets comprise two completed four bedroom houses and two part built three bedroom houses. In addition, there are four plots on which foundations have been laid.

Rental properties

At the date of the Receivers' appointment, there were seven rented properties at The Link, Clydebank. Two of these properties have subsequently been vacated.

The Company also hold a part exchange property at Armadale, which continues to be rented and remains for sale.

Great Western Road

This is a land bank site. The Company had proposed to build a development extending to approximately 0.83 acres.

Ayr

This is primarily a land bank site, comprising three separate areas. Site 1 extends to approximately 0.99 acres fronting onto Britannia Place, Site 2 known as 1 McCalls Avenue, extends to 2.37 acres, and a third site known as McCalls Avenue West, extends to approximately 1.92 acres. This site contains a derelict building and a tenanted commercial unit.

The Receivers continue to collect rental income from the tenant at McCalls Avenue West.

Asset Realisations

No asset realisations have been made to date.

G&S have been instructed to assess the available sale options with the Properties to be marketed for sale on the open market. The Joint Receivers continue to assess any formal offers received, with regard to the Properties, however as yet no offers have been accepted.

In the meantime, the Joint Receivers continue to collect income from the six residential properties currently let.

3. DIRECTORS' STATEMENT OF AFFAIRS

3.1. Introduction

A Statement of Affairs as at 27 June 2011 has been submitted by the Director. A summary of this is attached at Appendix 2.

In light of the ongoing asset sale process, the Joint Receivers have determined that the disclosure of an estimate of the value of the Company's net property would seriously prejudice the commercial interests of the Company. Accordingly, pursuant to Section 67(6) of the Act, this information is not disclosed at Appendix 2.

The Receivers would like to state the following with regard to the summary Statement of Affairs:

- No provision has been made for the costs of the Receivership (including agents, legal and other professional fees).
- The Receivers have not carried out any work of the nature of an audit on the information provided in the Director's Statement of Affairs.

3.2. Floating charge creditor

The Company's Bank debt at the date of the appointment of the Receivers is as follows:

	£
Principal sum	9,251,102
Interest	41,629
Contingent liabilities	402,430
TOTAL	9,695,161

The Bank holds the following security:

- Standard security over Great Western Road dated 18 March 2008;
- Standard security over Ayr dated 3 April 2007;
- Standard security over Fauldhouse dated 4 May 2007;
- Standard security over Clydebank dated 19 December 2006;
- Floating charge over the property at Bathgate dated 23 June 1997;
- Floating charge over the property and assets present and future including book debts, uncalled capital, buildings, fixtures, fixed plant and machinery dated 23 June 1997;
- Corporate cross guarantee from Strathclyde Timber Systems Limited – In Receivership and Strathclyde Homes (Salamander Street) Limited; and
- A personal guarantee from the Director.

It is not expected that the Bank will recover its lending in full.

3.3. Preferential Creditors

Following the introduction of the Enterprise Act 2002, on 15 September 2003, and the abolition of Crown preference, there will be no Crown preferential creditors in this case. HM Revenue and Customs, for VAT or arrears of PAYE and NIC claims, will rank as ordinary unsecured creditors.

To date, preferential claims totalling £23,465.83 have been received, in respect of employees' arrears of wages and outstanding holiday pay.

3.4. Prescribed Part

As the floating charge was granted prior to the introduction of The Enterprise Act 2002 there will be no Prescribed Part set aside for the benefit of the unsecured creditors.

3.5. Ordinary creditors

Unsecured creditors as at 27 June 2011, per the Director's Statements of Affairs (excluding any shortfall to floating charge holders), total £4,817,366.54.

After discharging the costs of the Receivership, there will not be sufficient realisations from floating charge assets to fully repay the Bank.

Accordingly, we do not expect any funds to be available to pay a dividend to the unsecured creditors of the Company.

3.6. Creditors Meeting

The Receivers have convened a creditors meeting for Thursday 22 September 2011 at 2.30pm to be held at the offices of Deloitte LLP, Lomond House, 9 George Square, Glasgow G2 1QQ. Notice of that meeting has been provided to unsecured creditors on the cover letter accompanying this report.

4. OTHER MATTERS AND INFORMATION

4.1. Directors' conduct

As part of their statutory duties, the Receivers will consider the conduct of the Directors and any person they consider to be a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure. The Joint Receivers will submit a confidential report to The Insolvency Service, a division of the Department for Business, Innovation and Skills.

As part of their investigations the Receivers will consider, among other matters, the following:

- statutory compliance issues;
- misfeasance or breach of duty; and
- antecedent transactions (including transactions at under value and preferences).

Creditors who wish to draw any matters to the attention of the Receivers should write to the Receivers at the address given on the front of this report.

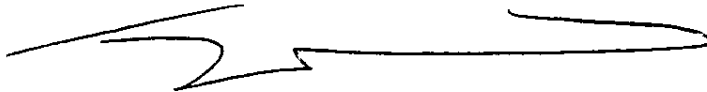
4.2. SIP13 (Scotland) – Transactions with connected parties

The Receivers are not aware of any connected party transactions which have been carried out on an arm's length basis. Should creditors have information regarding any such transactions they should forward details in writing to the Receivers to the address on the front of this report.

5. JOINT RECEIVERS' REMUNERATION AND EXPENSES

The remuneration to be paid to the Joint Receivers will be determined by agreement between the Joint Receivers and the Secured Creditor by virtue of the floating charge by which they were appointed.

No fees and expenses have been approved or drawn to date.

A handwritten signature in black ink, appearing to read 'John Charles Reid', with a long horizontal stroke extending to the right.

John Charles Reid

Joint Receiver

STRATHCLYDE HOMES LIMITED (IN RECEIVERSHIP)
STATUTORY INFORMATION

Company Name	Strathclyde Homes Limited
Proceedings	In Receivership
Date of Appointment	27 June 2011
Joint Receivers	John Charles Reid and Brian William Milne Deloitte LLP Lomond House 9 George Square Glasgow G2 1QQ
Registered office Address	Lomond House 9 George Square Glasgow G2 1QQ
Company Number	SC110570
Incorporation Date	14 April 1988
Company Secretary	Martin Feeney
Bankers	The Royal Bank of Scotland Plc
Auditors	KPMG LLP
Appointment by	The Royal Bank of Scotland Plc under the powers granted to it pursuant to a Bond and Floating Charge granted to it by the Company and registered with Companies House on 4 July 1997 in accordance with Section 51 of the Act.
Directors at date of Appointment	John Joseph O'Neill
Directors' Shareholdings	John Joseph O'Neill – 66,500 ordinary shares

SUMMARY OF THE DIRECTOR'S STATEMENT OF AFFAIRS

	Book Value £,000	Estimated To realise £,000
ASSETS NOT SPECIFICALLY SECURED		
Trade debtors and cash in hand	1,749	1,064
Residential property at Armadale	XXX	XXX
Bathgate	XXX	XXX
	<u>XXX</u>	<u>XXX</u>
ASSETS SPECIFICALLY SECURED		
Clydebank, Fauldhouse, Ayr, & Great Western Rd	XXX	XXX
Less: Amount due to Secured Creditor	(9,278,696)	(9,278,696)
	<u>(XXX)</u>	<u>(XXX)</u>
LIABILITIES		
Preferential creditors		(31,110)
Holders of floating charges		(839,796)
Ordinary creditors		(4,817,367)
Estimated deficiency to ordinary creditors		<u>(XXX)</u>

In light of the ongoing asset sale process, the Joint Receivers have determined that the disclosure of an estimate of the value of the Company's net property would seriously prejudice the commercial interests of the Company. Accordingly, pursuant to Section 67(6) of the Act, this information is not disclosed above.