

The Insolvency Act 1986

Notice of Receiver's report

Pursuant to section 67(1) of the Insolvency Act 1986

S67(1)

Insert names of persons to whom notice is to be given under section 67(1)

To (a) the Registrar of Companies

For official use

--	--	--

Company number

SC142217

Name of company

Insert name of company

Alba Hire & Sales Limited

Insert name(s) and address(es) of receivers

We, Blair Carnegie Nimmo Gary Steven Fraser

of KPMG LLP
Saltire Court
20 Castle Terrace Edinburgh EH1 2EG
United Kingdom

Joint 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 10 July 2008

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

KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG
United Kingdom

SATURDAY			
	SW1MO1JJ		
	SCT	19/07/2008	1264
	COMPANIES HOUSE		



**Alba Hire & Sales Limited
(in receivership)**

**Joint Receivers' report to creditors
pursuant to section 67 of
the Insolvency Act 1986**

10 July 2008

KPMG LLP

10 July 2008

This report contains 11 pages

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*Alba Hire & Sales Limited
(in receivership)*

Joint receivers' report to creditors pursuant to Section 67 of the Insolvency Act 1986

KPMG LLP

10 July 2008

Notice: About this Report

This Report has been prepared by Blair Carnegie Nimmo and Gary Steven Fraser, the Joint Receivers of Alba Hire & Sales Limited, solely to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the receivership, 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 Alba Hire & Sales Limited.

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 the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Receivers do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

Blair Carnegie Nimmo and Gary Steven Fraser are authorised to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

The Joint Receivers act as agents for Alba Hire & Sales Limited and contract without personal liability. The appointments of the Joint Receivers 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 receivership.



*Alba Hire & Sales Limited
(in receivership)*

Joint receivers' report to creditors pursuant to Section 67 of the Insolvency Act 1986

KPMG LLP

10 July 2008

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2	Estimated Statement of Affairs

1 Introduction

We, Blair Carnegie Nimmo and Gary Steven Fraser of KPMG LLP were appointed Joint Receivers of Alba Hire & Sales Limited ("Alba Hire" or "the Company") on 16 April 2008

We were appointed by Bank of Scotland ("the Bank") under its bond and floating charge dated 2 March 1999 and registered on 10 March 1999

In accordance with section 67 of the Insolvency Act 1986 we set out below our report to the creditors of the Company

A copy of this report will be laid before a meeting of the Company's unsecured creditors to be held at Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EG on 10 July 2008 at 12 00 noon

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 Background and events leading up to the appointment

3.1 Background

The Company was incorporated on 25 January 1993 and commenced trading on that date. It operated from leasehold premises in three trading locations, Conon Bridge near Inverness, St Helen's and Chester. Prior to 2006, the Company also operated from a depot in Glasgow.

The Company was predominately involved in the rental of scaffolding and associated equipment directly to the construction industry. It also sold scaffolding related components such as trusses, timber and other fittings.

3.2 Reasons for insolvency

The director has provided the following reasons for the Company's insolvency:

During 2006, the Company suffered a high level of scaffolding stock theft from its depot in Glasgow. This resulted in a stock write off of £180,000. As the stock was not insured, this resulted in a significant loss and impaired future cash flows. The depot could not sustain such a high loss and the Glasgow operations were closed.

In addition, a related company Rekon Limited ("Rekon") lost a major litigation case resulting in a large claim of approximately £500,000. Alba Hire was also a party to this litigation. Neither Rekon nor Alba Hire were able to meet this liability.

The Company had guaranteed the bank debt of Rekon. Rekon's trading had significantly deteriorated and it went into receivership on 16 April 2008. It was estimated to have a shortfall to its bank of up to £922,000 on its insolvency, which would transfer to Alba Hire.

As Alba Hire was unable to meet its liabilities as they fell due, the director requested that the Bank appoint receivers to the Company and we were appointed Joint Receivers on 16 April 2008.

4 Events following the appointment including realisation of the assets

4.1 Initial review of the Company

Prior to our appointment, we provided advice regarding the financial position of Alba Hire. We considered and reviewed the Company's strategy and whether insolvency may be appropriate. As part of this, an agent was instructed to undertake an inventory and valuation of the Company's fixed assets and stocks.

We considered whether the Company could continue to trade in insolvency and assessed the potential asset realisations available to the Company. We identified that in an insolvency, there would be difficulties in identifying the stock belonging to the Company given the large geographical spread of stock on hire. There was also a risk of loss and opportunistic theft following news of the Company's insolvency.

Due to the nature of the scaffolding hire and construction industries, trading the business would be risky in terms of safeguarding the Company's most significant asset, its scaffolding stock. Clearly, this would in turn lead to difficulties in collecting the Company's outstanding trade debtor balances which would further reduce the expected asset realisations.

It was therefore clear that a sale immediately following insolvency would result in a better return for creditors.

4.2 Sale of the business

We received an offer with evidence of funding from Alba Service & Supply Limited ("Service"), an associated company, to purchase the business and assets of the Company for £2,801,551. This figure was considerably higher than the valuation provided by the independent valuer and significantly in excess of the range of estimated realisations in the

event of an insolvent going concern sale and, clearly, further in excess of break up realisations

The offer preserved all employment contracts under the Transfer of Undertakings (Protection of Employment) Regulations, eliminating any preferential claims and therefore further increasing the return to creditors

We concluded that the offer would produce the best result for creditors and it was therefore accepted by the Joint Receivers. A sale was concluded on 16 April 2008

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

5.1 Secured lenders

The Bank's claim against the Company as at the date of our appointment amounted to £1,809,551. In addition, there is cross guaranteed bank debt of approximately £922,000 due by Rekon, also in receivership. Therefore, after deducting any sums recovered by the Bank under its floating charge in Rekon (which are not estimated to be significant), the shortfall to the Bank in Rekon will transfer to the Company.

To date, distributions totalling £2,609,551 have been made to the Bank under its floating charge.

5.2 Preferential creditors

As all of the Company's employees transferred to Service under the sale agreement, the Company has no preferential creditors.

6 Summary of and commentary upon the Statement of Affairs

A summary of the director's Statement of Affairs is attached at Appendix 2 together with our comments thereon.

In summary the Statement of Affairs indicates a deficiency as regards creditors in the sum of £2,779,565.

It should be noted that the Statement of Affairs does not include any provision for the costs of asset realisation or the costs of the receivership.



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7 Dividend prospects for other creditors

The Bank's floating charge was granted prior to 15 September 2003. Therefore s 176A is not applicable and there will be no prescribed part of the Company's net property available for unsecured creditors.

Based upon the Statement of Affairs and the amounts due to the floating charge holder we do not expect a dividend to become payable to unsecured creditors.

8 Director's conduct

We are required by Rules 3 and 4 of the Insolvent Companies (Reports on Conduct of Directors) (Scotland) Rules 1996 to submit a report or a return to the Department of Trade and Industry ("DTI") on the conduct of any person who has been a director or shadow director of the Company at any time in the three years immediately preceding our appointment.

We would be grateful to receive any comments that unsecured creditors or any other party may wish to make in order to assist in our investigations into the Company's affairs and in our preparation of comments for submission to the DTI. Such comments, if required, can be treated in the strictest confidence.

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

10 July 2008



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Appendix 1

Statutory and other information

Incorporation

The Company was incorporated on 25 January 1993

Registered office and trading address

The Company's former registered office was situated at

Rootfield
Conon Bridge
Dingwall
Ross shire
IV7 8DN

As part of the receivership process, the registered office has been changed to

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

The Company traded from leased premises at

Unit 5 Broughton Mill Road
Bretton
Chester
CH4 0BY

26 Jackson Street
St Helen's
WA9 3BA

Rootfield
Conon Bridge
Dingwall
Ross shire
IV7 8DN

Company number

The company number is SC142217



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Directors

The director at the date of receivership was

Philip Leslie Taylor

Appointed 25 January 1993

There were no other directors in the three years prior to receivership

Company secretary

The company secretary at the date of receivership was Margaret Taylor

There were no other company secretaries in the three years prior to receivership

Share capital

The authorised share capital is 10,000 Ordinary Shares of £1 each

The issued and called up share capital is 10,000 Ordinary Shares of £1 each. The principal shareholders are set out in Figure 1, below.

Figure 1 : Principal shareholders

	Number
Alba Service & Supply Limited	10,000
Total	10,000
<i>Source Companies House</i>	

Auditors/reporting accountants

The auditors were

**Johnston Carmichael
Nevis House
Beechwood Park
Inverness
IV2 3BW**



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Associated companies

Alba Plant Hire Limited
Alba Service & Supply Limited
Rekon Limited (in receivership)
Bell Scaffolding Limited
Alba Events Limited
Alba Service & Supply (Highlands) Limited

The above companies have the same director as the Company

Financial information

Summaries of the Company's most recent available financial information are set out at Figures 2 and 3, below

Figure 2 : Profit and loss accounts

	Year to 31 Jul 2006 £ (Audited)	Year to 31 Jul 2005 £ (Audited)
Turnover	1,808,148	1,885,798
Operating profit	190,072	1,225,955
Other income	2,549	
Interest payable	(71,013)	(78,944)
Net profit / (loss) before taxation	121,608	289,682
Tax on ordinary activities	29,722	(54,047)
Net profit / (loss) before taxation	151,330	235,635
<i>Source Company records/Companies House</i>		

The Company's audited financial statements for the year to 31 July 2006 were qualified as a result of the Company's auditor being unable to carry out sufficient auditing procedures necessary to obtain assurance regarding the quantities and conditions of scaffolding stock. The stock figures included in the 2006 financial statements may therefore be misstated, which could have an adverse impact on the Company's reported profits.



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Management accounts were prepared by the Company for the period to 31 October 2007 however, based on the uncertainty surrounding scaffolding stock levels, the information is unreliable

Figure 3 : Balance sheets

	31 Jul 2006	31 Jul 2005
	£	£
	(Audited)	(Audited)
Fixed assets	1,914,953	2,917,941
Current assets	807,819	693,209
	<hr/>	<hr/>
Liabilities	2,722,772	2,891,150
	(1,927,952)	(2,247,660)
	<hr/>	<hr/>
Shareholders' funds	794,820	643,490
	<hr/>	<hr/>
<i>Source Company records/Companies House</i>		

The qualification to the 2006 audited accounts arose as a result of the Company's auditor being unable to obtain adequate assurance regarding the true value of the Company's scaffolding stock. This uncertainty could have a significant impact on the Company's balance sheet as scaffolding stock accounts for a significant proportion of the Company's fixed assets.



Alba Hire & Sales Limited
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10 July 2008

Appendix 2

Director's Statement of Affairs as at 16 April 2008

	Notes	Book value £	Estimated to realise £
Assets not specifically secured			
Trade debtors	1	295,490	98,496
Stock in trade	2	2,034,990	406,998
Plant, machinery and vehicles	3	116,031	29,000
Furniture and fittings	4	2,788	1,000
		<hr/>	<hr/>
Total assets available for preferential creditors		2,449,299	535,494
Preferential creditors			
			<hr/>
Available to the floating charge holder			535,494
Floating charge holders			
Bank of Scotland	5		(2,723,129)
			<hr/>
Available to unsecured creditors			(2,187,635)
Unsecured creditors	6		(194,430)
Contingent liabilities	7		(397,500)
			<hr/>
Total deficit as regards creditors			(2,779,565)
Share capital			(10,000)
			<hr/>
Total deficit as regards members			(2,789,565)
			<hr/>

Appendix 2 (continued)

Notes to director's Statement of Affairs as at 16 April 2008

1. Trade debtors

Trade debtors represent amounts billed prior to the date of receivership. The estimated to realise figure reflects an adjustment for known bad debts. Trade debtors were purchased by Service under the Sale and Purchase Agreement.

2. Stock in trade

The figure attributed to stock is considerably higher than is stated in the Company's accounts. This is due to the description of scaffolding as either a Fixed Asset or Stock. The director has shown the Company's scaffolding hire stock under this heading, whereas in the accounts stock only relates to the Company's own stock of scaffolding equipment for sale.

3. Plant, machinery and vehicles

As outlined above, the figure for plant and machinery includes only the Company's plant and machinery and not the hire stock. Plant and machinery has an estimated to realise value of £29,000.

4. Furniture and fittings

The Company had a small amount of furniture and fittings. It is estimated that these assets will realise £1,000.

5. Floating charge holder

Bank of Scotland holds a floating charge covering all of the Company's assets. The Bank indebtedness includes the cross guaranteed amount due in respect of Rekon. Interest continues to accrue on the Bank's indebtedness until it is repaid in full.

6. Unsecured creditors

The director estimates that trade creditors amount to £194,430. We have asked all known creditors to submit a statement of claim to enable us to correctly determine the level of unsecured creditors at the date of receivership.



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7. Contingent liabilities

The director has included employee claims against the company of £65,000 within contingent liabilities. As all employees transferred to Service under the Sale and Purchase Agreement, we do not anticipate there being any preferential claims against the Company.

The sum of £12,500 has been included in respect of termination charges in respect of the Company's leasehold properties and £320,000 has been included in relation to the legal action taken against the Company.