

# Statement of administrator's proposals

Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.25 of the Insolvency (Scotland) Rules 1986

Name of Company Highmore Homes Stoneway (One) Limited	Company number SC306868
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(a) Insert full name(s) and address(es) of administrator(s) (a) Colin Peter Dempster and Thomas Merchant Burton  
of Ernst & Young LLP, Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ

\*Delete as applicable Attach a copy of ~~my~~ our proposals in respect of the administration of the above company.

A copy of these proposals was sent to all known creditors on

(b) Insert date (b) 14 April 2009

Signed



Joint / Administrator(s)

Dated

14/4/09

## 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 members of the public.

Jennifer Thorpe	
Ernst & Young LLP, Ernst & Young LLP, Ten George Street, Edinburgh, EH2 2DZ	
	Tel: 0131 777 2289
DX Number:	DX Exchange:



\*SLLNZ92V\*

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COMPANIES HOUSE

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**  
**DX 235 Edinburgh / LP 4 Edinburgh-2**

**Highmore Homes Stoneway (One) Limited**

Administrators' statement of proposals

Pursuant to paragraph 49 of schedule B1 to the  
Insolvency Act 1986

14 April 2009

# Abbreviations

The following abbreviations are used in this report:

the Company	Highmore Homes Stoneway (One) Limited
the Group	Highmore Homes Limited and its subsidiaries

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# 1. Introduction, background and circumstances giving rise to the appointment

## Introduction

On 18 February 2009 the Company entered administration and CP Dempster and TM Burton were appointed to act as Joint Administrators. This document, including its appendices, constitutes the Joint Administrators' statement of proposals to creditors pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 2.25 of the Insolvency (Scotland) Rules 1986.

Certain statutory information relating to the Company and the appointment of the Joint Administrators is provided at Appendix A.

The Company was incorporated in August 2006 as Lothian Shelf (431) Limited, changing its name to Kenmore Homes Stoneway One Limited in August 2006, prior to becoming Highmore Homes Stoneway One Limited in February 2008. The Kenmore Property Group purchased a controlling interest in the Group in March 2007. The Group was sold to the private property fund management group Highcross, in September 2007.

The principal activity of the Group is residential property development, achieved either through direct development or joint venture developments. The Group has an interest in over 50 sites across the United Kingdom.

The recent financial results of Highmore Homes Stoneway One Limited can be summarised as follows:

<i>Period Ended</i>	<i>Type Audited / Draft</i>	<i>Turnover £000</i>	<i>Gross Profit £000</i>	<i>Gross Profit %</i>	<i>Directors' Remuneration £000</i>	<i>Net Profit /(Loss) after Tax £000</i>	<i>Accumulated Reserves £000</i>
31 July 2007	Audited	Nil	Nil	Nil	Nil	Nil	Nil

## Circumstances Giving Rise to the Appointment of the Administrators

The general downturn in the residential housing market in the UK was having a significant impact on sales of the Group's properties. This in turn was having a negative effect on the Group's working capital and resulted in an increased funding requirement.

The Group directors were in discussions with their funders regarding a possible refinancing but when it became clear that this would not be possible, the directors resolved to appoint administrators to six companies in the Group, including one of the Company's significant shareholders. As a result of these insolvencies, and in an effort to protect the value of the assets of the Company, the Bank of Scotland plc took the decision to appoint administrators. Accordingly C P Dempster and T M Burton were appointed Joint Administrators of the Company on 18 February 2009.

## **2. Purpose, conduct and end of administration**

### **Purpose of the Administration**

The purpose of an administration is to achieve one of three objectives:

- a. To rescue the company as a going concern
- b. To achieve a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration)
- c. To realise property in order to make a distribution to one or more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

Due to construction stopping prior to our appointment, it was not possible to achieve objective (a), therefore the focus of the Administration to date has been investigating the possibility of selling the business and assets, with a view to achieving objective (b) above.

### **Conduct of the Administration**

#### ***Asset Realisations***

The Company's main asset is a substantially completed development site at Bridgenorth, Shropshire. Steps are currently being taken to realise any value in the site.

#### ***Initial Meeting of Creditors***

The Joint Administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part and consequently, in accordance with the provisions of paragraph 52(1) of Schedule B1 to the Act, they do not intend to call an initial creditors' meeting.

The Joint Administrators will be obliged to call an initial meeting of creditors if it is requested by creditors of the Company whose debts amount to at least 10% of the total debts of the Company. The request must be made within 12 days of the date on which these proposals are sent out (or such longer period as the court may allow) and must be in the prescribed form. The creditor summoning the meeting must lodge with the Joint Administrators a deposit as security for the expenses of summoning and holding the meeting. Further information is provided in the covering letter accompanying these proposals.

#### ***Future Conduct of the Administration***

If the Administrators' proposals are approved, it is proposed that the Administrators will continue to manage the affairs, business and property of the Company in the manner outlined above in order to achieve the purpose of the Administration.

### **The End of the Administration**

It is proposed that if at the end of the Administration the Company has no property which might permit a distribution to its creditors, the Joint Administrators will send a notice to that effect to the Registrar of Companies. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 the Company will be deemed to be dissolved three months after the registration of the notice.

In the unlikely event that there are funds available that would enable a distribution to be made to creditors, it is proposed that, at the end of the Administration, the Company will move straight into Creditors' Voluntary Liquidation upon the filing with the Registrar of Companies of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986. It is proposed that the Liquidators will be C P Dempster and T M Burton of Ernst & Young LLP. In accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 2.47(3) of the Insolvency (Scotland) Rules 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before the proposals are approved. It should be noted in this regard that a person must be authorised to act as an insolvency practitioner in order to be appointed as liquidator.

### 3. Statement of affairs

The Directors have submitted a Statement of Affairs as at 18 February 2009. A summary is attached at Appendix B.

The values included in the statement have been estimated by the Directors and will differ from actual asset realisations. Similarly, a number of creditor claims have yet to be quantified and may be higher than indicated. Additionally, the values are shown before applicable costs of realisation.

We provide below, for information, an indication of the current position with regard to creditors' claims. The figures have been compiled by Company management and have not been subject to independent review or statutory audit.

#### **Secured Creditors**

Bank of Scotland plc, the Company's principal secured lender, has indebtedness at 18 February 2009 of £1,305,344. The lending is secured over the Company's property assets.

#### **Preferential Creditors**

As the Company had no employees we do not expect there to be any preferential creditors.

#### **Non-preferential Creditors**

It is estimated that total non-preferential claims will be in the region of £587.



## **4. Prescribed part**

The prescribed part is a proportion of floating charge assets set aside for unsecured creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003.

The Bank of Scotland plc holds a floating charge created on 3 October 2006.

The Joint Administrators estimate, to the best of their knowledge and belief, that

- ▶ the value of the prescribed part is £Nil and
- ▶ the value of the Company's net property is £Nil

The Joint Administrators do not intend to make an application to the court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part.

## **5. Administrators' remuneration and disbursements and payments to other professionals**

### **Remuneration**

The statutory provisions relating to remuneration are set out in Rule 2.39 of the Insolvency (Scotland) Rules 1986. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Joint Administrators.

In the event that a creditors' meeting is not requisitioned and a creditors' committee is not formed, the Joint Administrators will seek to have their remuneration fixed by the secured creditor in accordance with Rule 2.39 of the Insolvency (Scotland) Rules. The Joint Administrators will ask for their remuneration to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration.

Details of time spent and charge out rates will be provided to the secured creditor and will be made available to any other creditor upon written request to the Joint Administrators.

### **Disbursements**

Statement of Insolvency Practice No. 9 ("SIP 9"), published by the Association of Business Recovery Professionals, divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the creditors' committee or the general body of creditors. It is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment.

The Joint Administrators are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the Joint Administrators' firm that include elements of shared or overhead costs. SIP 9 provides that such disbursements are subject to approval as if they were remuneration. The Joint Administrators do not intend to charge Category 2 disbursements in this case.

## **6. Other matters**

### **Administrators' receipts and payments**

A summary of the Administrators' receipts and payments for the period from 18 February 2009 to 10 April 2009 is attached at Appendix C.

An overdraft facility has been arranged in Highmore Residential Limited (In Administration) ("Residential") (the major shareholder), which is being used to fund the various administrations across the Group. Each Group company therefore has an intercompany account with Residential to account for payments made on their behalf.

## Appendix A Statutory information

### Company Information

Company Name: Highmore Homes Stoneway (One) Limited  
 Registered Office Address: Ernst & Young LLP  
 Ten George Street  
 Edinburgh  
 EH2 2DZ  
 Registered Number: SC306868  
 Trading Name(s): N/A  
 Trading Address(es): 28 Stafford Street  
 Edinburgh  
 EH3 7BD

### Details of the Administrators and of their appointment

Administrators: CP Dempster and TM Burton  
 Date of Appointment: 18 February 2009  
 By Whom Appointed: The appointment was made by Bank of Scotland plc  
 Court Reference: N/A

Any of the functions to be performed or powers exercisable by the administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting severally.

### Statement concerning the EC regulation

The EC Council Regulation on Insolvency Proceedings does apply to this administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

### Share Capital

Class	Authorised		Issued & Fully paid	
	Number	£	Number	£
'A' Ordinary	50	50	50	50
'B' Ordinary	50	50	50	50

### Directors and secretary and their shareholdings

Name	Director or Secretary	Date Appointed	Date Resigned	Current Shareholding
Anne Elizabeth Taylor	Secretary	11 May 2007	N/A	N/A
Michael Francis Megan	Director	15 August 2008	N/A	N/A
Michael Brady	Director	23 August 2007	N/A	N/A
John Michael McIntyre	Director	23 August 2007	N/A	N/A
Andrew Richard Reid	Director	11 May 2007	N/A	N/A

## Appendix B Directors' Statement of Affairs

### Highmore Homes Stoneway (One) Limited

	Book Value £	Directors Estimated to Realise £
<b>Assets specifically secured</b>		
Estimated realisable value		1,053,000
Less amount due to secured creditors		<u>(1,305,344)</u>
Estimated surplus/ (deficiency)		(252,344)
 <b>Assets not specifically secured</b>		
Debtors	0	0
		<u>0</u>
 <b>Available to preferential creditors</b>		0
 <b>Preferential creditors</b>		
Employee wages and holiday pay		<u>0</u>
 <b>Available to Floating Charge Holder</b>		0
Floating Charge Holders		
Bank of Scotland plc		<u>(252,344)</u>
 <b>Available to ordinary creditors</b>		(252,344)
 <b>Ordinary Creditors</b>		
Trade accounts	(587)	
		<u>(587)</u>
 <b>Surplus/(deficiency) as regards non-preferential creditors</b>		(252,931)
 Issued and called up share capital		
<b>Deficiency as regards members</b>		<u>(252,931)</u>
 <b>Creditors List</b>		<b>Amount (£)</b>
CHIENE & TAIT	61 DUBLIN STREET EDINBURGH	EH3 6NL 364
HIGHMORE RESIDENTIAL	28 STAFFORD STRE EDINBURGH	EH3 7BD 15
HMRC		<u>208</u>
		587

## Appendix C Administrators' receipts and payments account for the period from 18 February to 10 April 2009

Estimated to Realise as per Directors' Statement of Affairs	£
£	
<b>RECEIPTS</b>	
Nil	0.00
<b>PAYMENTS</b>	
Professional Fees	3449.50
Specific Bond	98.00
Public Notices	182.19
	<hr/>
	3729.69
Balance	<hr/>
	(3729.69)
	<hr/>
Represented by:	
Intercompany Control Account	(4272.20)
Net VAT receivable/(payable)	542.51
	<hr/>
	(3729.69)
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