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Revenue petitions to wind up Masterton's Stadia Group Troubled football development firm claims bill will be paid

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STADIA Investment Group, Gavin Masterton's ill-starred football development business, appeared to be heading for bankruptcy yesterday after the Inland Revenue lodged a winding-up petition in the Court of Session.

"It is simply an oversight," said Bill Hodgins, who described himself as a "consultant" to Stadia Investment. "We have processed the payment and the court will receive the money tomorrow morning."

The development is unusual, nevertheless. The petition was presented in Edinburgh on February 24 on behalf of the Inland Revenue commissioners and on March 1 all interested parties were asked to respond within eight days.

The tax authority said it would not comment on individual cases. However, it is reasonable to suggest that Stadia Investment, whose registered office is that of Dickson Minto, the firm's legal adviser, should have been aware of the seriousness of its predicament before yesterday.

Masterton set up Stadia Investment on his retirement from Bank of Scotland in 2001 to help cash-strapped football clubs make money from their property assets - including land, leases and football grounds. The venture turned sour, however, when subsidiary Stadia Properties, owner of Dunfermline's East End Park, slumped into receivership last year with the group's reported debts estimated to have risen to as much as pounds-28m.

Stadia Investment was also involved with Livingston FC, brought to its knees amid problems at the developer which are understood to have prompted complaints to financial regulators.

Last September, Dominic Keane, Livingston's former chairman, said he would complain to the Financial Services Authority over the conduct of Bank of Scotland and Masterton. Keane said he believed Livingston would never have collapsed into administration if cash he believed was due from a joint venture he entered into with Stadia Investment had ever been forthcoming.

Last May, it was reported that Masterton was selling his 56-per cent stake in Stadia Investment to Kevin McCabe's Scarborough Development Group and that 3i was also bailing out by selling its own 35-per cent holding to Scarborough.

Some months later, however, the stock transfer had still to take place and Masterton remains listed as a major shareholder and director of Stadia Investment in the latest official documents filed at Companies House.

A spokesman for Masterton confirmed he is still the main shareholder in Stadia Investment but was unable to clarify which, if any, assets were bought by Scarborough. Stadia Investment still exists as a shell company with no assets, The Herald understands - though why in that case it has not been wound up voluntarily remains unclear.

Masterton did not respond personally to requests for comment. Bank of Scotland - which remains a shareholder in Stadia Investment through its Uberior Investments unit - also refused to discuss the company's difficulties.

John Yorkston, chairman of Dunfermline, admitted that news of the tax authority's bid to close down Stadia Investment had "come as a surprise, to put it mildly". However, sources said the move in no way affects the future of East End Park, for which the receivers of Stadia Properties had been seeking a buyer.

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