



Ferguson Marine Engineering Limited (in administration)

("the Company" / "FMEL")

Court Case No. P743 of 2019
Court of Session
Company Number: SC485060

Registered Office: c/o Deloitte LLP
Saltire Court, 20 Castle Terrace,
Edinburgh, Scotland, EH1 2DB

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED) ("the Act").

Michael John Magnay and Robert James Harding ("the Joint Administrators") were appointed Joint Administrators of the Company on 16 August 2019 by HCC International Insurance Company Plc, as first ranking secured creditor. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.

For the purposes of paragraph 100(2) of Schedule B1 of the Act, the Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

09 October 2019

Ferguson Marine Engineering Limited (in administration)

This Statement of Joint Administrators' Proposals ("the Proposals" or "our Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our Proposals to achieve the purpose of the administration.

We do not think that the Company has sufficient property to enable a distribution to be made to unsecured creditors, other than under the prescribed part provisions pursuant to section 176A of the Act, ("the Prescribed Part"). As such we are not required to ask creditors to approve our Proposals unless requested to do so by creditors whose total debts amount to at least 10% of the total debts of the Company.

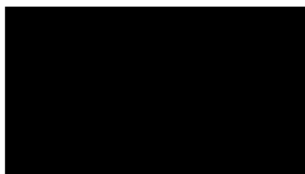
If you would like to ask us to hold a decision procedure to consider our Proposals please complete a Form for Requisitioned Decisions which is available for download from the website set up for the administration at www.ips-docs.com and return it to us by post or email no later than 21 October 2019. Please note that a deposit of £1,000 will be required towards the costs of initiating the decision procedure; such deposit may be refunded as an expense of these proceedings under Rule 15.17 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administrations) Rules 2018, ("the Rules"), if so decided by creditors.

In the event that a request for a decision procedure is not received by us within the above deadline, our Proposals will be deemed approved 21 October 2019 and a notice to that effect will be filed at Companies House.

We have also included the following information in this report:

- background of the Company;
- the circumstances giving rise to the appointment of the Joint Administrators;
- the progress of the administration to date; and,
- the Joint Administrators' Proposals for achieving the objective of the administration (Appendix E).

Yours faithfully
For and on behalf of the Company



Joint Administrators

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom.

Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

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Key messages



Key messages

Joint Administrators of the Company

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Date Proposals delivered to creditors: 9 October 2019



	Commentary
Purpose of the administration	<ul style="list-style-type: none">The purpose of the administration will be to achieve a better result for the Company's creditors as a whole than a liquidation.
Joint Administrators' strategy	<ul style="list-style-type: none">The Joint Administrators entered into a Management Agreement ("MA") on 16 August 2019 with Macrocom (1067) Limited ("Macrocom" / "Managing Agent") an entity established, owned and funded by Scottish Ministers ("SM"), allowing the business to continue to trade whilst a buyer was sought.A comprehensive sale process was undertaken by the Joint Administrators, which resulted in three indicative offers for the business from commercial parties. However, the Joint Administrators concluded that none of the offers were either capable of being executed, in terms of the structure of the offers proposed, or would have represented a better outcome for creditors than is expected from a sale of the business to Macrocom.The Joint Administrators are currently in discussions with SM to agree final terms of a sale to Macrocom and all parties are working towards formally entering into a Sale and Purchase Agreement ("SPA") as soon as possible.Please refer to Page 12 for further details.
Approval of the Proposals	<ul style="list-style-type: none">As there is no prospect of any funds being returned to unsecured creditors (other than by way of the Prescribed Part), our Proposals will be deemed approved by creditors unless a decision procedure is requested under Rule 15.18. Please refer to Page 19 for further details.
Estimated Timescale	<ul style="list-style-type: none">On current information the duration of the administration is not likely to exceed 12 months following which it is anticipated that the Company will move to dissolution as detailed at Page 17.
Costs	<ul style="list-style-type: none">We propose to charge our fees by reference to our time costs.We have provided a breakdown of our actual time costs to date at Appendix D. Please note that we do not anticipate to recover the full value of time costs incurred over the duration of the appointment.We have provided a breakdown of disbursements to date on Page 31.We have provided a breakdown of third party costs to date in relation to e.g. legal fees/agents fees on Page 20.
Estimated Outcomes	<p>On current information, we anticipate the following outcome for each category of creditor:</p> <ul style="list-style-type: none">Secured creditors – the secured creditors will not be repaid in full.Preferential creditors – we currently do not anticipate any preferential creditor claims.Unsecured creditors – it is likely that there will only be a distribution for unsecured creditors via the Prescribed Part.
Proposals	<ul style="list-style-type: none">Our Proposals for managing the business and affairs of the Company can be found on Pages 12 to 13 and Appendix E.

Background

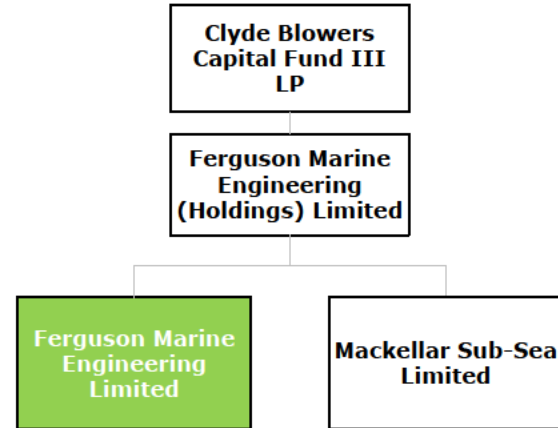
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Background

The Company

Summary group structure



Background

The Company operates a shipyard at Port Glasgow on the River Clyde in Scotland. It was set up by Clyde Blowers Capital Fund III LP ("CBC") to acquire the assets of Ferguson Shipbuilders Limited in September 2014.

The Company at appointment held a number of live contracts to build ships, the most significant being with Caledonian Maritime Assets Limited ("CMAL") for the build of two dual-fuel ferries.

Employees

As at 16 August 2019, the Company employed approximately 280 staff.

Group Structure

A summarised group structure chart (at the date of our appointment) is set out above. Please note that this is not a full group structure and excludes a number of dormant companies within the group.

The Company is the only group entity subject to an insolvency procedure, having been placed into administration on 16 August 2019.

Directors and officers

As at the date of the Joint Administrators' appointment, the directors of the Company were James McColl, Keith Mitchell, Gerry Marshall and Thomas Cousins.

As at the date of the Joint Administrators' appointment the Company did not have a company secretary.



Background

Summary financials

Summary profit and loss account

£'000	Statutory	Management	Management	Management
	Accounts for 12 months to 31-Dec-16	Accounts for 12 months to 31-Dec-17	Accounts for 12 months to 31-Dec-18	Accounts for 6 months to 31-Jul-19
Revenue	14,885	29,388	26,824	11,500
Cost of sales - excluding exceptional items	(20,119)	(28,768)	(26,264)	n/a
Contract loss provision	(39,527)	-	-	n/a
Impairment of property, plant and equipment	(13,284)	-	-	n/a
Cost of sales	(72,930)	(28,768)	(26,264)	(13,700)
Gross (loss)/profit	(58,045)	620	560	(2,200)
Selling, general and administrative costs	(1,661)	(2,477)	(2,682)	n/a
Other operating income	263	424	320	n/a
Operating loss before amortisation of	(59,443)	(1,433)	(1,802)	(3,012)
Amortisation of intangibles	(182)	-	-	n/a
Operating loss after amortisation of intangibles	(59,625)	(1,433)	(1,802)	n/a
Finance income	96	-	-	n/a
Forex gain/(loss)	-	(91)	-	n/a
Management charges	-	(699)	(563)	n/a
Exceptional costs	-	(176)	-	(362)
Finance costs	(505)	(504)	(2,647)	(1,713)
Loss from continuing operations before tax	(60,034)	(2,902)	(5,013)	(5,700)
Taxation	(37)	-	-	n/a
Loss from continuing operations after tax	(60,071)	(2,902)	(5,013)	n/a

Notes: N/A = information not available

Overview of financial information

Extracts from the audited Company accounts for the 12 months to 31 December 2016, management accounts for the 12 months to 31 December 2017 and 31 December 2018, and six months to 31 July 2019, are shown above and overleaf.

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

Profit and loss commentary

The Company recorded a statutory accounting loss of £60.1m for the year to 31 December 2016, predominantly driven by a contract loss provision of £39.5m and impairment charges to property, plant and equipment of £13.3m. The contract loss provision relates to the fixed price contract to build two dual-fuel ferries for CMAL for a total original contract value of £97m for the two vessels, for which significant cost overruns occurred to that date and continued to occur in the periods after which to the date of appointment.

Further details related to the circumstances giving rise to the appointment of the Joint Administrators of the administration appointment are included on Page 9.

The business continued to be loss making through FY17, FY18 and the six months to 31 July 2019 due to the cost overruns of the CMAL contracts and negligible profit on other major contracts.



Background

Summary financials

Summary balance sheet

£'000	Statutory Accounts as at 31-Dec-16	Management Accounts as at 31-Dec-17	Management Accounts as at 31-Dec-18	Management Accounts as at 31-Jul-19
Non-current assets				
Tangible assets	-	5,017	5,204	4,900
Intangible assets	-	23	182	200
Financial assets	15,400	15,400	4,500	4,500
	15,400	20,441	9,886	9,600
Current assets				
Trade debtors	290	636	271	1,900
Work in progress	119	23,045	14,247	14,000
Cash and cash equivalents	8,802	2,954	3,217	3,600
Amounts owed by group undertakings	340	-	537	-
Prepayments and other debtors	1,161	998	2,295	1,100
	10,712	27,634	20,567	20,600
Total assets	26,112	48,074	30,453	30,200
Liabilities				
Trade and other payables	(7,303)	(7,980)	(8,687)	(3,904)
Government loans and interest	(301)	(15,475)	(35,028)	(52,700)
Deferred income	(20,889)	(42,095)	(21,627)	(15,000)
Provisions	(39,677)	(25,856)	(14,119)	(13,296)
Financial liability	(757)	-	-	-
	(68,927)	(91,406)	(79,461)	(84,900)
Net assets/(liabilities)	(42,815)	(43,332)	(49,007)	(54,700)
Equity				
Share capital	1,993	2,202	2,202	2,200
Share premium	17,941	19,822	19,822	19,800
Hedge reserve	-	294	-	-
Retained losses	(2,678)	(62,749)	(66,019)	(76,800)
Profit and loss	(60,071)	(2,902)	(5,013)	-
Net equity	(42,815)	(43,332)	(49,007)	(54,700)

Source: Statutory accounts and management accounts

Balance sheet commentary

As noted on the previous page, the Company has been historically unprofitable and has struggled to generate sufficient cash flow through operations, as a result the Company's debt (including accrued interest) increased to £52.7m and an overall net liabilities position of £54.7m as at 31 July 2019.

Please note the book value of tangible and intangible assets was written down in the Company's statutory accounts. Independent valuations have been carried out as part of the administration sales process discussed on Page 12.



Background

Joint Administrators' appointment

Circumstances giving rise to the appointment of the Joint Administrators

The Company has experienced a sustained period of difficult trading, in particular challenges in progressing the build of the two ferries for CMAL, the initial delivery deadline of which was August 2017. The Company has been in dispute with CMAL since early 2017, with subsequent cost overruns negatively impacting the Company's cash flows.

The Company entered into an ongoing dialogue with SM to secure a solvent solution to alleviate the cash pressure.

On 5 September 2017 SM provided £15m of funding to the Company, with a further £30m of funding provided on 25 June 2018 via Ferguson Marine Engineering Holdings Ltd ("FMEHL"), in addition to £3m of funding from CBC.

The ongoing dispute of the CMAL contracts, and cost overruns, into 2019 continued to increase pressure on cash flow. Further support would have required significant financial investment from SM or a revision to the disputed contracts.

Despite efforts of the Company to agree a solvent restructure of the Company this was not possible as no further funding was available to the Company.

The directors held a board meeting on 9 August 2019 and took the decision that the Company was unable to continue trading outside of insolvency and filed a notice of intention to appoint administrators on the same day.

The first ranking secured creditor HCCI International Insurance Company Plc ("HCCI") having been made aware of the Company's stressed position approached Deloitte in early August 2019 to note that there may be an insolvency event at the Company. On receipt of the directors' notice of intent to appoint administrators, HCCI asked Michael John Magnay and Robert James Harding of Deloitte to take the pending appointment as Joint Administrators and to carry out any required pre-appointment tasks to ensure a controlled administration occurred.

Involvement of Deloitte pre-appointment

Deloitte did not undertake any work in advising the Company or any of the secured creditors prior to the appointment of the Joint Administrators.

However, as noted, in order to satisfy themselves that the objectives of the administration could be met and to understand the ability of the business to trade in insolvency, contingency planning was undertaken to agree arrangements to be entered into with Macrocom following administration. Details of these arrangements are set out on Page 12.

Details of pre-appointment time related to finalising all legal documents and preparing for the potential appointment are set out on Page 21.



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Post-appointment

Purpose

Appointment of the Joint Administrators

The directors served a notice of intention to appoint administrators, dated 9 , August 2019, on the qualifying floating charge holder, HCCI.

Subsequently, HCCI themselves filed a Notice of Appointment of an administrator. On 16 August 2019 Michael John Magnay and Robert James Harding, of Deloitte were duly appointed Joint Administrators of the Company by HCCI, as first ranking secured creditor.

Purpose of the administration

The Company has significant levels of borrowing (secured debt) which would need to be restructured in order to rescue the business as a going concern. However, having regard to the likely value of the underlying business and assets, as based on available financial information and valuations carried out since appointment, there has been no interest from third parties in a debt restructuring.

Accordingly, the purpose of the administration is to achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company.



Post-appointment Joint Administrators' strategy

How the affairs and business of the Company have been managed and financed since appointment, and the Joint Administrators' intended strategy if their Proposals are approved

Trading and sale of business

Prior to our appointment as Joint Administrators we entered into negotiations with SM and Macrocom to explore ways in which the Company's business could be continued in administration with SM funding, whilst a sale process was conducted. As a result of those discussions, as set out in the following paragraphs and on Page 11, we concluded continuation of trading would be in best interests of all creditors.

On 16 August 2019 the Joint Administrators entered into a MA with Macrocom, an entity established, owned and funded by SM. Under the terms of the MA:

- All trading costs will be met by Macrocom, subject to approval of the Joint Administrators for the period of the MA, and,
- In the event that the business is sold to a third party (i.e. not to Macrocom) these costs will rank as an expense of the administration.
- Further detail regarding the trading of the business is provided on Page 27, including the trading account.

Also on 16 August 2019 the Joint Administrators and Macrocom entered into a Put Option Agreement ("Put Option"), whereby:

- The Joint Administrators had the option to sell the business and assets to Macrocom within a six week period; and
- At a minimum consideration level, which could be revised upwards inline with a 3rd party offer or to align with independent valuations of the business and assets, subject to a cap.

Sales Process

The Joint Administrators, having instructed Deloitte Financial Advisory to advise on the sales and marketing process, developed a list of 35 parties who were believed may have, or expressed, an interest in the business and assets of the Company.

Sale of business (cont.)

Of these parties, eight approached the Joint Administrators directly, following press coverage of the appointment and the Joint Administrators' press release of 16 August 2019 which invited any parties with an interest in acquiring the yard to make contact as a matter of urgency.

The other parties were sourced from:

- Discussion with Company management and other stakeholders;
- Known distressed investors; and
- Other parties identified by the Joint Administrators' staff.

Of the 35 parties, 31 received initial information and the remaining did not respond or declined to receive further information. Following the release of initial information, 12 parties subsequently received the non disclosure agreement ("NDA") of which 11 agreed to the terms to receive further information.

Following receipt of the further information, two parties confirmed interest in acquiring certain assets but not the business as a whole, and three parties submitted indicative offers for the business and assets.

The Joint Administrators concluded that none of the offers were either capable of being executed, in terms of the structure of the offers proposed, or would have represented a better outcome for creditors than is expected from a sale of the business to Macrocom.

It should be noted that the Put Option agreed on appointment lapsed on 27 September 2019, however the Joint Administrators are currently in discussions to agree final terms of a sale to Macrocom and all parties are working towards formally entering into a SPA as soon as possible. The Joint Administrators' current expectation is that an SPA, in a form already agreed pre-insolvency, will be executed within the next three weeks, but this is subject to ongoing discussions with SM and Macrocom on a number of points which require to be resolved before a sale can be completed.

Receipts and payment account

A receipts and payments account, detailing asset realisations achieved and costs paid up to 4 October 2019 is provided on Page 27.



Post-appointment Joint Administrators' strategy

Asset realisations

Trading

As discussed, the business continues to trade with Macrocom appointed as Managing Agent, and the costs of trading funded by the Managing Agent. In the event that the business/assets are sold to a third party, i.e. not to Macrocom, these costs will be repaid so far as funding allows, as an expense of the administration.

To date, there has been a trading surplus of £0.4m. Please note, as the Company is continuing to trade, these figures do not reflect the final trading outcome. A detailed trading account is provided in Appendix C on Page 27.

We have detailed in the paragraphs below all known property and assets of the Company. Please note that whilst we have obtained formal valuations in respect of these assets, we are not able to disclose these due to the fact the sale of business process is still ongoing.

Freehold property

The Company owns the shipyard facility at Newark Works, Port Glasgow. The facility, comprising an office block, fabrication buildings, workshops, slipway, building berth and quayside, has been formally valued by Graham & Sibbald ("G&S"), a firm of chartered surveyors, to support the sale of business process.

Chattel assets

These comprise plant and machinery, motor vehicles, fixtures and fittings, consumable stock and other items across the Company's trading premises. SIA Group (UK) London Limited ("SIA"), a firm of asset valuation and auction specialists, were instructed to perform a third party valuation of the Company's chattel assets to support the sale of business process.

Intangible assets

As at the date of appointment the Company owned various intangible assets, including brand and organisational knowledge associated with shipbuilding.

Independent intellectual property valuers, Hilco Streambank ("Hilco"), were engaged to perform a third party valuation of the Company's intangible assets to support the sale of business process.

Books debts

As at the date of our appointment, the Company's sales ledger showed 11 pre-appointment book debts valued at £1.7m. To date, we have collected £0.1m and continue to liaise with the remaining eight debtors regarding repayment of outstanding balances.

Other assets

As at the date of our appointment there were other debtors amounting to £0.4m and work in progress of £14.0m, which the Joint Administrators are assessing and will seek to recover appropriate value as part of the sale of business process.



Post-appointment Joint Administrators' Proposals

The Joint Administrators' Proposals

Our Proposals for the administration include:

- continuing to manage the affairs and any remaining assets of the Company and the settlement of all administration expenses;
- assessing the affairs of the Company and reviewing and reporting on the conduct of its directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Company or its management;
- agreement of the claims of any secured, preferential and unsecured creditors against the Company unless we conclude, in our reasonable opinion, that the Company will have no assets available for distribution;
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application;
- that, following the realisation of assets and resolution of all matters in the administration, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit route to formally conclude the administration; and
- that, if the Company is to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the appropriate body to fix the basis of and the ability to draw our remuneration and expenses, including pre administration costs and expenses, and to agree the time of our discharge on conclusion of the administration.

Please refer to Appendix E for further details.



Post-appointment

Outcome for creditors

Estimated outcome for creditors

Secured creditors

The Company's records and the Directors' statement of affairs ("SOA") show that, at the date of our appointment, the following amounts were owed to Secured Creditors:

- HCCI - £20.3m, these amounts are secured by way of floating charges granted by the Company on 2 November 2016 and 14 February 2018, and a standard security over freehold property dated 13 March 2018. HCCI also holds a cash collateral deposit in the sum of £4.5m. HCCI issued a demand to the Company dated 9 August 2019 for an amount of £19.8m.
- SM - £49.8m, these amounts are secured by way of a floating charge granted by the Company on 25 June 2018 and a standard security over freehold property dated 4 July 2018. SM issued a demand to the Company dated 2 September 2019 for a total amount of £50.1m comprising £19.5m relating to sums advanced to the Company and £30.6m relating to sums advanced to FMEHL.
- CBC - £3.0m provided to FMEHL, these amounts are secured by way of a floating charge granted by the Company on 1 February 2019 and a standard security over freehold property dated 13 February 2019.
- Clydeport Operations Limited ("Clydeport") – £5k, these amounts are secured by way of a standard security over freehold property granted by the Company on 16 September 2014.

An Intercreditor Deed dated 1 February 2019 between HCCI, SM, CBC, the Company, FMEHL and MacKellar Sub-Sea Limited ("MacKellar") details the ranking of the above secured creditors, as follows:

1. Debts owed to HCCI;
2. Debts owed to SM in relation to sums advanced to the Company; and
3. Debts owed to SM relating to sums advanced to FMEHL, then debts due to CBC.

Secured creditors (cont.)

Based on currently available information, we do not expect there will be sufficient asset realisations to repay any of the Secured Creditors in full, however we expect HCCI's claim to be satisfied as part of the sale to Macrocom.

A sale to Macrocom will result in SM using its debt to credit bid the consideration, which is currently being negotiated as noted on Page 12.

Preferential creditors

Preferential claims relate to amounts owed to employees for arrears of wages/salaries, holiday pay, and pension contributions. As at the date of appointment and as reflected in the SOA, there were preferential claims totalling £172k. However, given that salaries continue to be paid and on the assumption that a sale of the business is secured, we do not anticipate any preferential creditor claims will be made.

Unsecured creditors

The SoA shows 168 unsecured creditors with estimated non-preferential claims totalling £5.95m. We have received 40 unsecured creditor claims to date, totalling £3.8m.

As detailed above, it is unlikely that sufficient funds will be realised to enable a distribution to be made to unsecured creditors (save for any distribution that may be available under the Prescribed Part).



Post-appointment

Outcome for creditors

Estimated outcome for creditors (cont.)

Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600k per company. Where the value of the Prescribed Part is so small as to make the costs of distributing it disproportionate, the court may, on our application, disapply it.

Based on current information, we anticipate that the Company will have net property in the region of £3.0m and the maximum Prescribed Part of £600k will be available. The actual Prescribed Part may be lower in the event that costs of administration are greater than currently anticipated. After deduction of the costs for dealing with the Prescribed Part (which chiefly comprise our time costs for agreeing creditors' claims and making the distribution to them) this is estimated, on present information, to equate to a distribution of c.10p /£ for unsecured creditors based on unsecured creditors per the SOA of £5.95m.

Claims process

We anticipate that a dividend under the Prescribed Part is likely to be made to unsecured creditors and we invite creditors to claim, following the guidance in the paragraphs below.

Creditors with debts of £1,000 or less

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Company's SOA, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of claim to us.

Creditors with debts of more than £1,000

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at www.ips-docs.com or by downloading and completing a statement of claim form from the case website and which should be sent to the address on the cover page. Alternatively, a hard copy statement of claim form will be provided free of charge on request.



Post-appointment

Extensions & exit routes

Exit routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors.

There are several possible exit routes from administration. Based on current information, we consider the following exit routes may be appropriate:

- *Dissolution* – If there is no further property which might permit a distribution to the Company's creditors, we may file notice to that effect with the Registrar of Companies and the Company will be dissolved three months later.
- *Compulsory Liquidation ("WUC")* – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the court to end the administration and to make an order to wind up the Company.
- *Creditors' Voluntary Liquidation ("CVL")* - Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies. The administration will cease on the date that notice is registered and the Company will be wound up.

Please note that if the Company is placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the Proposals are deemed approved i.e. by 21 October 2019.

- Any creditors' committee appointed in the administration will become a liquidation committee and the basis of the Joint Administrators' remuneration fixed during the administration will apply in the liquidation.
- For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

Discharge of Joint Administrators' liability

Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the court, the creditors (either via the creditors' committee or by decision of the creditors) or, in specific circumstances, by the secured (and preferential) creditors.

In this case, we will request approval from the secured creditors for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress report.





Remuneration and expenses

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Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

A Creditors' Guide to Administrators' Remuneration" is appended to SIP 9 and is provided on the administration website and also available for download at

[www.deloitte-insolvencies.co.uk/related-documents/sip9-\(scotland\).aspx](http://www.deloitte-insolvencies.co.uk/related-documents/sip9-(scotland).aspx)

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on Page 4 and this will be provided to you at no cost.



Basis of Administrators' remuneration

Pursuant to rule 3.97 of the Rules, the basis of the Joint Administrators' remuneration may be fixed:

- as a percentage of the value of the property with which the Joint Administrators have to deal;
- by reference to time properly given by the insolvency practitioners and their staff in attending to matters arising in the administration;
- as a set amount;
- or, any combination of the above.

There will be no funds available to the unsecured creditors other than under the Prescribed Part provisions. Therefore, in accordance with rule 3.96(3) of the Rules and in the absence of a creditors' committee, we will seek to fix the basis of our remuneration by reference to our time costs incurred in attending to matters arising in the administration with the consent of each secured creditor.

Remuneration and expenses

Creditors' Guide to Administrators' Remuneration

Joint Administrators' Expenses

We anticipate that we will incur the following disbursements during the appointment:

- Statutory Advertising - we are required to give notice by advert in the London Gazette of the following matters: our appointment; proposed distributions to preferential and unsecured creditors. To date advertising costs incurred in this regard have totalled £178, as detailed on Page 27.

Expenses - Professional costs

- Legal Costs - we have instructed Shepherd and Wedderburn LLP ("S&W"), a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations, to advise on the following legal matters and to prepare any related legal documentation required:
 - Validity of Appointment review;
 - Lodging caveats;
 - The MA, the Put Option and documents relating to sale of business;
 - Employee matters; and
 - Review and advice in relation to claims by the Company.
- To date their accrued costs have amounted to £89k (plus VAT).
- Agent's Costs – we have instructed agents with the appropriate expertise and experience, to assist in the following matters:
 - G&S have been instructed to undertake a valuation of the Company's freehold property for an agreed fee of £14k plus VAT;
 - SIA have been instructed to undertake a valuation of the Company's plant and machinery, office furniture and equipment, motor vehicles and stock for an agreed fee of £8.5k plus VAT and disbursements. An additional fee of £2.5k plus VAT may be incurred for additional work on the stock, subject to prior agreement; and

Expenses - Professional costs (cont.)

- Hilco have been instructed to undertake a valuation of the Company's intellectual property at an agreed fee of £7.5k plus VAT.

All professional costs are reviewed by us and analysed in detail before payment is approved or made.



Remuneration and expenses

Pre-administration costs

Statement of pre-administration costs

In the following paragraphs we have provided an explanation of the work carried out by us in the period prior to the administration and which was carried out with the intention of helping to achieve the objective of the administration, i.e. achieve a better result for creditors as a whole than would be obtained through an immediate liquidation of the Company:

- Planning for and implementing an administration strategy to enable continuation of business;
- Preparatory work relating to terms and conditions of the MA and Put Option to be entered into on appointment, with Macrocom; and
- To achieve this we liaised with S&W regarding the legal aspects of the administration appointment and the preparation of the MA, the Put Option and preparation of appointment documents.

Pre-administration time costs

Grade	Hours	Amount (£)
Partners & Directors	104.0	110,970
Assistant Director	8.0	7,000
Manager	70.7	55,853
Assistant Manager	3.5	2,205
Support	4.0	1,160
Total	190.2	177,188

Time costs

We have incurred pre-administration time costs of £177k as above.

Disbursements

No pre-administration disbursements were incurred.

Legal costs

During planning for the administration, we were assisted by S&W on matters including:

- Preparation of appointment documentation;
- Advising on the security structure and title documents;
- Advising on the timings of appointment;
- Preparation of MA and Put Option documentation; and
- Advising on various applicable regulations to the appointment.

In respect of this work, S&W incurred time costs of £75k plus VAT and £nil expenses.

Approval of unpaid pre-administration costs

As set out opposite, we have unpaid pre administration costs and expenses of £177k. The payment of these unpaid costs as an expense of the administration is subject to approval under Rule 3.52. In this regard we will invite secured creditors to decide whether and to what extent the unpaid pre-administration costs should be approved for payment.





Additional information

Case specific matters

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Additional information

Case specific matters

Investigations

Third party assets

Should you believe that you own or have a claim regarding items that may have been present at the Company's premises at the date of our appointment please contact us as soon as possible.

Shareholders

We are not obliged to provide further information or reports to shareholders of the Company. However regular updates will be uploaded to the website set up for the administration at: www.ips-docs.com. Due to the insolvency of the Company and anticipated level of asset realisations compared with the level of creditor liabilities owed by the Company, there is no prospect of a return being made to the shareholders.

Following our appointment, the Company is no longer able to process transfers of shares, nor re-issue unclaimed dividend cheques.

Investigations

As part of our duties, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment includes enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

In addition, we are required to consider the conduct of the directors and any person we consider to have acted as a shadow or de facto director in relation to their management of the affairs of the Company and the causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Innovation and Skills. Creditors who wish to draw any matters to our attention should contact us using the contact details given on Page 4 as soon as possible.



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Appendices

Appendix A

Statutory information

Field	FMEL
Company number	SC485060
Registered office	Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2DB
Trading names	Ferguson Marine
Previous names	CBC Marine Engineering Ltd
Court	Court of Session
Company directors as at appointment	Thomas Cousins, Gerry Marshall, James McColl & Keith Mitchell
Company secretary	-
Directors' shareholdings	-
Company shareholders	FMEHL

EU Regulations

As stated in the administration appointment documents, Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

Website

In order to facilitate communication, all statutory reports, documents and notices will be posted on to a website which has been set up specifically for the Company. The web address is www.ips-docs.com.

All documents will be retained on the website which will remain live until two months after the conclusion of the proceedings. Please contact Wendy Packwood using any of the contact details given below if you would like to be provided, free of charge, with a hard copy of documents posted, either now or in the future, to the website:

Phone: 0121 696 8661

Email: wpackwood@deloitte.co.uk

Postal address: 4 Brindleyplace, Birmingham, B1 2HZ

Please note that, other than notice of intended dividend, no further notice will be given to you when documents are uploaded to the website. It is thus important that you review the website regularly to check for updates, such as notices of decision procedures or our six monthly reports on progress.



Appendices

Appendix B

Directors' summary Statement of Affairs

£	Book value	Estimated to realise
Assets subject to fixed charge		
Freehold/leasehold property and land	2,820,000	4,000,000
Cash collateral (hold by surety)	4,500,000	4,500,000
Less: Adjusted to take out first ranking creditor HCCI	-	(8,500,000)
Estimated surplus/(deficiency) to fixed charge holders	7,320,000	-
Assets subject to floating charge		
Intangible assts	155,000	-
Accounts receivable	1,651,000	1,651,000
Plant & Machinery / Computer / Office Equipment	2,243,000	-
POC WIP	13,481,000	-
Non POC WIP	861,000	141,000
Prepayments and other debtors	864,000	699,000
Cash and cash equivalents	3,030,000	3,000,000
Sale of business as going concern (net of estimate realisable value of land and buildings)	-	43,894,000
801/802 Price Claim	-	48,329,000
Estimated total assets available for preferential creditors	22,285,000	97,714,000
Preferential creditors		(172,000)
Estimated deficiency / surplus to preferential creditors		97,542,000
Estimated prescribed part of net property		(600,000)
Estimated total assets available for floating charge holders		96,942,000
Debt secured by floating charges		(68,638,000)
Estimated deficiency / surplus after floating charges		28,304,000
Estimated prescribed part of net property (brought down)		600,000
Total assets available to unsecured creditors		28,904,000
Unsecured non-preferential claims		(5,950,000)
Estimated deficiency / surplus to creditors		22,954,000
Called up share capital		(22,024,000)
Estimate deficiency / surplus to members		930,000

Joint Administrators' comments

- The Directors' SOA is available online at www.ips-docs.com including a schedule of the names and addresses of all known creditors. Please note that in accordance with Rule 3.35(4) of the Insolvency Rules 2018, names and addresses for employees and consumers who have paid deposits or in advance for the supply of goods and services will not be shown.

Joint Administrators' comments

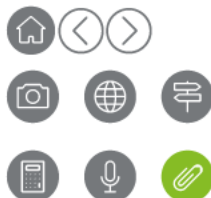
- In accordance with the standard format of the SOA, no provision has been made for the costs of the administration (including agents', legal and other professionals' fees).

Sale of business as a going concern - £43.9m

- Following enquiry with the directors of the Company in relation to the Statement of Affairs, this was based on a Discounted Cash Flow valuation calculated by the directors based on forecast future cash flows under the Company's five year plan.
- This figure is therefore not attributable to specific FMEL assets. We would note that the outcome from the sale of business process would not support this assessment.

801/802 price claim - £48.3m

- The directors have attributed an estimated realisable value of £48.3m in respect of a claim against their principal customer. This claim was refuted by the customer prior to the administration appointment, who noted that the contract could be terminated and that they would have a claim for damages.
- We note that the realisable benefit for the Company from this claim is uncertain.



Appendices

Appendix C

Joint Administrators' receipts and payments account 16 August 2019 to 4 October 2019

£	SoA values	Period	To date
Receipts			
Trading surplus/deficit	-	410,515	410,515
Freehold/leasehold building and land	4,000,000	-	-
Cash collateral (held by Surety)	4,500,000	-	-
Book debts	1,651,000	107,454	107,454
Non POC WIP	141,000	35,291	35,291
Prepayments and other debtors	699,000	16,128	16,128
Sale of business	43,894,000	-	-
801/802 price claim	48,329,000	-	-
Cash at bank	3,000,000	2,996,425	2,996,425
Bank Interest	-	136	136
Total receipts	106,214,000	3,565,949	3,565,949
Payments			
Statutory advertising		178	178
Agents fees		21,500	21,500
Bank charges		276	276
Total payments		21,954	21,954
Balance			3,543,996
Made up of:			
Trade debtors			85,892
Balance held in interest bearing bank account			2,342,768
Balance held in interest bearing non trading bank account			997,380
VAT (payable)/receivable			78,751
Trade creditors			39,204
Balance in hand			3,543,996

Joint Administrators' trading account 16 August 2019 to 4 October 2019

£	To date
Receipts	
Sales	79,304
Recharges	2,068
Sundry maintenance and repairs	4,456
Funding from Managing Agent	1,960,000
Total receipts	2,045,828
Payments	
Purchases	739,622
Contractors	38,514
Direct labour	695,589
Employee expenses	3,564
Rents	18,142
Heat and light	17,990
Security	10,628
Telephone, internet and IT	5,737
Cleaning	6,977
Health and safety	16,839
Office furniture	11,282
Ransom creditors	6,034
Pre - appointment employee expenses	1,313
Pre - appointment payroll deductions	62,081
Petty cash	1,000
Total payments	1,635,313
Trading surplus/(deficit)	410,515

Notes to the receipts and payments account

A receipts and payments account together with a separate trading account is provided opposite, detailing the transactions during the report period.

Trading surplus

Macrocom is funding trading costs to enable trading to continue whilst a sale of the business is explored. During the report period £2.0m was received in funding from the appointment date to 4 October 2019 and trading expenses of £1.6m have been paid. The MA requires the refund of any funding received in excess of payments made so no surplus is expected at the end of the trading period.

Book debts

During the report period £107k of book debts have been collected from the appointment date to 4 October 2019.

Agent fees

During the report period £21.5k of agents fees have been paid from the appointment date to 4 October 2019.

VAT

All sums shown opposite are shown net of VAT, which is recoverable and has been accounted for to HMRC in due course.

Rounding

All figures are presented to zero decimal places.



Appendices

Appendix D

Joint Administrators' time costs incurred to date

A detailed breakdown of our time costs for the period from 16 August 2019 to 4 October 2019 is shown on the next page. Time is charged in six minute increments. The work undertaken has been categorised into the following task headings:

Statutory tasks and administration

- Some of the work we perform is required by statute or best practice guidance and will not result in any financial benefit for creditors other than to ensure that our work is conducted in a competent and compliant manner. Such work includes but is not limited to matters such as – case set up, periodic case reviews, cashiering and bank reconciliations, statutory progress reporting, VAT and storage and destruction of data. We estimate that the case will be open for 12 months.

Investigations

- Review of company records in line with statutory reporting obligations

Trading

- Collecting company information
- Statutory and weekly trading reporting
- Correspondence with legal advisors, creditors, insurance providers and agents
- Preparation of an estimated outcome statement
- Operating the business under the MA with Macrocom

Physical Assets

- Identifying and securing assets

Realisation of assets

- Preparation of marketing and sales information
- Correspondence and meetings held with identified parties with a possible interest in the business and assets, negotiation and agreement of sales terms
- Correspondence and meetings held with the Joint Administrators' legal advisors

Realisation of assets (cont.)

- Appointment and engagement with G&S, SIA and Hilco in connection with the independent valuations performed on Company assets
- Regular correspondence and meetings held with secured creditors in connection with the sales process
- Internal documentation and record keeping of sales process

Creditors

- Notifying creditors of the appointment
- Dealing with creditor correspondence

Employees

- Gathering employee data including arrears information
- Arranging for an election of staff representatives, where staff not unionised
- Briefing staff on the TUPE process that will be carried out once a buyer of business confirmed
- Holding regular meetings with the elected staff representatives and union representatives as to the ongoing status of the administration
- Arranging payroll for staff
- Employees issues – pensions, arrestment of wages, etc.



Appendices

Appendix D

	Partners & Directors		Assistant Directors		Managers		Assistant Managers		Assistants & Support		TOTAL		Average rate/h	
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Cost (£)	
Administration and Planning														
Cashiering and Statutory Filing	3.00	3,210.00	-	-	12.60	9,954.00	16.10	10,143.00	73.20	8,196.00	104.90	31,503.00	300.31	
Case Management and Closure	3.60	4,122.00	5.00	4,375.00	24.40	19,276.00	6.80	4,284.00	2.80	748.00	42.60	32,805.00	770.07	
Initial Actions	7.30	7,856.00	0.10	103.50	6.20	4,868.00	12.30	7,749.00	13.00	2,170.00	38.90	22,776.50	585.51	
General Reporting	-	-	1.00	875.00	23.00	18,170.00	6.80	4,284.00	3.50	1,015.00	34.30	24,344.00	709.74	
	13.90	15,188.00	6.10	5,353.50	66.20	52,298.00	42.00	26,460.00	92.50	12,129.00	220.70	111,428.50	504.89	
Investigations														
Investigations	-	-	-	-	2.00	1,580.00	-	-	7.50	2,535.00	9.50	4,115.00	433.16	
Reports on Directors' Conduct	-	-	-	-	1.50	1,185.00	-	-	24.50	2,485.00	26.00	3,670.00	141.15	
	-	-	-	-	3.50	2,765.00	-	-	32.00	5,020.00	35.50	7,785.00	219.30	
Trading														
Day 1 Control of Trading	-	-	4.00	3,500.00	38.40	30,336.00	-	-	-	-	42.40	33,836.00	798.02	
Monitoring Trading	28.00	30,635.00	17.50	15,312.50	107.30	84,767.00	28.80	18,144.00	15.70	4,553.00	197.30	153,411.50	777.55	
	28.00	30,635.00	21.50	18,812.50	145.70	115,103.00	28.80	18,144.00	15.70	4,553.00	239.70	187,247.50	781.17	
Realisation of Assets														
Book Debts	1.00	1,160.00	-	-	4.90	3,871.00	1.20	756.00	-	-	7.10	5,787.00	815.07	
Other Assets (e.g. Stock)	1.00	1,160.00	2.80	2,450.00	9.10	7,189.00	2.10	1,323.00	-	-	15.00	12,122.00	808.13	
Property - Freehold and Leasehold	-	-	-	-	0.20	158.00	-	-	-	-	0.20	158.00	790.00	
Sale of Business / Assets	155.80	167,966.00	21.70	18,987.50	110.80	87,532.00	-	-	-	-	288.30	274,485.50	952.08	
	157.80	170,286.00	24.50	21,437.50	125.00	98,750.00	3.30	2,079.00	-	-	310.60	292,552.50	941.89	
Creditors														
Employees	0.50	580.00	1.00	875.00	13.50	10,865.00	26.00	16,380.00	3.00	960.00	44.00	29,460.00	670.23	
Secured	11.00	12,760.00	3.20	2,800.00	-	-	-	-	-	-	14.20	15,560.00	1,095.77	
Unsecured	-	-	-	-	0.70	553.00	8.90	5,607.00	0.80	296.00	10.40	6,456.00	620.77	
	11.50	13,340.00	4.20	3,675.00	14.20	11,218.00	34.90	21,987.00	3.80	1,286.00	68.60	51,506.00	750.82	
Case Specific Matters														
Pensions	-	-	-	-	-	-	1.80	1,134.00	-	-	1.80	1,134.00	630.00	
VAT	0.30	411.00	5.20	5,490.45	1.80	1,422.00	1.90	1,197.00	-	-	9.20	8,520.45	926.14	
Tax	0.20	163.80	-	-	-	-	-	-	-	-	0.20	163.80	819.00	
	0.50	574.80	5.20	5,490.45	1.80	1,422.00	3.70	2,331.00	-	-	11.20	9,818.25	876.63	
TOTAL HOURS & COST	211.70	230,023.80	61.50	54,768.95	356.40	281,556.00	112.70	71,001.00	144.00	22,988.00	886.30	660,337.75	745.05	
AVERAGE RATE/HOUR PER GRADE		£ 1,086.36		£ 890.35		£ 790.00		£ 630.00		£ 159.64				
FEES DRAWN														

Please note that we do not anticipate to recover the full value of time costs incurred over the duration of the appointment.



Appendices

Appendix D

Restructuring Services charge out rates (£/hour)

Grade	From 1 June 2019
Partners & Directors	995 - 1,160
Assistant Directors	775 - 875
Managers	610 - 790
Assistant Managers	480 - 630
Assistants & Support	215 - 370

Charge out rates

The average charge out rates applicable to this case are provided in the table above.

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Financial Advisory or Deloitte Real Estate may be required on the case. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands.

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed.

Charge out rates increased on 1 June 2019.



Appendices

Appendix D

Disbursements

These are costs and expenses initially paid by us and for which we will seek reimbursement as and when funds permit.

We have incurred the following disbursements in relation to the administration.

Category 1 disbursements

These are payments made by us direct to third parties and for which no approval is required.

A breakdown of Category 1 disbursements to date is given below, all figures are shown excluding VAT.

Category 1 outlays approved

£ (net)	Incurred during period	Incurred during appointment	Unpaid
Travel and Parking	328	328	328
Subsistence	91	91	91
Accommodation	889	889	889
Stationery	195	195	195
Bordereau	230	230	230
Postage and Couriers	861	861	861
Total expenses	2,594	2,594	2,594

Category 2 disbursements

These are costs and expenses which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the administration estate.

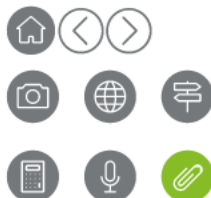
A breakdown of Category 2 disbursements is given below, all figures are shown exclusive of VAT.

Category 2 outlays approved

£ (net)	Incurred during period	Incurred during appointment	Unpaid
Mileage	343	343	343
Total disbursements	343	343	343

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (currently up to 45p per mile).

Deloitte charges a fixed cost of £500 for each statutory website set up to cover the costs of setting up and maintaining the website, along with the uploading of statutory notifications, reports and other documents to the website for the duration of the appointment.



Appendices

Appendix E

Joint Administrators' Proposals

Our Proposals will be deemed approved on 21 October 2019 unless a creditors' decision procedure is requisitioned in accordance with Rules 3.38 and 5.17 of the Rules.

We will still need to obtain specific approval for the resolutions given below from the secured and preferential creditors:

1. Approval that the basis of the Joint Administrators' remuneration shall be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administration, plus VAT.
2. Approval that the Joint Administrators' Category 1 disbursements and expenses and Category 2 disbursements in respect of mileage and statutory websites (as detailed on Page 31 be approved and the Joint Administrators be authorised to draw both Category 1 and Category 2 expenses, (plus VAT where applicable) from the administration estate.
4. Approval that the Joint Administrators' pre administration fees and expenses, including legal fees, of £177k and £75k respectively, as detailed on Page 21 of the Joint Administrators' Proposals be approved and that the Joint Administrators be authorised to draw their pre-administration fees and expenses and, plus VAT, from the administration estate.
5. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress report by the Registrar of Companies.

A creditors' committee will not be formed unless we are requested to hold a decision procedure for purposes of forming a creditor's committee; please refer to Page 1 of the Proposals for details of the procedure in this regard.

Please note that if you wish to form a creditors' committee, you will also be expected to confirm your willingness to serve or be represented on the creditors' committee, including dealing with any business placed before the creditors' committee throughout the period of the administration should a creditors' committee be formed.



Appendices

Important notice

Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their Proposals for achieving the purpose 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 document 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 document 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 document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act 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 these Proposals.

The Joint Administrators act as agents of the Company and contract without personal liability. The appointments of the Joint Administrators 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 document or the conduct of the administration.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.





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