

From: [Donald McNaught](#)
To: [Foggo R \(Richard\)](#)
Subject: RE: Glasgow 2014 Limited (In Members Voluntary Liquidation) - update to members
Date: 16 September 2015 08:07:32

Sensitivity: Confidential

Many thanks Richard.

Donald McNaught | Partner | Restructuring
Johnston Carmichael | 227 West George Street | Glasgow | G2 2ND
t. +44 (0)141 [redacted] **f.** 0141 [redacted] **e.** [\[redacted\]@jcca.co.uk](#) **w.** [www.jcca.co.uk](#)

Donald McNaught is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants of Scotland

From: [\[redacted\]@gov.scot](#)
Sent: 15 September 2015 20:12
To: Donald McNaught; [\[redacted\]@gov.scot](#)
Cc: Emma Davidson; [\[redacted\]@gov.scot](#)
Subject: RE: Glasgow 2014 Limited (In Members Voluntary Liquidation) - update to members
Sensitivity: Confidential

Donald – Paul responded to my email to tell me that his Board had authorised a letter to be sent I assume to both GCC and SG to clarify CGS' position, which I remain hopeful is to end any claim on the surplus. I have not received this as yet but to be fair CGS have been in Samoa at the Commonwealth Youth Games (and now Paul is in Germany for the Solheim Cup). I have emphasised the urgency around all this.

Richard

From: Donald McNaught [[\[redacted\]@jcca.co.uk](#)]
Sent: 15 September 2015 16:59
To: Foggo R (Richard); McCallum R (Richard)
Cc: Emma Davidson; Grieve DA (Derek)
Subject: RE: Glasgow 2014 Limited (In Members Voluntary Liquidation) - update to members
Sensitivity: Confidential

Afternoon Richard

I wondered if you had heard any further on this?

Kind regards
Donald

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From: Donald McNaught
Sent: 26 August 2015 15:52
To: '[\[redacted\]@scotland.gsi.gov.uk](#)'; [\[redacted\]@scotland.gsi.gov.uk](#)
Cc: Emma Davidson; [\[redacted\]@scotland.gsi.gov.uk](#)
Subject: RE: Glasgow 2014 Limited (In Members Voluntary Liquidation) - update to members
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Many thanks Richard.

If I can get written confirmation from CGS that their claim is either £nil or at least restricted to a certain sum I would be happy to release the bulk of the surplus cash.

Kind regards
Donald

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From: [redacted]@scotland.gsi.gov.uk
Sent: 26 August 2015 14:47
To: Donald McNaught; [redacted]@scotland.gsi.gov.uk
Cc: Emma Davidson; [redacted]@scotland.gsi.gov.uk
Subject: RE: Glasgow 2014 Limited (In Members Voluntary Liquidation) - update to members
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Donald/Richard – I met with Paul Bush and Maureen Campbell (chair and vice chair of CGS) last week. I indicated that while the long term sustainability of CGS and Team Scotland is a priority for us, we had in fact granted CGS £1M in the spring to secure their viability through to after Gold Coast 2018, so that there was no urgency in that sustainability conversation. I also emphasised in the strongest terms that politeness allowed that for Ministers the matter of a call on Commonwealth Games “surplus” was ended and that CGS need to confirm this to all concerned ASAP. Paul and Maureen suggested they were planning to approach their Board (on Monday this week) to get agreement so they can in turn confirm that their interest in pursuing a claim on the “surplus” has ended. I am awaiting further on this.

Richard

From: Donald McNaught [[redacted]@jcca.co.uk]
Sent: 26 August 2015 14:19
To: McCallum R (Richard)
Cc: Emma Davidson; Foggo R (Richard)
Subject: RE: Glasgow 2014 Limited (In Members Voluntary Liquidation) - update to members
Sensitivity: Confidential

Hi Richard

Thanks for your comments.

Happy to catch up by phone or meeting in a couple of weeks. The only issue is that Selex will almost certainly not have replied in any detail before the end of September according to their lawyer.

On CGS, have there been any direct discussions between them and yourselves?

Kind regards
Donald

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From: [redacted]@scotland.gsi.gov.uk

Sent: 26 August 2015 13:53

To: Donald McNaught

Cc: Emma Davidson; [redacted]@scotland.gsi.gov.uk

Subject: RE: Glasgow 2014 Limited (In Members Voluntary Liquidation) - update to members

Sensitivity: Confidential

Donald,

This is certainly a helpful update from my perspective and much appreciated given the circumstances with your father. Good to hear things are improving.

Accepting the outstanding claims from Selex and CGS, I'm obviously keen that funds are distributed as soon as possible. Given the current position with both these claims, it would perhaps be helpful to schedule a catch-up in a couple of weeks to discuss possible approach to moving this forward – maybe by then we may have heard a little more on both Selex and CGS.

Thanks

Richard

From: Donald McNaught [[redacted]@jcca.co.uk]

Sent: 26 August 2015 09:24

To: McCallum R (Richard); Foggo R (Richard); Crowe B (Barbara); 'Forrest, Carole'; 'Jon Doig'

Cc: Emma Davidson

Subject: Glasgow 2014 Limited (In Members Voluntary Liquidation) - update to members

Sensitivity: Confidential

Dear members

Please find attached an updated outcome statement for your records.

I have highlighted the significant changes from the last update so you can understand any movements. Other significant points to note include:

Selex claim

The current position is that we have rejected their claim in entirety and expect to receive a substantive response by the end of September from their solicitors. In advance of that, Harper MacLeod are advising on the possibility of applying to court for permission to apply a creditor adjudication process which normally only applies in insolvent liquidations. This will allow some certainty around the timescales and appeals process. The contracts themselves also provide for resolution processes and once their substantive response is received I will be able to form a view on the best strategy, after consultation with yourselves.

CGS claim

I have not had a substantive reply to our claim rejection. The adjudication process referred to above may be applied to this claim in order to provide certainty to the outcome.

Effect of the Selex & CGS claims on the overall outcome for the funders

The outcome statement includes an alternative outcome scenario with round sum provisions for both claims so the funders can see the impact any claim would have on their position. Very simply, this equates to 80% and 20% respectively of the final sums due to/from SG and GCC.

As stated above however, the current position is that both claims are rejected subject to the formal adjudication process being completed or the claims being withdrawn.

Malcolm Construction

As the notes to the outcome statement explain, there is scope for this final payment to be significantly (£166,950) less. Final numbers have yet to be agreed however I expect this to be imminent.

VAT

As previously reported, the VAT position was not straightforward with incorrect returns submitted, overpayment by HMRC and various VAT only invoices being received and credit notes in respect of pre MVL transactions. An exercise will be undertaken to agree a final position with HMRC shortly.

Additional creditors

We continue to receive claims of varying amounts and have most recently settled sums due to Graham + Sibbald in respect of final factoring recharges for the company's previous offices. This pre-dated the company's accounting software and after extensive investigation and advice from Harper MacLeod these sums were eventually settled with no VAT recovery as we were unable to confirm if VAT had previously been reclaimed and it was not cost effective to pursue further.

Insurance claims

We continue to deal with random and unexpected insurance claims but, to date, these have been handled by the

company's insurers with my office only acting as facilitator.

Costs

Of the £11.6k balancing provision against liquidation costs we are carrying work in progress of £7k. We continue to deal with unexpected issues not originally provided for in the scope of work. Should the CGS and Selex claims become disputed I would fully expect costs to increase above those previously provided for as a disputed claim could prove time consuming given the complexity of the issues involved. Additional legal costs would be incurred too, neither of which could be accurately estimated up front due to the open ended nature of these disputes.

Having said all that, if neither claim proceeds to a full dispute I would expect final costs to be in line with the revised £50k estimate give or take £1-2k either side of that.

Distribution to the Scottish Government

The funds retained now appear likely to be significantly in excess of those required to settle the 'worst case' claims and ordinarily I would be prepared to distribute surplus funds. I remain cautious however as the CGS claim correspondence reserved their right to make further claims.

I would be happy to discuss any of the above and will, of course, continue to update members as matters progress.

Kind regards
Donald

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From: [Foggo R \(Richard\)](#)
To: "[\[redacted\]@jcca.co.uk](#)"; "[\[redacted\]@cgcs.org.uk](#)"; "[\[redacted\]@glasgow.gov.uk](#)" [Grieve](#)
Cc: [DA \(Derek\)](#); [Matheson J \(John\)](#)
Subject: Re: Glasgow 2014 Limited (In Members' Voluntary Liquidation)
Date: 16 July 2015 15:33:02

Donald - thanks. I have met and discussed this issue with Paul Bush, the new Chair of CGS. Paul was considering proposals to make to the SG on a way forward and we are of course open to any constructive proposal. Further discussions seem to me to require this updated position from CGS and I am confident it is in hand.

I return from leave on 27 July and will catch up with Paul or Jon after that.

Best wishes,

Richard

Richard Foggo | Deputy Director | Head of Active Scotland Division | Scottish Government | [\[redacted\]](#) | [\[redacted\]](#)

From: Donald McNaught [[\[redacted\]@jcca.co.uk](#)]
Sent: Thursday, July 16, 2015 03:25 PM
To: "[\[redacted\]@cgcs.org.uk](#)"; Foggo R (Richard); 'Forrest, Carole' <[\[redacted\]@glasgow.gov.uk](#)>
Subject: Glasgow 2014 Limited (In Members' Voluntary Liquidation)

Richard/Carole

Following the formal rejection of the CGS claim I have received a call from Michael Cavanagh.

Michael remains on the board of CGS as immediate past chairman and I understand they have a board meeting tonight.

They are obviously unhappy with my position on this matter and I expect a formal response in due course.

In the meantime, I have agreed to facilitate/encourage direct dialogue between all parties, as was encouraged by Lord Smith at the final board meeting.

To that end, I would recommend that some discussion takes place between you all about this matter.

While our position as Joint Liquidators remains robust as per our legal advice, were this matter to continue to develop it will result in further legal costs as I previously outlined which is in no-one's interests.

It is not my intention to get involved in any direct discussions you may have and in the meantime I will continue to follow the legal advice I have received and deal with any appeals to my adjudication as appropriate.

Kind regards
Donald

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From: Ian Reid [[redacted]@glasgow2014.com]

Sent: 13 March 2014 12:22

To: McCormick D (Douglas)

Cc: Bearhop D (Derek); MacPherson J (Jane)

Subject: RE: Get Set - Financial Position

Hi Douglas

Might be more realistic to reduce the general contingency left to £1m - £2m??

Ian

From: [redacted]@scotland.gsi.gov.uk

Sent: 13 March 2014 12:18

To: Ian Reid

Cc: [redacted]@scotland.gsi.gov.uk; redacted@scotland.gsi.gov.uk

Subject: Get Set - Financial Position

Ian

For the benefit of exercise Get Set Derek and I are proposing to exercise control that within the scenario (which is set on the 25/26 July) that the financial position is that there is £3.8 million of the Games Time Balance remaining and the Special Reserve remains intact.

Would you agree with this proposal

Douglas

Douglas McCormick

Financial Controller

Games Delivery Team

Commonwealth Games Division

Scottish Government

Area 2F South, Victoria Quay

Edinburgh, EH6 6QQ
Tel: 0131 244 5595
www.legacy2014.co.uk

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Dh'fhaodadh gum bi teachdaireachd sam bith bho Riaghaltas na h-Alba air a chlàradh neo air a sgrùdadh airson dearbhadh gu bheil an siostam ag obair gu h-èifeachdach neo airson adhbhar laghail eile. Dh'fhaodadh nach eil beachdan anns a' phost-d seo co-ionann ri beachdan Riaghaltas na h-Alba.

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From: [Forrest, Carole](#)
To: [Urquhart J \(Jill\)](#)
Cc: [MacPherson J \(Jane\)](#); [Bearhop D \(Derek\)](#); [McLafferty DJ \(Diane\)](#); [Oowska F \(Francesca\)](#)
Subject: RE: For info: Scottish Government Glasgow 2014 Commonwealth Games Volunteering Policy
Date: 27 November 2013 13:49:44

Hi Jill,

Thanks very much for the clarification. I suspect it is the first bullet point that differs from what everyone else is doing. Everyone else is allowing staff to take annual leave or unpaid leave and I think there is an assumption that the special leave you refer to is paid.

I will ensure people are aware of your clarification.

Kind regards,

Carole

Carole Forrest

Assistant Director
Corporate Services
Glasgow City Council
City Chambers
George Square
GLASGOW G2 1DU

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email: [redacted]@ced.glasgow.gov.uk
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Glasgow - Proud Host City of the 2014 Commonwealth Games

[redacted]

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Richard Foggo | Deputy Director | Head of Active Scotland Division | Scottish Government | [\[redacted\]](#) | [\[redacted\]](#)

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