

The Insolvency Act 1986

Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

Andrew Weir Shipping Limited

Company number

SC005991

(a) Insert full
name(s) and
address(es) of
administrators

1/We (a) Brian Green
KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

David James Costley-Wood
KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Blair Carnegie Nimmo
KPMG LLP
191 West George Street
Glasgow
G2 2LJ

administrators of the above company attach a progress report for the period

from

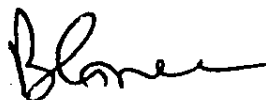
to

(b) Insert date(s)

(b) 20 May 2015

(b) 19 November 2015

Signed



Joint Administrator

Dated

16 December 2015

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 searchers of the public record

Bethany Haworth
KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

Tel +44 (0) 161 246 4000

Companies House receipt date barcode

TUESDAY



S4MT8TER

SCT

22/12/2015

#117

COMPANIES HOUSE

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
DXED235 Edinburgh 1 / LP- 4 Edinburgh 2



cutting through complexity™

Andrew Weir Shipping Limited - in Administration

Joint Administrators' progress report for the
period 20 May 2015 to 19 November 2015

16 December 2015

Notice to creditors

This progress report provides an update on the administration of the Company.

We have included (Appendix 2) an account of all amounts received and payments made since the date of our appointment.

We have also explained our future strategy for the administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in this progress report such as the costs which we have incurred to date.

A glossary of the abbreviations used throughout this document is attached (Appendix 4).

Finally, we have provided answers to frequently asked questions and a glossary of insolvency terms on the following website, <http://www.insolvency-kpmg.co.uk/case+KPMG+AEB21C3422.html>. We hope this is helpful to you.

Please also note that an important legal notice about this progress report is attached (Appendix 5).



See Notice: About this Report. All rights reserved. © 2015 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.


Contents

1	Executive summary	1
2	Progress to date	2
3	Dividend prospects and dividends paid	3
4	Joint Administrators' remuneration, outlays and disbursements	4
5	Future strategy	4
Appendix 1	Statutory information	6
Appendix 2	Joint Administrators' receipts and payments account	7
Appendix 3	Joint Administrators' charging and disbursements policy	9
Appendix 4	Glossary	14
Appendix 5	Notice: About this report	15



1 Executive summary

- This progress report covers the period from 20 May 2015 to 19 November 2015.
- As previously reported, the business and assets of the Company were sold shortly after appointment and all consideration has now been received totalling £154,350. (Section 2 - Progress to date).
- During the Period, preferential and unsecured creditors granted a 12 month extension to the period of the administration.
- There are no known secured creditors. There is one preferential claim which was paid in full in the Period. (Section 3 - Dividend prospects and dividends paid).
- There will be a distribution to unsecured creditors and we have obtained the consent of court to pay this distribution in the administration, without the need to place the Company into liquidation. We have written separately to those creditors who have not yet submitted a claim to advise that the deadline for doing so is 22 January 2016, otherwise they will not be able to participate in any distribution (Section 3 - Dividend prospects and dividends paid).
- The administration is currently due to end on 19 November 2016.
- Please note: you should read this progress report in conjunction with our previous progress reports and proposals which were issued to the Company's creditors and can be found at <http://www.insolvency-kpmg.co.uk/case+KPMG+AEB21C3422.html>. Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT.



Brian Green
Joint Administrator

2 Progress to date

This section updates you on our strategy for the administration and on our progress to date. It follows the information provided in our previous progress report.

2.1 Strategy and progress to date

Strategy

As detailed in our previous reports, a sale of the Company's business and assets was completed to AWSML for £75,000 initial consideration on 20 November 2014. There has been subsequent deferred consideration of £79,350.

Under the SPA, the Company may receive additional consideration on the successful outcome of a long-running insurance claim and on the collection of an aged contract debt.

Actions since our last report

Since the previous period (19 May 2015), the Joint Administrators and their staff have been involved in the following:

- Liaising with the pension creditors regarding the formal submission of their claims. See Section 3.3;
- Liaising with retired former employees, who had been receiving regular ex-gratia payments directly from the Company. We have been assisting these individuals to submit claims in the administration;
- Re-placing the funds held on higher interest bearing accounts to ensure realisations are maximised;
- Applying to court to obtain permission to enable the Joint Administrators to distribute to unsecured creditors in the administration, rather than needing to move the Company into Liquidation;
- Paying a dividend to the preferential creditors; and
- Obtaining an extension to the administration in order to enable the unsecured dividend to be paid to creditors.

2.2 Asset realisations

Realisations during the Period are set out in the attached receipts and payments account (Appendix 2).

Interest

Interest of £33,953 has been received in the Period which was earned on the funds placed on the Money Market.

Cash at Bank

Cash of £2,515 has been received in the Period which was previously held in a pre-appointment bank account.



Investigations

We have complied with the relevant statutory requirements to provide information on the conduct of the Company's directors and any shadow directors to the Department for Business, Innovation and Skills. The contents of our submission are confidential.

2.3 Costs

Payments made in this Period are set out in the attached receipts and payments account (Appendix 2).

Solicitors' fees

Legal fees of £13,877 and disbursements of £2,591 were incurred and paid during the Period in respect of the extension of the administration and advice regarding creditor claims.

Statutory advertising

Statutory advertising costs of £85 were also incurred and paid in the Period.

3 Dividend prospects and dividends paid

3.1 Secured creditors

We are not aware of any secured claims against the Company.

3.2 Preferential creditors

We have received one preferential claim totalling £3,426.

A final dividend to preferential creditors of 100p in the £ was declared on 10 November 2015 and paid during the Period. The preferential creditor has therefore been repaid in full.

3.3 Unsecured creditors

As previously reported, based on current estimates, we anticipate that unsecured creditors should receive a dividend. We have yet to determine the amount of this, but we will do so when we have completed the realisation of assets and payment of associated costs.

The Company had significant liabilities to three defined benefit multi-employer pension schemes including the Andrew Weir Group scheme (£36.8 million on a Section 75 basis according to the Directors' statement of affairs) and two industry wide schemes, the MNOPF (£34.4 million according to the statement of affairs) and MNRPF (amount unknown in the statement of affairs).

To date we have not received all the pension creditors' claims as the quantification of these claims involves actuarial valuations which can take time. We have now issued a formal notice to creditors that all claims should be received by 22 January 2016 to participate in the unsecured distribution. We urge all creditors to send in their claims as soon as possible to Bethany Haworth at KPMG LLP, 1 St Peter's Square, Manchester, M2 3AE.

We obtained the Court's approval to distribute to the unsecured creditors in the administration without the need to place the Company into liquidation.



4 Joint Administrators' remuneration, outlays and disbursements

Time costs

In the Period we have incurred time costs of £33,524, representing 90 hours at an average rate of £374 per hour.

A detailed analysis of the time spent is provided at Appendix 3.

Remuneration and outlays

During the Period we have not drawn any remuneration or outlays.

Disbursements

During the Period, we have not incurred any disbursements.

Additional information

We have attached (Appendix 3) an analysis of the time spent, the charge-out rates for each grade of staff and the expenses paid directly by KPMG for the period from 20 May 2015 to 19 November 2015. We have also attached our charging and disbursements policy.

5 Future strategy

5.1 Future conduct of the administration

We will continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the administration. This will include but not be limited to:

- Agreeing all unsecured claims;
- Declaring and paying the dividend to unsecured creditors;
- Finalising the tax affairs and tax submissions of the Company;
- Obtaining approval for and drawing the Joint Administrators' fees and disbursements; and
- Taking the necessary steps to close the administration and dissolve the Company.

5.2 Extension of the administration

The duration of an administration is restricted to 12 months from the date of commencement unless it is extended with the permission of creditors or the Court.

The preferential and unsecured creditors granted a 12 month extension to the period of the administration to enable the unsecured dividend to be paid.



The administration is therefore currently due to end on 19 November 2016.

5.3 Future reporting

We will provide a further progress report within one month of 19 May 2016 or earlier if the administration has been completed prior to that time.



Appendix 1 Statutory information

Company information

Company name	Andrew Weir Shipping Limited
Date of incorporation	20 October 1905
Company registration number	SC005991
Present registered office	191 West George Street, Glasgow, G2 2LJ

Administration information

Administration appointment	The administration appointment granted in Edinburgh Sheriff Court, No. B1714 of 2014.
Appointor	Directors
Date of appointment	20 November 2014
Joint Administrators' details	Brian Green, David Costley-Wood and Blair Nimmo
Functions	The functions of the Joint Administrators are being exercised by them individually or together in accordance with Paragraph 100(2)
Current administration expiry date	19 November 2016



Appendix 2 Joint Administrators' receipts and payments account

Andrew Weir Shipping Limited - in Administration

Statement of affairs (£)	From 20/05/2015 To 19/11/2015 (£)	From 20/11/2014 To 19/11/2015 (£)
ASSET REALISATIONS		
5,000.00 Furniture & equipment	NIL	5,000.00
20,000.00 Book debts	NIL	84,752.58
50,000.00 Shares and investments	NIL	50,000.00
Goodwill	NIL	1.00
15,000.00 Cash at bank	2,515.46	12,111.59
9,666,698.00 Proceeds from Joint Venture Sale	NIL	9,666,697.81
	2,515.46	9,818,562.98
OTHER REALISATIONS		
Bank interest, gross	33,953.30	37,349.47
Contribution to employee costs	NIL	3,054.78
Sundry refunds	NIL	541.08
Deferred Consideration	NIL	5,000.00
	33,953.30	45,945.33
COST OF REALISATIONS		
Meeting Room Hire	NIL	(450.00)
Filing Costs	NIL	(15.00)
Legal fees	(13,877.00)	(31,736.00)
Legal Disbursements	(2,590.80)	(3,681.80)
Statutory advertising	(84.60)	(169.20)
Insurance of assets	NIL	(265.00)
Wages & salaries	NIL	(4,777.92)
Bank charges	NIL	(111.41)
	(16,552.40)	(41,206.33)
PREFERENTIAL CREDITORS		
Subrogated EP(C)A claim	(1,435.77)	(1,435.77)
Employees' wage arrears / holiday pay	(1,990.46)	(1,990.46)
	(3,426.23)	(3,426.23)
9,756,698.00	16,490.13	9,819,875.75

Andrew Weir Shipping Limited - in Administration

Statement of affairs (£)	From 20/05/2015 To 19/11/2015 (£)	From 20/11/2014 To 19/11/2015 (£)
REPRESENTED BY		
Floating charge VAT receivable		7,044.24
Floating charge current		103,051.78
Floating charge mon. mar.		9,709,779.73
		<u>9,819,875.75</u>



Appendix 3 Joint Administrators' charging and disbursements policy

Joint Administrators' charging policy

The time charged to the administration is by reference to the time properly given by us and our staff in attending to matters arising in the administration. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG in-house specialists.

Our policy is to delegate tasks in the administration to appropriate members of staff considering their level of experience and requisite specialist knowledge, supervised accordingly, so as to maximise the cost effectiveness of the work performed. Matters of particular complexity or significance requiring more exceptional responsibility are dealt with by senior staff or us.

A copy of "A Creditors' Guide to Administrators' Remuneration Scotland" from Statement of Insolvency Practice 9 ('SIP 9') produced by the Association of Business Recovery Professionals is available at:

https://www.r3.org.uk/media/documents/technical_library/SIPS/Creditors' Guide to Administrators' Remuneration Scotland.pdf

If you are unable to access this guide and would like a copy, please contact Bethany Haworth at bethany.haworth@kpmg.co.uk.

Hourly rates

Set out below are the relevant hourly charge-out rates for the grades of our staff actually or likely to be involved on this administration. Time is charged by reference to actual work carried out on the administration, using a minimum time unit of six minutes.

All staff who have worked on the administration, including cashiers and secretarial staff, have charged time directly to the administration and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to the administration but is reflected in the general level of charge-out rates.

Charge-out rates (£) for: Restructuring

Grade	From 01 Oct 2014 £/hr
Partner	595
Director	535
Senior Manager	485
Manager	405
Senior Administrator	280
Administrator	205
Support	125

The charge-out rates used by us might periodically rise (for example to cover annual inflationary cost increases) over the period of the administration. In our next statutory report, we will inform creditors of any material amendments to these rates.



Policy for the recovery of disbursements

Where funds permit the officeholders will seek to recover both Category 1 and Category 2 disbursements from the estate. For the avoidance of doubt, such expenses are defined within SIP 9 as follows:

Category 1 disbursements: These are costs where there is specific expenditure directly referable to both the appointment in question and a payment to an independent third party. These may include, for example, advertising, room hire, storage, postage, telephone charges, travel expenses, and equivalent costs reimbursed to the officeholder or his or her staff.

Category 2 disbursements: These are costs that are directly referable to the appointment in question but not to a payment to an independent third party. They may include shared or allocated costs that can be allocated to the appointment on a proper and reasonable basis, for example, business mileage.

Category 2 disbursements charged by KPMG Restructuring include mileage. This is calculated as follows:

Mileage claims fall into three categories:

- Use of privately-owned vehicle or car cash alternative – 45p per mile.
- Use of company car – 60p per mile.
- Use of partner's car – 60p per mile.

For all of the above car types, when carrying KPMG passengers an additional 5p per mile per passenger will also be charged where appropriate.

We have not incurred any disbursements during the Period.

We have the authority to pay Category 1 disbursements without the need for any prior approval from the creditors of the Company.

The Category 2 disbursements have not been approved.

Creditors' right to challenge our remuneration and outlays

If you wish to challenge the basis of our remuneration, the remuneration approved, or the outlays approved during the period covered by this progress report, you must do so by making an application to Court within eight weeks of the accounting period and no later than 14 January 2016 or within 14 days of receiving this progress report.

Applications by any creditor must be made with concurrence of at least 25% in value of unsecured creditors (including the creditor making the challenge).

The full text of the relevant rules can be provided on request by writing to Bethany Haworth at KPMG LLP, 1 St Peter's Square, Manchester, M2 3AE, United Kingdom .

Narrative of work carried out for the Period 20 May 2015 to 19 November 2015

The key areas of work have been:

Strategy documents, Checklist and reviews	<ul style="list-style-type: none">■ formulating, monitoring and reviewing the administration strategy.■ briefing of our staff on the administration strategy and matters in relation to various work-streams;■ regular case management and reviewing of progress, including regular team update meetings and calls;
---	---



	<ul style="list-style-type: none"> ■ meeting with management to review and update strategy and monitor progress; ■ reviewing and authorising junior staff correspondence and other work; ■ dealing with queries arising during the appointment; ■ reviewing matters affecting the outcome of the administration; ■ allocating and managing staff/case resourcing and budgeting exercises and reviews; ■ liaising with legal advisors regarding the various instruction ■ complying with internal filing and information recording practices, including documenting strategy decisions.
Cashiering	<ul style="list-style-type: none"> ■ reconciling post-appointment bank accounts to internal systems; ■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
Tax	<ul style="list-style-type: none"> ■ working initially on tax returns relating to the periods affected by the administration; ■ reviewing the Company's duty position to ensure compliance with duty requirements; ■ dealing with post appointment tax compliance.
Shareholders	<ul style="list-style-type: none"> ■ responding to enquiries from shareholders regarding the administration; ■ providing copies of statutory reports to the shareholders.
General	<ul style="list-style-type: none"> ■ reviewing time costs data and producing analysis of time incurred which is compliant with Statement of Insolvency Practice 9.
Asset realisations	<ul style="list-style-type: none"> ■ Remitting monies held in a foreign bank account into the administration.
Creditors and claims	<ul style="list-style-type: none"> ■ creating and updating the list of unsecured creditors; ■ responding to enquiries from creditors regarding the administration and submission of their claims; ■ reviewing completed forms submitted by creditors, recording claim amounts and maintaining claim records; ■ agreeing preferential/unsecured claims; ■ arranging distributions to the preferential creditors; ■ drafting our progress report.

Time costs

SIP 9 - Time costs analysis (20/05/2015 to 19/11/2015)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Cashiering							
Fund management			0.10		0.10	28.00	280.00
General (Cashiering)			7.80		7.80	1,644.00	210.77
Reconciliations (& IPS accounting reviews)		0.50	0.30		0.80	286.50	358.13
Statutory and compliance							
Appointment and related formalities		2.80			2.80	1,158.00	413.57
Checklist & reviews		3.75			3.75	1,718.75	458.33
Strategy documents	1.50				1.50	892.50	595.00
Tax							
Initial reviews - CT and VAT		0.80			0.80	324.00	405.00
Post appointment corporation tax		4.50	24.25		28.75	8,972.50	312.09
Post appointment VAT		1.30			1.30	558.50	429.62
Creditors							
Creditors and claims							
Agreement of claims		1.20			1.20	582.00	485.00
Agreement of preferential claims		1.70			1.70	720.50	423.82
Agreement of unsecured claims	1.00	6.90			7.90	3,781.50	478.67
General correspondence		10.20			10.20	4,227.00	414.41
Legal claims	0.50				0.50	297.50	595.00
Payment of dividends	0.50		2.00		2.50	857.50	343.00
Statutory reports	3.50	10.25	3.00		16.75	7,048.75	420.82
Employees							
Correspondence		0.80			0.80	324.00	405.00
Realisation of assets							
Asset Realisation							
Cash and investments			0.50		0.50	102.50	205.00
Total in Period	7.00	44.70	37.95	0.00	89.65	33,524.00	373.94

Brought forward time (appointment date to SIP 9 period start date) 225.10 82,625.00



SIP 9 - Time costs analysis (20/05/2015 to 19/11/2015)							
	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)					89.65	33,524.00	
Carry forward time (appointment date to SIP 9 period end date)					314.75	116,149.00	



Appendix 4 Glossary

AWSML	AW Ship Management Limited
Company/AWS	Andrew Weir Shipping Limited - in Administration
Joint Administrators/we/our/us	Brian Green, David Costley-Wood and Blair Nimmo
KPMG	KPMG LLP
MNOPF	Merchant Navy Officers' Pension Fund
MNRPF	Merchant Navy Ratings Pension Fund
Period	20 May 2015 to 19 November 2015
Solicitors	Bond Dickinson LLP
SPA	Sale purchase agreement

Any references in this progress report to sections, paragraphs or rules are to Sections, Paragraphs and Rules in the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency (Scotland) Rules 1986 respectively.



Appendix 5 Notice: About this report

This report has been prepared by Brian Green, David Costley-Wood and Blair Nimmo, the Joint Administrators of Andrew Weir Shipping Limited – in Administration (the 'Company'), solely to comply with their statutory duty to report to creditors under the Insolvency (Scotland) Rules 1986 on the progress 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 report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency (Scotland) Rules 1986 does so at its 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 this report to any such person.

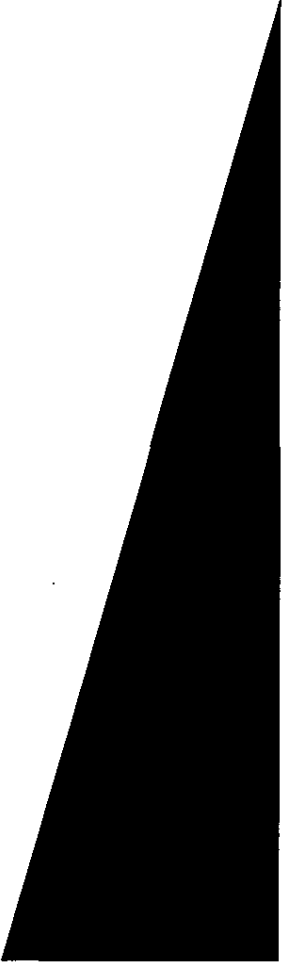
Brian Green and David James Costley-Wood are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales.

Blair Carnegie Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

We are bound by the Insolvency Code of Ethics.

The Joint Administrators act as agents for 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, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this report or the conduct of the administration.





© 2015 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity. All rights reserved.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name, logo and "cutting through complexity" are registered trademarks or trademarks of KPMG International Cooperative ("KPMG International").

