

The Insolvency Act 1986

Statement of administrator's proposals

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

Name of Company

EMIS Realisations Limited (formerly IMES Limited)

Company number

SC091007

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

4/We (a) Geoffrey Isaac Jacobs
KPMG LLP
37 Albyn Place
Aberdeen
Grampian
AB10 1JB

Blair Carnegie Nimmo
KPMG LLP
37 Albyn Place
Aberdeen
Grampian
AB10 1JB


attach a copy of my/our proposals in respect of the administration of the above company.

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

(b) Insert date

(b) 25 August 2016

Signed


Joint Administrator

Dated

26 August 2016

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

Geoffrey Isaac Jacobs
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37 Albyn Place
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SCT

29/09/2016
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

THURSDAY



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**EMIS Realisations
Limited - in
Administration
(formerly IMES
Limited)**

Joint Administrators' proposals

19 August 2016

Notice to creditors

We have made this document available to you to set out the purpose of the administration and to explain how we propose to achieve it.

We have also explained why the Company entered administration and how likely it is that we will be able to pay each class of creditor.

You will find other important information in the document such as the proposed basis of our remuneration.

A glossary of the abbreviations used throughout this document is attached (Appendix 6).

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+IG808F2452.html>. We hope this is helpful to you.

Please also note that an important legal notice about this statement of proposals is attached (Appendix 7).



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1 Executive summary

Background and events leading to the administration

- The Company was incorporated on 18 December 1984 in the name of Durkel Limited.
- The Company has changed name a number of times and renamed as IMES Limited on 1 November 2002. As part of the sale of the Company's Business and Assets, the name was changed to EMIS Realisations Limited on 18 August 2016.
- The Company's principal activity was the provision of specialist inspection, examination and engineering services. It also provided a wide range of products for the supply and service of load measurements, monitoring and control systems.
- IMES began to experience cash flow challenges in 2015, due to the oil price decline adversely impacting the business.
- The existing shareholders injected £100,000 into the Company in November 2015 and in December 2015, the Company entered into an invoice discount facility.
- During May 2016, one of the Company's major customers entered into Administration, with outstanding debts of approximately £150,000. In June 2016 the Company were informed that they were to lose their contract with another major customer.
- As a result of the above, the Company experienced further cash flow difficulties, hence the directors sought advice from their Advisors. The Company then instructed their Advisors to undertake a targeted marketing exercise to sell the Company or its business and assets. The marketing process was undertaken in July 2016, however despite several parties expressing interest, no offers were received.
- We were introduced to the Company on 27 July 2016 to discuss the appointment of Administrators.
- The directors concluded that the Company could not pay its debts as they fell due, was technically insolvent and that Administrators should be appointed. The directors lodged a notice to appoint Administrators on 28 July 2016.
- After the notice of intention to appoint had been lodged, an offer was received from the Purchaser to purchase the business and assets of the Company in a pre-packaged sale.
- After a review of the other available options, the offer from the Purchaser was accepted by the directors and they worked with the Proposed Administrators and their legal agents to agree the sale prior to an administration appointment.

Appointment

- The directors of the Company lodged the notice of appointment at Aberdeen Sheriff Court on 10 August 2016 and Blair Carnegie Nimmo and Geoffrey Isaac Jacobs were duly appointed Joint Administrators. (Section 3.5 - Background and events leading to the administration).

Strategy to date

- Shortly following the appointment of the Joint Administrators, the sale of the business and certain assets of IMES was concluded to Seanamic Group for an initial consideration of £150,000 and deferred consideration of £12,740 which is payable over six months. Further amounts may be received depending on the Purchaser's performance against agreed criteria.
- All 49 of the Company's employees were transferred to the Purchaser as part of the agreement, and no redundancies were made by the Joint Administrators. (Section 4.1 - Strategy and progress of the administration to date).



Dividend prospects

- The Bank has a first ranking floating charge. We understand from the Bank that they are due approximately £18,000 which relates to credit card debt. We understand that funds of approximately £30,000 are held in the Company's account with the Bank and that the Bank will apply set-off to the funds which they hold in respect of their indebtedness. As such, the Bank will recover its indebtedness in full.
- The Financier has a standard security over the Company's debtors ledger and holds a second ranking floating charge. Based on current information it is uncertain whether the Financier will recover its indebtedness in full (Section 5.1 - Dividend prospects).
- We are not aware of any preferential claims against the Company (Section 5.2 - Dividend prospects).
- Based on the information currently available, it appears unlikely that there will be sufficient funds to enable a payment to be made to unsecured creditors (Section 5.3 - Dividend prospects).

Exit route from administration

- At this stage, we anticipate that the most likely exit route from administration will be dissolution. (Section 6.1 – Ending the administration).
- We do not intend to hold a meeting of creditors (Section 7.2 provides details of the process required to request a meeting).
- However we consider it prudent to retain all of the options currently available to us, as listed in Section 9 to bring the administration to a conclusion in due course.
- We propose that our remuneration be drawn on the basis of time properly given by us and the various grades of our staff and the disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy (Section 7 – Joint Administrators' remuneration and outlays and disbursements).
- This document in its entirety is our statement of proposals. A summary list of the proposals is shown in Section 9 together with all relevant statutory information included by way of appendices. Unless stated otherwise, all amounts in the proposals and appendices are stated net of VAT.



Geoffrey Jacobs
Joint Administrator



2 Group structure

IMES Group Holdings Limited

This is the holding company for the Group, and has a 100% shareholding in the three entities outlined below.

EMIS Realisations Limited – in Administration (formerly IMES Limited)

This was the main trading entity of the IMES Group.

IMES Group Limited

Non-trading subsidiary.

IMES Inc

This is a fully owned subsidiary of IMES Group Holdings Limited that provides asset life extension services in the United States of America.

For the avoidance of doubt, our appointment is only to EMIS Realisations Limited (formerly IMES Limited).

3 Background and events leading to the administration

3.1 Background information

IMES Limited was incorporated on 18 December 1984 in the name of Durkel Limited. IMES has changed name a number of times before being renamed as IMES Limited on 1 November 2002.

IMES is wholly owned by IMES Group Holdings Limited (SC353453).

The principal activity of IMES was the provision of specialist inspection, examination and engineering services. It also provided a wide range of products for the supply and service of load measurements, monitoring and control systems. The Company operated in the Oil & Gas, Defence and Industrial market/sector.

3.2 Funding and financial position of the Company

The Bank provided banking facilities including credit cards. The Company did not have an overdraft facility or any term debt. The Bank holds a first ranking floating charge.

The Company has an invoice finance facility with the Financier, which holds security against certain trade debtors and a second ranking floating charge. The debt due to the Financier at the date of appointment was approximately £0.3 million.

For the year ending 30 April 2016 ("FY16"), the Company recorded turnover of £4.6 million with a loss before tax of £0.3 million.



3.3 Events leading to the administration

The Company was cash generative in 2014 but began to experience cash flow challenges in 2015, due to the oil price decline adversely impacting the business, which resulted in client orders reducing, as operators in the oil and gas sector began to cut costs and actively target reductions in both capital and operating expenditure.

During FY15 the Directors identified the requirement for additional investment and in late 2015, the Company entered into discussions with a limited number of parties.

The existing shareholders injected £0.1 million into the Company in November 2015.

In December 2015, the Company entered into an invoice discounting facility with the Financier to improve its cash flow position. Furthermore, steps were taken internally to improve the collection of debts from customers.

One of the Company's major customers entered into Administration in May 2016, with outstanding debts of approximately £150,000 due to the Company.

Furthermore, the Company was informed in June 2016 that they were to lose their contract with another major customer.

In June 2016, the Company instructed Johnston Carmichael LLP ("the Advisors") to undertake a targeted marketing exercise to sell the Company or its business and assets. At that time the Company had approximately 50 employees.

During July 2016 the marketing process was undertaken and a number of parties expressed an interest in purchasing the business. Non-disclosure agreements were signed and further information was provided to a number of parties, however, no offers for the business were received.

3.4 Pre-administration work

KPMG were introduced to the Company by the Advisors on 27 July 2016.

Following discussions with the Company's Advisors and the Company's legal agents, the directors concluded that the Company could not pay its debts as they fell due, was technically insolvent and that Administrators should be appointed. The directors lodged a notice to appoint Administrators on 28 July 2016.

After the notice of intention to appoint had been lodged, an offer was received from the Purchaser to purchase the business and assets of the Company in a pre-packaged sale.

The Proposed Administrators worked with the Company to assess the offer which was received following the lodgement of the notice of intention to appoint. The work carried out indicated that none of the other available options would have given rise to a better outcome for creditors than an administration appointment followed by an immediate sale of the business and assets of IMES to the Purchaser.

At the time of our appointment, and in accordance with the statutory requirements, we fully disclosed to the Court the details of the work carried out by KPMG up to that time.

We are satisfied that the work KPMG carried out before our appointment has not resulted in any relationships which create a conflict of interest or which threaten our independence.



Furthermore, we are satisfied that we are acting in accordance with the relevant guides to professional conduct and ethics.

3.5 Appointment of Joint Administrators

The directors of the Company lodged the notice of appointment at Aberdeen Sheriff Court on 10 August 2016 and we were duly appointed.

4 Strategy and progress of the administration to date

4.1 Strategy to date

Strategy

We assessed the financial and operational position of the Company to determine the appropriate strategy which would maximise realisations for the benefit of all creditors.

A review of possible courses of action was undertaken, and comparisons were made to assess the likely outcome for creditors from the various options. It was clear that an immediate sale of IMES to the purchaser was the best option to generate the maximum recoveries for creditors.

Sale of business

The Company's Advisors undertook a marketing process to sell the business and assets of IMES in July 2016, however, no offers were received at the time other than the offer from the Purchaser, which was subsequently received.

The offer from Seanamic Group was accepted as this represented the best return for creditors. Shortly after our appointment on 10 August 2016, certain of the Company's assets and business was sold to Seanamic Group for an initial consideration of £150,000 and deferred consideration of £12,740 which is payable over the next six months. Further amounts are to be received based on a minimum of £1,000 per month for 12 months; or higher depending on a ratcheted agreement.

The business and certain assets of IMES were sold including the Company's interest in plant and equipment, stock, contracts, employees, intellectual property, goodwill and software.

The Company's debts and claims, including the debtor ledger, together with encumbered assets were not included in the transaction.

Upon our appointment, the Company's 49 employees transferred to the Purchaser. There were no redundancies made by the Joint Administrators and no employees were retained to assist with the administration.

Please refer to the SIP 16 Memorandum for further information on the sale of business (Appendix 5)

4.2 Asset realisations

Realisations from the date of our appointment to 19 August 2016 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant realisations to date are provided below.



Sale of business and assets

As detailed in Section 4.1, the Company's business and assets were sold for an initial consideration of £150,000 on 10 August 2016.

Debtors

The Company's debtor ledger is subject to standard security by the Financier. The ledger balance at the date of appointment was £569,480.20 including £156,115.34 which we understand is due from a Company in Administration and one of its related entities.

The Joint Administrators have been instructed to collect these balances on behalf of the Financier. It is currently uncertain if the Financier will recover its indebtedness in full and if there will be any surplus funds available for the administration.

Up to 19 August 2016 we have collected £84,110, and will continue to vigorously pursue the remaining balances whilst it remains economical to do so.

Investigations

We are reviewing the affairs of the Company to find out if there are any actions which should be taken against third parties to increase recoveries for creditors.

In this regard, if you wish to bring to our attention any matters which you believe to be relevant, please do so by writing to Arfan Akram at KPMG LLP, 37 Albyn Place, Aberdeen, AB10 1JB, United Kingdom.

4.3 Costs

Payments made from the date of our appointment to 19 August 2016 are set out in the attached receipts and payments account (Appendix 2).

Summaries of the most significant payments made to date are provided below.

Property

Property holding costs have been incurred since our appointment, such as rent, rates and utility costs. These costs will be settled in due course and re-charged to the Purchaser.

Agents' fees

We have instructed agents to assist us with various matters including the valuation of moveable assets and matters considering the lease agreements. These agents fees will be settled in due course.

Marketing fees

We require to settle an invoice of £10,000 from the Company's Advisors in respect of the marketing process undertaken and the outcome thereof, including the provision of information. An invoice of £10,000 has been received and will be settled in due course.

Legal fees

Legal costs were incurred in the pre-appointment sale process which could not be settled but, where appropriate, will be paid as an expense of the administration. Further legal work has been instructed post appointment, the cost of which will be settled in due course.



5 Dividend prospects

5.1 Secured creditors

As noted in Section 3.2, the Bank holds a first ranking floating charge. We understand from the Bank that they are due c.£18,000 which relates to credit card debt.

We understand that funds of approximately £30,000 are currently held in the Companies account with the Bank and that the Bank will apply set-off to the funds which they hold in respect of their indebtedness.

Based on the above, the Bank will recover its indebtedness in full.

The Financier holds a fixed charge over the Company debtor balances, and a second ranking floating charge over the Company's assets. The Financier's core indebtedness, as secured lender to the Company, at the date of appointment was £272,798.71.

Based on the information currently available, it is not possible to determine with certainty whether the Financier will recover its indebtedness in full or the timing of the payments. This will be dependent on the realisations from the debtor's ledger.

5.2 Preferential creditors

Claims from employees in respect of (1) arrears of wages up to a maximum of £800 per employee, (2) unlimited accrued holiday pay and (3) certain pension benefits, rank preferentially.

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

5.3 Unsecured creditors

Based on current estimates, it appears unlikely that there will be sufficient funds to enable payment of a dividend to unsecured creditors.

6 Ending the administration

6.1 Exit route from administration

We currently consider it prudent to retain all of the options available to us, as listed in Section 9 to bring the administration to a conclusion in due course.

However, at this stage we anticipate that the most unlikely exit route will be dissolution.

6.2 Discharge from liability

We propose to seek approval from the Bank and the Financier that the Joint Administrators be discharged from liability in respect of any action as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Discharge does not prevent the exercise of the Court's power in relation to any misfeasance action against us.

Should the circumstances of the administration change, we reserve the right to revert to the Court in order to obtain discharge from liability.

7 Approval of proposals

7.1 Creditors' meeting

Based on the information currently available, we estimate that the Company has insufficient property to enable a distribution to be made to unsecured creditors. Therefore, we do not propose to hold an initial meeting of creditors.

7.2 Creditors' right to request an initial creditors' meeting

We will summon such a meeting (1) if asked to do so by creditors whose debt amounts to at least 10% of the total debts of the Company, and (2) if the procedures set out below are followed:

Requests for an initial creditors' meeting must be made within eight business days of the date on which our proposals were issued. They must include:

- A list of the creditors concurring the request, showing the amounts of their respective claims against the Company in administration;
- Written confirmation of their concurrence from each concurring creditor; and
- A statement of the purpose of the proposed meeting;

In addition, the expense of summoning and holding a meeting at the request of a creditor must be paid by that creditor. That creditor is required to deposit security for such expense with us.

If you wish to request a creditors' meeting, please contact Arfan Akram on 01224 416 968 to obtain the requisite forms.

7.3 Deemed approval of proposals

On expiry of eight business days from the date our proposals were issued, without any request for an initial creditors' meeting, it will be deemed that our proposals have been approved by creditors.

8 Joint Administrators' remuneration and outlays, disbursements and pre-administration costs

8.1 Approval of the basis of remuneration and disbursements

We propose to seek approval from the secured creditors (the Bank and the Financier) that:

Agreement to the basis and amount of our remuneration and outlays and the drawing of Category 2 disbursements is subject to specific approval. They are not agreed as part of our proposals.

- our remuneration will be set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3 for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3.

Agreement to the basis and amount of our remuneration and outlays and the drawing of Category 2 disbursement is subject to specific approval. They are not agreed as part of our proposals.

Should the circumstances of the administration change we reserve the right to revert to the secured creditors in order to seek approval for the basis and amount of remuneration and outlays and the drawing of Category 2 disbursement.

Time costs

From the date of our appointment to 19 August 2016, we have incurred time costs of £32,011.75. This represents 102.80 hours at an average rate of £311.40 per hour.

Disbursements

We have not incurred any disbursements during the period.

Additional information

We have attached (Appendix 3) an analysis of the time spent, the charge-out rates for each grade of staff and the disbursements paid directly by KPMG for the period from our appointment to 19 August 2016. We have also attached our charging and disbursements recovery policy.

8.2 Pre-administration costs

The following pre-administration costs have been incurred in relation to the pre-administration work detailed in Section 3.4:

Pre-administration costs			
	Paid (£)	Unpaid (£)	Total (£)
KPMG fees	10,000.00	54,070.25	64,470.25
Agents' costs	0.00	15,000.00	15,000.00



Legal fees	0.00	36,453.00	36,453.00
Total	10,000.00	105,523.25	115,923.25

Our pre appointment costs are analysed in appendix 3. All work noted related to the securing the pre-packaged sale and the administration appointment.

We engaged with the Company on 3 October 2016 and the Company made a payment towards our costs of £10,000.

The payment of unpaid pre-administration costs as an expense of the administration is subject to the same approval as our remuneration, as outlined above. It is not agreed as part of our proposals.

9 Summary of proposals

As noted in Section 4.1, the business and assets of IMES was sold upon our appointment, therefore being able to rescue the Company in accordance with Paragraph 3(1)(a) is not achievable.

Therefore our primary objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up, in accordance with Paragraph 3(1)(b).

In addition to the specific itemised proposals below, this document in its entirety constitutes our proposals.

We propose the following:

General matters

- to continue to do everything that is reasonable, and to use all our powers appropriately, in order to maximise realisations from the assets of the Company in accordance with the objective as set out above;
- to investigate and, if appropriate, to pursue any claims the Company may have;
- to seek an extension to the administration period if we consider it necessary.

Distributions

- to make distributions to the secured creditors where funds allow;
- to make distributions to the unsecured creditors if funds become available, and to apply to the Court for authority to do so, where applicable.

Ending the administration

We might use any or a combination of the following exit route strategies in order to bring the administration to an end:

- apply to Court for the administration order to cease to have effect from a specified time and for control of the Company to be returned to the Directors;
- formulate a proposal for either a company voluntary arrangement (CVA) or a scheme of arrangement and put it to meetings of the Company's creditors, shareholders or the Court for approval as appropriate;
- place the Company into creditors' voluntary liquidation. In these circumstances we propose that we, Geoff Jacobs and Blair Nimmo, be appointed as Joint Liquidators of the Company without any further recourse to creditors. If

appointed Joint Liquidators, any action required or authorised under any enactment to be taken by us may be taken by us individually or together. The creditors may nominate different persons as the proposed Joint Liquidators, provided the nomination is received before these proposals are approved;

- petition the Court for a winding-up order placing the Company into liquidation and to consider, if deemed appropriate, appointing us, Geoff Jacobs and Blair Nimmo, as Joint Liquidators of the Company without further recourse to creditors. Any action required or authorised under any enactment to be taken by us as Joint Liquidators may be taken by us individually or together;
- file notice of move from administration to dissolution with the Registrar of Companies if we consider that liquidation is not appropriate because (1) no dividend will become available to creditors, and (2) there are no other outstanding matters that require to be dealt with in liquidation. The Company will be dissolved three months after the registering of the notice with the Registrar of Companies.

Alternatively, we may allow the administration to end automatically.

Joint Administrators' remuneration and pre-administration costs

We propose that:

- our remuneration will be set and drawn on the basis of time properly given by us and the various grades of our staff in accordance with the charge-out rates included in Appendix 3;
- disbursements for services provided by KPMG (defined as Category 2 disbursements in Statement of Insolvency Practice 9) will be charged in accordance with KPMG's policy as set out in Appendix 3;
- unpaid pre-administration costs be an expense of the administration.

Discharge from liability

We propose that we shall be discharged from liability in respect of any action of ours as Joint Administrators upon the filing of our final receipts and payments account with the Registrar of Companies.

Appendix 1 Statutory information

Company information

Company and Trading name	IMES Limited
Date of incorporation	18 December 1984
Company registration number	SC091007
Trading address	Units 8, 9 and 11 Technology Centre, Claymore Drive, Aberdeen Energy Park, Bridge of Don, Aberdeen, AB23 8GD
Previous registered office	Units 8, 9 and 11 Technology Centre, Claymore Drive, Aberdeen Energy Park, Bridge of Don, Aberdeen, AB23 8GD
Present registered office	KPMG LLP, 37 Albyn Place, Aberdeen, AB10 1JB
Company Directors	Robin Edward Elliot Baxter (5,000 shares*) Roderick Ronald Buchan Melfort Andrew Campbell (24,000 shares*)
	*shares held in IMES Group Holdings Limited, which owns 100% of the share capital in IMES Limited.

Administration information

Administration appointment	The administration appointment granted in Aberdeen Sheriff Court
Appointor	Directors
Date of appointment	10 August 2016
Joint Administrators	Geoff Jacobs and Blair Nimmo
Purpose of the administration	Achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
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	9 August 2017
Prescribed Part	The Prescribed Part is applicable on this case and has been taken into account when determining the dividend prospects for unsecured creditors (Section 5).
Estimated values of the Net Property and Prescribed Part	Based on the information available to us it does not appear that there will be sufficient funds available to pay a dividend to the floating charge holder.
Prescribed Part distribution	If funds do become available for a distribution under the Prescribed Part, the Joint Administrators may make a distribution to the unsecured creditors; or if appropriate, may apply to the Court to obtain an order that the Prescribed Part shall not apply on the grounds that the cost of making a distribution to the unsecured creditors would be disproportionate to the benefits. Alternatively, the Prescribed Part will be automatically disapplied if the Net Property is less than £10,000 and the costs of making a distribution would be disproportionate to the benefits.
Application of EC Regulations	EC Regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC Regulations.



Appendix 2 Joint Administrators' receipts and payments account

Abstract of receipts & payments

Statement of affairs (£)	From 10/08/2016	From 10/08/2016
	To 19/08/2016 (£)	To 19/08/2016 (£)
	NIL	NIL

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](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 Arfan Akram on 01224 416968.

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 2015 £/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 10 August 2016 to 19 August 2016.

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

Category 2 disbursements are to be approved in the same manner as our remuneration.

Narrative of work carried out for the period 10 August 2016 to 19 August 2016

The key areas of work have been:

Statutory and compliance, Strategy documents, Checklists and reviews	<ul style="list-style-type: none">■ collating initial information to enable us to carry out our statutory duties, including creditor information, details of assets and information relating to the licences;■ providing initial statutory notifications of our appointment to the Registrar of Companies, The Registrar of Inhibitions and Adjudications, creditors and other stakeholders, and advertising our appointment;■ issuing press release and posting information on a dedicated web page;■ preparing bonding and complying with statutory requirements;■ ensuring compliance with all statutory obligations within the relevant timescales.■ reviewing and authorising junior staff correspondence and other work;■ dealing with queries arising during the appointment;■ allocating and managing staff/case resourcing and budgeting exercises and reviews;■ liaising with legal Advisors regarding the various instructions;■ complying with internal filing and information recording practices, including documenting strategy decisions.
Cashiering	<ul style="list-style-type: none">■ setting up administration bank accounts and dealing with the Company's pre-appointment accounts;■ ensuring compliance with appropriate risk management procedures in respect of receipts and payments.
General	<ul style="list-style-type: none">■ locating and reviewing relevant Company books and records, arranging for their electronic transfer;■ reviewing time costs data and producing analysis of time incurred which is compliant

	with Statement of Insolvency Practice 9.
Tax and VAT	<ul style="list-style-type: none"> ■ gathering initial information from the Company's records in relation to the taxation position of the Company; ■ submitting relevant initial notifications to HM Revenue and Customs; ■ analysing and considering the tax effects of various sale options, tax planning for efficient use of tax assets and to maximise realisations; ■ dealing with post appointment tax compliance.
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; ■ dealing with suppliers with retention of title claims, including reviewing supporting documentation and arranging and carrying out stock inspection visits; ■ providing updates to secured creditors; ■ drafting and circulating our circular to creditors; ■ drafting our progress report.
Employees	<ul style="list-style-type: none"> ■ dealing with queries from employees regarding various matters relating to the administration and their employment.
Investigations/ directors	<ul style="list-style-type: none"> ■ reviewing Company and directorship searches and advising the directors of the effect of the administration; ■ requesting completion of director's Questionnaire ■ requesting management produce the Statement of Affairs.
Asset realisations	<ul style="list-style-type: none"> ■ corresponding with the Company bank to obtain bank statements and other information; ■ collating information from the Company's records regarding the assets; ■ reviewing outstanding debtors and management of debt collection strategy; ■ liaising with Company credit control staff and communicating with debtors; ■ seeking legal advice in relation to book debt collections; ■ liaising with the Financier regarding debtor recoveries;
Health and safety	<ul style="list-style-type: none"> ■ liaising with internal health and safety specialists in order to manage all health and safety issues and environmental issues, including ensuring that legal and licensing obligations are complied with; ■ liaising with the Health and Safety Executive regarding the administration and ongoing health and safety compliance.
Property matters	<ul style="list-style-type: none"> ■ reviewing the Company's leasehold properties, including review of leases; ■ communicating with landlords regarding rent, property occupation and other issues,
Open cover insurance	<ul style="list-style-type: none"> ■ arranging ongoing insurance cover for the Company's business and assets; ■ liaising with the post-appointment insurance brokers to provide information, assess risks and ensure appropriate cover in place.
Sale of business	<ul style="list-style-type: none"> ■ liaising with our legal agents and the Purchaser on post appointment matters as noted in the sales and purchase agreement.

Time costs

SIP 9 – Time costs analysis (01/08/2016 to 09/08/2016)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Taxation							
Pre-appointment VAT / PAYE / CT		1.50	2.50		4.00	1,307.50	326.88
Asset Realisation							
Sale of business	31.20	53.35	59.20		143.75	59,082.75	411.01
Statutory and compliance							
Appointment and related formalities	1.60	3.40	7.50		12.50	4,080.00	326.40
Total in period	32.80	58.25	69.20	0.00	160.25	64,470.25	402.31

Pre-SIP 9 period (appointment date to SIP 9 period start date) 15.90 4,798.50

SIP 9 period time (SIP 9 period start date to SIP 9 period end date) 160.25 64,470.25

Carry forward time (appointment date to SIP 9 period end date) 160.25 64,470.55

SIP 9 – Time costs analysis (10/08/2016 to 12/08/2016)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Administration & planning							
Statutory and compliance							
Appointment and related formalities	1.25	0.30	8.00		9.55	2,904.25	304.11
Bonding and bordereau		0.80	0.80		1.60	612.00	382.50
Statutory advertising			0.30		0.30	84.00	280.00
Strategy documents	1.40	1.20			2.60	1,331.00	511.92
General correspondence			0.40		0.40	112.00	280.00
Notification of appointment			2.40		2.40	672.00	280.00
Cashiering							
General (Cashiering)			0.50		0.50	140.00	280.00
General							
Books and records			1.10		1.10	308.00	280.00
Tax							
Post appointment VAT		1.00			1.00	405.00	405.00
Creditors							



SIP 9 – Time costs analysis (10/08/2016 to 12/08/2016)

	Hours					Time Cost (£)	Average Hourly Rate (£)
	Partner / Director	Manager	Administrator	Support	Total		
Creditors and claims							
General correspondence			11.90		11.90	3,332.00	280.00
ROT Claims			1.90		1.90	532.00	280.00
Secured creditors			1.00		1.00	280.00	280.00
Statutory reports		4.70	8.50	4.50	17.70	5,222.00	295.03
Employees							
Correspondence			11.00		11.00	2,960.00	269.09
Investigation							
Directors							
Directors' questionnaire / checklist			0.30		0.30	84.00	280.00
Realisation of assets							
Asset Realisation							
Cash and investments			0.40		0.40	112.00	280.00
Debtors	1.65	6.90	20.60		29.15	9,372.25	321.52
Health & safety			0.25		0.25	70.00	280.00
Leasehold property			5.20		5.20	1,456.00	280.00
Open cover insurance			1.20		1.20	336.00	280.00
Sale of business	1.25	2.10			3.35	1,687.25	503.66
Total in period	5.55	17.00	75.75	4.50	102.80	32,011.75	311.40

Brought forward time (appointment date to SIP 9 period start date)	0.00	0.00
SIP 9 period time (SIP 9 period start date to SIP 9 period end date)	102.80	32,011.75
Carry forward time (appointment date to SIP 9 period end date)	102.80	32,011.75

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

All time shown in the above analysis is charged in units of six minutes.



Appendix 4 Estimated financial position

The Directors have yet to provide a Statement of the Affairs of the Company.

Once received, the Statement of Affairs will be filed with the Registrar of Companies and published on the Administration portal.

As a Statement of Affairs has not been provided, details of the estimated financial position of the Company at the latest practicable date are set out in the estimated outcome statement below.

A schedule of the known creditors' names, addresses, debts and details of any security held is available on the following website <http://www.insolvency-kpmg.co.uk/case+KPMG+IG808F2452.html>. Creditors should note that as the Company may not have completed updating its ledgers to the date of appointment, the balances stated may be revised.

This Estimated Outcome Statement has been prepared based on information extracted from the Company's books and records and we have not carried out anything in the nature of an audit on this information.

Please note that the actual level of asset recoveries and claims against the Company may differ materially from the amounts included in the statement above.

EMIS Realisations Limited (formerly IMES Limited)
Estimated outcome statement as at 10 August 2016

	NBV £	ETR £
Assets subject to standard security		
Trade debtors	617,339	322,937
Secured debt	(301,446)	(301,446)
Costs of realisation		(32,294)
Surplus / (shortfall)		(10,802)
Floating charge assets		
Moveable assets	86,836	81,091
Stock	143,461	18,909
Work-in-progress		60,740
Deferred consideration		12,000
Investments	415,519	
Cash	183,479	
Estimated total floating charge realisations		172,740
Administration and realisation costs		(178,000)
Net realisations for preferential creditors		(5,260)
Preferential creditors		
Wage arrears		-
Unpaid holiday		-
Total preferential creditors		-
Surplus / (shortfall) available before prescribed part		(5,260)
Prescribed part		
50% of the first £10,000 in value; and		-
20% of the net property which exceeds £10,000 in value		-
Total prescribed part		-
Available to first ranking floating charge holder		(5,260)
Floating charge debt		(10,802)
Surplus / (shortfall) to the Floating Charge Holders		(16,062)
Available to unsecured		(16,062)
Unsecured creditors		
Surplus / (shortfall) to the unsecured creditors	(764,277)	(764,277)

IMES Limited – in Administration SIP 16 memorandum of sale of business

This statement is made to in order to comply with the Joint Administrators' responsibilities under Statement of Insolvency Practice ("SIP") 16, the latest version of which is effective from 1 November 2015. Statements of Insolvency Practice are guidance notes issued by the insolvency regulatory authorities with a view to maintaining standards by setting out required practice and harmonising practitioners' approach to particular aspects of insolvency.

SIP 16 concerns arrangements where the sale of all or part of a company's business and assets is negotiated with a purchaser prior to the appointment of an administrator, who effects the sale immediately on, or shortly after, his appointment. SIP 16 can be located via this link to the ICAS website - https://www.icas.com/_data/assets/pdf_file/0006/173688/SIP-16-Pre-Packaged-Sales-in-Administrations-October-2015.pdf

Background

IMES Limited ("IMES" or "the Company", company registration number SC091007) was incorporated on 18 December 1984 in the name of Durkel Limited. IMES has changed name a number of times before being renamed as IMES Limited on 1 November 2002.

IMES is wholly owned by IMES Group Holdings Limited (SC353453).

The principal activity of IMES is the provision of specialist inspection, examination and engineering services, it provides a wide range of products for the supply and service of load measurements, monitoring and control systems. The Company operates in the Oil & Gas, Defence and Industrial markets.

Barclays Bank PLC ("the Bank") provides banking facilities including credit cards. The Company does not have an overdraft facility or any term debt. The Bank holds a first ranking floating charge.

The Company has an invoice finance facility with Bibby Factors Scotland Limited ("the Financier"). The Financier holds security against certain trade debtors and a second ranking floating charge. The debt due to the Financier is approximately £0.3 million.

For the year ending 30 April 2016 ("FY16"), the Company recorded turnover of £4.6 million with a loss before tax of £0.3 million.

The Company was cash generative in 2014 but began to experience cash flow challenges in 2015, due to the ongoing oil price decline adversely impacting the business, which resulted in client orders reducing, as operators in the oil and gas



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sector began to cut costs and actively target reductions in both capital and operating expenditure.

During FY15 the Directors identified the requirement for additional investment and in late 2015 the Company entered into discussions with a limited number of parties.

The existing shareholders injected £0.1 million into the Company in November 2015.

In December 2015, the Company entered into an invoice discount facility with the Financier to improve its cash flow position. Furthermore, steps were taken internally to improve the collection of debts from customers.

One of the Company's major customers entered into Administration in May 2016, with outstanding debts of approximately £150,000 due to the Company.

Furthermore, the Company was informed in June 2016 that they were to lose their contract with another major customer.

In June 2016, the Company instructed Johnston Carmichael LLP ("the auditors") to undertake a targeted marketing exercise to sell the Company or its business and assets. At that time the Company had approximately 50 employees.

During July 2016 the marketing process was undertaken and a number of parties expressed an interest in purchasing the business. Non-disclosure agreements were signed and further information was provided to a number of parties, however, no offers for the business were received.

Initial introduction

KPMG LLP ("KPMG") were initially introduced to the Company by the auditors on 27 July 2016.

Pre-appointment considerations

A review of other possible courses of action was undertaken, and comparisons were made to assess the likely outcomes for creditors from the options, which included but were not limited to:

1. Continued trading with no insolvency appointment

It was apparent that the Company would not generate sufficient working capital in order to continue to pay debts as they fell due. As the Company was not profitable, and certain key contracts had been lost, the shareholders were not prepared to provide the cash injection required and no additional banking facilities were available.

As such the directors concluded that an Administration appointment was required.

2. Continue trading on a limited basis following appointment



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As it is unlikely that an administrator would have been able to secured sufficient funding to be able to continue trading the business in its entirety, significant overhead costs would need to be removed from the business. This would likely involve significant redundancies, which could led to significant value erosion of the business, as:

- a. The staff hold significant amount of key knowledge regarding the business, operations, systems and services;
- b. The systems could not be properly operated, maintained and preserved; and
- c. Customers may seek to cancel planned works due to uncertainty.

There is also a risk that any key members of staff, who were not made redundant could leave the business, given the uncertainty over the outcome of any post appointment sales process.

3. 'Break up' sale

It was clear that a 'Break up' sale (individual sale of all of the assets of the Company) would result in a significant element of the inherent value in the business as a whole (as set out in 2. Above), being lost under such an option.

Following discussions with the Company's auditors and the Company's legal agents the directors concluded that the Company could not pay its debts as they fell due, was technically insolvent and that Administrators should be appointed. The directors lodged a notice to appoint Administrators on 28 July 2016.

After the notice of intention to appoint had been lodged, an offer was received from NEWCO SMG Limited, a wholly owned subsidiary of Seanamic Group Limited ("the Purchaser") to purchase the business and assets of the Company in a pre-packaged sale.

We have worked with the Company to assess the offer which was received following the lodgement of the notice of intention to appoint. The work carried out indicated that none of the other available options would have given rise to a better outcome for creditors than an administration appointment followed by an immediate sale of the business and assets of IMES to the Purchaser.

Marketing of the business and assets

The Company instructed their auditors to commence a sale process in early July 2016.

A total of twenty nine parties, operating in similar industries to the IMES, were approached and offered the opportunity to buy the shares of the Company or certain assets. Eight parties requested a confidentiality agreement of which five were signed and returned. Those parties were provided with access to a data room of information.



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On 29 July 2016 an offer was received from NEWCO SMG Limited ("the Purchaser") which included a non-refundable payment of £20,000 to enable the Company to take professional advice regarding its options.

The Company's directors decided to progress the offer rather than undertake further marketing based on the following considerations:

1. A marketing process had been undertaken and the Purchaser was the only party to make an offer;
2. Additional costs would require to be undertaken to run a further sales process, and there was insufficient funding available to allow these costs to be met; The Purchaser provided a non-refundable payment of £20,000 to fund the costs of assessing the proposed sale during a short period of exclusivity.
3. The Company would likely continue to incur debts during any further marketing process;
4. A sales process post-Administration could lead to significant erosion of the value of the business, for the reasons outlined in "Section 2 Pre-appointment considerations"; and
5. There is a risk that the Purchaser may have withdrawn their offer if it was not accepted.

It was not deemed necessary to formally advertise the business online. Such action may have had a significant detrimental impact on the Company's trading and made it impossible to achieve a business and asset sale.

Valuation of the business and assets

As detailed above in "marketing of the business and assets", the Company has run an extensive sale process. On the basis that the market has been extensively tested through the accelerated sale process, and that funding was not available to permit a longer process, the Joint Administrators believe that the process has maximised the value of the Company's assets.

To provide additional comfort on the value obtained, the Company separately instructed GMG Asset Management (UK) Limited ("GMG") to value the Company's plant, equipment and stock. The Company also instructed Ryden LLP ("Ryden") and Lambert Smith Hampton Limited ("LSH") to value the Company's leasehold property interests.

GMG, Ryden and LSH are specialist appraisers and valuers, in the fields of moveable assets (GMG) and commercial property (Ryden & LSH). All three agents has been providing a wide range of valuation and disposal services for over 20 years.

Prior to commencing the valuations, all three agents confirmed their independence and that they carry adequate professional indemnity insurance.

GMG valued the Company's moveable assets on a break up basis of £68,150, and on an open market going concern basis at £133,210.



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The offer received from the Purchaser is significantly in excess of the break up valuation. No other party made an offer to purchase the business and assets. It is unlikely that a going concern value could have been achieved following an appointment due to the risks and uncertainties associated with seeking to trade a business of this nature in insolvency which would also have resulted in significant additional holding costs being incurred and redundancies made.

In conjunction with the Company's legal agents, we reviewed the Company's contracts, framework agreements and leasehold interests. The majority of the agreements contained clauses that would allow the customer to cancel the contract in the event of an insolvency of the Company and/or prohibited the transfer of the contract to another entity. As such, there was no guaranteed value in any of the agreements and it was extremely uncertain whether it would have been possible to realise value following an administration appointment.

The transaction

The transaction concluded on 10 August 2016.

Purchaser and related parties

The purchaser is NEWCO SMG Limited a company incorporated in Scotland with registration number SC540332 and a wholly owned subsidiary of Seanamic Group Limited ("the Purchaser").

There is no connection between the Purchaser and IMES.

There is also no connection between the Purchaser and the Company's directors, shareholder, the Financier or the Bank.

The Joint Administrators were advised by Pinsent Masons LLP.

The Purchaser was independently advised by Burness Paul LLP.

Assets

The business and certain assets of IMES were sold including the Company's interest in plant and equipment, stock, contracts, employees, intellectual property, goodwill and software.

The Company's debts and claims, including the debtor ledger, together with encumbered assets were not included in the transaction.

Sale consideration

The initial sale consideration for the business and assets is £100,000 plus £50,000 for work in progress.

Deferred consideration is payable depending on sales achieved by the purchaser over the next 12 months as follows:



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Minimum of £1,000 per month for 12 months; or if higher
0.5% of sales if sales are > £5m; or
1.0% of sales if sales are > £7m.

Deferred consideration of £12,740 is also payable for work in progress over the next six months.

There are no options or other significant conditions attached to the sale.

Conclusion

The Company entered administration with the objective of achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration);

The pre-packaged sale has enabled the Joint Administrators to achieve this purpose by generating value which would almost certainly have been lost if a liquidation or break up sale had required to be undertaken.

The Joint Administrators have acted in the best interests of the creditors as a whole when negotiating this pre-packaged sale and are satisfied that the sale price achieved was the best available outcome in all the circumstances.

The Joint Administrators will send out their proposals, providing further information regarding the Company and their appointment, within two weeks of appointment.



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Appendix 6 Glossary

Advisor	Johnston Carmichael LLP
Bank	Barclays Bank PLC
Company	EMIS Realisation Limited – in Administration (formerly IMES Limited)
ETR	Estimated to realise value
Financier	Bibby Factors Scotland Limited
Joint Administrators/we/our/us	Geoff Jacobs and Blair Nimmo
KPMG	KPMG LLP
The Purchaser	NEWCO SMG Limited, a wholly owned subsidiary of Seanamic Group
TUPE	Transfer of Undertakings (Protection of Employment) Regulations 2006
NBV	Net book value

Any references in these proposals 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 7 Notice: About this statement of proposals

This statement of proposals ('proposals') has been prepared by Geoff Jacobs and Blair Nimmo, the Joint Administrators of EMIS Realisations Limited – (formerly IMES Limited) in Administration (the 'Company'), solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes 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.

These proposals have not been prepared in contemplation of them being used, and are not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company or any other company in the same group.

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

Any person that chooses to rely on these proposals for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 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.

Geoffrey Isaac Jacobs and Blair Carnegie Nimmo are authorised to act as insolvency practitioners 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 these proposals or the conduct of the administration.



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