

The Insolvency Act 1986

Administrator's progress report**R2.38**

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

Name of Company

Select Contract Maintenance Limited

Company number

SC226100

(a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
John Charles Reid
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQBrian William Milne
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date(s)

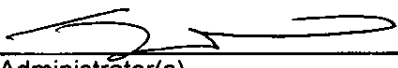
(b) 27 May 2011

(b) 26 November 2011

Signed


Joint / Administrator(s)

Dated


20th December 2011**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

John Charles Reid
Deloitte LLP
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DX Number DX: GW 223

Tel: 0141 204 2800
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:-
Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
DX 235 Edinburgh / LP 4 Edinburgh-2

THURSDAY



SCT

S00P3P5K
22/12/2011
COMPANIES HOUSE

#340

Deloitte.

Deloitte LLP
Tombard House
9 George Square
Edinburgh G2 100Q
Tel: +44 (0) 141 204 2800
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TO ALL CREDITORS OF SCOTTISH GRASS MACHINERY LIMITED, SGM
FINANCE LIMITED, SELECT CONTRACT MAINTENANCE LIMITED AND
SGM GROUP LIMITED (ALL IN ADMINISTRATION) ("THE COMPANIES")

Direct: 0131 535 7426
Direct fax: 0131 535 7777
sold@deloitte.co.uk

20 December 2011

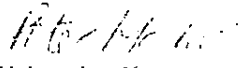
Our Ref: JCR/IB/SCR/SXO

Dear Sirs

Scottish Grass Machinery Limited, SGM Finance Limited, Select Contract Maintenance Limited, SGM Group Limited (All In Administration) ("the Companies")

Further to previous correspondence, I am now pleased to enclose our six monthly progress report for the period 27 May 2011 to 26 November 2011, attached to Forms 2.20B(Scot), in respect of the Administrations.

Yours faithfully
For and on behalf of the Companies


Kristopher Keame
For John C. Reid
Joint Administrator

Enc

John Charles Reid and Ian Brown were appointed Joint Administrators of Scottish Grass Machinery Limited, SGM Finance Limited, Select Contract Maintenance and SGM Group Limited on 27 November 2006. Ian Brown was replaced as Joint Administrator by Brian Milne on 25 May 2011. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liabilities.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number 06769142 and is authorised to act as a Joint Administrator of Companies in Scotland. Deloitte LLP is a member of the Deloitte network of member firms which are all independent member firms of the International Federation of Accountants (IFAC). Deloitte LLP is a member of the Institute of Chartered Accountants of Scotland. All clients of Deloitte LLP are advised to contact their independent advisers.

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The Insolvency Act 1986

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

| |
|----------------------------------|
| Name of Company |
| Scottish Grass Machinery Limited |

| |
|----------------|
| Company number |
| SC132419 |

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

I/We (a)
John Charles Reid
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

Brian William Milne
Deloitte LLP
Lomond House
9 George Square
Glasgow
G2 1QQ

administrator(s) of the above company attach a progress report for the period

from

to

(b) Insert date(s)

(b) 27 May 2011

(b) 26 November 2011

Signed

Joint / Administrator(s)

Dated

20th December 2011

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Companies House receipt date barcode

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The Insolvency Act 1986

Administrator's progress report**R2.38**

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

Name of Company

SGM Finance Limited

Company number

SC200816

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

I/We (a)
John Charles Reid
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Lomond House
9 George Square
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G2 1QQ

Brian William Milne
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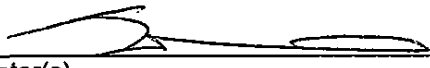
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(b) Insert date(s)

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(b) 26 November 2011

Signed


Joint / Administrator(s)

Dated


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Name of Company

Select Contract Maintenance Limited

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SC226100

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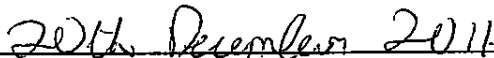
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The Insolvency Act 1986

Administrator's progress report**R2.38**

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

Name of Company

SGM Group Limited

Company number

SC200815

a) Insert full
name(s) and
address(es) of
administrator(s)I/We (a)
John Charles Reid
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G2 1QQBrian William Milne
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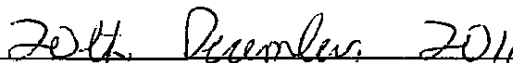
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**SCOTTISH GRASS MACHINERY LIMITED, SGM FINANCE LIMITED, SELECT
CONTRACT MAINTENANCE LIMITED AND SGM GROUP LIMITED (ALL IN
ADMINISTRATION) ("the Companies")**

Court of Session Reference Numbers:

Scottish Grass Machinery Limited– P2779/06

SGM Finance Limited – P2777/06

Select Contract Maintenance Limited – P2780/06

SGM Group Limited – P2778/06

**SIX MONTHLY PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.38 OF THE INSOLVENCY (SCOTLAND) RULES 1986 (AS
AMENDED)**

20 December 2011

This report has been prepared for the sole purpose of updating the Court for information purposes. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Court for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

John C Reid and Ian Brown were appointed Joint Administrators of the Companies on 27 November 2007, with Ian Brown retiring and Brian W Milne being appointed Joint Administrator on 19 May 2011. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

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

John Reid & Brian Milne
Deloitte LLP
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| | |
|---|----------|
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| 3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT AND ESTIMATED OUTCOME | 4 |
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APPENDICES

- 1. Summary of Statutory Information**
- 2. Joint Administrators' Receipts and Payments accounts as at 26 November 2011 in respect of each of the Companies**
- 3. Joint Administrators' time costs for SGM Finance Limited for period 27 November 2006 to 21 September 2011 being date to which fees were requested**

ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used:

| | |
|----------------------|---|
| "the Act" | Insolvency Act 1986 (as amended) |
| "the Rules" | Insolvency (Scotland) Rules 1986 (as amended) |
| "the Administrators" | John C Reid & Brian W Milne |
| "the Companies" | Scottish Grass Machinery Limited, SGM Finance Limited, Select Contract Maintenance Limited, and SGM Group Limited (All In Administration) |
| "Deloitte" | Deloitte LLP |
| "Newco" | SGM (UK) Limited, SGM LLP |
| "the Bank" | Bank of Scotland Plc |
| "the Directors" | David Simpson McInroy and Steven David McInroy |
| "the Group" | Scottish Grass Machinery Limited, SGM Finance Limited, Select Contract Maintenance Limited, and SGM Group Limited (All In Administration) |
| "King Sturge" | King Sturge International LLP |

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.38 of the Rules to provide creditors with an update on the progress of the Administrations of the Companies since our last report to creditors dated 24 June 2011.

This report follows on from our previous reports of 12 January 2007, 4 July 2007, 10 December 2007, 24 June 2008, 22 December 2008, 24 June 2009, 15 December 2009, 18 June 2010, 17 December 2010 and 24 June 2011.

Our report is prepared on the combined basis for the Companies in light of the commonality of creditors and cross guarantees granted to the Bank by the Companies.

The Administrators' proposals deemed approved following the issue of a notice under Paragraph 52(1) of Schedule B1 of the Act on 12 January 2007 and the expiry of 12 days thereafter are detailed in section 2.1 below.

On the basis that there remained unrealised assets of the Company which were not sold before 26 November 2009, the one year anniversary of the Administration, the Administrators submitted an application to the Court seeking to extend the period of the Administration by 36 months, in terms of Paragraph 76(2)(a) of Schedule B1 of the Act. As the assets sale was not fully complete by the 5th Anniversary of the Administration, the Administrators submitted a further application to the Court for a further extension of 1 year to 26 November 2012. This is discussed further at section 5.1 below.

A summary of statutory information in respect of the Companies is contained in Appendix 1.

1.2 Details of the appointment of the Administrators

John C Reid and Ian Brown of Deloitte were appointed Joint Administrators of the Companies by the Directors on 27 November 2006.

In accordance with Paragraph 94 of Schedule B1 of the Act, Ian Brown was replaced as Joint Administrator by Brian Milne, a Director in Deloitte. Both the resignation of Ian Brown and his replacement with Brian Milne were effective from 19 May 2011.

The Court of the proceedings for all 4 appointments is the Court of Session, Edinburgh (case numbers Scottish Grass Machinery Limited P2779/06, SGM Finance Limited P2777/06, Select Contract Maintenance Limited P2780/06 and SGM Group Limited P2778/06).

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

2. JOINT ADMINISTRATORS' PROPOSALS

2.1 Introduction

As previously reported to creditors, the Administrators concluded they would perform their functions in order to realise optimum value for the Companies' creditors as a whole.

Consequently, the Administrators have performed their functions in relation to the Company with the objective set out in Paragraph 3(b) of Schedule B1 of the Act, which is to achieve a better result for the Company's creditors' as a whole than would be likely if the Company was wound up (without first being in administration).

The Administrators' proposals in order to achieve this objective, which were deemed approved following the issue of a notice under Paragraph 52(1) of schedule B1 of the Act on and the expiry of 12 days thereafter, are as follows:

1. the Administrators continue to manage the affairs and assets of the Companies including the continued trading, continue to investigate the potential for a sale of the businesses and assets of the Companies or realise assets for the benefit of creditors and the settlement of all administration expenses;
2. the Administrators continue their enquiries into the conduct of the Directors of the Companies and continue to assist any regulatory authorities with their investigation into the affairs of the Companies;
3. the Administrators be authorised to agree the claims of the secured and preferential creditors of the Companies unless the Administrators conclude, in their reasonable opinion, that the Companies will have no assets available for distribution;
4. the Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit;
5. the Administrators become the Liquidators of the Companies, if it becomes appropriate to take steps to place the Companies into Creditors Voluntary Liquidation;
6. the Administrators' fees and expenses for each of the Companies be approved for payment, pursuant to Rule 2.39 of the Rules, by the preferential creditors and Secured Creditor of the Companies, or where such approval is not given that the Administrators' fees and expenses be approved by the appropriate Court and Court reporter; and
7. on completion of the realisation of assets and distribution of funds to creditors, and as quickly and as efficiently as is reasonably practicable, the Administrators implement the most cost effective steps to formally conclude the Administrations.

2.2 Amendments to proposals

There have been no revisions to the proposals as stated in our report of 12 January 2007.

2.3 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals:

| Proposal | Current status in respect of each Company |
|----------|--|
| 1 | Ongoing |
| 2 | Completed 26/08/09 |
| 3 | Ongoing |
| 4 | Secured Creditor ongoing. Preferential Creditors paid in full. |
| 5 | Ongoing |
| 6 | Ongoing |
| 7 | Ongoing |

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors in respect of each of the Companies is contained in the following sections of this report.

3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT AND ESTIMATED OUTCOME

3.1 Introduction

Set out in Appendix 2 is a Joint Administrators Receipts and Payments account in respect of each of the Companies covering the period from 27 November 2006 to 26 November 2011, together with details of the transactions in the interim period, 27 May 2011 to 26 November 2011, in accordance with the Statement of Insolvency Practice 7 (Scotland).

In light of the ongoing recovery of the assets of the Companies, the Administrators have determined that the disclosure of an estimate of the value of the Companies' net property would seriously prejudice the commercial interests of the Group. Accordingly, pursuant to Rule 2.25(k)(i)(bb) of the Rules, this information is not disclosed as part of the Administrators' Proposals and therefore is not disclosed as part of this Progress Report.

3.2 Asset realisations

The staggered sale of the business and assets of the Companies to Newco was concluded on 24 January 2007. The agreed sale included certain of the book debts, stock and plant and equipment of the Companies, along with an option to acquire the Companies' property.

The Administrators were granted a 36 month extension from 27 November 2008 to 26 November 2011 in order to allow them to ingather the deferred consideration arising from the staggered sale and to collect and dispose of the Companies' assets that were subject to leasing agreements. Since the extension was granted, the Administrators have continued to collect the deferred consideration and to collect and dispose of the Companies' assets that were subject to leasing agreements. Details of the funds received to date are set out in the Receipts and Payments accounts provided in Appendix 2. It had been anticipated that the deferred consideration would be paid in full by July 2011 and that all assets would be collected and realised prior to the 26 November 2011. Unfortunately, the deferred sale has been further extended and will not be completed until sometime in 2012, additionally there remains assets to be disposed of that have now been returned under the previous leasing agreements.

The assets remaining to be realised are:

- Plant & Equipment; and
- Assets not realisable at the date of appointment as a result of the contractual obligations of the Companies. Being plant and machinery that was on hire until July 2011.

In this period the Administrators have received £274,500 in regards to the staggered sale as shown in the R&P at Appendix 2

3.3 Estimated future realisations

Due to the staggered sale of the business, and the ongoing sale of plant and machinery the future realisations are not available for disclosure.

3.4 Estimated outcome for creditors

As set out in our previous reports, it is not expected that there will be any dividend paid to the unsecured creditors of any of the Companies.

4. DISTRIBUTIONS TO CREDITORS

4.1 Secured creditors

The Bank was due approximately £16,200,000 across all Companies at the date of appointment excluding accrued interest. The Banks Securities have been stated in our previous reports. The Bank will not recover its lending in full.

4.2 Preferential creditors

Preferential claims have been paid in full.

4.3 Prescribed Part

Given that the floating charge in respect of the companies was granted prior to 15 September 2003, the provisions of the Enterprise Act 2003 in respect of a prescribed part do not apply. Therefore as previously stated there is not anticipated to be any distribution available to the ordinary creditors of the Companies.

4.4 Unsecured creditors

As set out in our previous reports, it is not expected that there will be any dividend paid to the unsecured creditors of any of the Companies.

5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

5.1 Extensions to the initial appointment period

As previously reported the Administrations were originally extended for one year in November 2007. The Administrators then returned to the Court in November 2008 to request a further extension to the Administrations of the Companies of three years to 26 November 2011 which was duly granted. A further extension of 1 year was granted on 18 November 2011 in respect of all 4 Companies to 26 November 2012. The extensions to the Administrations have been to allow for the conclusion of the deferred sale and the disposal of assets coming available under the previous leasing agreements, as noted in Section 3.2.

5.2 Investigations

We have carried out investigations into the conduct of the Directors and a final return was submitted to the Insolvency Service, a division in The Department for Business, Innovation and Skills on 26 August 2007.

5.3 Exit

Under the Enterprise Act 2002, all Administrations automatically come to an end after one year, unless an extension is granted by the Court or with consent of the creditors.

Otherwise and unless it is proposed that a company in administration should be placed in Creditors' Voluntary Liquidation the appointment of Administrators ceases on filing a notice in Court and with the Registrar of Companies under paragraph 84 of Schedule B1 of the Act to allow the dissolution of the company to proceed.

It is anticipated that this will be the closure route for the Companies to bring these Administrations to an end once all matters are finalised.

5.4 SIP 13 – Transactions with connected parties

In accordance with Statement of Insolvency Practice Number 13 (Scotland), we advise that Steven David McInroy is a Director of Newco are also Directors of the Companies.

5.5 EC Regulations

As stated in the Administration Order in respect of the Companies, Council Regulation (EU), No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

6. JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

6.1 Joint Administrators' Remuneration

There will be no funds available to the unsecured creditors other than by virtue of Section 176A(2)(a) of the Act; therefore, fixing of the Administrators' remuneration will be approved in accordance with Rule 2.39(9) of the Rules, which is outlined as follows:

- Where the Administrators have made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act the Administrators' remuneration may be fixed by the approval of:
 - each secured creditor; or
 - if the Administrators intend to make a distribution to preferential creditors, with the approval of each secured creditor and 50% of preferential creditors who respond to an invitation to consider approval.

As previously reported, total fees of £667,500 (which includes £460,500 as detailed in Appendix 3 in respect of SGM Finance Limited) and total expenses of £30,789 were drawn in the period to 9 October 2011 in respect of the Companies under resolutions passed by secured and preferential creditors in accordance with Rule 2.39 of the Rules. A further fee of £30,000 was approved and drawn from SGM Finance on 13 October 2011. The fees and expenses drawn to this date are summarised as follows;

| Fees & Expenses Analysis | | | | |
|-------------------------------------|--------------------------------|----------------------------------|--------------------------------|----------------|
| | 18 months to 26-May-08 £ | 27- May- 08 to 09-Oct-08 £ | 10-Oct-08 to 21-Sep-11 £ | Total £ |
| Fee | | | | |
| SGM Finance Limited | 410,500 | 50,000 | 30,000 | 490,500 |
| Scottish Grass Machinery Limited | 181,000 | - | - | 181,000 |
| Select Contract Maintenance Limited | 26,000 | - | - | 26,000 |
| | 617,500 | 50,000 | 30,000 | 697,500 |
| Expenses | | | | |
| SGM Finance Limited | 19,000 | - | - | 19,000 |
| Scottish Grass Machinery Limited | 9,868 | - | - | 9,868 |
| Select Contract Maintenance Limited | 1,921 | - | - | 1,921 |
| | 30,789.00 | - | - | 30789 |
| Deloitte Analysis: | | | | |

The work has been categorised into the following task headings and sub categories:

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting, compliance, cashiering and accounting.
- **Investigations** includes investigating the companies affairs and in particular any antecedent transactions and also reporting on the conduct of its directors.
- **Realisation of assets** includes identifying, securing and insuring assets, sale of business, transition of contracts, property issues, disposal of stocks, collection of debts, realisation of other fixed assets and VAT and taxation matters.
- **Trading** includes planning, identifying strategy, preparation of trading forecasts, monitoring of performance against the forecasts, managing operations, dealing with supplier and landlord issues to ensure continuity of operations, accounting and employees (including pensions and other staff benefits).
- **Creditors** includes set-up of creditor records, creditor communications, preferential claims, unsecured claims, secured and employee claims.

As preferential creditors have been paid in full, future fee approvals will be sought from the secured creditor only.

"A Creditors' Guide to Administrators' Remuneration" is available for download at http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP%209%20SCOT.pdf

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

6.2 Disbursements

The Administrators' direct disbursements in the Administrations were as follows:

| Nature of disbursement | Total (£) |
|-------------------------|------------------|
| Postage | 3,810.03 |
| Travel | 13,874.56 |
| Subsistence | 5,144.31 |
| Accommodation | 5,661.52 |
| Locksmiths | 270.72 |
| Photocopying (External) | 4,379.30 |
| Couriers | 40.17 |
| Storage | 6.71 |
| Total | 33,187.32 |

It should be noted that the Administrators, have incurred and drawn expenses of £30,789 to date.

Note that Deloitte policy is to seek approval of both Category 1 and 2 disbursements and therefore there is no need to distinguish between the two. Disclosure is required where we have incurred Category 2 expenses such as mileage and internal copying.

Mileage is calculated at the prevailing standard mileage rate of up to presently 45p used by Deloitte at the time when the mileage is incurred.

6.3 Charge out rates

Our charge out rates for 2011 for the staff involved in this assignment are as follows:

| Grade | £ |
|--|------------|
| Partners/Associate Partners/Directors | 560 to 895 |
| Managers | 280 to 670 |
| Assistants and Support Staff | 175 to 280 |

Charge out rates for years 2007, 2008, 2009 and 2010 have been stated in previous reports and are therefore not reproduced here.

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

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

With effect from 1 January 2011, charge out rates were increased by an average 5% and the charge out rate bandings have been amended, where applicable, to reflect this change.

6.4 Other professional costs

As advised in previous reports, Shepherd & Wedderburn LLP were instructed by the Administrators to advise on appropriate legal matters. Rothera Dawson were utilised on a specific legal matter of which they had pre appointment knowledge. In addition, King Sturge, a firm of chattel agents, were instructed by the Administrators to undertake inventories and valuations of stock, plant and equipment, fixtures and fittings and other chattel assets where appropriate, King Sturge have also been involved in the auction sale of plant and equipment. Graham & Sibbald were asked to provide advice on the properties. The professional costs to date are summarised in the table below. All professional costs are reviewed and analysed before payment is approved.

The following professional costs have been incurred and paid;

| Name of lawyer/agent | Fees £ |
|---------------------------|-------------------|
| Shepherd & Wedderburn LLP | 152,216.11 |
| King Sturge | 262,277.99 |
| Rothera Dawson | 2,049.63 |
| Graham & Sibbald | 1,500.00 |
| Total | 418,043.73 |

SCOTTISH GRASS MACHINERY LIMITED, SGM FINANCE LIMITED, SELECT CONTRACT MAINTENANCE LIMITED, SGM GROUP LIMITED (ALL IN ADMINISTRATION)

SUMMARY OF STATUTORY INFORMATION

| | |
|--|---|
| Company names | Scottish Grass Machinery Limited, SGM Finance Limited, Select Contract Maintenance Limited, SGM Group Limited |
| Court of Session and Court References | Scottish Grass Machinery Limited – P2779/06 SGM Finance Limited – P2777/06 Select Contract Maintenance Limited – P2780/06 SGM Group Limited – P2778/06 |
| Previous names | Scottish Grass Machinery Limited – POG 59 Ltd, SGM Finance Limited – SGM Contract Hire Ltd & PBL 125 Limited, Select Contract Maintenance Limited – PBL 185 Limited, SGM Group Limited – SGM Operations Ltd & SGM Contracts Limited & PBL 124 Limited |
| Date of Appointment for all Companies | 27 November 2008 |
| Joint Administrators | John Charles Reid & Brian William Milne |
| Company numbers | SC132419 Scottish Grass Machinery Limited SC200816 SGM Finance Limited SC226100 Select Contract Maintenance Limited SC200815 SGM Group Limited |
| Incorporation dates | Scottish Grass Machinery Limited – 13/06/1991, SGM Finance Limited – 19/10/1999, Select Contract Maintenance Limited – 06/12/2001, SGM Group Limited – 19/10/1999 |
| Registered offices | c/o Deloitte LLP Lomond House 9 George Square Glasgow G2 1QQ |
| Ordinary issued and called up share capital | Scottish Grass Machinery Limited – 60,000 ordinary shares, SGM Finance Limited – 1 ordinary share, Select Contract Maintenance Limited – 1 ordinary share, SGM Group Limited – 60,000 ordinary shares. |
| Shareholders | Scottish Grass Machinery Limited – SGM Group Limited, SGM Finance Limited – SGM Group Limited, Select Contract Maintenance Limited – SGM Group Limited, SGM Group Limited – Alexander Michael Pollock – 12,000, David Simpson McInroy – 15,300, Steven David McInroy – 14,700, David S McInroy Discretionary Trust – 18,000. |
| Directors at Date of Appointments | David Simpson McInroy Steven David McInroy |
| Appointed By | The Directors of the Company in terms of Paragraph 22 of Schedule B1 of the Act (as amended) |
| Company secretary | CCW Secretaries Limited Thomson House, Pitreavie Court Pitreavie Business Park Dunfermline Fife KY11 8UU |
| Bankers | Bank of Scotland plc |
| Auditors | Condle & Co 10 Abbey Park Place Dunfermline KY12 7NZ |

| Scottish Grass Machinery Limited (In Administration) Joint Administrators' Receipt and Payment Account as at 26 November 2011 | | | |
|--|--|--|---------------------|
| RECEIPTS | Statement of Affairs Estimated to Realise (£) | Interim Period 27/11/10 to 27/11/11 (£) | Total (£) |
| External Sales | | 0.00 | 194,918.31 |
| Internal Sales | | 0.00 | 59,508.96 |
| Inverkeithing Property | | 0.00 | 1,200,494.12 |
| Rotherham Property | 1,792,839.00 | 0.00 | 300,000.00 |
| Rental Income | | 0.00 | 108,000.00 |
| Wholegoods | | 0.00 | 224,735.82 |
| Parts Stock | 250,000.00 | 0.00 | 27,990.00 |
| Other Equipment & Vehicles | 15,000.00 | 0.00 | 54,097.00 |
| Book Debts | 200,000.00 | 0.00 | 231,553.10 |
| Other Recoveries | | 0.00 | 3,568.95 |
| Tax Refund | | 0.00 | 560.42 |
| Bank Interest Gross | | 12.44 | 18,431.83 |
| | | 12.44 | 2,423,858.51 |
| PAYMENTS | | | |
| Wages & Salaries | | 0.00 | 124,972.23 |
| Rent & Rates | | 0.00 | 11,798.03 |
| Lease & rental Costs | | 0.00 | 167.90 |
| Motor Expenses | | 0.00 | 5,811.66 |
| Carriage | | 0.00 | 1,251.04 |
| Heat & Power | | 0.00 | 3,186.42 |
| Phone & Fax | | 0.00 | 8,643.44 |
| Employee Expenses | | 0.00 | 1,559.81 |
| Consultants Fees | | 0.00 | 2,683.36 |
| Employee Expenses/Fuel | | 0.00 | 8.50 |
| Cleaning | | 0.00 | 2,428.20 |
| Parts & Service | | 0.00 | 57,070.16 |
| Maintenance & Support | | 0.00 | 2,421.66 |
| Other Costs | | 0.00 | 1,640.86 |
| Rates | | 0.00 | 2,046.97 |
| Administrators' Fees - Property | | 0.00 | 23,857.00 |
| Legal Fees & Expenses - Property | | 0.00 | 16,429.03 |
| Agents Fees & Expenses - Property | | 0.00 | 1,500.00 |
| Chargeholder - Property | | 0.00 | 1,565,494.12 |
| Specific Bond | | 10.00 | 142.00 |
| Preparation of S of A | | 0.00 | 6,000.00 |
| Administrators' Fees - Floating Charge | | 0.00 | 157,143.00 |
| Administrators' Expenses - Floating Charge | | 0.00 | 9,868.00 |
| Legal Fees & Expenses - Floating Charge | | 785.82 | 34,036.19 |
| Agents Fees & Expenses - Floating Charge | | 0.00 | 24,834.00 |
| Other Cost of Realisation - Floating Charge | | 0.00 | 1,330.42 |
| Stationery | | 0.00 | 532.40 |
| Storage Costs | | 14.95 | 187.47 |
| Statutory Advertising | | 76.50 | 76.50 |
| Bank Charges | | 0.00 | 1,051.87 |
| Department of Employment | | 0.00 | 10,983.00 |
| Employee Wage Arrears | | 0.00 | 108.39 |
| Employee Holiday Pay | | 0.00 | 10,264.92 |
| Other Employee Preferential Claims | | 0.00 | 156.00 |
| Distribution to Bank - Floating Charge | | 0.00 | 323,659.91 |
| | | 887.27 | 2,413,344.46 |
| Balance | | (874.83) | 10,514.05 |
| REPRESENTED BY: | | | |
| VAT Receivable | | | 210.05 |
| IB Current A/C | | | 4,311.20 |
| VAT Payable | | | 5,250.00 |
| VAT Control Account | | | 484.66 |
| Control Account - New Co | | | 258.14 |
| | | | 10,514.05 |
| Source: Deloitte Analysis | | | |

| Select Contract Maintenance Limited (In Administration) Joint Administrators' Receipt and Payment Account as at 26 November 2011 | | | |
|---|--|--|-------------------|
| RECEIPTS | Statement of Affairs Estimated to Realise (£) | Interim Period 27/11/10 to 26/11/11 (£) | Total (£) |
| External Sales | | 0.00 | 2,868.72 |
| Internal Sales | | 0.00 | 294,531.86 |
| Parts Stock | 25,000.00 | 0.00 | 27,990.00 |
| Book Debts | 25,000.00 | 0.00 | 51,863.25 |
| Other Recoveries | 10,000.00 | 0.00 | 9,990.08 |
| Sundry Receipts | | 0.00 | 1,341.42 |
| Bank Interest Gross | | 25.59 | 7,349.26 |
| | | 25.59 | 395,934.59 |
| PAYMENTS | | | |
| Wages & Salaries | | 0.00 | 127,344.11 |
| Rent & Rates | | 0.00 | 3,205.69 |
| Lease & rental Costs | | 0.00 | 24,643.87 |
| Carriage | | 0.00 | 21.91 |
| Heat & Power | | 0.00 | 1,425.61 |
| Phone & Fax | | 0.00 | 220.73 |
| Stationary & Postage | | 0.00 | 55.00 |
| Lock Changes for Depots | | 0.00 | 205.00 |
| Employee Expenses | | 0.00 | 3,850.47 |
| Parts & Service | | 0.00 | 25,013.26 |
| Other Costs | | 0.00 | 646.32 |
| Rates | | 0.00 | 3,566.34 |
| Specific Bond | | 10.00 | 89.00 |
| Administrators Fees - Floating Charge | | 0.00 | 26,000.00 |
| Administrators Expenses - Floating chge | | 0.00 | 1,921.00 |
| Legal Fees & Expenses - Floating Charge | | 785.82 | 8,005.27 |
| Agents Fees & Expenses - Floating Charge | | 0.00 | 5,000.00 |
| Stationery | | 0.00 | 245.28 |
| Storage Costs | | 0.00 | 45.29 |
| Statutory Advertising | | 76.50 | 416.36 |
| Bank Charges | | 0.00 | 114.56 |
| Employees Holiday Pay | | 0.00 | 10,076.93 |
| Pension Schemes | | 0.00 | 3,118.49 |
| Distribution to Bank - Floating Charge | | 0.00 | 140,000.00 |
| | | 872.32 | 385,230.49 |
| Balance | | (846.73) | 10,704.10 |
| REPRESENTED BY: | | | |
| VAT Receivable | | | 110.36 |
| IB Current A/C | | | 9,597.75 |
| VAT Control Account | | | 679.41 |
| Control Account - New Co | | | 316.58 |
| | | | 10,704.10 |
| <i>Source: Deloitte Analysis</i> | | | |

| SGM Finance Limited (In Administration) | | | |
|---|--|---|---------------------|
| Joint Administrators' Receipt and Payment Account as at 26 November 2011 | | | |
| RECEIPTS | Statement of Affairs Estimated to Realise (£) | Interim Period 27/11/10 to 26/11/11 (£) | Total (£) |
| External Sales | | 0.00 | 285,583.58 |
| Internal Sales | | 0.00 | 12,500.00 |
| Unencumbered Hire Fleet | 2,500,000.00 | 274,500.00 | 4,153,396.40 |
| 2006 Debt Finance Assets | 0.00 | 0.00 | 1,063,091.17 |
| Other Equipment and Vehicles | | 0.00 | 8,312.83 |
| Book Debts | 700,000.00 | 0.00 | 326,538.39 |
| Other Recoveries | | 0.00 | 85,168.75 |
| Bank Interest Gross | | 1,421.47 | 40,731.07 |
| | | 275,921.47 | 5,975,322.19 |
| PAYMENTS | | | |
| Wages & Salaries | | 0.00 | 29,962.34 |
| Lease & rental Costs | | 0.00 | 7,271.46 |
| Carriage | | 0.00 | 14,763.00 |
| Insurance | | 0.00 | 29,232.22 |
| Lock Changes for Depots | | 0.00 | 287.60 |
| Employee Expenses | | 0.00 | 4,092.09 |
| Consultants Fees | | 0.00 | 613.50 |
| Hire Vehicles | | 0.00 | 214.29 |
| Parts & Service | | 0.00 | 337,806.57 |
| Specific Bond | | 20.00 | 69.00 |
| Administrators Fees - Floating Charge | | 30,000.00 | 490,500.00 |
| Administrators Expenses - Floating chge | | 0.00 | 19,000.25 |
| Legal Fees & Expenses - Floating Charge | | 785.82 | 87,600.00 |
| Agents Fees & Expenses - Floating Charge | | 0.00 | 197,079.82 |
| Costs of Realisation - Floating Charge | | 0.00 | 18,904.57 |
| Stationery & Photocopying | | 0.00 | 4,263.73 |
| Storage Costs | | 0.00 | 28.61 |
| Statutory Advertising | | 76.50 | 954.27 |
| Bank Charges | | 25.00 | 234.86 |
| Employees Holiday Pay | | 0.00 | 6,310.60 |
| Pension Schemes | | 0.00 | 2,989.64 |
| Distribution to Bank - Floating Charge | | 500,000.00 | 4,507,000.00 |
| | | 530,907.32 | 5,759,178.42 |
| Balance | | (254,985.85) | 216,143.77 |
| REPRESENTED BY: | | | |
| VAT Receivable | | | 21,209.84 |
| IB Current A/C | | | 345,967.59 |
| IB Current A/C Barclays | | | 10,124.55 |
| IB Current A/C co-op | | | 0.59 |
| Inter-Co - Holdings | | | 1.35 |
| VAT Payable | | | (152,993.88) |
| Due to Finance Companies | | | (9,016.08) |
| VAT Control Account | | | (23,460.34) |
| VAT Paid to HMRC | | | 22,700.39 |
| Control Account - New Co | | | 1,609.25 |
| | | | 216,143.26 |
| Source: Deloitte Analysis | | | |

| SGM Group Limited (In Administration) | | |
|---|---|---------------|
| Joint Administrators' Receipt and Payment Account as at 26 November 2011 | | |
| RECEIPTS | Interim Period 27/11/10 to 26/11/11 (£) | Total (£) |
| Other Recoveries | 0 | 250.00 |
| Bank Interest Gross | 36.12 | 322.58 |
| | 36.12 | 572.58 |
| PAYMENTS | | |
| Statutory Advertising | 76.50 | 76.50 |
| | 0.00 | 76.50 |
| Balance | 36.12 | 496.08 |
| REPRESENTED BY: | | |
| VAT Receivable | | 15.30 |
| IB Current A/C | | 14,171.04 |
| Control Account - New Co | | (13,690.26) |
| | | 496.08 |
| <i>Source: Deloitte Analysis</i> | | |

SGM Group Limited has no assets and therefore there are no Statement of Affairs figures to include on the R&P.

SGM Finance Limited
(In Administration)

Appendix 3

Time costs for the period 27/11/2006 to 21/09/2011

| | Partners & Directors | | Managers | | Assistants & Support | | TOTAL | | Average Hourly Rate Cost (£) |
|---|----------------------|------------|----------|------------|----------------------|------------|----------|------------|------------------------------------|
| | Hours | Cost (£) | Hours | Cost (£) | Hours | Cost (£) | Hours | Cost (£) | |
| Administration and Planning | | | | | | | | | |
| Cashiering and Statutory Filing | 9.50 | 4,155.00 | 48.30 | 17,569.00 | 199.30 | 35,128.00 | 247.60 | 52,697.00 | 212.83 |
| Case Supervision, Management and Closure | 10.50 | 4,095.00 | 28.85 | 10,166.25 | 129.30 | 19,916.20 | 167.65 | 34,237.45 | 204.22 |
| Initial Actions (e.g. Notification of Appointment, Securing Assets) | 16.70 | 8,665.50 | 65.60 | 14,570.00 | 36.50 | 5,032.50 | 112.60 | 23,697.50 | 210.46 |
| General Reporting | - | - | 12.75 | 4,275.00 | 73.90 | 12,907.00 | 103.35 | 25,847.50 | 250.10 |
| Liaison with Other Insolvency Practitioners | 36.70 | 16,915.50 | 155.50 | 45,580.25 | 439.00 | 72,983.70 | 631.20 | 136,479.45 | 216.22 |
| Investigations | | | | | | | | | |
| Investigations | 5.00 | 2,550.00 | - | - | 2.50 | 300.00 | 7.50 | 2,850.00 | 380.00 |
| Reports on Directors' Conduct | 5.00 | 2,550.00 | 1.00 | 185.00 | 13.00 | 1,890.00 | 14.00 | 1,875.00 | 133.93 |
| Trading | | | | | | | | | |
| Day 1 Control of Trading | 6.00 | 2,340.00 | 73.45 | 16,768.25 | 72.00 | 9,650.00 | 151.45 | 28,756.25 | 189.87 |
| Ongoing Trading | 44.10 | 17,883.00 | 137.25 | 32,068.25 | 137.90 | 16,724.50 | 275.15 | 48,792.75 | 177.33 |
| Monitoring Trading | 172.80 | 74,418.50 | 63.65 | 18,834.00 | 6.25 | 750.00 | 114.00 | 37,467.00 | 328.66 |
| Closure of Trade | 222.90 | 94,642.50 | 281.53 | 66,680.55 | 10.30 | 1,442.00 | 464.63 | 142,522.05 | 306.74 |
| Realisation of Assets | | | | | | | | | |
| Book Debts | 28.10 | 12,033.00 | 11.00 | 2,750.00 | 1.50 | 255.00 | 41.60 | 15,038.00 | 361.49 |
| Other Assets (e.g. Stock) | 90.00 | 44,395.00 | 58.74 | 14,591.70 | 31.90 | 4,549.50 | 180.64 | 63,536.20 | 351.73 |
| Plant and Equipment, Fixtures and Fittings and Vehicles | 31.50 | 15,487.50 | 80.30 | 22,746.50 | 15.00 | 2,177.50 | 126.80 | 40,411.50 | 318.70 |
| Property - Freehold and Leasehold | - | - | 11.50 | 2,220.00 | - | - | 11.50 | 2,220.00 | 193.04 |
| Retention of Title | 147.40 | 67,367.50 | 49.50 | 11,430.00 | 15.20 | 1,672.00 | 64.70 | 13,102.00 | 202.50 |
| Sale of Business / Assets | - | - | 577.55 | 156,874.11 | - | - | 724.95 | 224,241.61 | 309.32 |
| Third Party Assets | 298.00 | 139,283.00 | 788.59 | 210,612.31 | 66.10 | 9,129.00 | 1,152.69 | 359,024.31 | 190.00 |
| Creditors | | | | | | | | | |
| Employees | - | - | - | - | 28.00 | 3,791.00 | 28.00 | 3,791.00 | 135.39 |
| Preferential | - | - | - | - | 7.10 | 1,039.00 | 7.10 | 1,039.00 | 146.34 |
| Secured | 17.50 | 7,637.50 | 21.25 | 8,956.75 | 2.00 | 330.00 | 40.75 | 14,924.25 | 366.24 |
| Shareholders | - | - | - | - | - | - | - | - | - |
| Unsecured | 17.50 | 7,637.50 | 25.00 | 5,897.50 | 221.15 | 30,746.50 | 246.15 | 36,444.00 | 148.06 |
| Other Matters Include: | | | | | | | | | |
| Litigation | - | - | - | - | - | - | - | - | - |
| Pensions | 5.30 | 4,518.50 | 95.05 | 51,912.50 | 108.35 | 19,744.75 | 208.70 | 76,175.75 | 365.00 |
| Tax and VAT | 5.30 | 4,518.50 | 95.05 | 51,912.50 | 108.35 | 19,744.75 | 208.70 | 76,175.75 | 365.00 |
| TOTAL HOURS & COST | 585.40 | 265,547.00 | 1,642.27 | 456,273.36 | 1,113.65 | 168,320.45 | 3,341.32 | 890,140.81 | 266.40 |

TOTAL FEES DRAWN TO DATE

480,500.00