

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 1QQDominic Lee Zoong Wong  
Deloitte LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ

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

from

to

(b) Insert date(s)

(b) 27 November 2012

(b) 26 May 2013

Signed

Joint / Administrator(s)

Dated

5/7/13

**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  
Lomond House  
9 George Square  
Glasgow  
G2 1QQ

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**

SATURDAY



SCT

\*S2C0J2VT\*

06/07/2013

#724

COMPANIES HOUSE

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

5 July 2013

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 November 2012 to 26 May 2013, attached to Forms 2.20B(Scot), in respect of each of the Companies.

Yours faithfully  
For and on behalf of the Companies



Kristopher Keane  
For John C. Reid  
Joint Administrator

Enc Forms 2.20B(Scot) in respect of each of the Companies

John C Reid and Ian Brown were appointed Joint Administrators of the Companies on 27 November 2006, with Ian Brown retiring and Brian W Milne being appointed Joint Administrator on 19 May 2011. Brian Milne was replaced by Dominic L Z Wong, both the resignation of Brian Milne and his replacement with Dominic L Z Wong were effective on 11 April 2012. 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.

Important notice: Partners, Associate Partners and Directors acting as receivers and administrators contract without personal liability. Unless otherwise shown, all appointment taking Partners, Associate Partners and Directors are authorised by The Institute of Chartered Accountants in England and Wales.

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

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official professional services provider  
to the Olympic and Paralympic Games

The Insolvency Act 1986

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

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

Dominic Lee Zoong Wong  
Deloitte LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ

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

from

to

(b) Insert date(s)

(b) 27 November 2012

(b) 26 May 2013

Signed

  
Joint / Administrator(s)

Dated

5/7/13

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DX Number DX: GW 223

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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  
Deloitte LLP  
Lomond House  
9 George Square  
Glasgow  
G2 1QQDominic Lee Zoong Wong  
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 November 2012

(b) 26 May 2013

Signed

Joint / Administrator(s)

Dated

5/7/13

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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
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 1QQ

Dominic Lee Zoong Wong  
Deloitte LLP  
Four Brindleyplace  
Birmingham  
B1 2HZ

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

from

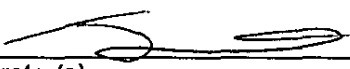
to

(b) Insert date(s)

(b) 27 November 2012

(b) 26 May 2013

Signed

  
Joint / Administrator(s)

Dated

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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  
Deloitte LLP  
Lomond House  
9 George Square  
Glasgow  
G2 1QQDominic Lee Zoong Wong  
Deloitte LLP  
Four Brindleyplace  
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B1 2HZ

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to

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(b) 27 November 2012

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Joint / Administrator(s)

Dated

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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  
FOR THE PERIOD 27 NOVEMBER 2012 TO 26 MAY 2013  
PURSUANT TO RULE 2.38 OF THE INSOLVENCY (SCOTLAND) RULES 1986 (AS  
AMENDED)**

**5 July 2013**

This report has been prepared for the sole purpose of updating the Creditors 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 Creditors 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 2006, with Ian Brown retiring and Brian W Milne being appointed Joint Administrator on 19 May 2011. Brian Milne was replaced by Dominic L Z Wong, both the resignation of Brian Milne and his replacement with Dominic L Z Wong were effective on 11 April 2012. 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 & Dominic Wong  
Deloitte LLP  
Lomond House  
9 George Square  
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G2 1QQ  
Tel: 0141 204 2800  
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<b>1. INTRODUCTION</b>	<b>1</b>
<b>2. JOINT ADMINISTRATORS' PROPOSALS</b>	<b>2</b>
<b>3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT AND ESTIMATED OUTCOME</b>	<b>4</b>
<b>4. DISTRIBUTIONS TO CREDITORS</b>	<b>5</b>
<b>5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS</b>	<b>6</b>
<b>6. JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES</b>	<b>7</b>

#### **APPENDICES**

- 1. Summary of Statutory Information**
- 2. Joint Administrators' Receipts and Payments accounts as at 26 May 2013 in respect of each of the Companies**



## 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 and Dominic L Z Wong
"the Companies or the Group"	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
"King Sturge"	King Sturge International LLP
"SIP 7 (Scotland)"	Statement of Insolvency Practice 7 (Scotland) – Preparation of Insolvency Officer Holders Receipts and Payments Accounts
"SIP 9 (Scotland)"	Statement of Insolvency Practice 9 (Scotland) – Remuneration of Office Holder
"SIP13 (Scotland)"	Statement of Insolvency Practice 13 (Scotland) – Transactions with Directors and Persons Connected with Them
"Former Administrators"	Ian Brown & Brian W Milne
"Administration"	The management of the affairs, business and property of the Company by a person appointed for the purpose of the Court, for a period as directed by an Administration Order

## **1. INTRODUCTION**

### **1.1 Introduction**

This report has been prepared in accordance with Rule 2.38 of the Rules to provide the creditors with an update on the progress of the Administrations of the Companies since our last report to creditors dated 19 December 2012.

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 in respect of each of the Companies were 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 2007, 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. Further one year extensions to 26 November 2011 and 26 November 2012 along with six month extensions to 26 May 2013 and subsequently 26 November 2013 were granted in accordance with Paragraph 76(2)(a) of Schedule B1 of the Act.

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.

In accordance with Paragraph 94 of Schedule B1 of the Act, Brian Milne was replaced as Joint Administrator by Dominic L Z Wong, a Partner in Deloitte. Both the resignation of Brian Milne and his replacement with Dominic L Z Wong were effective from 11 April 2012.

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.

### **1.3 Electronic communication with creditors**

The Joint Administrators have decided not to set up a website, due to the age of this Administration, and the fact that there will be no distribution to ordinary creditors.

## **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 each 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 respect of each of the Companies 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 in respect of all the Companies:

Proposal	Current status in respect of each Company
1	Ongoing. See section 3.2
2	Completed 25.06.07
3	Ongoing. See section 4.
4	Secured Creditor ongoing. Preferential Creditors paid in full.
5	Approved. 24 Jan 2007 As yet not required
6	Ongoing. See section 6.
7	Approved. As yet not required

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 May 2013, together with details of the transactions in the interim period, 27 November 2012 to 26 May 2013, in accordance with the SIP 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(1)(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 agreed 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 Administrations continue to be extended to allow the ingathering of the deferred consideration arising from the staggered sale and to collect and dispose of the Companies' assets that were subject to leasing agreements. Details of the funds received to date in respect of each of the Companies are set out in the Receipts and Payments accounts provided in Appendix 2. The deferred sale has been further extended and will not be completed until the third quarter of 2013, 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.

The only income realised in respect of the Companies in this period is bank interest.

#### **3.3 Estimated future realisations**

Pursuant to Rule 2.25(1)(k)(i)(bb) of the Rules no information in respect of the future realisations is disclosed as detailed above.

#### **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 and no prescribed part is applicable.

#### **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.

To date the Administrators have distributed £6,636,154. This is made up as follows;

<b>Company</b>	<b>Fixed Charge Distribution £</b>	<b>Floating Charge Distribution £</b>	<b>Total £</b>
Scottish Grass Machinery Limited	1,565,494.12	323,659.91	1,889,154.03
Select Contract Maintenance Limited	0.00	140,000.00	140,000.00
SGM Finance Limited	0.00	4,607,000.00	4,607,000.00
SGM Group Limited	0.00	0.00	0.00
	<u>1,565,494.12</u>	<u>5,070,659.91</u>	<u>6,636,154.03</u>

##### **4.2 Preferential creditors**

Preferential claims have been paid in full in respect of Scottish Grass Machinery Limited and SGM Finance Limited. Select Contract Maintenance Limited & SGM Group Limited had no preferential claims.

##### **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 and no prescribed part is applicable.

## **5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS**

### **5.1 Extensions to the initial appointment period**

As previously reported on the basis that there remained unrealised assets of the Company which were not sold before 26 November 2007, 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. Further one year extensions to 26 November 2011 and 26 November 2012 along with a six month extension to 26 May 2013 were granted in accordance with Paragraph 76(2)(a) of schedule B1 of the Act.

Due to there still remaining unrealised assets and sale proceeds, the Administrators sought a further 6 month extension to allow them to complete these transactions, and associated steps to close the administrations, that are outstanding as detailed in Section 3.2. This was granted by the court on 17 May 2013.

### **5.2 Investigations**

We have carried out investigations into the conduct of the Directors in respect of each of the Companies and a final return was submitted to the Insolvency Service, a division in The Department for Business, Innovation and Skills on 26 May 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 and was also a Director 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 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.

In accordance with Rule 2.39 of the Rules, the total time incurred to 26 May 2013 for the Companies is:

- Scottish Grass Machinery Limited £293,911.15, total hours charged are 1063.60 and average hourly rate is £276.34;
- Select Contract Maintenance Limited £53,032.40, total hours charged are 201.50 and average hourly rate is £263.19;
- SGM Finance Limited £942,401.31, total hours charged are 3555.10 and average hourly rate is £265.08;
- SGM Group Limited £22,749.25, total hours charged are 100.20 and average hourly rate is £227.04.

In accordance with Rule 2.39 of the Rules time charged to in the 6 month period 27 November 2012 to 26 May 2013 and this is detailed below;

- SGM Finance Limited £20,768.00, total hours charged are 81.50 and average hourly rate is £254.82

This time is charged in 6 minute increments.

As previously reported, total fees of £697,500 and total expenses of £30,789 plus VAT have been drawn to date in respect of the Companies under resolutions passed by secured and preferential creditors in accordance with Rule 2.39 of the Rules. The fees and expenses drawn to this date are shown in the Receipts and Payments accounts at Appendix 2 and 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 £
<b>Fee</b>				
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
	<b>617,500</b>	<b>50,000</b>	<b>30,000</b>	<b>697,500</b>
<b>Expenses</b>				
SGM Finance Limited	19,000	-	-	19,000
Scottish Grass Machinery Limited	9,868	-	-	9,868
Select Contract Maintenance Limited	1,921	-	-	1,921
	<b>30,789</b>	<b>-</b>	<b>-</b>	<b>30,789</b>

## Deloitte Analysis

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 [www.deloitte.com/uk/sip-9-scotland](http://www.deloitte.com/uk/sip-9-scotland)

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 incurred in the Administrations of the Companies to date are as follows:

Nature of disbursement	Total
	(£)
Postage	6,159.06
Travel	13,776.56
Subsistence	5,144.31
Accommodation	5,661.52
Locksmiths	270.72
Photocopying (External)	4,379.30
Couriers	40.17
Storage	7.89
<b>Total</b>	<b><u>35,439.53</u></b>

It should be noted that of these disbursements the Administrators, have drawn £30,789 across the Companies to date following the approval of the secured creditor.

All disbursements are reviewed and analysed before payment is approved.

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 used by Deloitte at the time when the mileage is incurred, this is presently 45p.

### 6.3 Charge out rates

Our charge out rates for 2012 for the staff involved in this assignment are as follows:

Grade	£ 2012 (Jan-Aug)	£ 2012 / 2013 (Sept-Aug 2013)
Partners/Directors	585 to 920	605 to 950
Managers	295 to 700	305 to 720
Assistants and Support Staff	150 to 295	155 to 305

Charge out rates for years 2007, 2008, 2009, 2010 and 2011 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 Deloitte Real Estate formerly 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 September 2012, charge out rates were increased by an average 3% 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 in respect of each of the Companies. 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 Companies' freehold land and freehold and leasehold property assets. The professional costs to date are summarised in the table below. All professional costs are reviewed and analysed before payment is approved.

In respect of the Companies the following professional costs have been incurred and paid:

Name of lawyer/agent	£
Shepherd & Wedderburn LLP	163,223.03
King Sturge	262,277.99
Rothera Dawson	2,049.63
Graham & Sibbald	1,500.00
<b>Total</b>	<b>429,050.65</b>

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

**SUMMARY OF STATUTORY INFORMATION**

<b>Company names</b>	Scottish Grass Machinery Limited, SGM Finance Limited, Select Contract Maintenance Limited, SGM Group Limited
<b>Court of Session and Court References</b>	Scottish Grass Machinery Limited – P2779/06 SGM Finance Limited – P2777/06 Select Contract Maintenance Limited – P2780/06 SGM Group Limited – P2778/06
<b>Previous names</b>	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
<b>Proceedings</b>	All in Administration
<b>Date of Appointment for all Companies</b>	27 November 2006
<b>Joint Administrators</b>	John Charles Reid & Dominic Lee Zoong Wong
<b>Former Joint Administrators</b>	Ian Brown & Brian W Milne
<b>Company numbers</b>	SC132419 Scottish Grass Machinery Limited SC200816 SGM Finance Limited SC226100 Select Contract Maintenance Limited SC200815 SGM Group Limited
<b>Incorporation dates</b>	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
<b>Registered offices</b>	c/o Deloitte LLP Lomond House 9 George Square Glasgow G2 1QQ
<b>Ordinary issued and called up share capital</b>	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.
<b>Shareholders</b>	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.
<b>Directors at Date of Appointments</b>	David Simpson McInroy Steven David McInroy
<b>Appointed By</b>	The Directors of the Company in terms of Paragraph 22 of Schedule B1 of the Act (as amended)
<b>Company secretary</b>	CCW Secretaries Limited Thomson House, Pitreavie Court Pitreavie Business Park Dunfermline Fife KY11 8UU
<b>Bankers</b>	Bank of Scotland plc
<b>Auditors</b>	Condle & Co 10 Abbey Park Place Dunfermline KY12 7NZ

Scottish Grass Machinery Limited  
(In Administration)

Joint Administrators' Receipt and Payment Account  
as at 26 May 2013

RECEIPTS	Statement of Affairs Estimated to Realise (£)	Interim Period 27/11/12 to 26/05/13 (£)	Total (£)
External Sales		0.00	194,918.31
Internal Sales		0.00	59,508.96
Inverkelthing Property		0.00	1,200,494.12
Rotherham Property	1,782,839.00	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	3,588.95
Tax Refund		0.00	580.42
Bank Interest Gross		4.44	18,453.97
		<u>4.44</u>	<u>2,423,680.65</u>
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	3,188.42
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	1,640.68
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		0.00	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		687.25	36,433.55
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		14.96	217.39
Statutory Advertising		0.00	153.00
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	158.00
Distribution to Bank - Floating Charge		0.00	323,659.91
		<u>682.21</u>	<u>2,415,848.24</u>
Balance		<u>(677.77)</u>	<u>8,032.41</u>
REPRESENTED BY:			
Vat Contraol Account			1,011.21
IB Current A/C			1,513.06
VAT Payable			5,250.00
Control Account - New Co			258.14
			<u>8,032.41</u>

Source: Deloitte Analysis

**Select Contract Maintenance Limited**  
**(In Administration)**

**Joint Administrators' Receipt and Payment Account**  
**as at 26 May 2013**

<b>RECEIPTS</b>	<b>Statement of Affairs Estimated to Realise (£)</b>	<b>Interim Period 27/11/12 to 26/05/13 (£)</b>	<b>Total (£)</b>
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		17.53	7,411.79
		<b>17.53</b>	<b>395,997.12</b>
<b>PAYMENTS</b>			
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		0.00	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		667.25	10,402.63
Agents Fees & Expenses - Floating Charge		0.00	5,000.00
Stationery		0.00	245.28
Storage Costs		3.53	52.35
Statutory Advertising		0.00	492.86
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
		<b>670.78</b>	<b>387,711.41</b>
Balance		<b>(653.25)</b>	<b>8,285.71</b>
<b>REPRESENTED BY:</b>			
VAT Control Account			1,101.71
IB Current A/C			6,867.42
Control Account - New Co			316.58
			<b>8,285.71</b>

Source: Deloitte Analysis

**SGM Finance Limited**  
**(In Administration)**

**Joint Administrators' Receipt and Payment Account**  
**as at 26 May 2013**

<b>RECEIPTS</b>	<b>Statement of Affairs Estimated to Realise (£)</b>	<b>Interim Period 27/11/12 to 26/05/13 (£)</b>	<b>Total (£)</b>
External Sales		0.00	285,583.58
Internal Sales		0.00	12,500.00
Unencumbered Hire Fleet	2,500,000.00		4,228,396.40
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		721.60	43,149.76
		<b>721.60</b>	<b>6,052,740.88</b>
<b>PAYMENTS</b>			
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		0.00	69.00
Administrators Fees - Floating Charge		0.00	490,500.00
Administrators Expenses - Floating chge		0.00	19,000.25
Legal Fees & Expenses - Floating Charge		848.38	89,970.87
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		2.35	33.31
Statutory Advertising		0.00	1,030.77
Bank Charges		0.00	259.86
Employees Holiday Pay		0.00	6,310.60
Pension Schemes		0.00	2,889.64
Distribution to Bank - Floating Charge		0.00	4,607,000.00
		<b>848.71</b>	<b>5,861,655.49</b>
Balance		<b>(127.11)</b>	<b>191,085.39</b>
<b>REPRESENTED BY:</b>			
VAT Control Account			0.57
IB Current A/C			188,287.62
IB Current A/C Barclays			10,202.08
IB Current A/C co-op			0.60
Inter-Co - Holdings			1.35
Due to Finance Companies			(9,016.08)
Control Account - New Co			1,609.25
			<b>191,085.39</b>

Source: Deloitte Analysis

**SGM Group Limited**  
**(In Administration)**

**Joint Administrators' Receipt and Payment Account**  
**as at 26 May 2013**

<b>RECEIPTS</b>	<b>Interim Period 27/11/12 to 26/05/13 (£)</b>	<b>Total (£)</b>
Other Recoveries	0.00	250.00
Bank Interest Gross	28.95	420.50
	<u>28.95</u>	<u>670.50</u>
<b>PAYMENTS</b>		
Legal Fees	886.25	2,376.36
Other Costs of Realisation - Floating Charge		240.00
Statutory Advertising		153.00
VAT irrecoverable		359.82
	<u>886.25</u>	<u>3,129.18</u>
Balance	<u>(857.30)</u>	<u>(2,458.68)</u>
<b>REPRESENTED BY:</b>		
IB Current A/C		11,231.58
Control Account - New Co		(13,690.26)
		<u>(2,458.68)</u>

*Source: Deloitte Analysis*

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