

The Insolvency Act 1986

**R2.48(1)****Notice of move from  
administration to  
dissolution****Pursuant to paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 and  
Rule 2.48(1) of the Insolvency (Scotland) Rules 1986**

Name of Company

Westcrowns Contracting Services Limited

Company number

SC045884

(a) Insert full  
name(s) and  
address(es) of  
administrator(s)We (a) Benjamin Browne  
AlixPartners  
6 New Street Square  
London  
EC4A 3BFElizabeth Mackay  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1ABCatherine Williamson  
AlixPartners  
The Zenith Building  
26 Spring Gardens  
Manchester  
M2 1AB(b) Insert name and  
address of  
registered office of  
company  
(c) Insert date of  
appointment  
(d) Insert name of  
applicant/appointorhaving been appointed administrators of (b) Westcrowns Contracting Services Limited,  
Cornerstone, 107 West Regent Street, Glasgow, G2 2BA

on (c) 20 October 2017 by (d) the directors

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986  
apply.

We attach a copy of the final progress report.

Signed

  
 Administrator

Dated

19.10.18

**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

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SATURDAY


 SCT \*S7GZ186X\* #296  
 20/10/2018  
 COMPANIES HOUSE

 When you have completed and signed this form, please send it to the  
 Registrar of Companies at:-

**Companies House, 4<sup>th</sup> Floor, Edinburgh Quay 2, 139 Fountainbridge,  
 Edinburgh, EH3 9FF  
 DXED235 Edinburgh 1 / LP- 4 Edinburgh 2**

# Administrators' Final Progress Report for the period 20 April 2018 to 19 October 2018

Westcrowns Contracting Services Limited  
In Administration

19 October 2018

## Contents

1. Why this report has been prepared .....	1
2. Summary of information for creditors .....	2
3. Administrators' proposals .....	3
4. Progress of the Administration .....	4
5. Unrealised assets .....	7
6. Outcome for creditors .....	8
7. Ending the Administration .....	9

## Appendices

Appendix A.	Statutory information
Appendix B.	Receipts and Payments Account for the period 20 April 2018 to 19 October 2018 and a Cumulative Account for the period since appointment
Appendix C.	Administrators' fees
Appendix D.	Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9 (Scotland)

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## **1. Why this report has been prepared**

- 1.1 As you will be aware, Benjamin Browne, Elizabeth Mackay and Catherine Williamson (the **Administrators**) were appointed on 20 October 2017.
- 1.2 In accordance with UK insolvency legislation, an administrator is required to provide a progress report covering the period of six months commencing on the date on which a company entered into administration and every subsequent period of six months, or earlier if the administration has been finalised. This progress report covers the period 20 April 2018 to 19 October 2018 (the **Period**) and should be read in conjunction with the Administrators' Statement of Proposals dated 22 November 2017 (the **Proposals**) and the Administrators' Progress Report dated 25 May 2018 (together the **Previous Reports**).
- 1.3 This report has been prepared in accordance with rule 2.42 of the Insolvency (Scotland) Rules 1986.
- 1.4 All matters in the Administration have been finalised and the purpose of this report is to provide a final update on the progress of the Administration, including details regarding the Administrators' fees and the final outcome for each class of creditor. Details of the exit route is provided at section 7.
- 1.5 Details of the Administrators' fees and disbursements incurred are provided at Appendices C and D.
- 1.6 More information relating to the Administration process, Administrators' fees and creditors' rights can be found on AlixPartners' creditor portal (**[www.alixpartnersinfoportal.com](http://www.alixpartnersinfoportal.com)**). Log-in details to access this information can be found within the covering letter you have received.
- 1.7 If you require a hard copy of this report or have any queries in relation to its contents or the Administration generally, please contact Paul Butterfield on 0161 838 4539, email **[creditorreports@alixpartners.com](mailto:creditorreports@alixpartners.com)** or write to AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB.

## 2. Summary of information for creditors

Description	Agreed debt £	Level of return £ or pence/£
Secured creditor	1,519,548	1,316,015
Preferential creditors	45,185	100 pence in the pound
Unsecured creditors	2,816,612	Nil

### Notes:

#### Secured creditor

Full details of Clydesdale Bank Plc's (the **Bank**) security was provided in the Proposals. The Bank has confirmed that the total amount outstanding is £1.5 million. Distributions from the Administration total £1.3 million.

#### Preferential creditors

Preferential claims consisted of arrears of holiday pay and pension contributions, and the claim of the parent company in respect of the funding contribution paid into the Administration in respect of an outstanding pre-appointment payroll expense.

A dividend of 100 pence in the pound was issued to the Company's preferential creditors on 5 October 2018.

In respect of preferential creditors, UK insolvency legislation stipulates that creditors of this class should be treated equally. Hence the funds available for distribution were split on a pro-rata basis amongst all creditors of this class, regardless of the size of their claims.

#### Unsecured creditors

Total unsecured creditor claims have been taken from the director's Statement of Affairs (**SoA**). There were insufficient realisations to enable a dividend to be paid to this class of creditor.

Further information is provided in section 6 of this report.

### **3. Administrators' proposals**

- 3.1 As advised in the Proposals, the Administrators must perform their functions with the purpose of achieving one of the following objectives:
- rescuing the company as a going concern; or
  - 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); or
  - realising property in order to make a distribution to one or more secured or preferential creditors.
- 3.2 In this case the Administrators pursued the third statutory objective. The strategy for achieving this objective was to realise the Company's assets in order to make distributions to the Bank and preferential creditors. Realisations in the Administration total approximately £1.8 million and details of the actions taken by the Administrators to achieve this are provided in section 4 and the Previous Reports.
- 3.3 After accounting for the costs of the Administration, funds totalling approximately £1.3 million have been distributed to the Bank and a dividend of 100 pence in the pound was paid to the Company's preferential creditors, thereby achieving the Administration objective.

## **4. Progress of the Administration**

- 4.1 The Administration has now been completed, all realisable assets have been realised and the proceeds distributed in accordance with the Insolvency Act 1986.
- 4.2 The Administrators' Receipts and Payments Account for the Period, together with a Cumulative Account for the period since appointment, is attached at Appendix B.
- 4.3 In addition to their statutory objective, the Administrators have duties imposed by insolvency and other legislation and their regulating professional bodies. The Administrators have set out information in respect of the progress of these duties in addition to that of the realisation of assets and distribution of available funds. The detail provided is intended to provide users of this report with information to allow them to understand how the Administrators' fees and expenses as set out in Appendices C and D have been incurred, as well as the sensitivities that might be applicable to the Administrators' fees and expenses.

### **Employees**

- 4.4 The Administrators retained two employees to assist with an orderly wind-down of operations and the realisation of assets. Following completion of the asset realisation process, *the retained employees were made redundant in the Period.*

### **Realisation of assets – standard security**

- 4.5 The Company owned the heritable premises at Ashbury House, 6 Ashton Road, Rutherglen, Glasgow, G73 1UB (the **Property**). A marketing process was launched by DM Hall LLP and the closing date for offers was set at 27 March 2018.
- 4.6 Following the conclusion of the marketing process, the Administrators accepted a formal offer to purchase the property and the sale completed on 2 August 2018. The sale price achieved was £855,000. As detailed in the Proposals, it should be noted that the SoA value of the Property represented its book value. A sale price at this level was not achievable. The Administrators and the Bank are satisfied that the sale price achieved represented the best outcome to creditors in the circumstances.
- 4.7 As a proportion of the costs of the Administration relate to holding and subsequently realising the Property, certain costs incurred in the Administration are allocated against standard security realisations.

### **Realisation of assets – floating charge**

#### **Debtors**

- 4.8 During the Period, the Administrators continued to work with the wider Westcrowns group and MacRoberts LLP in order to maximise collections which totalled £351,142 in the Period. Total collections in the Administration are £497,178, thereby exceeding the previous estimate of £296,000. As detailed in the Proposals, the SoA value of the book debts were in the majority over 12 months old and calculated prior to various ledger adjustments to account for contracts not commenced and upheld disputes.

- 4.9 The collection process was drawn to a close on 16 October 2018. A valuation of the remaining ledger was completed in advance of this date and the Administrators completed an assignation of the ledger to the wider Westcrowns group for total consideration of £22,835. All matters relating to the Company's debtors are now concluded and there will be no further realisations from this source.

### Stock and Work In Progress (**WIP**)

- 4.10 The Company's stock and WIP comprised of glass and flooring materials, some of which related to live contracts. The Administrators pursued sales of the stock relating to live contracts to the existing contractors as this represented the best outcome in respect of these assets. Realisations in the Period total £29,686. Overall realisations from this source total £203,442 and thereby exceed the initial estimated realisable value of £89,000. As detailed in the Proposals, the SoA figure was based upon book value and therefore did not account for the majority of the stock being of a bespoke nature with a limited market.
- 4.11 The residual stock was placed into auction on 17 May 2018. However, due to the bespoke nature of the stock it was not sold. As this stock had no realisable value, the Administrators took the commercial decision to dispose of it as part of the site clearance process completed ahead of the sale of the Property.

### Plant and machinery (**P&M**)

- 4.12 The Company's P&M consisted of tools, floor fitting apparatus and glass conditioning equipment. The P&M was placed into auction on 17 May 2018 and realisations of £21,868 were achieved.

### Intellectual property (**IP**)

- 4.13 In the Period, a sale of certain of the Company's IP was completed for total consideration of £40,000, payable in four equal instalments of £10,000 which have been received in full. Additionally, a further sale of other IP for £500 was also completed in the Period. There will be no further realisations from this source.

### Consideration for transfer of losses

- 4.14 As previously reported, it was identified that the Company had incurred historic losses which the wider Westcrowns group could utilise to claim tax relief. Further historic losses were identified in the Period as a result of additional work undertaken in respect of the Company's tax position. In the Period, a commercial agreement to surrender the additional losses to the wider group was completed for total consideration of £37,149, which has been received in full.

### Tax refund

- 4.15 As part of the above process to bring the Company's tax position up to date, HM Revenue and Customs (**HMRC**) identified that the Company was owed a refund in respect of the pre-appointment accounting period. The value of the refund was £54,402 which was received in full on 25 April 2018.



### Bank interest

- 4.16 Bank interest of £590 has been received in the Period, bringing total interest received during the course of the Administration to £618.

### **Administration (including statutory reporting)**

- 4.17 In addition to their duties relating to realising and distributing the assets of the Company, the Administrators must comply with certain statutory compliance matters in accordance with the Insolvency Act 1986, which includes preparing bi-annual reports to creditors advising of the progress of the Administration. The Administrators were also responsible for liaising with HMRC to determine the final position in respect of corporation tax, PAYE, VAT and other taxes that may be owed by or to the Company, and for filing tax returns for the duration of the Administration.
- 4.18 In order to ensure the matters of the Administration were being progressed sufficiently, the Administrators had a duty to conduct periodic case reviews and complete case checklists. In addition, the Administrators' treasury function complied with cash accounting requirements including raising payments, processing journals and posting receipts, preparing bank reconciliations and statutory returns.
- 4.19 The time taken for statutory tasks is largely fixed, insofar as the cost of preparing a report to creditors or filing an annual return is similar for most cases, except where cases are very large or complex. Where the costs of statutory compliance and reporting to creditors exceeds the initial estimate, it will generally be because the duration of the case has been longer than expected, due to for example protracted realisation of assets, and therefore additional periodic reports have had to be prepared and distributed to stakeholders.

### **Creditors (claims and distribution)**

- 4.20 Details of the final outcome for creditors can be found in section 6.
- 4.21 The Administrators have issued regular updates to the Bank, providing information in relation to asset realisations and general progress in the Administration in order to monitor the estimated outcome for each class of creditor on an ongoing basis.
- 4.22 Time was also spent in the Period adjudicating the preferential claims, issuing written confirmation in this regard to the relevant creditors and paying the dividend,

## **5. Unrealised assets**

- 5.1 All assets have now been realised and the Receipts and Payments Account at Appendix B reflects the final position on both realisations achieved and payments discharged during the course of the Administration.

## **6. Outcome for creditors**

### **Secured Creditor – Clydesdale Bank Plc**

- 6.1 The Company granted a standard security charge and a floating security charge to the Bank on 19 January 2006 and 13 November 1979, respectively. The Bank also holds an interlocking cross-guarantee structure with other entities within the wider Westcrowns group. However, the Company's contingent liability in this regard did not crystallise in the Administration.
- 6.2 At the date of appointment, the Bank was owed £1.4 million, rising to £1.5 million including accrued interest and charges. The Bank received distributions totalling £1.3 million from the Administration.

### **Preferential creditors**

- 6.3 The final level of agreed preferential claims totalled £45,185 and a dividend of 100 pence in the pound was issued on 5 October 2018.

### **Unsecured creditors' fund**

- 6.4 Where there is a floating charge which was created on or after 15 September 2003, the Administrators are required to create a fund from the Company's net property available for the benefit of unsecured creditors (the **Unsecured Creditors' Fund**), commonly known as the 'Prescribed Part'.
- 6.5 However, as the floating charge granted by the Company pre-dates 15 September 2003, there was no requirement to create an Unsecured Creditors' Fund.

### **Unsecured creditors**

- 6.6 Unsecured creditors totalled approximately £2.8 million. There were insufficient realisations to enable a dividend to be paid to this class of creditor.

## **7. Ending the Administration**

### **Dissolution of the Company**

- 7.1 The Company has no property to permit a distribution to its unsecured creditors. The Administrators will therefore file notice, together with their final progress report, at court and with the Registrar of Companies for dissolution of the Company. The Administrators will send copies of these documents to the Company and its creditors. The appointment will end following the registration of the notice by the Registrar of Companies.

### **Discharge from liability**

- 7.2 The Administrators will be discharged from liability under Paragraph 98 of Schedule B1 to the Insolvency Act 1986 immediately after their appointment as Administrators ceases to have effect.

### **Creditors' rights**

- 7.3 Within 21 days of the receipt of the report, a secured creditor, or an unsecured creditor (with the concurrence of at least 5% of the value of the unsecured creditors) may request in writing that the Administrators provide further information about their fees or expenses which have been itemised in this progress report.
- 7.4 Any secured creditor, or an unsecured creditor (with the concurrence of at least 10% of the value of unsecured creditors), may, within eight weeks of receipt of this progress report, make an application to court on the grounds that the basis fixed for the Administrators' fees is inappropriate, or that the remuneration or the expenses incurred by the Administrators as set out in this report are excessive.

For and on behalf of  
Westcrowns Contracting Services Limited



**Benjamin Browne**  
Administrator

Encs

## Appendix A. Statutory information

### Company information

Company name	Westcrowns Contracting Services Limited
Registered number	SC045884
Registered office	Cornerstone, 107 West Regent Street, Glasgow, G2 2BA
Former registered office	Quay House, Quay Road North, Rutherglen, Glasgow, G73 1LD
Trading address	Ashbury House, 6 Ashton Road, Rutherglen, Glasgow, G73 1UB
Trading names	Harndec Flooring Company Lumaglass Reglit Glass Architecture
Court details	Court of Session, 11 Parliament Square, Edinburgh, EH1 1RQ
Court Reference	None provided

### Appointor's information

Name	Address	Position
Mr John Fraser Haran	c/o Quay House, Quay Road North, Rutherglen, Glasgow, G73 1LD	Director

### Administrators' information

Name	Address	IP number	Name of Authorising Body
Benjamin James Browne	AlixPartners, 6 New Street Square, London, EC4A 3BF	014190	Insolvency Practitioners Association
Elizabeth Galbraith Mackay	The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	009569	Insolvency Practitioners Association
Catherine Mary Williamson	AlixPartners, The Zenith Building, 26 Spring Gardens, Manchester, M2 1AB	015570	Insolvency Practitioners Association

In accordance with paragraph 100(2) of schedule B1 of the Insolvency Act 1986, all functions of the Administrators are to be exercised by any or all of the Administrators. All references to the Administrators should be read as the Joint Administrators.

## Appendix B. Receipts and Payments Account for the period 20 April 2018 to 19 October 2018 and a Cumulative Account for the period since appointment

Statement of Affairs £		Period £	Cumulative £
	<b>Standard security assets</b>		
	Receipts		
1,251,250	Heritable premises	855,000	855,000
	Bank interest	84	84
		<b>855,084</b>	<b>855,084</b>
	Payments		
	Administrators' fees	42,000	42,000
	Legal fees	6,000	6,000
	Legal disbursements	292	292
	Agent's/valuer's fees	10,712	10,712
	Property holding costs	41,564	41,564
	Insurance	12,614	12,614
	Rates	37,333	37,333
		<b>(150,515)</b>	<b>(150,515)</b>
	Distributions		
	Standard security chargeholder	704,569	704,569
		<b>(704,569)</b>	<b>(704,569)</b>
	<b>Balance of standard security assets</b>	<b>-</b>	<b>-</b>

Statement of Affairs £	Period £	Cumulative £
<b>Floating charge assets</b>		
Receipts		
6,738 Motor vehicles	-	17,925
Plant and machinery	21,868	21,868
1,529,950 Stock and WIP	29,686	203,442
3,619,377 Book debts	351,142	497,178
Assignment of book debts	22,835	22,835
Rates refund	-	2,070
Consideration for transfer of losses	37,149	104,314
Pre-appointment tax refund	54,402	54,402
Website domains	-	8,000
Intellectual property	40,500	40,500
Sundry refund	-	279
Bank interest	506	534
	<b>558,088</b>	<b>973,347</b>
Payments		
Administrators' fees	128,000	128,000
Category 1 disbursements:		
Stationery and postage	428	1,208
Storage costs	104	104
Specific penalty bond	225	225
Travel and subsistence	1,398	1,398
Redirection of mail	-	303
Statutory advertising	-	100
Category 2 disbursements:		
Mileage	296	296
Debt collection fees	19,644	28,043
Agent's/valuer's fees	8,171	11,171
Employee claim/payroll agent's fees	1,735	5,472
Legal fees	7,500	15,550
Legal disbursements	-	395
Retention of Title settlement	-	25,915
Shipping costs	-	450
Hire of equipment	(2,976)	95
Security costs	(142)	10
Utilities	(6,849)	1,384
Telephone costs	(152)	-
Wages and salaries	31,245	62,119
PAYE and National Insurance	20,584	34,159
Bank charges	123	319
	<b>(209,334)</b>	<b>(316,716)</b>
Distributions		
Preferential creditors:		
Redundancy payments service, 100p/£, 05/10/2018	11,396	11,396
Employees, 100p/£, 05/10/2018	22,448	22,448
Parent company subrogated claim, 100p/£, 05/10/2018	11,341	11,341
Floating chargeholder	611,446	611,446
	<b>(656,631)</b>	<b>(656,631)</b>
<b>Balance of floating charge assets</b>	<b>(307,877)</b>	<b>-</b>
<b>Total balance</b>		<b>-</b>

Note: The above is subject to small rounding differences.

## Appendix C. Administrators' fees

### Fees

A copy of 'A Creditors' Guide to Administrations (Scotland)' can be downloaded from AlixPartners' creditor portal ([www.alixpartnersinfoportal.com](http://www.alixpartnersinfoportal.com)). If you would prefer this to be sent to you in hard copy please contact the Administrators and they will forward a copy to you.

Approval of the Administrators' fees has been sought in accordance with insolvency legislation. On 22 November 2017, the Administrators sought approval from the Company's secured and preferential creditors. On 8 December 2017, the preferential creditors approved that the basis of the Administrators' fees be fixed by reference to the time properly spent by the Administrators and their staff on matters arising in the Administration. Approval to this effect was also provided by the Bank on 18 May 2018.

Fees totalling £170,000 have been drawn in the Administration, of which £42,000 and £128,000 have been allocated against standard security and floating charge realisations, respectively.

### Details of time spent to date

The Administrators' time costs for the Period are £68,600. This represents 266 hours at an average rate of £258 per hour. Detailed below is a Time Analysis for the Period which provides details of the costs incurred by area of activity.

Activity category	Hours incurred	Blended rate per hour £	Time cost for the Period £	Cumulative time cost £
Realisation of assets	115	260	29,953	159,200
Administration (including statutory reporting)	127	261	33,207	124,360
Investigations	Nil	Nil	Nil	10,902
Creditors (claims and distribution)	24	229	5,440	10,690
<b>Total</b>	<b>266</b>	<b>258</b>	<b>68,600</b>	<b>305,152</b>



## **Appendix D. Additional information in relation to the Administrators' fees pursuant to Statement of Insolvency Practice 9 (Scotland)**

### **Policy**

Detailed below is AlixPartners' policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

### **Staff allocation and the use of sub-contractors**

The Administrators' general approach to resourcing assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The case team will usually consist of a managing director, a director or senior vice president, a vice president and a consultant. The exact case team will depend on the anticipated size and complexity of the assignment and the experience requirements of the assignment. On larger, more complex cases, several staff at all grades may be allocated to meet the demands of the case. The Administrators' charge-out rate schedule below provides details of all grades of staff and their experience level.

With regard to support staff, time spent by treasury in relation to specific tasks on an assignment is charged but secretarial time is only recovered if a large block of time is incurred, eg report compilation and distribution.

The following service has been provided on this assignment by an external sub-contractor.

Service type	Service provider	Basis of fee arrangement	Cost to date £
Employee claim processing and payroll administration	INSOL Employee Solutions Limited	Fixed fee plus additional rate per employee	5,472

## Professional advisors

On this assignment the Administrators have used the professional advisors listed below. The Administrators have also indicated the basis of their fee arrangement with them, which was subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement
Burness Paul LLP (legal advice)	Hourly rate and disbursements
Willis Towers Watson Limited (insurance)	Risk based premium
Sweeney Kincaid Limited (valuation and disposal advice)	Percentage of realisations – 7.5% of realisations if less than or equal to £50,000; 5% if realisations exceed £50,000
DM Hall LLP (valuation and disposal advice)	1% of realisations in respect of the Property plus disbursements and £1,500 valuation fee
MacRoberts LLP (debtor recoveries)	Hourly rate and disbursements

The Administrators' choice was based on their perception of the professional advisors' experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of the fee arrangement with them.

## Disbursements

Category 1 disbursements do not require approval by creditors. Category 1 disbursements may include external supplies of incidental services specifically identifiable to the case, eg postage, case advertising, invoiced travel and external printing, room hire and document storage. Also chargeable will be any properly reimbursed expenses incurred by the Joint Administrators and their staff.

Category 2 disbursements do require prior approval by creditors before they are paid. Any incurred in this case have been drawn in accordance with the Joint Administrators' proposals, which approved category 2 disbursements as follows:

- photocopying – charged at the rate of 10 pence per sheet for notifications and reports to creditors and other copying;
- printing – charged at the rate of 10 pence per sheet for black and white printing and 15 pence per sheet for colour; and
- business mileage for staff travel - charged at the rate of 45 pence per mile.

## Charge-out rates

A schedule of AlixPartners' hourly charge-out rates for this assignment effective from 1 January 2018 is detailed below. Time is charged by managing directors and case staff in units of six minutes.

Description	Rates from
	1 January 2018 £
Managing director	485-535
Director	465
Senior vice president	405
Vice president	285-320
Consultant	155-250
Treasury and support	95-185