

In accordance with
Rule 3.35 of the
Insolvency (Scotland)
(Company Voluntary
Arrangements and
Administration) Rules
2018 & Paragraph 49
of Schedule B1 to the
Insolvency Act 1986

AM03 (Scot)

Notice of administrator's proposals



Companies House



SCT 07/09/19 #54
COMPANIES HOUSE
S4XL654B
SCT 07/09/2019 #434
COMPANIES HOUSE

| | |
|--------------------------|----------------------------|
| 1 Company details | |
| Company number | S C 1 6 4 1 3 0 |
| Company name in full | CAMPBELL & KENNEDY LIMITED |

→ Filling in this form
Please complete in typescript or in
bold black capitals.

| | |
|-------------------------------|-----------|
| 2 Administrator's name | |
| Full forename(s) | IAN SCOTT |
| Surname | MCGREGOR |

| | |
|----------------------------------|--------------------------------------|
| 3 Administrator's address | |
| Building name/number | GRAINGER CORPORATE RESCUE & RECOVERY |
| Street | THIRD FLOOR 65 BATH STREET |
| Post town | GLASGOW |
| County/Region | |
| Postcode | G 2 2 B X |
| Country | SCOTLAND |

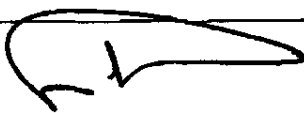
| | |
|---------------------------------|--|
| 4 Administrator's name ● | |
| Full forename(s) | |
| Surname | |

● Other administrator
Use this section to tell us about
another administrator.

| | |
|------------------------------------|--|
| 5 Administrator's address ● | |
| Building name/number | |
| Street | |
| Post town | |
| County/Region | |
| Postcode | |
| Country | |

● Other administrator
Use this section to tell us about
another administrator.

AM03 (Scot) Notice of administrator's proposals

| | | | |
|------------------------------|-----------|---|----|
| 6 | | Statement of proposals | |
| | | <input checked="" type="checkbox"/> I attach a copy of the statement of proposals | |
| 7 | | Sign and date | |
| Administrator's Signature | Signature |  | X |
| Signature date | '0 | '6 | '0 |
| | '0 | '9 | '2 |
| | | | '0 |
| | | | '1 |
| | | | '9 |

Ian Scott McGregor was appointed Administrator on 16 July 2019

The affairs, business and property of the Company are being managed by the Administrator, who acts as the Company's agents and without personal liability.

Campbell & Kennedy Limited (In Administration)

Statement of proposals of the Administrator for achieving the purpose of the administration pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 and Rule 3.35 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018

Important Notice

The administrator's statement of proposals has been produced for the sole purpose of advising creditors pursuant to the provisions of the Insolvency Act 1986. 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 this report to them, or by any other person for any purpose whatsoever. Any estimated outcomes for creditors included in these proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

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1. INTERPRETATION

| <u>Expression</u> | <u>Meaning</u> |
|---|--|
| "the Company" | Campbell & Kennedy Limited (In Administration) |
| "the administration" | The appointment of an administrator under Schedule B1 of the Insolvency Act 1986 on 16 July 2019 |
| "the administrator" | Ian Scott McGregor of Grainger Corporate Rescue & Recovery, Third Floor, 65 Bath Street, Glasgow, G2 2BX |
| "the Act" | The Insolvency Act 1986 (as amended) |
| "the Rules" | The Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018 (as amended) |
| "secured creditor" and "unsecured creditor" | Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(1)(a) of the Act) |
| "security" | (i) In relation to England and Wales, any mortgage, charge, lien or other security (Section 248(1)(b)(i) of the Act); and (ii) In relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(1)(b)(ii) of the Act) |
| "preferential creditor" | Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986 |

2. STATUTORY INFORMATION

| | |
|--------------------------------|--|
| Name of Company | Campbell & Kennedy Limited |
| Trading name(s): | As above |
| Date of Incorporation: | 13 March 1996 |
| Company registered number: | SC164130 |
| Company registered office: | c/o Grainger Corporate Rescue & Recovery, Third Floor, 65 Bath Street, Glasgow, G2 2BX |
| Former registered office: | Unit 11 Telford Court, 9 South Avenue, Clydebank Business Park, Clydebank, G81 2NR |
| Trading address(es): | Unit 11 Telford Court, 9 South Avenue, Clydebank Business Park, Clydebank, G81 2NR |
| Principal business activities: | Electrical Installation |

| Directors and details of shares held in the Company (if any): | Name | Shareholding |
|---|--|-----------------------------------|
| | Gerald Kennedy c/o Unit 11 Telford Court, 9 South Avenue, Clydebank Business Park, Clydebank, G81 2NR | <i>Nil</i> |
| | Mairi Brodie 90 Bo'ness Road, Grangemouth, FK3 9BJ (resigned 13 September 2018) | <i>Nil</i> |
| | Alan Campbell Dunstan, Johnshill, Lochwinnoch, PA12 4EL (resigned 31 May 2019) | <i>Nil</i> |
| | Thomas Carnie 8 Trinity Crescent, Edinburgh, EH5 3ED (resigned 13 September 2018) | <i>Nil</i> |
| | Billy Paterson c/o Unit 11 Telford Court, 9 South Avenue, Clydebank Business Park, G81 4EX (resigned 14 February 2019) | <i>Nil</i> |
| | Lynne Prior 32 Caledonia Street, Clydebank, G81 4EX (resigned 1 April 2019) | <i>Nil</i> |
| Company Secretary and details of the shares held in Company (if any): | Name: Gerald Kennedy , c/o Unit 11 Telford Court, 9 South Avenue, Clydebank Business Park, G81 2NR | Shareholding <i>Nil</i> |

Auditors: Stewart Gilmour & Co

Share capital: 50,788 Ordinary Shares of £1 each
150,000 Preference Shares of £0.10 each

| Shareholders: | Name | Class of shares | No. of Shares |
|---------------|--|----------------------------|---------------|
| | Campbell & Kennedy UK Limited, Unit 11, Telford Court, 9 South Avenue, Clydebank Business Park, Clydebank, G81 2NR. | £1. Ordinary Shares | 50,788 |
| | Cayman National Trust Co. Ltd, 4-8 Hope Street, Isle of Man, IM1 1AQ | £0.10 Preference shares | 150,000 |

Summary Financial Information:

| | Mgt accounts Year ended 31 March 2019 £ | Final Accounts Year ended 31 March 2018 £ | Final Accounts Year ended 31 March 2017 £ |
|----------------------------|---|---|---|
| Turnover | 8,378,239 | 7,633,888 | 10,425,651 |
| Gross Profit / (Loss) | 1,092,283 | 1,495,588 | 2,440,756 |
| Director's Remuneration | Not available | 336,435 | 340,112 |
| Profit / (Loss) before tax | (564,151) | (303,546) | 338,690 |
| Taxation | Nil | (96,814) | 84,319 |
| Dividends | Nil | 121,000 | 114,216 |
| Shareholders Funds | 585,790 | 1,149,941 | 1,477,673 |
| Retained Profit / (Losses) | 385,002 | 949,153 | 1,276,885 |

3. DETAILS OF APPOINTMENT OF ADMINISTRATOR

Name of the Administrator: Ian Scott McGregor, a Licensed Insolvency Practitioner of Grainger Corporate Rescue & Recovery, Third Floor, 65 Bath Street, Glasgow, G2 2BX

Date of Administrator's appointment: 16 July 2019

Date of Administrator's resignation: N/A

Court: Dumbarton Sheriff Court

Person(s) making appointment / application: Director

Acts of the Administrator:

The Administrator acts as an officer of the court and as agent of the Company without personal liability. Any act required or authorised under any enactment to be done by an administrator may be done by any one or more persons holding the office of administrator from time to time.

STATUTORY PURPOSE OF ADMINISTRATION

Paragraph 3 of Schedule B1 to the Act provides as follows:

- (1) The Administrator of a company must perform his functions with the objective of-
 - (a) rescuing the company as a going concern, or
 - (b) 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
 - (c) realising property in order to make a distribution to one or more secured or preferential creditors.
- (2) Subject to sub-paragraph (4), the Administrator of a company must perform his functions in the interests of the company's creditors as a whole.
- (3) The Administrator must perform his functions with the objective specified in sub-paragraph (1)(a) unless he thinks either-
 - (a) that it is not reasonably practicable to achieve that objective, or
 - (b) that the objective specified in sub-paragraph (1)(b) would achieve a better result for the company's creditors as a whole.
- (4) The administrator may perform his functions with the objective specified in sub-paragraph (1)(c) only if-
 - (a) he thinks that it is not reasonably practicable to achieve either of the objectives specified in sub-paragraph (1)(a) and (b), and
 - (b) he does not unnecessarily harm the interests of the creditors of the company as a whole."

4. CIRCUMSTANCES GIVING RISE TO THE APPOINTMENT OF AN ADMINISTRATOR

The company operated from leased premises based at Unit 11, Telford Court, 9 South Avenue, Clydebank Business Park, Clydebank, G81 2NR. The company also had rented premises in Milton Keynes. The business was set up as an electrical design and installation company.

The loss of a major contract with SKY Plc due to a decision by SKY to "in-house" all business with just 6 month notice caused a massive drop in revenue and margin. This and a combination of some significant client business failure during the same period caused undue pressure on revenue and cash flow that ultimately the company could not trade out of.

The company had also invested heavily in a related venture, Circosence Limited. This venture is not at a commercial stage and it would appear that the sums advanced are not recoverable.

The impact of the SKY business loss triggered the ultimate downfall of the business. The short notice period of cessation of a contract expected to last 5 years was significant. The company had invested in premises, vans, equipment and personnel and had anticipated w/o or depreciation of investment over a 5 year period. The Company could not find new replacement business revenue/ margin quick enough in the short time available. Although the business had diversified and invested in marketing and bid teams, the new business coming through whist very significant and a strong order book, unfortunately was not all going to commence immediately and this also impacted on the much needed additional revenue. Some of the bigger projects won would not work their way through into revenue until September /October 2019 and this presented sizable funding gaps that the business was seeking support on from the bank by way of short term funding until the business came back into the projected positive cash flow and profit. The bank had been alerted to the funding short fall in September 2018 and some support was given in January 2019 but not to the extent requested. The reducing turnover of the business in an "Invoice Finance" situation meant cash was drying up.

By the end of June it had become clear that the funding needed to get the business through to the turnaround date of October/ November was unlikely to come through. The Board took the decision at that point to appoint an administrator.

5. THE ADMINISTRATION PERIOD

Upon appointment, the Administrator continues to manage the business, affairs and assets of the company in such a manner as deemed appropriate in order to achieve one of the following objectives:

- a) Rescue the company as a going concern or if not achievable:
- b) Achieve a better result for the company's creditors as a whole than would be likely if the company were wound up without being first being in administration
- c) Realise the company's assets in order to make a distribution to one or more secured or preferential creditors.

Upon appointment, the Administrator contacted the company's bank to notify them of his appointment and to ensure that the bank account remained open in order to capture any payments from customers.

The Administrator instructed Messrs Sweeney Kincaid, Auctioneers & Valuers, to sell the unencumbered assets on his behalf. Total realisations before costs were around £68k. The Administrator also made arrangements via his agents to return financed assets which had no equity available to the respective finance companies.

The Administrator is also in the process of pursuing the company's factored book debts, in order to assist Clydesdale Bank with collection of the outstanding book debts.

The book debts outstanding on appointment were around £638k of which it is estimated that around £466k is potentially recoverable. On appointment there was approximately £643k owed to Clydesdale Bank plc before collection costs and termination charges. To date around £366k has been recovered and at this stage, after taking into consideration potential bad and doubtful debts it is estimated that Clydesdale Bank plc will not recover their debt in full and there will be no surplus available from the book debts for unsecured creditors.

The Administrator is also in the process of pursuing the company's outstanding work in progress and retentions.

The Administrator therefore considers that objectives (b) and (c) are achievable.-

6. ADMINISTRATOR PROPOSALS FOR ACHIEVING THE PURPOSE OF THE ADMINISTRATION

As required by Paragraph 49 of Schedule B1 of the Act, the Administrator makes the following proposals to creditors for achieving the objectives of the administration dated 16 July 2019.

- I. That the Administrator continues to manage the affairs of the company in such a manner as he deems appropriate in order to achieve the following objectives:
 - Achieve a better result for the company's creditors as a whole than would be likely if the company were wound up without being first being in administration.
 - Realise the company's assets in order to make a distribution to one or more secured or preferential creditors.
- II. That the Administrator be authorised to do all such other things and generally exercise his powers as Administrator as he in his discretion considers desirable in order to achieve the purpose of the administration Order set out in Paragraph 3 of Schedule B1 to the Act or to maximize realisations for any other purpose incidental to these proposals.
- III. At this time the Administrator believes that it is unlikely that there will be sufficient funds to pay a dividend to the unsecured creditors other than by virtue of "The Prescribed Part". If the Administrator will only be distributing the prescribed part to the unsecured creditors he will lodge the appropriate notice and distribute accordingly. The Administrator will apply Section 176A Paragraph 3 of the Insolvency Act 1986 if appropriate. If the company's net property is less than the prescribed minimum of £10k then the Administrator will not make a prescribed part distribution to unsecured creditors as the costs of distributing will be disproportionate to the benefits.

However should sufficient funds become available to make a distribution to the unsecured creditors other than by virtue of the prescribed part, as and when the Administrator is in funds to make a distribution, it is proposed that the distribution be made by the Administrator with the sanction of the court. This will avoid the additional costs of liquidation.

If the company has insufficient funds to enable any distribution to be made to unsecured creditors then as soon as the Administrator is satisfied that he has fully discharged his duties as Administrator and that the purpose of the administration has been fully achieved, the Administrator proposes to implement the provisions of Paragraph 84 of Schedule B1 to the Act. Under these provisions, on the registration of a notice sent by the Administrator to the Registrar of Companies, the Administrator's appointment ceases to have effect, and at the end of three months the Company will automatically be dissolved.

Where an Administrator sends such a notice of dissolution to the Registrar of Companies, he must also file a copy of the notice with the court and send a copy to each creditor of the Company, and on application by any interested party the court may suspend or misapply the automatic dissolution of the company.

- IV. However, it may transpire that it is not possible to finalise the administration as envisaged within one year of the date of the Administrator's appointment. Yet Paragraph 76 of Schedule B1 to the Act provides that the appointment of an Administrator shall cease to have effect at the end of the period of one year beginning with the date on which it takes effect. However, the Administrator's term of office may be extended either by court order for a specified period or by consent of the creditors for a specified period not exceeding one year. It may therefore become necessary at some future time for the Administrator to seek creditor consent to extending the period of the administration for up to a further year following the anniversary of his appointment in order to ensure that the objective of the administration can be fully achieved.

The Administrator therefore proposes that, should it become necessary to extend the period of the administration, he will seek the necessary court or creditor approval.

- V. The Administrator proposes that his remuneration is fixed by reference to the time properly spent by the Administrator and his staff during the administration, in accordance with the firm's usual charge out rates for work of this nature, in attending to matters arising in the administration and in the performance of his duties, which are set out at Appendix B. The Administrator's remuneration will be approved by the secured creditors and preferential creditors in accordance with Rule 3.96 of the Rules.

The Administrator proposes that his pre-administration costs if fixed by reference to the time properly spent by the Administrator and his staff, in accordance with the firm's usual charge out rates for work of this nature, which are set out at Appendix B. The Administrator's remuneration will be approved by the secured creditors and preferential creditors in accordance with Rule 3.52 of the Rules.

- VI. The Administrator proposes that disbursements, including disbursements for services provided by his firm (defined as Category 2 disbursements in Statement of Insolvency Practice 9) be charged in accordance with the firm's policy, details of which are set out at Appendix B. These disbursements will be identified by the Administrators and subject to the approval of those responsible for determining the basis of the Administrator's remuneration.

7. STATEMENT OF AFFAIRS

Formal notice requesting completion of the Statement of Affairs of the Company was delivered to the director on 17 July 2019. This has not yet been returned by the director. The Administrator's report and Estimated Outcome Statement is based on information available to him from the company's books and records that have been made available.

8. ESTIMATED OUTCOME FOR CREDITORS

Attached at **Appendix A** is the Administrator's account of Receipts and Payments incorporating the Estimated Outcome of Creditors from the commencement of the administration, 16 July 2019 to date.

Secured Creditors

| Secured Creditor | Security | Amount due £ |
|---------------------|--|-----------------|
| Clydesdale Bank plc | Bond & floating charge over the wholes of the company's assets and assignation of book debts | 643,473 |

The Banks security position is currently being reviewed by the Administrator.

Preferential Creditors

At the date of this report it is anticipated that there will be a claim submitted by the Insolvency Service, Redundancy Payments Office in respect of sums paid out to former employees in respect of claims for unpaid wages and holiday pay. An estimate of the sums due is incorporated into the Estimated Outcome Statement.

The employees will also make a claim for notice pay and redundancy pay to the Insolvency Service (Unsecured Claim) and therefore an estimate of the sums due to be paid has also been incorporated into the Estimated Outcome Statement.

Prescribed part for unsecured creditors pursuant to Section 176A of the Insolvency Act 1986

Section 176A of the Act provides that, where the company has created a floating charge after 15 September 2003, the Administrator must make a *prescribed part* of the Company's *net property* available for the unsecured creditors and not distribute it to the floating charge holder except in so far as it exceeds the amount required for the satisfaction of unsecured claims. *Net property* means the amount which would, were it not for this provision, be available to floating charge holders out of floating charge assets (i.e. after accounting for preferential debts and the costs of realising the floating charge assets). The floating charge holder may not participate in the distribution of the prescribed part of the Company's net property.

The *prescribed part of the Company's net property* is calculated by reference to a sliding scale as follows:

- 50% of the first £10,000 of *net property*;
- 20% of *net property* thereafter;
- Up to a maximum amount to be made available of £600,000

An administrator will not be required to set aside the *prescribed part of net property* if:

- the *net property* is less than £10,000 and the administrator thinks that the cost of distributing the *prescribed part* would be disproportionate to the benefit; (Section 176A(3)) or
- the administrator applies to the court for an order on the grounds that the cost of distributing the *prescribed part* would be disproportionate to the benefit and the court orders that the provision shall not apply (Section 176A(5)).

As there is a floating charge creditor in this case the Rules of the Prescribed part will apply in this case. The Administrator, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, considers that at this stage it appears that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act.

However, the Administrator may apply Section 176A Paragraph 3 of the Insolvency Act 1986 if appropriate. If the company's net property is less than the prescribed minimum of £10k then the Administrator will not make a prescribed part distribution to unsecured creditors as the costs of distributing will be disproportionate to the benefits.

Unsecured Creditors

As at the date of this report it appears that there will be sufficient funds available to pay a partial dividend to unsecured creditors via the prescribed part (subject to the Prescribed minimum above). Current dividend estimates are less than 1p in the £ and as yet not all claims have been received. This will also be subject to the costs and expenses of the Administration.

VAT Bad Debt Relief

Section 36 of the Value Added Tax Act 1994 incorporates provisions which enable the trader to claim VAT Bad Debt Relief after writing the debt off in his accounts six months after the supply. This procedure does not involve the Administrators and claims should be made directly to HM Customs & Excise.

9. ADMINISTRATOR'S REMUNERATION

Administrators' Remuneration

The Administrator's proposals state that the basis of his remuneration be fixed under Rule 3.96 of the Rules.

These proposals contain a statement by the Administrator, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that he considers that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the 'prescribed part' for unsecured creditors referred to at section 8).

In these circumstances, it is for each secured creditor and the preferential creditors of the Company to determine the basis of the Administrator's remuneration under Rule 3.96 of the Rules.

Details of time incurred, remuneration and disbursements drawn will be reported to creditors in accordance with *Statement of Insolvency Practice 9* issued by the Joint Insolvency Committee on behalf of the Administrator's licensing body.

In addition, a copy of *A Creditors' Guide to Administrators' Fees* is available on written request. Alternatively, the guide can be downloaded via the following link:

<https://www.icas.com/technical-resources/creditor-guides-to-office-holder-remuneration/>.

The Administrators time costs to 4 September 2019 are £28,416.75 excluding VAT. This represents 107.05 hours of chargeable time at an average hourly rate of £265.45. A summary of the Administrators time costs is at Appendix C.

Pre-administration costs

Included within the Administrators time costs above are £5,531.25 excluding VAT of pre-administration time costs which had not been paid when the Company entered Administration. The payment of any pre-administration time costs as an expense of the administration is subject to the approval under Rule 3.52 of the Rules.

As noted above these proposals contain a statement by the Administrator, in accordance with paragraph 52(1)(b) of Schedule B1 to the Act, that he considers that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act (the 'prescribed part' for unsecured creditors referred to at section 8).

In these circumstances, it is for each secured creditor and the preferential creditors of the Company to determine the basis of the Administrator's pre-appointment cost under Rule 3.52 of the Rules.

10. OTHER INFORMATION TO ASSIST CREDITORS

Investigations

The Administrator is obliged to submit a report on the conduct of all directors who acted in the three years prior to insolvency to the Insolvency Service.

If any creditor is aware of any instances of potential unfit conduct, they should advise the Administrator as soon as possible to allow it to be considered when assessing the directors conduct.

EC Regulations

EC Regulations will apply and these proceedings will be the main proceedings as defined in Article 3 of the EC Regulations. The centre of main interests of the company is in the United Kingdom within the EC.

The Administrator is bound by the ICAS Code of Ethics when carrying out all professional work in relation to his appointment as Administrator. Part D of the code relates to Insolvency Practitioners. A copy of the code can be downloaded via the following link:

"<https://www.icas.com/ethics/icas-code-of-ethics>".

The Administrator is a Data Controller of personal data as defined by the Data Protection Act 2018. Personal data will be kept secure and processed only for matters relating to the appointment. For further information please see our privacy policy at "<https://www.gcurr.co.uk>".

11. CONCLUSION

The Administrator presently considers that the objectives specified in paragraph 3(1)(b) and (c) of Schedule B1 to the Act can be achieved and that the company has insufficient funds to enable a distribution to be made to unsecured creditors other than by virtue of Section 176A(2)(a) of the Act ("the prescribed part").

This proposal report contains a statement that pursuant to paragraph 52(1) of Schedule B1 to the Insolvency Act 1986 that **the Company has insufficient property to enable a distribution to unsecured creditors, otherwise than by virtue of section 176A of the Act ("The Prescribed Part")**.

I therefore have not sought a decision from creditors on the approval of my proposals.

However, your attention is drawn to the provisions of paragraph 52(2) enabling creditors whose debts amount to at least 10% of the total debts of the Company to requisition a decision procedure to consider the Administrators proposals. Any such requisition must be in the prescribed manner in accordance with Rule 5.17 of the Rules and be made within 8 business days of the date on which the Administrator's statement of proposals is deemed to have been received.

If no such decision procedure is requested then my proposals are deemed to have been approved by the creditors with effect of 24 September 2019, except that the Administrator's remuneration and pre-administration costs will be fixed by the separate approval of the secured creditors and preferential creditors.

The expenses of the requisitioned decision procedure at the request of a creditor shall be paid by that person, who shall deposit with the Administrator security for their payment. If no such decision procedure is requisitioned, then by Rule 3.38(4) of the Rules, the Administrator's proposals are deemed to have been approved by the creditors. Where the proposals are deemed to have been approved, the Administrator will write to you to confirm that is the position.

For the avoidance of doubt if creditors do not requisition a decision procedure by 24 September 2019 in the prescribed manner as set out by Rule 5.17 of the Rules then the Administrator's proposals are deemed to have been approved.

I will report to you again approximately six months after the commencement of the administration or at the conclusion of the administration, whichever is the sooner.

For an on behalf of Campbell & Kennedy Limited – In Administration



I. Scott McGregor
Administrator

Date: 6 September 2019

ADMINISTRATOR'S ACCOUNT OF RECEIPTS AND PAYMENTS, INCORPORATING ESTIMATED FINAL OUTCOME FOR CREDITORS

Period from 16 July 2019 to 6 September 2019

| | Receipts & Payments to 06.09.19 £ | Anticipated Receipts & Payments £ | Projected Outcome £ |
|--|-----------------------------------|-----------------------------------|---------------------|
| SECURED ASSETS | | | |
| Factored debts | 366,380 | 100,000 | 466,380 |
| Sums owed to Clydesdale Bank | (366,380) | (100,000) | (466,380) |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| UNENCUMBERED ASSETS | | | |
| Work in progress/Rententions | - | 50,000 | 50,000 |
| Non-factored debtors | 25 | - | 25 |
| Sale of moveables | 68,758 | - | 68,758 |
| Sundry income | 5,394 | - | 5,394 |
| Interest received | - | - | - |
| | <u>74,177</u> | <u>50,000</u> | <u>124,177</u> |
| Payments | | | |
| Legal fees | (4,124) | (10,000) | (14,124) |
| Wages payments | (7,710) | (4,328) | (12,038) |
| Public Notices | (88) | - | (88) |
| Auctioneers costs & fees | (21,676) | - | (21,676) |
| Borderau Cover | - | (420) | (420) |
| Sundry expenses | (348) | - | (348) |
| Travelling expenses | (20) | - | (20) |
| Registers fees | - | (15) | (15) |
| Insurance of assets | (280) | - | (280) |
| Administrator's fees | - | (40,000) | (40,000) |
| Total Payments | <u>(34,245)</u> | <u>(54,763)</u> | <u>(89,008)</u> |
| Estimated funds available for preferential creditors | <u>39,932</u> | <u>(4,763)</u> | 35,169 |
| Preferential creditors - The Insolvency Service | | | <u>(15,000)</u> |
| Net Property available for "Prescribed Part" | | | 20,169 |
| Prescribed Part | | | |
| - 50% of first £10,000 | | | (5,000) |
| - 20% of remaining funds available | | | <u>(2,034)</u> |
| Estimated funds available to floating charge holder | | | 13,136 |
| Floating charge holder | | | |
| Clydesdale Bank plc | | | <u>(177,093)</u> |
| Estimated shortfall to floating charge holder | | | <u>(163,957)</u> |
| Estimated funds available to unsecured creditors (from prescribed part) | | | 7,034 |
| Unsecured Creditors (estimated claims) | | | |
| Creditors - per attached summary | | | (1,114,956) |
| EFRB Loan Account | | | (225,000) |
| The Insolvency Service - estimate | | | (75,000) |
| HM Revenue & Customs | | | (320,000) |
| | | | <u>(1,734,956)</u> |
| Estimated shortfall to unsecured creditors | | | <u>(1,727,922)</u> |
| Summary of balances held as: | | | |
| Bank deposit account | 44,851 | | |
| VAT payable | <u>(4,918)</u> | | |
| | <u>39,932</u> | | |

CAMPBELL & KENNEDY LIMITED

UNSECURED CREDITORS

| Name | £ | | £ |
|--|-------------------|---|---------------------|
| HM Revenue & Customs | | Brought forward balance | 578,361.30 |
| A D Norman | 1,048.80 | | |
| A E Engineering(fylde) Ltd | 1,770.00 | Meter Manager | 1,032.00 |
| ABR Roofing Services Ltd | 352.80 | Microsoft Ireland Operations Ltd | 4,070.90 |
| Access Mechanical Handling | 108.00 | Modern Energy & Electrical Services Ltd | 433.10 |
| ACT Communications Ltd | 154.80 | Moulton Primary School | 1,512.00 |
| ADI Global Distribution | 8,280.84 | Murphy O'Rawe Solicitors | 449.00 |
| Aitkens | 2,796.82 | National Windscreens Scotland Ltd | 857.82 |
| Alltrade | 20,214.06 | Nationwide Copiers Sales & Services Ltd | 6,086.04 |
| Amazon.com | 5,360.38 | Nationwide Fire and Life Safety Systems Limited | 2,220.00 |
| Apex Scaffolding Anglia Ltd | 8,192.00 | Nationwide Platforms | 1,273.68 |
| Arnold Clark Rental | 924.34 | Newequest (Herald & Times) Ltd | 370.80 |
| Bauder Limited | 51,547.34 | Nixon Hire | 4,134.86 |
| BBA Chartered Accountants | 6,072.00 | North Collielaw Farm | 2,070.00 |
| Beaver Management Services Ltd | 29,341.50 | North West News Group | 0.10 |
| Bemco | 1,818.00 | North West Solar Ltd (Adam Miller) | 9,357.00 |
| Blackwood Plant Hire | 50.40 | Northgate Vehicle Hire | 33,040.04 |
| BMG Surveys Ltd | 5,040.00 | Onestop Access (Scotland) Ltd | 312.00 |
| BMS East Anglia Ltd | 4,356.00 | Orsis (UK) Ltd | 7,875.90 |
| Brandon Hire | 38.87 | Parcel Force | 325.45 |
| Brooke Edgeley Specialist Technical Services Ltd | 585.00 | Pinnacle | 15,868.39 |
| BSI Management Systems Receipts Office | 2,004.00 | QCELL | 37,493.76 |
| C J Aerials Ltd | 6,687.60 | Rac | 114.88 |
| Cal-Due UK Ltd | 502.98 | RCA Pest Services Ltd | 315.20 |
| Caley Print and Stationery Ltd | 2,975.59 | Regus | 8,207.84 |
| CCL Components Ltd | 564.70 | Rexel (Ross Electrical) | 116,310.98 |
| CHC Aerial Supplies | 71.28 | Richard Austin | 810.00 |
| City Electrical Factors | 17,593.70 | Safestore Ltd | 528.92 |
| Cleveland Cable | 28,913.18 | Sapphire Cleaning Services | 100.00 |
| Cyde Scaffolding Limited | 30,212.84 | ScotNet | 108.00 |
| Comtec Cable Accessories Ltd | 872.48 | Segen/Zenex Solar | 30,000.00 |
| Confederation of Aerial | 3,278.55 | Service Point | 3,402.53 |
| Contracts Advance Ltd | 1,680.00 | Smith Bros (Caer Conan) Wholesale Ltd | 16,251.69 |
| Coyle Personnell Plc | 5,400.00 | Solar Services Scotland Ltd | 1,848.00 |
| Crockard ASC Ltd /CASA Ltd | 528.00 | Solarport Systems Ltd | 11,295.60 |
| David Samuel Management Limited | 29,921.32 | Stewart Gilmour & Co | 13,693.00 |
| Dennis Gordon Electrical Ltd | 6,336.00 | Sumo Waste | - |
| East Midlands Central Station Ltd | 124.80 | SureSat Ltd | 1,135.00 |
| ECO Approach t/a EPC Online | 21,902.40 | Talon Business Solutions Ltd | 675.76 |
| Edmundson Electrical Ltd | 24,044.77 | Televes | 4,139.02 |
| Electric Centre | 19,934.23 | Total Merchandise Ltd | 512.40 |
| GMGB t/a Buildbase | 94,949.89 | Trade UK-SCREWFIX DIRECT LTD | 1,706.88 |
| EU Fire & security | 3,844.02 | Travis Perkins | 5,922.21 |
| Eurosat | 13,129.32 | U.K. Scaffolding | 6,428.40 |
| Fire Industry Association Ltd | 240.00 | Vanguard Self Storage | 936.00 |
| FIX247 Ltd | 479.46 | Webro Cable & Connectors Ltd | 5,972.26 |
| Flexistore - Edinburgh | 227.10 | West Midlands Developments Ltd | 798.00 |
| FTE Maximal , BCN Distribuciones | 23,034.22 | Workline Safety Ltd | 330.00 |
| Ginger Energy Ltd | 480.00 | Workline Safety Ltd | 5,230.67 |
| Glasgow Audi | 265.42 | Workman-Zurich | 5,230.67 |
| Holland House | 4,488.41 | Wyre Scaffolding Ltd | 2,268.00 |
| HSS Hire Service Group | 10,202.19 | CK Maintenance | - |
| i20 Ltd (Flexi Solar) | 9,927.20 | Jackson Electrical | 9,000.00 |
| Ian Chrystie | 464.00 | Adrian Waddington | 38,054.14 |
| Innovac Ltd | 811.97 | Grenke Leasing Ltd | 9,106.84 |
| Iomart Hosting Ltd | 6,659.43 | Biffa Waste Services | 418.26 |
| Jactone Products Limited | 3,495.79 | Fuel Card Services Ltd | 16,370.88 |
| Jenson Fisher | 8,814.56 | Colin Arter | 500.50 |
| JG Environmental Ltd | 7,392.00 | Jason Burghardt | 2,176.00 |
| John McNicol & Co | 3,547.50 | Barclaycard | - |
| John Sutch Cranes Ltd | 2,580.00 | CF Corporate | 1,412.95 |
| JP Willmac | 7,000.00 | Brian Jones Consultancy Ltd | 1,500.00 |
| Kenmure Accounting Ltd | 3,318.00 | Scottish Enterprise | 85,000.00 |
| Krannich Solar | 9,987.26 | | |
| Kwikfit | 2,339.82 | TOTAL | 1,114,955.62 |
| LHC London Borough of Hillingdon | 1,532.78 | | |
| Lindsays | 936.21 | | |
| Living Wage Foundation | 288.00 | | |
| Logo Labels Ltd | 1,329.72 | | |
| Madola Energy Ltd | 4,250.00 | | |
| McConechys Tyre Services Ltd | 746.66 | | |
| Carry forward balance | 578,361.30 | | |

GRAINGER CORPORATE RESCUE & RECOVERY CHARGE OUT RATES

| Grade | From 1 Jan 2019 £/hr |
|----------------------|-------------------------|
| Partner | 295 |
| Director | 260 |
| Senior Administrator | 180 |
| Administrator | 110 |

POLICY FOR RE-CHARGING EXPENSES INCURRED BY OFFICE HOLDERS IN RESPECT OF THE ADMINISTRATION OF INSOLVENT ESTATES

INTRODUCTION

This note applies where a licensed insolvency practitioner in the firm is acting as an office holder of an insolvent estate and seeks creditor approval to make a separate charge by way of expenses or disbursements to recover the cost of facilities provided by the firm. SIP9 requires that such charges should be disclosed to those who are responsible for approving his remuneration, together with an explanation of how those charges are made up and the basis on which they are arrived at.

DEFINITIONS

Required professional practice classifies expenses into two broad categories:

- ***Category 1 expenses (approval not required)*** – specific expenditure that is directly related to a particular insolvency case, where the cost of the expense incurred is referable against an independent external supplier's invoice or published tariff of charges;
- ***Category 2 expenses (approval required)*** – all other items of expenditure:
 - Which cannot, or cannot easily, be directly related to a particular insolvency case because there is an element of shared or allocated cost; and/or
 - Where the cost of the expense incurred is an estimated, unitised cost with the estimate based on external costs or opportunity cost.

CHARGING POLICY

- ***Category 1 expenses (approval not required)*** – with the exception of any items referred to below, all such items are re-charged to the case as they are incurred.
- ***Category 2 expenses (approval required)***

(A) The following items of expenditure are re-charged as described:

- Internal meeting room usage for the purpose of statutory meetings of creditors is re-charged at the rate of £120 per meeting;
- Car mileage is re-charged at the rate of 45 pence per mile;
- Storage of books and records (when not rechargeable as a *Category 1 expense*) is recharged on the basis that the number of standard archive boxes held in storage for a particular case bears to the total of all archive boxes for all cases in respect of the period for which the storage charge relates;

(B) The following items of expenditure will normally be treated as general office overheads not subject to a re-charge:

- Telephone and facsimile, printing and photocopying, stationery

A re-charge may be made, however, where the precise cost to the case can be determined because the item satisfies the test of a *Category 1 expense*.

Campbell & Kennedy Limited - In Administration
Time cost analysis for the period from 16 July 2019 to 4 September 2019

APPENDIX C

| | HOURS | | | | | | | | Total hours | Time Cost (£) |
|----------------------|--------------------|---------------------------------|---------|-----------------------|-----------------------------|-----------|--------------------------------|----------|----------------|------------------|
| | Pre Appointment | Administration & Accountancy | Bonding | Asset realisations | Preferential & Unsecured | | Reports & Statutory returns | | | |
| | | | | | Creditors | Employees | | Meetings | | |
| Partner | 18.75 | 2.95 | 0.20 | 26.90 | 7.90 | 4.00 | 10.25 | 3.10 | 74.05 | 21,844.75 |
| Director | - | - | - | - | 5.40 | - | - | 2.50 | 7.90 | 2,054.00 |
| Senior Administrator | - | 2.40 | - | 0.20 | 9.30 | 13.20 | - | - | 25.10 | 4,518.00 |
| Total hours | 18.75 | 5.35 | 0.20 | 27.10 | 22.60 | 17.20 | 10.25 | 5.60 | 107.05 | 28,416.75 |
| Total cost (£) | 5,531.25 | 1,302.25 | 59.00 | 7,971.50 | 5,408.50 | 3,556.00 | 3,023.75 | 1,564.50 | 28,416.75 | |

Avg/Rate per hour (£) 265.45

Campbell & Kennedy Limited – In Administration

Time and Trouble Analysis – 16 July 2019 to 4 September 2019

Please find attached a time cost matrix detailing time spent on this assignment by the Administrator and his staff and below, there is a detailed analysis of the differing sub-headings.

PRE-APPOINTMENT – 18.75 HOURS OF TIME CHARGED

This area relates primarily to the following issues:-

- Initial meeting with the director to ascertain financial position.
- Initial site visit to review financial records.
- Further meetings with director and Clydesdale Bank.
- Assisting director to prepare Estimated Statement of Affairs.
- Review debtors and creditors information.

ADMINISTRATION & ACCOUNTANCY – 5.35 HOURS OF TIME CHARGED

This area relates primarily to the following issues:-

- Setting up of case files, marking filing, filing.
- Completion of checklists and computer diary systems.
- Updating of internal timesheet system.
- Bank reconciliations.
- Set up of liquidation bank account, posting income & expenditure.
- Internal meetings regarding case strategy.
- Review of case on a regular basis.
- Initial emails to insurers.

BONDING – 0.20 HOURS OF TIME CHARGED

This area relates primarily to the following issues:-

- Initial review of bonding.
- Preparation of bonding calculation sheet.

ASSET REALISATIONS – 27.10 HOURS OF TIME CHARGED

This area relates primarily to the following issues:-

- Recovery of funds held in company bank account.
- Review of debtors information and pursue sum due.
- Review of company bank statements / other information available.
- Review of work in progress / retentions due.
- Various discussions with director regarding collectability of debts due.
- Completion of insurance questionnaire.
- Review of company's asset position with Sweeney Kincaid and instruct valuation and auction of unencumbered assets.
- Provide bank details to Sweeney Kincaid in order that they can transfer funds and review statement of settlement.
- Review of debtor information received and prepare master working schedule.
- Engage former employee to assist with collection of book debts.
- Various calls and numerous chaser emails and correspondence with the debtor regarding payment of sums owed to the company.
- Update working schedule for payments received from debtors.
- Reconcile sums paid into company bank account and update debtors schedule in a weekly basis.
- Dealing with a number of calls and queries from debtor disputing sums due.
- Providing copy invoices and statements where appropriate.

PREFERENTIAL, UNSECURED & MEMBERS – 22.60 HOURS OF TIME CHARGED

This area relates primarily to the following issues:-

- Dealing with various telephone calls from a high volume of number of creditors in this case.
- Dealing with e-mails, faxes and all other correspondence from creditors.
- Telephone calls with HMRC confirming appointment and estimated debt owed.
- Inputting of all creditor information onto master claims spreadsheet.
- Preparation of circular letter to all known creditors confirming the Administrator's appointment and his position in respect of the company.
- Dealing with various Retention of Title Issues raised by creditors.
- Various correspondence with landlords.
- Various emails and updates to Clydesdale bank regarding progress of debtors collection.
- Update master claims list for creditor claims received.
- Copying, collation, mailing of circular letter to creditors.
- Preparation of the Administrator's draft Proposal Report.
- Review of draft proposal report, make appropriate changes thereto and finalise report.

EMPLOYEES – 17.20 HOURS OF TIME CHARGED

This area related primarily to the following issues:-

- Various discussions with employees regarding entitlement to claim and answer employee queries.
- Collating all employee contact details.
- Review of company payroll information and confirm sums owed to employees.
- Preparation of and sending initial circular letter to all employees informing them of the Administrator's position / cessation of trade & notification of redundancy.
- Review of employee claim forms received and send to Redundancy Payments Office.
- Complete RP14/14a and submit to Redundancy Payments Office.
- Review correspondence received by Redundancy Payments Office.
- Various conversations with former employees regarding timing of payment from the Redundancy Payments Office.
- Various telephone calls with Redundancy Payments Office
- Arrange completion and send out P45's to employees.
- Various discussions with Director regarding claims for continuity of employment.

MEETINGS – 10.25 HOURS OF TIME CHARGED

This area relates primarily to the following issues:-

- Day one site visit following appointment to discuss the company's affairs and follow up site visit regarding various matters.
- Site clearance visit.

REPORTS, SofA & STATUTORY RETURNS – 5.60 HOURS OF TIME CHARGED

This area relates primarily to the following issues:-

- Review of appointment paperwork.
- Advising company directors of Administrators appointment and their responsibilities and requesting directors to prepare and forward questionnaires on conduct.
- Arrange advertisement of the appointment in the Edinburgh Gazette.
- Recording appointment in the Register of Inhibitions and Adjudications.
- Notifying the Registrar of Companies re: appointment.
- Notify the Company re: appointment.
- Notify HMRC of appointment, completion of Form VAT 769.
- Instruct solicitors to confirm validity of appointment.
- Analysis of company's financial information and preparation of estimated Statement of Affairs / outcome statement to include in proposal report.
- Preparation of the Administrator's draft Proposal Report.
- Preparation of SIP9 time & trouble statement.