

The Insolvency Act 1986

Statement of administrator's proposals**Pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986
and Rule 2.25 of the Insolvency (Scotland) Rules 1986**

Name of Company	Company number
Park Caledonia Associates Limited	SC144303

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

We (a)

Matthew Haw

Baker Tilly Restructuring and Recovery LLP
25 Farringdon Street
London
EC4A 4AB

Keith Anderson

Baker Tilly Restructuring and Recovery LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh EH3 9QG

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

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

(b) Insert date

(b) 26 September 2011

Signed



Joint Administrators

Dated

26 September 2011

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

Catherine Walker	
Baker Tilly Restructuring and Recovery LLP, 25 Farringdon Street, London EC4A 4AB	
Tel: 0203 201 8000	
DX Number: 1040	DX Exchange: Chancery Lane

You have completed and signed this form please send it to the Registrar of Companies at:

Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
Edinburgh / LP 4 Edinburgh-2

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COMPANIES HOUSE

PARK CALEDONIA ASSOCIATES LIMITED IN ADMINISTRATION

JOINT ADMINISTRATORS' PROPOSALS AND REPORT

26 SEPTEMBER 2011

**MATTHEW HAW AND KEITH ANDERSON
JOINT ADMINISTRATORS**

APPOINTED 3 AUGUST 2011

**BAKER TILLY RESTRUCTURING AND RECOVERY LLP
25 FARRINGDON STREET
LONDON EC4A 4AB**

&

**BAKER TILLY RESTRUCTURING AND RECOVERY LLP
1ST FLOOR QUAY 2
139 FOUNTAINBRIDGE
EDINBURGH
EH3 9QG**

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1. JOINT ADMINISTRATORS' APPOINTMENT

Matthew Haw of Baker Tilly Restructuring and Recovery LLP, 25 Farringdon Street, London EC4A 4AB and Keith Anderson of Baker Tilly Restructuring and Recovery LLP, 1st Floor, Quay 2, 139 Fountainbridge, Edinburgh EH3 9QG were appointed Joint Administrators ("Administrators") of Park Caledonia Associates Limited ("PCA" or "the Company") on 3 August 2011 by the qualifying floating chargeholder, Clydesdale Bank Plc, 30 St Vincent Place, Glasgow G1 2HL .

The notice of appointment was filed in the Court of Session in Edinburgh under reference number P845/11.

The Administrators' appointment specified that they would have power to act jointly and severally. The Administrators have exercised and will continue to exercise all of their functions jointly and severally as stated in the notice of appointment.

The Administrators are pleased to present their Proposals and Report pursuant to Paragraph 49 of the Insolvency Act 1986 (as amended) and Rule 2.25 of the Insolvency (Scotland) Rules 1986 (as amended).

2. STATUTORY INFORMATION

We attach as Appendix A an extract of statutory information, including details of the directors, company secretary and secured creditors from the Company's file held at Companies House.

Please note that the Registered Office of the company was changed to c/o Baker Tilly Restructuring and Recovery LLP, 1st Floor Quay 2, 139 Fountainbridge, Edinburgh EH3 9QG on 9 September 2011.

3. EVENTS LEADING UP TO THE ADMINISTRATION

The Directors have provided the following information regarding the affairs of the Company prior to the appointment of the Administrators:

"Park Caledonia Associates Limited ("PCA") was first established in Scotland in 1993, its date of incorporation being 10th May 1993, as middle market retail Independent Financial Adviser. It had offices in Glasgow and Wimbledon.

Over the next few years it increased in size and turnover to the point at the end of the 1990's/start of this century it had around 35 staff and was classified as one of the largest IFA firms in Scotland. It had also being awarded the title of one of Scotland's 100 fastest growing companies by Business AM on two occasions. Staff were distributed between Glasgow and London.

Also in the late 1990's PCA became aware that a number of its clients wanted more specialist advice and services that the average IFA provided and it became involved in Unregulated Collective Investments Schemes that it arranged for its clients starting with the Portland Media Partnership in 1999 which raised £ 10M of investment.

Following advice from its advisers Kidsons and later WJB Chiltern, two further trading companies were set up under a Group structure, Park Caledonia Capital Limited (Capital) and PCA Trustees Limited (Trustees).

Both these companies were to provide ancillary services to clients of PCA; Trustees was a fully HMRC approved pensioner trustee company and Capital was independently regulated by the FSA to establish, operate and wind up collective investment schemes. These companies had different permissions to PCA and were operated independently from it.

Over the following years the total turnover of the Group became relatively static but the overall profitability started to decline as margins were cut and costs increased. In 2006/7, the Directors of PCAL considered closing the company to new business as its profitability was becoming marginal. However, as the Company started upon this process, the Directors received two independent approaches from legal practices on behalf of their clients for them to establish a stock broking business within PCA using its existing permissions on a fee plus profit share basis.

As a result of this the Directors decided to establish PCA as a private client stockbroker and to reduce the wealth management aspect of the business to a smaller but more manageable size within this business.

The credit crunch of 2008 did not assist the business in any way and despite re-positioning and growing the wealth management part of the business at the top end of the market, PCA's margins continued to be eroded.

FSA rules require that PCA carries Professional Indemnity insurance in respect of its retail advisory activities and cover is provided on a claims made basis. As a consequence of the length of trading by PCA premiums for cover and the policy excesses had been climbing year on year despite the very low complaint record. In 2009 PCA managed to negotiate a two year policy and so was protected to a great extent from the rises in premiums that took place in 2010. However, in 2011 the renewal premium for the business was estimated to be in excess of £ 65,000, more than double that of 2009.

The broad range of permissions held by PCA in order to carry on its business mean that it falls into a number of fee categories in respect of its FSA regulatory fees. It is these fee categories that determine the level of contributing to the Financial Services Compensation Scheme and the amount of other levies that it is due to pay on top of its annual fee to the FSA. The levies and fees in the current year are higher than ever before with the FSCS interim levy being in excess of £35,000.

The Directors estimated that the combination of regulatory fees and PI costs would now represent more than 15% of annual turnover of the business. It was not possible to reduce these costs as many are determined by reference to past turnover and business activities. Changing the business model moving forward would still leave the company with these overheads which the Directors consider were likely to increase in the future.

Furthermore PCA had a latent client bank of in the region of 5000 clients. The requirements of the FSA for these to all be serviced was proving to be economically challenging and it had established steps to dispose of many of these to other IFA firms who were better located or better able to service them. Nevertheless a large number of clients remain that are unprofitable to manage and service.

In its first 16 years of trading PCA had received only 30 complaints from clients, of which only one resulted in a compensation claim, in the last three years there have been 38 complainants, many of which have gone directly to the ombudsman as opposed to following the prescribed complaints procedures. This acceleration of complaints combined with the fact that PI insurance policy excesses in many cases are £25,000 mean that PCA is likely to suffer a considerable increase in its complaints liabilities in the future. There is no time limitation for complaints in respect of financial services advice so the potential for complaints is increasing.

It was decided by the Directors in early 2011 that the group structure was no longer suitable and that Park Caledonia Capital Limited and PCA Trustees Limited should be sold to provide some capital for PCA. In March 2011 both Capital and Trustees were sold by Group. This provided some short term relief but did not address the underlying issues.

The absence of income from Capital to support the activities of PCA highlighted further the fact that the business needed to be supported by Directors in order to trade and a fresh examination of the options available to the business was undertaken.

It was decided by the Directors that if PCA was to cease trading it needed to do so in a way that would not disadvantage clients. Most of the brokers and IFA advisers were on contract although a few were employed and whilst the clients remain the property of PCA, there was no clause in any contract to prevent the clients from leaving with any employee.

The lease of PCA's offices expired at the end of June 2011 with no opportunity for renewal as the building was to be demolished. Renewal of the Professional Indemnity insurance was due on 12th July 2011 and the next instalment of regulatory fees due at the end of July. It was apparent therefore that it would be sensible to cease the trading of PCA to coincide with these events and so not incur any continued liability."

In addition, to the director's comments above the Administrators would comment:

A winding-up Petition was presented against the Company by Axa Sun Life Service Plc for a sum of £395,177 and, thereby, the Secured Creditor took steps in a short period of time to protect its security by appointing Administrators. They considered this to be more appropriate than Liquidation as it afforded a greater, and an immediate, opportunity to realise the assets.

In addition to the above, the Administrators are also aware of other potential claims against the Company and its directors since appointment.

Company's trading history

Relevant extracts from the Company's financial statements, as filed at Companies House, are summarised below.

	At 30 April 2009	At 30 April 2008
FIXED ASSETS		
Tangible Assets	4,131	5,255
Investments	52,146	112,146
	<u>56,277</u>	<u>117,401</u>
CURRENT ASSETS		
Debtors	668,874	823,811
Pre payments	36,862	
Cash at Bank	10,306	14,709
	<u>716,042</u>	<u>838,520</u>
CREDITORS	(403,520)	(367,419)
NET ASSETS	<u>368,799</u>	<u>588,502</u>

4. STATEMENT OF AFFAIRS

The Directors' estimated Statement of Affairs as at 3 August 2011 is shown at Appendix B. The Administrators would comment on the statement as follows:

We understand that the assets listed at 'Schedule III to List A' other than 'various commissions receivable' are claims against third parties which the Directors did not manage to realise prior to administration. Some of these assets may, therefore, be difficult to realise and the Administrators intend to undertake further investigations into each claim to assess the potential costs and benefits to the creditors of pursuing each claim.

We note that the 'issued and called up capital' specified on the statement should be entered as a negative sum, hence, the total estimated deficiency as regards members should total -£1,533,273 rather than the stated -£1,349,259.

The value at which creditors' claims are stated in the Statement of Affairs are, as is required by legislation, those which are reflected in books and records of the Company and it is our view that some balances may not be wholly correct. In addition, certain claims may be subject to reduction in respect of mitigation, set-off or retention of title.

The agreement of creditors' claims by the Administrators (or any subsequently appointed Supervisor or Liquidator) is a separate matter and will be dealt with as appropriate in due course, initially by reference to the statements of claim lodged in the proceedings by creditors themselves.

As per the Director's Statement of Affairs, the "Prescribed Part" is a statutory amount of the Company's assets subject to a floating charge to be set aside for the benefit of the Company's non-preferential creditors.

The amount of the Prescribed Part of the assets under Section 176A of the Insolvency Act 1986 (as amended) is estimated at £35,042.24.

At present, we do not propose to make an application to court under Section 176A(5) of the Insolvency Act 1986 (as amended) for an order disapplying the Prescribed Part provisions. This position may be subject to change, however.

5. CONDUCT OF THE ADMINISTRATION

Paragraph 3 to Schedule B1 to the Insolvency Act 1986 (as amended) sets out the purposes of an administration. The Administrator 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.

The Company ceased to trade in July 2011 (prior to the appointment of the Administrators) and as such it is not possible for objective (a) to be achieved. The Administrators are pursuing purpose (b) as it is believed that Administration will achieve a better result for the creditors as a whole than if the Company were wound up. It has been necessary for the Administrators to act quickly to preserve the assets of the Company (namely the ongoing commission streams). It would not have been possible to act in this way in the event of a compulsory winding up of the Company's affairs due to the delays in the winding up process. It is anticipated that the actions taken to preserve the assets of the Company will improve the potential for a distribution to be made to unsecured creditors via the Prescribed Part and thereby supports our conclusion that administration will achieve a better result than a winding up.

In the event that it is not possible to achieve purpose (b) the Administrators will pursue purpose (c) by aiming to make a distribution to the secured and preferential creditors.

As alluded to above, the Administrators identified at an early stage, that the principal asset of the Company (i.e the future commission payments due from various product providers) were under threat due to a pending application to deregister the Company under the FSA regulations. This application was made at the time that the Company ceased to trade (i.e. prior to the appointment of the Administrators) and once finalised, deregistration would have prohibited the collection of ongoing commissions. The Administrators had to act very quickly to assign the commissions to a third party (with the necessary FSA registration) thus preserving the value of the asset for the benefit of the creditors. In our previous experience of Companies (and Administrations) of this nature, the transfer of commissions to a third party has resulted in the best possible returns to creditors, hence, we believe it in their best interests to do the same in this instance.

The sale of the rights to collect ongoing commissions was completed on 16 August 2011 to Phoenix CPG Limited ("Phoenix").

~~Under the terms of the sale, the Company has received £30,000 as upfront consideration. In exchange, Phoenix will be entitled to receive 100% of the first £30,000 of commissions received. After this, commissions will be split for the following 3 years, 80% (Administrators) and 20% (Phoenix). Phoenix will account to the Administrators on a quarterly basis advising of the level of commissions received.~~

We will provide an update on the commission's realisation process in our first progress report to creditors (to be issued within 6 weeks of 3 February 2012).

The Administrators have recently accepted an offer for the sale of the motor vehicles held on finance. This sale will yield realisations of approximately £700 for the administration estate (after the settlement of outstanding finance).

As specified in the Directors Statement of Affairs, there are a number of ongoing legal issues which could lead to further recoveries. The Administrators will assess the likelihood of success in each of these matters prior to pursuing the outstanding claims.

6. JOINT ADMINISTRATORS RECEIPTS AND PAYMENTS

We attach as Appendix C a summary of our receipts and payments.

As reflected in section 5 of this report, we have received £30,000 from Phoenix in part consideration for the sale of the commission receipts.

A small number of direct commissions have also been received (prior to completion of the Phoenix sale agreement).

VAT Basis

Receipts and payments are shown net of VAT, with any amount due to or from HM Revenue & Customs shown separately.

7. JOINT ADMINISTRATORS' STATEMENT (NO CREDITORS' MEETING)

In accordance with Paragraph 52(1) of Schedule B1 to the Insolvency Act 1986 (as amended), the Administrators are not convening a meeting of creditors because in their opinion at this time:

The company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the Prescribed Part.

The statutory purpose of administration being, (a) the rescue of the company as a going concern cannot be achieved and although the Administrators are pursuing purpose (b) of achieving a better result for the company's creditors as a whole than would be possible if the company were wound up, the Administrators do not expect that there will be sufficient funds available to make a distribution to unsecured creditors (other than by virtue of the Prescribed Part).

Under Paragraph 52(2) of Schedule B1 to the Insolvency Act 1986 (as amended), the Administrators shall convene a meeting of creditors if so requested by creditors of the Company whose debts amount to at least 10% of the total debts of the Company.

Such request must be submitted in writing to the Administrators within 12 days of the date on which these proposals are sent out, and the Administrators may require any such creditor to lodge with him a deposit, at an amount to be determined by the Administrators, as security for expenses of convening a meeting.

Under Rule 2.25(3) of the Insolvency (Scotland) Rules 1986 (as amended) the Administrators' Proposals shall be deemed to be approved if no creditors' meeting has been requisitioned within the specified time period as set out above.

Creditors are also entitled at a meeting of creditors to establish a Creditors' Committee should they so wish, provided that there are no fewer than three and no more than five wishing to be represented on the Committee.

8. JOINT ADMINISTRATORS' PROPOSALS

The Administrators' proposals in relation to the company are:

- 8.1 The Administrators should consider and pursue the most appropriate alternative method of realising the assets for the benefit of the creditors.
 - 8.2 The Administrators should arrange to distribute available funds from the realised assets to those creditors entitled to them in such manner as they consider will lead to an early distribution of the available assets in an economic manner.
 - 8.3 The Administrators be authorised to make such application to Court for directions as they consider appropriate with a view to achieving the purposes of the administration or their Proposals.
 - 8.4 The Administrators conclude the administration when all the property and assets have been realised and distributed (after costs).
 - 8.5 Unless otherwise deemed appropriate (see below), to exit the Administration by way of Dissolution in accordance with Paragraph 84(1) of Schedule B1 to the Act.
 - 8.6 To apply to Court in order to request a 36 month extension (bringing the administration to 48 months in length) to the administration or such a period as the Administrators see fit (i.e. in order to facilitate the realisation of commissions).
 - 8.7 In the event that it is deemed appropriate to do so, to apply to Court (at such time as the application for extension is made) to seek approval for the distribution of the Prescribed Part during the Administration.
 - 8.8 Notwithstanding the aforementioned, if circumstances arise which suggest that it may be more appropriate to exit Administration via a Creditors' Voluntary Liquidation, the Administrators propose to proceed in accordance with 8.8 below.
 - 8.9 In the event that it is deemed appropriate to proceed to Creditors' Voluntary Liquidation, it is proposed that Matthew Haw of Baker Tilly Restructuring and Recovery LLP 25 Farringdon Street London EC4A 4AB and Keith Anderson of Baker Tilly Restructuring and Recovery LLP 1st Floor Quay 2 Fountainbridge, Edinburgh EH3 9QG be appointed as Joint Liquidators.
 - 8.10 To seek a resolution from the secured and preferential creditors, as appropriate, for discharge from liability in respect of any action of ours as Administrators. This would take effect immediately following our cessation to act as Administrators.
-

9. EXTENSION

As referred to in section 5 of this report, the Administrators have completed the sale of the rights to recover ongoing commissions to Phoenix. Under the terms of the sale agreement, the Company (via the Administrators) have agreed that commissions will be split 80% (Administrators) 20% (Phoenix) for 3 years.

In order to continue to collect the sums due to the Company in years 2 and 3 of the agreement it will be necessary to apply to Court for a 36 month extension of the Administration (meaning that the Administration can continue for up to 48 months in total). In the event that the Administrators proposals are approved, the requisite application will be made and the creditors will be advised of the outcome in our next progress report.

If any creditor wishes to object to the extension of the administration, please do so by writing to me by 12 October 2011.

10. PROPOSED EXIT FROM ADMINISTRATION

It is proposed that the Company shall exit administration by dissolution.

However, in the event that it is deemed appropriate to proceed to Creditors Voluntary Liquidation, it is proposed that Matthew Haw of Baker Tilly Restructuring and Recovery LLP, 25 Farringdon Street, London EC4A 4AB and Keith Anderson of Baker Tilly Restructuring and Recovery LLP, 1st Floor Quay 2 Fountainbridge Edinburgh EH3 9QG be appointed Joint Liquidators of the Company following the cessation of the administration.

Creditors should note that they may nominate a different person as the proposed Liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved.

11. DISCHARGE FROM LIABILITY

As there is unlikely to be any return to unsecured creditors (with the exception of the Prescribed Part distribution) we will, in accordance with legislation, be seeking a resolution from the secured and preferential creditors, as appropriate for discharge from liability in respect of any action of ours as Administrators to take effect immediately following our cessation to act as Administrators.

12. DIVIDEND PROSPECTS

As referred to in section 4 of this report the "Prescribed Part" is a proportion of a Company's "net property" calculated by statutory formula and ring-fenced for the benefit of a Company's unsecured creditors. "Net property" is defined as property that would otherwise be available for distribution to the holders of floating charge security.

The provisions of the Prescribed Part are only applicable to post 15 September 2003 charges and therefore, where funds permit, is applicable in respect of the Company.

Secured Creditors

Whilst a significant amount of uncertainty surrounds the realisation of the commissions, a dividend to the floating chargeholder is anticipated. It is, however, too early to estimate the quantum of any such dividend(s).

Preferential Creditors

The Statement of Affairs details Preferential Creditors in the sum of £3,137.30. Such preferential claims comprise of outstanding holiday pay and accrued unpaid wages owed to ex-employees.

Given that the asset realisation process is ongoing, we cannot be certain of the position, however, we are hopeful that a distribution will be declared to the Preferential Creditors.

Unsecured Creditors

The Statement of Affairs estimates that unsecured creditor claims are in the sum of £1,473,171 (including contingent claims of £525,125 which may or may not crystallise). This amount is based upon the records of the Companies.

The Administrators regret to advise that we do not anticipate a distribution to the unsecured creditors. However, a significant amount of uncertainty surrounds the realisation of the commission streams and, as such, the realisations may (subject to the costs and expenses of the administration) give rise to a Prescribed Part distribution.

13. JOINT ADMINISTRATORS REMUNERATION AND DISBURSEMENTS

Remuneration

As there is unlikely to be any return to unsecured creditors (except for the Prescribed Part distribution) we will, in accordance with legislation, agree our fees and disbursements with the secured and preferential creditors, as appropriate.

We propose that the Joint Administrators shall be authorised to draw their remuneration based upon time costs together with the expenses incurred by them in the Administration, to be paid out of the assets of the Company in accordance with Rule 2.39 "by reference to the time properly given by the Administrators and their staff, in attending to matters arising in the administration".

Preferential and secured creditors have been provided with a voting form detailing the above resolution. I should be grateful if those (preferential and secured) creditors who have received a voting form would complete this with their voting instructions and return this to me by 12 October 2011.

Disbursements

Expenses and disbursements which are not capable of precise identification and calculation require approval prior to being drawn from the assets of the Company ("Category 2" disbursements). We are seeking approval from preferential and secured creditors for a resolution stating that the Administrators shall be authorised to draw their disbursements and other expenses incurred by them in the administration, to be paid out of the assets of the Company, such disbursements to include "Category 2 disbursements" at the rates prevailing when the cost is incurred, current rates of which are disclosed in Appendix E.

Preferential and secured creditors have been provided with a voting form (as mentioned above) detailing the above resolution. I should be grateful if those (preferential and secured) creditors who have received a voting form, would complete this form with the requisite voting instructions and return this to us by 12 October 2011.

For your information the following documentation is attached:

- Appendix D Joint Administrators' time cost analysis
- Appendix E Joint Administrators' charge out and disbursement rates
- Appendix F Summary of payments to Joint Administrators and associated parties
- Appendix G Charging, expenses and disbursement policy statement

A Creditors Guide to Administrators' Fees, a guide in relation to the remuneration of Administrators, can be accessed at the website of the Association of Business Recovery Professionals at:

http://www.r3.org.uk/media/documents/publications/professional/A_Scot_A4.pdf

Alternatively, we can provide you with a copy on written request to our office.

Administrators' time costs

The Joint Administrators have incurred time costs of £16,402.50 to date.

The following is a narrative summary of the tasks carried out by us:

Administration and Planning

This includes day-to-day administrative duties and dealing with statutory duties and responsibilities, including advertising notice of the administration, providing notice to creditors, dealing with the submission of the Statement of Affairs and filing necessary documents at Companies House. Other duties include handling and recording receipts and payments; VAT and Corporation Tax issues and pension queries and general correspondence.

Investigations

In accordance with our statutory obligations under the Company Directors' Disqualification Act 1986, we will file the appropriate documentation on the conduct of the directors with the Department for Business, Innovation & Skills. This return will be submitted prior to the deadline of 3 February 2012.

Realisation of Assets

Our staff have assisted with various matters such as the preparation of sale documentation in connection with the assignment of the commission book to Phoenix CPG Limited and obtaining valuations of other tangible assets (i.e. the leased motor vehicles). A significant amount of time has been spent on this area as it was considered necessary to act quickly to protect the right of the Company to recover commissions on an ongoing basis.

Creditors

Queries from and correspondence with creditors and employees have been necessary aspects of the administration process. The preparation of the Administrators' Proposals has been undertaken including the attendant aspects of providing and obtaining the required information.

Administrators' disbursements

To date we have incurred a total of £124.29 plus VAT on account of our disbursements. A total of £54.54 (plus VAT) has yet to be drawn whilst the balance of £69.75 (plus VAT) has been drawn from funds on hand.

14. EC REGULATIONS

It is considered that the EC Regulations will apply and that these proceedings will be main proceedings as defined in Article 3 of the EC Regulations as the centre of main interest of the company is in the United Kingdom.

16. OTHER MATTERS

The Administrators must, within six months of the date of the appointment, submit a report relating to the conduct of the Directors in accordance with the Company Director Disqualification Act 1986.

Creditors are invited to provide the Administrators with details of any matters which they feel may be relevant in relation to the acts and dealings of the Company and/or its Directors and that may require investigation by the Administrators.



Matthew Haw

Baker Tilly Restructuring and Recovery LLP

Joint Administrator

Matthew Haw is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants in England and Wales.

Keith Anderson is licensed to act as an Insolvency Practitioner in the UK by the Institute of Chartered Accountants of Scotland.

The affairs, business and property of the company are being managed by the Joint Administrators who act as agents of the company and without personal liability

Appendix A

STATUTORY INFORMATION

COMPANY NAME:	PARK CALEDONIA ASSOCIATES LIMITED						
PREVIOUS COMPANY NAMES:	n/a						
COMPANY NUMBER:	SC144303						
DATE OF INCORPORATION:	10/05/1993						
TRADING NAME:	n/a						
TRADING ADDRESS	Previously- Hillgate House, 26 Old Bailey, London EC4M 7HW						
PRINCIPAL ACTIVITY:	Financial Intermediation, Except Insurance and Pension Funding						
REGISTERED OFFICE:	Baker Tilly Restructuring and Recovery LLP 1st Floor, Quay 2, 139 Fountainbridge, Edinburgh, EH3 9QG						
SHARE CAPITAL:	Authorised share capital:						
NOMINAL & ISSUED SHARE CAPITAL	91,707 Class A Ordinary shares 300 Class C Ordinary Shares Issued: £1 Class A Ordinary- 91,707 £1 Class C Ordinary- 300						
SHAREHOLDERS:	<table><tbody><tr><td>Park Caledonia Group Limited</td><td>- 85002 Class A Ordinary Shares</td></tr><tr><td>Trustees of Park Caledonia Associates Limited Pension Scheme</td><td>- 6705 Class A Ordinary Shares</td></tr><tr><td>Park Caledonia Group Limited</td><td>- 300 Class C Ordinary Shares</td></tr></tbody></table>	Park Caledonia Group Limited	- 85002 Class A Ordinary Shares	Trustees of Park Caledonia Associates Limited Pension Scheme	- 6705 Class A Ordinary Shares	Park Caledonia Group Limited	- 300 Class C Ordinary Shares
Park Caledonia Group Limited	- 85002 Class A Ordinary Shares						
Trustees of Park Caledonia Associates Limited Pension Scheme	- 6705 Class A Ordinary Shares						
Park Caledonia Group Limited	- 300 Class C Ordinary Shares						
DIRECTORS:	Dean Goldberg William Stevenson						
SECRETARY:	Mr William R Stevenson						
MORTGAGES AND CHARGES:	Floating charge created on 04 December 2008 and registered on 10 December 2008 in favour of Clydesdale Bank Plc						

Rule 2.21

The Insolvency Act 1986

Form 2.13B (Scot)

Statement of Affairs

Pursuant to paragraph 47 of Schedule B1 to the Insolvency Act 1986
and Rule 2.21(1) of the Insolvency (Scotland) Rules 1986

Insert name of the
company

Statement as to the affairs of

Park Caledonia Associates Limited

as at the 3rd day of August 2011, the date that the company entered administration.

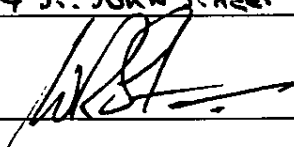
Statutory Declaration

I solemnly and sincerely declare that the information provided in this statement and the lists A to G annexed and signed as relative hereto is, to the best of my knowledge and belief, true and complete,

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 54 St. John Street Glasgow in the County of Denby

Signed



WILLIAM STEVENSON, Director

This 7th day of SEPTEMBER 20 11

Before me A.C. CROWTHER

A ~~Notary Public or Justice of the Peace~~ or Solicitor

✓ Acc.

A. C. CROWTHER,
Solicitor/Commissioner
for Oaths.

MENT as to the affairs of the Company on the 3rd day of August 2011

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or bold block lettering

		Estimated Realisable Values £
ASSETS		
Assets not specifically secured (as per List "A")		163,100
Assets specifically secured (as per List "B")	£	
Estimated realisable value	16,670	
Less: Amount due to secured creditors	(15,790.30)	
Estimated Surplus		879.70
Estimated Total Assets available for preferential creditors, holders of floating charges and unsecured creditors		163,979
LIABILITIES		
Preferential creditors (as per List "C")		(3,768.50)
Estimated balance of assets available for holders of floating charges and unsecured creditors		160,211.20
Estimated prescribed part of net property where applicable (to carry forward)		(35,042.24)
Holders of floating charges (as per List "D")		(128,306.26)
Estimated surplus/deficiency as regards holders of floating charges		(3,137.30)
Estimated prescribed part of net property where applicable (brought down)		35,042.24
Unsecured Creditors	£	
Trade accounts (as per List "E")	948,046	
Bills payable (as per List "F")	-	
Contingent or other liabilities (as per List "G")	525,125	
Total unsecured creditors (excluding any shortfall to floating charge holders)		(1,473,171)
Estimated Surplus/Deficiency as regards creditors unsecured creditors (excluding any shortfall to floating charge holders)		(1,438,129)
Estimated deficiency after floating charge where applicable (brought down)		(3,137.30)
Estimated Surplus/Deficiency as regards creditors		(1,441,266)
Issued and Called-up Capital		92,007
Estimated Surplus/Deficiency as regards members		(1,349,259)

These figures must be read subject to the following:-

*delete as appropriate

*[(a) There is no unpaid capital liable to be called up]

W. S. T.
7/8/11

*{(b) The nominal amount of unpaid capital liable to be called up is £ estimated to produce £ which is/is not charged in favour of the holder of the floating charges(s)}

The estimates are subject to the expenses of the liquidation and to any surplus or deficiency on trading pending realisation of the Assets.

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7 Sept 11.

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Statement of affairs LIST 'A'

Assets not specifically secured

Particulars of assets	Book value £	Estimated to produce £
Balance at bank.....
Cash in hand
Marketable securities (as per Schedule I).....
Bills receivable (as per Schedule II).....
Trade debtors (Commissions, as per Schedule III)	233,600	163,100
Loans and advances (as per Schedule IV)
Unpaid calls (as per Schedule V)
Stock in trade
.....
Work in progress
.....
Heritable property.....
Leasehold property
Plant, machinery and vehicles
Furniture and fittings, etc.....
Patents, trade marks, etc.....
Investments other than marketable securities.....
Other property
Total	233,600	163,100

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7 Sept 11

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SCHEDULE I TO LIST 'A'
Statement of affairs
Marketable Securities

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Names to be arranged in alphabetical order and numbered
consecutively

No	Name of organisation in which securities are held	Details of securities held	Book value £	Estimated to produce £
	None			

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Date

7 Sept 11

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SCHEDULE II TO LIST 'A'


Statement of affairs

Bills of exchange, promissory notes, etc. available as assets

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of acceptor of bill or note	Amount of bill or note £	Date when due	Estimated to produce £	Particulars of any property held as security for payment of bill or note
	None				

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Date

7 Sept 11

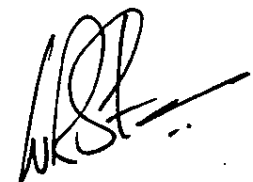
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SCHEDULE III TO LIST 'A'
Statement of affairs
Trade debtors

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Names to be arranged in alphabetical order and numbered
consecutively

No	Name and address of debtor	Particulars of any securities held for debt	Book value £	Estimated to produce £
1	Beta2 Limited (FSO Compensation) Floor 12 Broadgate Tower 20 Primrose Street London EC2A 2EW	-	17,800	17,800
2	Clark, Lane (commission debt) c/o Beta2 Limited Floor 12 Broadgate Tower 20 Primrose Street London EC2A 2EW		17,300	17,300
3	Communicate Better Ltd (re telephone system) 119 Moorside Road Manchester M27 0LB		5,000	5,000
4	Erith Demolition (damages claim) Erith House Queen Street Erith Kent DA8 1RP		1,500	1,500
5	Land Securities plc (compensation) 5 The Strand London WC2N 5AF		10,000	10,000
6	Overo, Jovi (commission debt) c/o Beta2 Limited Floor 12 Broadgate Tower 20 Primrose Street London EC2A 2EW		11,500	1,500
7	The Show4Kids plc/Macrae & Co (unpaid/unrecoivable fees – requires further litigation) c/o Macrae & Co 59 Lafone Street London SE1 2LX		70,500	0
8	Various Commissions receivable		100,000	100,000


7 Sept 2011

	Total		233,600	163,100
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SCHEDULE IV TO LIST 'A'

Statement of affairs

Loans and Advances

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Names to be arranged in alphabetical order and numbered
consecutively

No	Name and address of debtor	Particulars of any securities held for debt	Book value £	Estimated to produce £
1	Park Caledonia Group Limited 4 th Floor Erskine House 68-73 Queen Street Edinburgh EH2 4NR		214,072	214,072

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Date

7 Sept 11

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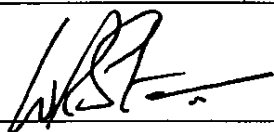
SCHEDULE 7 TO LIST A

Statement of affairs Loans and Advances

Please complete
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No	No in share register	Name and address of shareholder	Names to be arranged in numbered consecutively No of shares held	Amount of call per share unpaid £	Total amount due £	Estimated to produce £
		None				

Signed



Date

7 Sept 11

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LIST 'B' (consisting of 1 pages)

Statement of affairs

**Assets specifically secured and creditors fully or partly
secured (see note below) (not including debenture holders
secured by a floating charge)**

No	Particulars of assets specifically secured and nature of security	Date when security granted	Name of creditor	Address and occupation
1	2 x company vehicles (LC5 DP0 & HN58 EEZ)	31/03/2009	Clydesdale Bank Asset Finance Ltd	Stirling House, Blair Court, Clydesdale Business Park, Clydebank, G81 2NT

Note: For this purpose treat as a creditor but identify separately

- (a) an owner of goods in the company's possession under a hire-purchase agreement or an agreement for the hire of goods for more than 3 months, or
- (b) a seller of goods to the company claiming a retention of title or a seller under a conditional sale agreement.

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7 Sept 11

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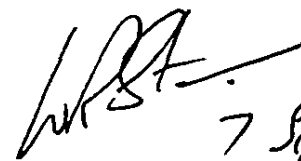
LIST 'C' (consisting of 3 pages)

Statement of affairs

Preferential creditors for salaries, wages and otherwise

Names to be arranged in alphabetical order and numbered consecutively

No	Name of creditor	Address
1	Tracey Campbell	Not disclosed
2	Dean Goldberg	Not disclosed
3	Margaret Goldberg	Not disclosed
4	Annette Jordan	Not disclosed
5	Anthony Jordan	Not disclosed
6	David Reid	Not disclosed
7	William Stevenson	Not disclosed


7 Sep 11

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7 Sept 11

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Date

7 Sept 11

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LIST 'D'

Statement of affairs

List of holders of debentures secured by a floating charge

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of Holder	Amount £	Description of assets over which security extends
1	Clydesdale Bank Plc	128,306.26	Fixed and Floating charge

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Date

7 Sept 11

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LIST 'E' (consisting of 3 pages)

Statement of affairs

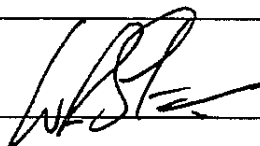
Unsecured creditors – trade accounts.

Identify separately on this list customers claiming amounts paid in advance of the supply of
goods and services

Names to be arranged in alphabetical order and numbered consecutively

No	Name of and address of creditor	Amount of the debt £
1	Employees (non-preferential/unsecured claims)	46,689.20
2	Park Caledonia Capital Limited Magnesia House 6 Playhouse Yard London EC3V 5EX	677,617
3+	See Attached Continuation Sheets (2)	

Signed



Date

7 Sept 11

<u>COMPANY NAME</u>	<u>ADDRESS</u>	<u>AMOUNT O/S</u>	<u>NOTES</u>
AVELO (FORMERLY THE EXCHANGE)	Jessop House Jessop Avenue Cheltenham Gloucestershire GL50 3SH	69.00	
AXA SUN LIFE (Friends Life)	Friends Life Seervices Ltd 175 Corporation Street Coventry CV1 1GD	10,000.00	
BAKER & HOSTETLER LLP	Washington Square, Suite 1100 1050 Connecticut Avenue N.W Washington DC 20036-5304	7,367.81	Believe this to be final amount unable to access old e-mails documentation archived in Derbyshire
BANK OF SCTOLAND		3,000.00	
BARCLAYS BANK PLC	TLT LLP One Redcliffe Street Bristol BS1 6TP (DX 7815 Bristol)	56,196.78	
BRECHIN TINDAL OATTS SOLICITORS	One Edinburgh Quay Edinburgh EH3 9QG (DX ED77 Edinburgh 2)	2,340.47	Personally guaranteed by the Directors
BRITISH TELECOM	Colindale House SSC The Hyde Edgware Road colindale London NW9 6LB	10,603.98	We have received letter in respect of cancellation of lines in Derbyshire advising us of charge of £5,532.23 - have no invoice as yet
CLERICAL MEDICAL	Optima Legal Amdale House Charles Street Bradford BD1 1UN	3,234.91	
CITY OF LONDON	2nd Floor Black Lion House 45 Whitechapel Rd London E1 1DU	20,217.00	Whole amount requested amount payable is for 3 months only however an appeal as placed - appeal No. 503018224739/058N10
DATASHRED	Shire House Sopers Road Cuffley Hertfordshire EN6 4SE	156.00	
DWF	1 Scott Place 2 Hardman Street Manchester M3 3AA	8,384.25	These invoices are in respect of VAT on a complaint case being handled through our PI Insurance - PCA is VAT registered and should be able to reclaim this VAT
EQUIFAX LTD	Augustus House 3 New Augustus Street Bradford West Yorkshire BD1 5L	157.44	
FINANCIAL TIMES LTD	Cashiers Dept 1 Southwark Bridge London SE1 9HL	1,586.25	
FP MAILING PREMIER	Premier House Gret Queen Street Dartford Kent DA1 1TJ	125.34	
ICOM	Unit 11 2M Trade Park Beddow Aylesford Kent ME20 7BT	896.40	

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7 Sept 11

ING LEASE (UK) LTD	Salisbury Litigation Management Salisbury House 31 Finsbury Circus London EC2M 5SQ	1,045.85	This was a photocopier which was on lease - this was removed from premises when we took out contract with XDT (Xerox) we were led to believe that this had been settled by XDT and the machine returned
LAND SECURITIES PROPETIES LIMITEI	5 Strand London WC2N 5AF	18,652.63	
O2	Telefonica UK Limited 260 Bath Road Slough Berkshire SL1 4DX	1,167.91	
PRODEC NETWORKS LIMITED	Unhit 5 Chancery Gate Business Centre Ruscombe Park Twyford Berkshire RG10 9LT	1,340.57	Order placed by PCA Broking and advised that monies would come from this account Nigel Keable passed to PCA Ltd for payment
PRINTWARE LIMITED	Printware Ltd Harrison Place Whisby Road Lincoln LN6 3DG	9,881.27	Court Summons Papers being forwarded on to Baker Tilley by ADJ at PCA
ROYAL LONDON INSURANCE	Harrogate County Court 2 Victoria Avenue Harrogate North Yorkshire HG1 1EL	65,452.60	Judgement in default - forwarded onto Baker Tilley by ADJ PCA
ROYAL MAIL	Credit Management Centre Royal Mail House Stone Hill Road Farnworth Bolton BL4 9XX	1.68	
THAMES CLEANING	14 Hatherley Road Sidcup Kent DA14 4BG	1,591.82	
WORDFLOW	11-19 Vyner Street London E2 9DG	171.72	
		223,641.68	

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7 Sept 11

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FORM 1

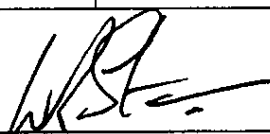
Statement of affairs

Unsecured creditors – Bills payable, promissory notes, etc

Please complete legibly, preferably in block type, or bold type. The particulars of any bills of exchange and promissory notes held by a holder should be inserted immediately below the name and address of such creditor.

No	Name and address of acceptor of bill or note	Name and address of holder*	Date when due	Amount of claim £
	None			

Signed



Date


7 Sept 11

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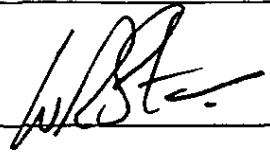
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Statement of affairs
Unsecured creditors – contingent liabilities

Names to be arranged in alphabetical order and numbered consecutively

No	Name and address of creditor	Nature of liability	Amount of claim £
	Mark Brierley & Others c/o Carter Ruck 6 St Andrew Street London EC4A 3AE	Claim regarding client classification and advice	Restricted to £220,000 by excess on PI policy
	Peck, Nigel Coach House The Street Appledore Kent TN6 2BU	Employment tribunal	Total £305,125 subject to statutory limits
			7 Sept 11

Signed

A handwritten signature in black ink, appearing to be 'W. B. Ste.' with a stylized flourish at the end.

Date

7 Sept 11

Appendix C

Park Caledonia Associates Limited in Administration Administrators Receipts and Payments Account

SOA Value £		£	£
ASSET REALISATIONS			
0.00	Bank Interest Gross	3.82	
0.00	Cash on Hand	1,465.28	
0.00	Commissions (Initial Consideration from Phoenix CPG)	30,000.00	
163,100.00	Commissions (Other Trade Debtors)	<u>2,562.95</u>	
			<u>34,032.05</u>
<u>163,100.00</u>			<u>34,032.05</u>
REPRESENTED BY			
	Bank - Floating (Clydesdale)	<u>34,032.05</u>	
			<u>34,032.05</u>
			<u>34,032.05</u>

Appendix D

Park Caledonia Associates Limited

Administrators Time Costs to Week Ending 15 September 2011

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Administration and Planning	1.0	11.0	34.9	0.0	46.9	£9,895.50
Realisation of Assets	0.2	10.5	2.5	0.0	13.2	£4,058.50
Creditors	4.2	9.6	5.2	0.0	19.0	£5,338.00
Case Specific Matters	0.0	0.7	1.2	0.0	1.9	£345.50
TOTAL HOURS	5.4	31.8	43.8	0.0	81.0	
TOTAL TIME COST	£2,409.00	£9,507.00	£7,721.50	£0.00		£19,637.50
Average Cost	446.1	299.0	176.3	0.0	£242.44	

Administration and Planning

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Appointment	0.0	0.2	20.0	0.0	20.2	£3,636.00
Background information	0.0	0.0	0.3	0.0	0.3	£54.00
Case Management	0.0	0.0	2.3	0.0	2.3	£401.50
Post-appointment - general	0.0	6.5	0.6	0.0	7.1	£2,250.00
Post-appointment taxation	0.0	0.0	0.8	0.0	0.8	£144.00
Pre-appointment matters	1.0	0.8	4.5	0.0	6.3	£1,533.00
Receipts and Payments	0.0	0.0	6.0	0.0	6.0	£930.00
Shareholders/Director/Debtor/ Bkpt	0.0	0.3	0.0	0.0	0.3	£75.00
Statement of Affairs	0.0	3.2	0.4	0.0	3.6	£872.00
Totals	1.0	11.0	34.9	0.0	46.9	£9,895.50

Realisation of Assets

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Assets - general/other	0.0	0.2	2.5	0.0	2.7	£500.00
Sale of business	0.2	2.5	0.0	0.0	2.7	£1,279.50
Debtors & sales finance	0.0	6.6	0.0	0.0	6.6	£1,885.00
HP/Leasing creditors	0.0	0.8	0.0	0.0	0.8	£294.00
ROT/Third Party Assets	0.0	0.4	0.0	0.0	0.4	£100.00
Totals	0.2	10.5	2.5	0.0	13.2	£4,058.50

Creditors

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
1st creditors/shareholders meetings and rep	4.2	2.9	0.8	0.0	3.9	£2,806.00
Appointment	0.0	0.0	2.0	0.0	2.0	£360.00
Employees	0.0	3.5	1.2	0.0	4.7	£897.50
Legal Matters	0.0	0.0	0.2	0.0	0.2	£36.00
Unsecured Creditors	0.0	1.7	1.0	0.0	2.7	£605.00
Secured Creditors	0.0	1.5	0.0	0.0	1.5	£633.50
Totals	4.2	9.6	5.2	0.0	15.0	£5,338.00

Case Specific Matters

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Legal Matters	0.0	0.0	1.2	0.0	1.2	£216.00
Employees	0.0	0.7	0.0	0.0	0.7	£129.50
Totals	0.0	0.7	1.2	0.0	1.9	£345.50

Appendix E

BAKER TILLY RESTRUCTURING AND RECOVERY LLP

Joint Administrators' CURRENT CHARGE OUT AND DISBURSEMENT RATES

CHARGE OUT RATES		
	Rate at commencement £	Current rate £
Partner	400-485	400-485
Manager	200-400	200-400
Administrator	105-185	105-185
Support staff	105	105

"CATEGORY 2" DISBURSEMENT RATES (TABLE A)	
For use in respect of cases where the appointment is on or after 1 April 2011.	
Travel & Subsistence	
Motor travel	40p per mile (from 1 April 2010)
Subsistence	£23
Circulars to Members / Creditors	
Labels	£ 0.16 (BT) or £0.01 (avery plain – 7163) each
Headed paper	£ 0.08 per sheet
Plain paper (continuation)	£ 0.08 per sheet
Large envelopes	£ 0.22 each
Small envelopes	£ 0.08 each
Photocopying charge	£ 0.04 (b&w) £ 0.20 (colour) per sheet
Stationery	
Lever arch files	£ 0.75 per file
Cashiering files	£ 0.75 per file
A-Z dividers	£1.75 per set
1-31 dividers	£2.88 per set
Coloured dividers (5 part)	£0.49 per set
Coloured dividers (10 part)	£0.99 per set
Multi-punch pockets	£0.03 per pocket
Storage boxes	£1.50 per box
Sundry	
Faxes	N/a
Internal room hire (for meetings)	£50-200 dependent on room

Appendix F

JOINT ADMINISTRATORS' CATEGORY 2 DISBURSEMENTS TABLE

Amounts paid or payable to the Office Holder's firm or to any party in which the office holder or his firm or any associate has an interest			
Recipient, Type and Purpose	Category	Paid	Unpaid
		£	£
Royal Mail- postal redirection	1		£54.54
TMP Worldwide- statutory advertising of appointment	1		£69.75
Total			

CHARGING, EXPENSES AND DISBURSEMENTS POLICY STATEMENT

Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time.
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators.
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate.
- Time is recorded in 6-minute units at the rates prevailing at the time the work is done
- The current charge rates for Baker Tilly Restructuring and Recovery LLP London are attached
- Time billed is subject to Value Added Tax at the applicable rate.
- It is the office holder's policy to ensure that work undertaken is carried out by the appropriate grade of staff required for each task, having regard to its complexity and the skill and experience actually required to perform it.
- Baker Tilly Restructuring and Recovery LLP's charge out rates are reviewed periodically.

Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate.
- Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to creditors, but do not require creditors' approval prior to being drawn from the insolvency estate. These are known as "Category 1" disbursements.
- Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) require the approval of creditors prior to being drawn from the insolvency estate. These are known as "Category 2" disbursements.
- A resolution to consider approving "Category 2" disbursements at the rates prevailing at the time the cost is incurred to Baker Tilly Restructuring and Recovery LLP London will be proposed to creditors' in general meeting
- General office overheads are not re-charged to the insolvency estate as a disbursement.
- Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of creditors.
- Where applicable, expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate.