In accordance with Rule 3.38(5) of the Insolvency (Scotland) (Company Voluntary Arrangements and Administration) Rules 2018

# AM06 (Scot)

## Notice of approval of administrator's proposals

Companies House

WEDNESDAY

*S8W7MCQV*
SCT 08/01/2020 #313
COMPANIES HOUSE

### 1 Company details

| | |
|---|---|
| Company number | S C 4 8 5 1 0 3 |
| Company name in full | FERGUSON MARINE ENGINEERING (HOLDINGS) LIMITED |

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

### 2 Court details

| | |
|---|---|
| Court name | IN THE COURT OF SESSION |
| Court number | P 9 5 0 / 2 0 1 9 |

### 3 Administrator's name

| | |
|---|---|
| Full forename(s) | MICHAEL JOHN |
| Surname | MAGNAY |

### 4 Administrator's address

| | |
|---|---|
| Building name/number | DELOITTE LLP |
| Street | 20 CASTLE TERRACE |
| | |
| Post town | EDINBURGH |
| County/Region | |
| Postcode | E H 1 2 D B |
| Country | UK |

# AM06 (Scot)
Notice of approval of administrator's proposals

## 5 Administrator's name ❶

| | |
|---|---|
| Full forename(s) | ROBERT JAMES |
| Surname | HARDING |

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

## 6 Administrator's address ❷

| | |
|---|---|
| Building name/number | DELOITTE LLP |
| Street | 1 NEW STREET SQUARE |
| | |
| Post town | LONDON |
| County/Region | |
| Postcode | EC4A 3HQ |
| Country | UK |

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

## 7 Date administrator(s) appointed

Date: 22/10/2019

## 8 Date statement of proposals delivered to creditors

Date: 17/12/2019

## 9 Date proposals were deemed to be approved

Date: 31/12/2019

## 10 Sign and date

| | |
|---|---|
| Administrator's signature | Signature X X |
| Signature date | 07/01/2020 |

# AM06 (Scot)

Notice of approval of administrator's proposals

## Presenter information

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

| | |
|---|---|
| Contact name | ALEXANDER BOWMAN |
| Company name | DELOITTE LLP |
| | |
| Address | FOUR BRINDLEYPLACE |
| | |
| | |
| Post town | BIRMINGHAM |
| County/Region | |
| Postcode | B 1 2 H Z |
| Country | UK |
| DX | |
| Telephone | +44 (0) 20 7007 3550 |

## Checklist

**We may return forms completed incorrectly or with information missing.**

**Please make sure you have remembered the following:**

- ☐ The company name and number match the information held on the public Register.
- ☐ You have signed and dated the form.

## Important information

**All information on this form will appear on the public record.**

## Where to send

**You may return this form to any Companies House address, however for expediency we advise you to return it to the address below:**

The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh.

## Further information

For further information please see the guidance notes on the website at www.gov.uk/companieshouse or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.gov.uk/companieshouse

Deloitte.

# Ferguson Marine Engineering (Holdings) Limited ("FMEHL") and Mackellar Sub-Sea Limited ("MSSL") (both in Administration)

## ("the Companies")

FMEHL: Court Case No. P950 of 2019
MSSL: Court Case No. P951 of 2019

Court of Session, Edinburgh

Company Numbers:
SC485103 and SC486910

Registered Office: c/o Deloitte LLP,
Saltire Court, 20 Castle. Terrace,
Edinburgh, EH1 1DB

JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS PURSUANT TO PARAGRAPH 49 OF SCHEDULE B1 OF THE INSOLVENCY ACT 1986 (AS AMENDED) ("the Act").

**Michael John Magnay and Robert James Harding ("the Joint Administrators") were appointed Joint Administrators of the Companies on 22 October 2019 by the Directors. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability. All licensed Insolvency Practitioners of Deloitte LLP ("Deloitte") are licensed in the UK to act as Insolvency Practitioners.**

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

17 December 2019

Deloitte.

Deloitte LLP
Four Brindleyplace
Birmingham
B1 2HZ
UK
Tel: +44 (0) 121 632 6000
Fax:+44 (0) 121 695 5678
www.deloitte.co.uk

**Ferguson Marine Engineering (Holdings) Limited and Mackellar Sub-Sea Limited (both in administration)**

This Statement of Joint Administrators' Proposals ("the Proposals" or "our Proposals") has been prepared pursuant to paragraph 49 of Schedule B1 of the Act, which requires that we, as the Joint Administrators, provide creditors with details of our Proposals to achieve the purpose of the administrations.

We do not think that the Companies have sufficient property to enable a distribution to be made to unsecured creditors, other than under the prescribed part provisions pursuant to section 176A of the Act, ("the Prescribed Part"). As such we are not required to ask creditors to approve our Proposals unless requested to do so by creditors whose total debts amount to at least 10% of the total debts of the Companies.

If you would like to ask us to hold decision procedures to consider our Proposals please complete a Form for Requisitioned Decisions which is available for download from the website set up for the administration at www.ips-docs.com and return it to us by post or email no later than 31 December 2019. Please note that a deposit of £1,000 will be required towards the costs of initiating each decision procedure; such deposit may be refunded as an expense of these proceedings under Rule 5.18 of the Insolvency (Scotland) (Company Voluntary Arrangements and Administrations) Rules 2018, ("the Rules"), if so decided by creditors.

In the event that a request for a decision procedure is not received by us within the above deadline, our Proposals will be deemed approved on 31 December 2019 and a notice to that effect will be filed at Companies House.

We have also included the following information in this report:

- background of the Companies;
- the circumstances giving rise to the appointments of the Joint Administrators;
- the progress of the administrations to date; and,
- the Joint Administrators' Proposals for achieving the objective of the administrations (Appendix E).

Yours faithfully
For and on behalf of the Companies

Joint Administrator

Contents

# Key messages

# Key messages

## Joint Administrators of the Companies


Michael John Magnay and Robert James Harding

Deloitte LLP

Saltire Court

20 Castle Terrace

Edinburgh

EH1 2DB


## Contact details


Email: alexbowman@Deloitte.co.uk

Website: **www.ips-docs.com**

Tel: +44 (0) 20 7007 3550

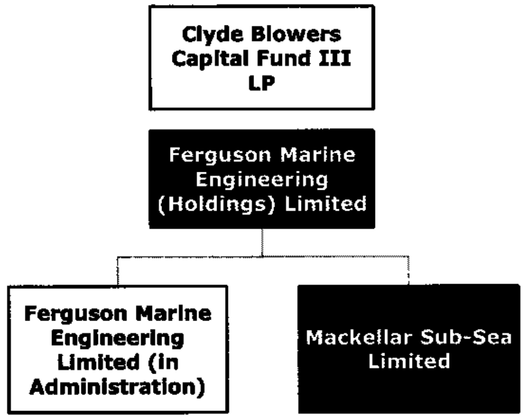

**Date Proposals delivered to creditors: 17 December 2019**

| | Commentary |
|---|---|
| Purpose of the administrations | • The purpose of the administrations will be to achieve a better result for the Companies' creditors as a whole than a liquidation. |
| Joint Administrators' strategy | • FMEHL is a holding company of Ferguson Marine Engineering Limited (in Administration) ("FMEL") and MSSL ("the Group").<br>• FMEHL did not trade and MSSL ceased trading in April 2019.<br>• The Joint Administrators are now working to realise the residual assets of the Companies, as detailed on page 11. |
| Approval of the Proposals | • As there is no prospect of any funds being returned to unsecured creditors (other than by way of the Prescribed Part), our Proposals will be deemed approved by creditors unless a decision procedure is requested under Rule 5.18. Please refer to page 1 for further details. |
| Estimated Timescale | • On current information the duration of the administrations are not likely to exceed 12 months following which it is anticipated that the Companies will move to dissolution as detailed at page 15. |
| Estimated Costs | • We propose to charge our fees on the following basis per entity:<br>– FMEHL a fixed fee of £34,000.<br>– MSSL a fixed fee of £50,000.<br>– We have provided a breakdown of our fixed basis which includes an outline of the work we propose to undertake and our anticipated costs for so doing at page 17 and Appendix C.<br>– We anticipate that disbursements of approximately £230 will be incurred by each entity over the duration of the appointments as detailed on page 26.<br>• We anticipate that third party costs in relation to legal fees/agents fees will be in the region of £5,000 for each entity over the duration of the appointment as detailed on page 17. |
| Estimated Outcomes | On current information, we anticipate the following outcome for each category of creditor:<br>– Secured creditors – The secured creditors will not be repaid in full.<br>– Preferential creditors – There are no preferential creditors.<br>– Unsecured creditors – It is likely that there will be a distribution for unsecured creditors via the Prescribed Part in MSSL only. There will be no funds available for distribution to unsecured creditors in FMEHL. |
| Proposals | • Our Proposals for managing the business and affairs of the Companies can be found on page 12. |

# Background

# Background
The Companies/Group

**Summary group structure**




### Background

FMEHL is a holding company for the Group, it did not trade and had no employees.

MSSL was bought out of administration by the Group in May 2015 and continued to operate from two sites in Grantown-on-Spey as a fabricator of subsea wellhead protection structures and frames for subsea trees for the oil and gas market.

Despite securing some new customers, the protracted downturn in the oil and gas market together with change in procurement strategy of its major customer resulted in the closure of both sites in October 2017, with all staff being made redundant.

MSSL was then mothballed (i.e. its affairs were wound down in order not to incur any further debt) pending the outcome of a solvent sales process for the trading entity, FMEL, and which it was anticipated would enable the Companies to be wound down solvently. More detail regarding this is on page 8.

From April 2019 to appointment date there was no further credit incurred in either Company, accordingly no creditors have been disadvantaged.

### Group Structure

A summarised group structure chart (at the date of our appointment) is set out above. Please note that this is not a full group structure and excludes a number of dormant companies within the group.

FMEL is subject to an insolvency procedure with Michael Magnay and Rob Harding being appointed on 16 August 2019.

### Employees

As at 22 October 2019, the Companies had no employees.

### Directors and officers

**FMEHL -** As at the date of the Joint Administrators' appointment, the directors of the Company were James McColl, Keith Mitchell, and Thomas Cousins. It did not have a company secretary.

**MSSL -** As at the date of the Joint Administrators' appointment, the directors of the Company were James McColl, Keith Mitchell, and Gerry Marshall. It did not have a company secretary.

# Background
## Summary financials

### Overview of financial information

Please note that this information has not been verified by the Joint Administrators or by Deloitte.

**FMEHL**

Balance sheet extracts from the audited accounts for the 12 months to 31 December 2016 and trial balance as at 18 October 2019 are shown below.

Please note that the audited accounts do not reflect the investments in subsidiaries.

As shown below and detailed on page 11 the only asset in FMEHL is cash at bank and investment in the following subsidiaries;

- Ferguson Marine Engineering (Services) Limited
- Ferguson Shipbuilders Limited
- Ferguson-Ailsa Limited
- FMEL

**Ferguson Marine Engineering (Holdings) Limited**

**Summary balance sheet**

| £'000 | Trial Balance as at 18-Oct-19 | Statutory Accounts as at 31-Dec-18 |
|---|---|---|
| Intangible assets | 34,995 | - |
| **Fixed assets** | **34,995** | **-** |
| Cash & equivalents | 39 | 2,123 |
| **Current Assets** | **39** | **2,123** |
| Trade creditors | - | (169) |
| Loans | (33,030) | - |
| **Total Liabilities** | **(33,030)** | **(169)** |
| **Net Assets** | **2,004** | **1,954** |

**MSSL**

Balance sheet extracts from the unaudited accounts for the 12 months to 31 December 2018 and 2017 and audited accounts as at 31 December 2016 are shown below.

The assets of MSSL were sold in April 2019 and all trading ceased.

**Mackellar Sub-Sea Limited**

**Summary balance sheet**

| £'000 | Unaudited statutory accounts as at 31-Dec-18 | Unaudited statutory accounts as at 31-Dec-17 | Audited statutory accounts as at 31-Dec-16 |
|---|---|---|---|
| Property, plant & equipment | 173 | 283 | 194 |
| Trade and other receivable | 219 | 405 | 437 |
| Stock | - | - | 87 |
| Cash & equivalents | 243 | 154 | 98 |
| **Current Assets** | **635** | **842** | **816** |
| Trade creditors | - | (71) | (475) |
| Provisions | (113) | (249) | (812) |
| Inter-company loan | (900) | (900) | - |
| **Total Liabilities** | **(1,013)** | **(1,220)** | **(1,287)** |
| **Net Assets** | **(378)** | **(378)** | **(471)** |

# Background
## Joint Administrators' appointments

### Circumstances giving rise to the appointment of the Joint Administrators

Following the sale of MSSL's assets in April 2019 due to a protracted downturn in the oil and gas market, MSSL's sister company FMEL was also experiencing a sustained period of difficult trading, in particular challenges in progressing the build of two ferries for Caledonian Maritime Assets Limited ("CMAL"), the initial delivery deadline of which was August 2017. FMEL had been in dispute with CMAL since early 2017, with subsequent cost overruns negatively impacting FMEL's cash flows.

FMEL entered into an ongoing dialogue with Scottish Ministers ("SM") to secure a solvent solution to alleviate the cash pressure.

On 5 September 2017 SM provided £15m of funding to FMEL, with a further £30m of funding provided on 25 June 2018 via FMEHL, in addition to £3m of funding from CBC.

The ongoing dispute of the CMAL contracts, and cost overruns into 2019, continued to increase pressure on FMEL's cash flow. Further support would have required significant financial investment from SM or a revision to the disputed contracts.

Despite efforts of FMEL to agree a solvent restructure of the Group this was not possible as no further funding was available.

Once FMEL entered administration on 16 August 2019 and debt demands were issued, FMEHL and MSSL who were party to the debt demands became insolvent.

As detailed on page 6 they were not placed into administration until 22 October 2019 as there was a possibility that FMEL could be sold on a solvent basis which would have meant the Companies could also have been wound down solvently.

From April 2019 to appointment date there was no further credit incurred in either Company, accordingly no creditors have been disadvantaged in delaying an insolvency appointment.

### Involvement of Deloitte pre-appointment

Deloitte did not undertake any work in advising the Companies or any of the secured creditors prior to the appointment of the Joint Administrators.

# Post-appointment

# Post-appointment
## Purpose

### Appointment of the Joint Administrators

Michael John Magnay and Robert James Harding, both of Deloitte, were appointed Joint Administrators of the Companies by the Directors on 22 October 2019, following the filing of the Notices of Appointment of Joint Administrators by both the Companies' directors on 15 October 2019.

### Purpose of the administrations

The Companies have significant levels of borrowing (secured debt) which would need to be restructured in order to rescue the Companies as going concerns. However, having regard to the likely value of the underlying assets, as based on available financial information and valuations, there has been no interest from third parties in a debt restructuring.

Accordingly, the purpose of the administrations is to achieve a better result for creditors as a whole than would be obtained through the immediate liquidations of the Companies.

## Post-appointment

Joint Administrators' strategy

**How the affairs and business of the Companies have been managed and financed since appointment, and the Joint Administrators' intended strategy if their Proposals are approved**

**Cash & Cash Equivalents**

At the date of appointment FMEHL held c.£39k cash at bank and MSSL held £464k.

The funds are in the process of being transferred to the Companies' insolvency bank accounts.

**Shareholdings**

FMEHL holds shares in the following companies, only FMEL was trading, the other three companies were dormant. We do not expect there to be any value in the shareholdings, however there may be value in the 'Ferguson' name of these entities.

- Ferguson Marine Engineering (Services) Limited
- Ferguson Shipbuilders Limited
- Ferguson-Ailsa Limited
- FMEL

**Receipts and Payments account**

A receipts and payments account for each Company, detailing asset realisations achieved and costs paid up to 17 December 2019, is provided on page 24.

# Post-appointment

## Joint Administrators' Proposals

### The Joint Administrators' Proposals

Our Proposals for the administrations include:

- continuing to manage the affairs and any remaining assets of the Companies and the settlement of all administration expenses;
- assessing the affairs of the Companies and reviewing and reporting on the conduct of its directors and, where required, providing assistance to any regulatory authorities with any investigation into the affairs of the Companies or its management; agreement of the claims of any secured, preferential and unsecured creditors against the Companies unless we conclude, in our reasonable opinion, that the Companies will have no assets available for distribution;
- distributing funds to any secured and preferential creditors and, where applicable, to unsecured creditors under the Prescribed Part as and when their claims are agreed and funds permit, and to make distributions to unsecured creditors, other than out of the Prescribed Part if the court gives permission following an appropriate application;
- that, following the realisation of assets and resolution of all matters in the administrations, and as quickly and efficiently as is reasonably practicable, we will implement the most appropriate exit routes to formally conclude the administrations;
- that, if the Companies are to be placed into Creditors' Voluntary Liquidation ("CVL"), we (or any person appointed as a replacement office holder) propose to be appointed Joint Liquidators and for the purposes of section 231 of the Act the Joint Liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

We will seek specific approval from the appropriate body to fix the basis of and the ability to draw our remuneration and expenses, including pre administration costs and expenses, and to agree the time of our discharge on conclusion of the administrations.

Please refer to Appendix E for further details.

# Post-appointment
## Outcome for creditors

### Estimated outcome for creditors

**Secured creditors**

The Companies' records and the Directors' statements of affairs ("SOA") show that, at the date of our appointment, the following amounts were owed to Secured Creditors via cross guarantees:

- Scottish Ministers – c.£30m
- Clyde Blowers Capital III LP – c.£3m

These amounts are secured by way of floating charges granted by the Companies on 25 June 2018 and 1 February 2019, respectively. The final amounts due to the Secured Creditors will depend on the level of distributions made by FMEL as this will reduce what the Secured Creditors are owed.

Based on currently available information, we do not expect there will be sufficient asset realisations to repay the Secured Creditors in full from FMEL, MSSL or FMEHL.

**Unsecured creditors**

The Directors Statement of affairs shows there are no unsecured creditors in FMEHL and c.£16k of unsecured creditors in MSSL.

### Prescribed Part

The Prescribed Part is an amount set aside for unsecured creditors from asset realisations that would otherwise be paid to secured creditors under their floating charge, (referred to as the net property), as set out under section 176A of the Act. It applies only where the charge was created on or after 15 September 2003.

The Prescribed Part is calculated as a % of the net property and is subject to a statutory maximum of £600,000 per company. Where the value of the Prescribed Part is so small as to make the costs of distributing it disproportionate, the court may, on our application, disapply it.

Based on current information, we anticipate that FMEHL will have no Prescribed Part as the costs of administration will likely be greater than the value of assets available, so net property will be nil.

We anticipate that MSSL will have net property of c.£380k which will result in a Prescribed Part of c.£84k. If the creditor claims remain at the current expected levels a dividend of 100p in the £ plus statutory interest would be payable.

### Claims process

We anticipate that a dividend under the Prescribed Part is likely to be made to unsecured creditors in MSSL only and we invite creditors to claim, following the guidance in the paragraphs below.

**Creditors with debts of £1,000 or less**

You do not need to prove your debt for dividend purposes if the amount you are owed, according to the Companies' books and records/SOA, is £1,000 or less. Instead, we will notify you if funds become available for dividend purposes and provide you with details of the amount at which your claim has been admitted. If you disagree with that amount, you will be provided with an opportunity to notify us of the correct amount.

Please note that should you wish to vote in a decision procedure, you will then need to submit a proof of claim to us.

**Creditors with debts of more than £1,000**

Unsecured creditors with claims of more than £1,000 are invited to submit their claims to us either directly via the case website at www.ips-docs.com or by downloading and completing a statement of claim form from the case website and which should be sent to the address on the cover page. Alternatively, a hard copy statement of claim form will be provided free of charge on request.

# Post-appointment

## Extensions & exit routes

### Exit routes

In accordance with the provisions of the Act, all administrations automatically come to an end after one year, unless an extension is granted by the court or with consent of the creditors.

There are several possible exit routes from the administrations. Based on current information, we consider the following exit routes may be appropriate for both of the entities:

- *Dissolution* – If there is no further property which might permit a distribution to the Companies' creditors, we may file notice to that effect with the Registrar of Companies and the Companies will be dissolved three months later.
- *Compulsory Liquidation ("WUC")* – where there is a possibility, but no certainty, of recoveries being made or matters such as property to disclaim or further enquiry, it may be appropriate to ask the court to end the administration and to make an order to wind up the Companies.
- *Creditors' Voluntary Liquidation ("CVL")* - Where a distribution to unsecured creditors will be made, other than by virtue of the Prescribed Part, we may file a notice to that effect with the Registrar of Companies. The administration will cease on the date that notice is registered and the Companies will be wound up.

Please note that if the Companies are placed into CVL, the Joint Administrators (or any person appointed as a replacement office holder) propose to be appointed as Joint Liquidators. The creditors may nominate a different person to be liquidator(s) provided the nomination is made before the Proposals are deemed approved by 31 December 2019.

Any creditors' committee appointed in the administrations will become a liquidation committee.

For the purposes of section 231 of the Act the liquidators will each be authorised to carry out all functions, duties and powers either jointly or severally.

### Discharge of Joint Administrators' liability

Pursuant to paragraph 98 of Schedule B1 of the Act, the Joint Administrators' discharge of liability in respect of their actions as administrators takes effect at the specific time appointed by either the court, the creditors (either via the creditors' committee or by decision of the creditors) or, in specific circumstances, by the secured (and preferential) creditors.

In this case, we will request approval from the Secured Creditors for us to be discharged from liability as at the date the Registrar of Companies registers the Joint Administrators' final progress reports.

# Remuneration and expenses

# Remuneration and expenses

## Creditors' Guide to Administrators' Remuneration

A Creditors' Guide to Administrators' Remuneration" is appended to Statement of Insolvency Practice 9 ("SIP 9") and is provided on the administration website and also available for download at www.deloitte-insolvencies.co.uk/related-documents/sip9-(scotland).aspx

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on page 4 and this will be provided to you at no cost.

**Basis of Administrators' remuneration**

Pursuant to rule 3.97 of the Rules, the basis of the Joint Administrators' remuneration may be fixed:

- as a percentage of the value of the property with which the Joint Administrators have to deal;
- by reference to time properly given by the insolvency practitioners and their staff in attending to matters arising in the administration;
- as a set amount;
- or, any combination of the above.

There will be no funds available to the unsecured creditors other than under the Prescribed Part provisions (in MSSL only).

Therefore, in accordance with rule 3.96(3) of the Rules and in the absence of a creditors' committee, we will seek to fix the basis of our remuneration as a set amount.

**Estimate of work required to be done**

Based on previous appointments of this nature and having regard to the likely number and grades of staff required to fulfil these obligations, we intend to seek approval to draw a fee of £34,000 for FMEHL and £50,000 for MSSL. Full details of the work anticipated to be performed are provided at Appendix C.

**Joint Administrators' Expenses**

We anticipate that we will incur the following disbursements during the appointment:

- Statutory Advertising - we are required to give notice by advert in the Edinburgh Gazette of the following matters: our appointment and any proposed distributions to the unsecured creditors. To date advertising costs incurred in respect of our appointment have totalled £87 in each entity, as detailed on page 24.
- We anticipate a further £87 will be payable by MSSL in respect of the distribution to unsecured creditors.

**Expenses - Professional costs**

- Legal Costs - we have instructed Shepherd and Wedderburn LLP ("S&W") a firm of lawyers with the appropriate expertise and experience in dealing with these types of administrations, to advise on the any legal matters that might arise and to prepare any related legal documentation required.
- S&W anticipate costs will be c.£5k in each of the Companies.

# Remuneration and expenses

## Pre-administration costs

### Statement of pre-administration costs

In the following paragraphs we have provided an explanation of the work carried out by S&W and Brodies LLP ("Brodies") in the period prior to the administration and which was carried out with the intention of helping to achieve the objective of the administrations.

During planning for the administration, we were assisted by S&W on matters including:

- reviewing the draft appointment paperwork provided by Brodies;
- liaising with Brodies and the proposed administrators regarding comments on the draft appointment documents; and
- timing of the appointment.

In respect of this work, S&W incurred time costs of £5,622.50 excluding VAT, split between both Companies.

Brodies undertook work on behalf of the Companies including:

- preparing appointment documents
- advising on timings
- serving notices; and
- filing the appointment documents at Court

In respect of this work, Brodies incurred £12,000 of time costs and £752.74 of expenses, plus VAT.

### Approval of unpaid pre-administration costs

As set out above, there are unpaid pre administration costs and expenses of £18,375.24. The payment of these unpaid costs as an expense of the administration is subject to approval under Rule 3.52. In this regard we will invite the Secured Creditors to decide whether and to what extent the unpaid pre-administration costs should be approved for payment.

It is proposed the costs are split equally between each Company.

# Additional information

# Additional information
## Case specific matters and Investigations

### EU Regulations

As stated in the administration appointment documents, Council Regulation (EU) No 2015/848 applies and these are the main proceedings as defined in Article 3(1) of *that regulation.*

### Third party assets

Should you believe that you own or have a claim regarding items that may have been present at the Companies' premises at the date of our appointment please contact us as soon as possible.

### Shareholders

We are not obliged to provide further information or reports to shareholders of the Companies. However, regular updates will be uploaded to the website set up for the administration at: www.ips-docs.com.

Due to the insolvency of the Companies and anticipated level of asset realisations compared with the level of creditor liabilities owed by the Companies, there is no prospect of a return being made to the shareholders.

Following our appointments, the Companies are no longer able to process transfers of shares, nor re-issue unclaimed dividend cheques.

In certain cases, HM Revenue & Customs ("HMRC") may declare shares to be of nil value and capital losses may be claimed. Shareholders should contact their local tax office for further information.

### Investigations

As part of our duties, we are obliged shortly after our appointments to review all of the information available to us and conduct initial assessments of whether there are any matters that might lead to a recovery for the benefit of creditors. These initial assessments include enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Companies.

### Investigations (continued)

In addition, we are required to consider the conduct of the directors and any person we consider to have acted as a shadow or de facto director in relation to their *management of the affairs of the Companies and the* causes of failure and we will submit a confidential report to the Insolvency Service, a division of the Department for Business, Energy and Industrial Strategy. Creditors who wish to draw any matters to our attention should contact us using the contact details given on page 4 as soon as possible.

### Website

In order to facilitate communication, all statutory reports, documents and notices will be posted on to a website which has been set up specifically for the Company. The web address is www.ips-docs.com.

All documents will be retained on the website which will remain live until two months after the conclusion of the proceedings. Please contact Alex Bowman using any of the contact details given below if you would like to be provided, free of charge, with a hard copy of documents posted, either now or in the future, to the website:

Phone: +44 (0) 20 7007 3550

Email: alexbowman@deloitte.co.uk

Postal address: Deloitte LLP, Four Brindleyplace,
Birmingham, B1 2HZ

***Please note that, other than notice of intended* dividend, no further notice will be given to you when documents are uploaded to the website. It is thus important that you review the website regularly to check for updates, such as notices of decision procedures or our six monthly reports on progress.**

# Appendices

## Ferguson Marine Engineering (Holdings) Limited
## Directors' summary Statement of Affairs

| £ | Book value | Estimated to realise |
|---|---|---|
| **Assets subject to fixed charge** | - | - |
| **Estimated surplus/(deficiency) to fixed charge holders** | - | - |
| **Assets subject to floating charge** | | |
| Cash & cash equivalents | 39,000 | 39,000 |
| Sale of FMEL as going concern (Net of estimated realisable value of land & buildings) *NOTE 1* | n/a | 43,894,000 |
| 801/802 Price Claim *NOTE 2* | n/a | 48,329,000 |
| **Estimated total assets available for preferential creditors** | 39,000 | 92,262,000 |
| Preferential creditors | | - |
| **Estimated deficiency / surplus to preferential creditors** | | 92,262,000 |
| Estimated Prescribed Part of net property | | (600,000) |
| **Estimated total assets available for floating charge holders** | | 91,662,000 |
| Debt secured by floating charges | | (68,638,000) |
| **Estimated deficiency / surplus after floating charges** | | 23,024,000 |
| Estimated Prescribed Part of net property (brought down) | | 600,000 |
| **Total assets available to unsecured creditors** | | 23,624,000 |
| Unsecured non-preferential claims | | - |
| **Estimated deficiency / surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)** | | 23,624,000 |
| Shortfall to floating charge holders (brought down) | | - |
| **Estimated deficiency / surplus to creditors** | | 23,624,000 |
| Called up share capital | | (25,800,000) |
| **Estimate deficiency / surplus to members** | | **(2,176,000)** |

### Joint Administrators' comments

The Directors' SOA is available online at www.ips-docs.com, including a schedule of the names and addresses of all known creditors. Please note that in accordance with Rule 3.35(4) of the Insolvency (Scotland) (Company Voluntary Arrangement and Administrations) Rules 2018, names and addresses for employees and consumers who have paid deposits or in advance for the supply of goods and services will not be shown.

In accordance with the standard format of the SOA, no provision has been made for the costs of the administration (including agents', legal and other professionals' fees).

**Note 1 - Sale of FMEL as a going concern - £43.9m**

- Following enquiry with the directors of FMEHL in relation to the SOA, this is based on a Discounted Cash Flow valuation of the trading business of FMEL calculated by the directors based on forecast future cash flows of FMEL.
- This figure is therefore not attributable to specific FMEHL assets.

**Note 2 - 801/802 price claim - £48.3m**

- The directors have attributed an estimated realisable value of £48.3m in respect of a claim against the principal customer of FMEL.
- We do not expect there to be any realisable benefit for FMEHL from this asset as it sits in FMEL.

**Mackellar Sub-Sea Limited**
**Directors' Summary Statement of Affairs**

| £ | Book value | Estimated to realise |
|---|---|---|
| **Assets subject to fixed charge** | - | - |
| **Estimated surplus/(deficiency) to fixed charge holders** | - | - |
| **Assets subject to floating charge** | | |
| Cash & cash equivalents | 464,000 | 464,000 |
| **Estimated total assets available for preferential creditors** | 464,000 | 464,000 |
| Preferential creditors | | - |
| **Estimated deficiency / surplus to preferential creditors** | | 464,000 |
| Estimated Prescribed Part of net property | | (96,000) |
| **Estimated total assets available for floating charge holders** | | 368,000 |
| Debt secured by floating charges | | (68,638,000) |
| **Estimated deficiency / surplus after floating charges** | | (68,270,000) |
| Estimated Prescribed Part of net property (brought down) | | 96,000 |
| **Total assets available to unsecured creditors** | | 96,000 |
| Unsecured non-preferential claims | | (16,000) |
| **Estimated deficiency / surplus as regards non-preferential creditors (exclduing any shortfall to floating charge holders)** | | 80,000 |
| Shortfall to floating charge holders (brought down) | | (68,270,000) |
| **Estimated deficiency / surplus to creditors** | | (68,190,000) |
| Called up share capital | | (2,400,000) |
| **Estimate deficiency / surplus to members** | | **(70,590,000)** |

**Joint Administrators' comments**

The Directors' SOA is available online at www.ips-docs.com, including a schedule of the names and addresses of all known creditors. Please note that in accordance with Rule 3.35(4) of the Insolvency (Scotland) (Company Voluntary Arrangement and Administrations) Rules 2018, names and addresses for employees and consumers who have paid deposits or in advance for the supply of goods and services will not be shown.

In accordance with the standard format of the SOA, no provision has been made for the costs of the administration (including agents', legal and other professionals' fees).

**Ferguson Marine Engineering (Holdings) Limited**

**Joint Administrators' receipts and payments account**

**22 October to 17 December 2019**

| £ | *SOA values* | *Notes* | To date |
|---|---|---|---|
| **Receipts** | | | |
| Cash at bank | *39,000* | | - |
| **Total receipts** | *39,000* | | - |
| **Payments** | | | |
| Statutory advertising | | | (87) |
| **Total payments** | | | **(87)** |
| **Balance** | | | **(87)** |
| **Made up of:** | | | |
| Balance held in interest bearing bank account | | A | - |
| VAT Receivable | | B | 18 |
| Trade Creditors | | C | (105) |
| **Balance in hand** | | | **(87)** |

**Mackellar Sub-Sea Limited - In administration**

**Joint Administrators' receipts and payments account**

**22 October to 17 December 2019**

| £ | *SOA values* | *Notes* | To date |
|---|---|---|---|
| **Receipts** | | | |
| Cash at bank | *464,000* | | - |
| **Total receipts** | *464,000* | | - |
| **Payments** | | | |
| Statutory advertising | | | (87) |
| **Total payments** | | | **(87)** |
| **Balance** | | | **(87)** |
| **Made up of:** | | | |
| Balance held in interest bearing bank account | | A | - |
| VAT Receivable | | B | 18 |
| Trade Creditors | | C | (105) |
| **Balance in hand** | | | **(87)** |

**Notes to the receipts and payments accounts**

A receipts and payments account is provided opposite for each company, detailing the transactions during the report period from 22 October 2019 to 17 December 2019.

**Notes to receipts and payments account**

A - All funds will be held in an interest bearing account. The associated corporation tax on interest received will be accounted for to HMRC.

B - All sums shown opposite are shown net of VAT, which is recoverable and will be accounted for to HMRC in due course.

C - Invoices received are logged, recorded and posted to the cash book on an accruals basis, the balance noted represents invoices received and posted to the cash book but not yet paid from the bank accounts.

**Rounding note**

In preparing this report, figures have been rounded (for presentational purposes only). There may therefore appear to be rounding errors.

# Appendices
Appendix C

## Estimate of work to be undertaken

**Joint Administrators' Estimate of Work to be undertaken – set fee basis**

Details of work that the we anticipate will be undertaken and for which a set fee of £50,000 (MSSL) and £34,000 (FMEHL) will be charged are provided below:

**Statutory Tasks and Administration**

- Formulating and implementing an appropriate strategy for each company
- Case set-up for two cases – including data capture and entry
- Cashiering – two bank accounts with monthly bank reconciliations
- Notification of our appointments
- Statutory reporting - two progress reports; CDDA
- Specific issues such as data protection

**Assets**

- Realisation of cash at bank
- Realisation of shareholdings held by FMEHL
- Any other assets which may come to light during our investigations

**Creditors**

- Correspondence with secured and unsecured creditors
- Distributions to the secured and unsecured creditors

**Case specific matters**

- Completion of corporation tax returns
- Completion of VAT returns

### Disbursements

These are costs and expenses initially paid by us and for which we will seek reimbursement as and when funds permit.

We estimate that the following disbursements are likely to be incurred in relation to the administrations.

**Category 1 disbursements**

These are payments made by us direct to third parties and for which no approval is required.

We estimate that only case bonds will be incurred, amounting to £230 plus VAT in each case.

**Category 2 disbursements**

These are costs and expenses which are not generally made to a third party, for example, reimbursement to staff engaged on the case for their mileage costs. These may also include shared or allocated costs. Specific approval is required before these costs and expenses can be drawn from the administration estate.

Mileage is calculated by reference to the mileage properly incurred by the Joint Administrators and their staff, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred (currently up to 45p per mile).

We do not expect to incur any category 2 disbursements over the duration of the appointments, however we will seek category 2 expenses approval for mileage in case this is required.

### Joint Administrators' Proposals

Our Proposals will be deemed approved for each Company on 31 December 2019 unless a creditors' decision procedure is requisitioned in accordance with Rules 3.38 and 5.17 of the Rules.

We will still need to obtain specific approval for the resolutions given below from the Secured Creditors:

1. Approval that the basis of the Joint Administrators' remuneration shall be fixed by reference as a set fee of £50,000, plus VAT in MSSL and £34,000 plus VAT in FMEHL.
2. Approval that the Joint Administrators' category 1 disbursements and expenses and category 2 disbursements in respect of mileage (as detailed on page 26 be approved and the Joint Administrators be authorised to draw both category 1 and category 2 expenses, (plus VAT where applicable) from the administration estates.
3. Approval that the Joint Administrators' pre administration legal fees of £18,375.24 as detailed on page 18 (£9,187.62 in each Company) be approved and that the Joint Administrators be authorised to draw these fees and expenses and plus VAT, from the administration estates.
4. Approval that the Joint Administrators be discharged from liability per paragraph 98 of Schedule B1 of the Act immediately upon the registration of the Joint Administrators' final progress reports by the Registrar of Companies.

A creditors' committee will not be formed unless we are requested to hold a decision procedure for the purposes of forming a creditor's committee; please refer to page 1 of the Proposals for details of the procedure in this regard.

***Please note that if you wish to form a creditors' committee, you will also be expected to confirm your willingness to serve or be represented on the creditors' committee, including dealing with any business placed before the creditors' committee throughout the period of the administrations and in any follow on liquidations should any creditors' committees be formed.***

## Important Notice

This document has been prepared by the Joint Administrators solely to comply with their statutory duty under paragraph 49 of Schedule B1 of the Act to lay before creditors a statement of their Proposals for achieving the purpose of the administrations, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This document has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Companies.

Any estimated outcomes for creditors included in this document are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this document for any purpose or in any context other than under paragraph 49 of Schedule B1 of the Act does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of these Proposals.

The Joint Administrators act as agents of the Companies and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, Deloitte LLP does not assume any responsibility and will not accept any liability to any person in respect of this document or the conduct of the administrations.

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

Deloitte.