

TO ALL KNOWN CREDITORS

21 December 2018

Ref: FLT/AR/AH/DT/D10  
Direct line: 0131 777 2403  
Direct fax: 0131 777 2001  
Douglas Taylor  
Email:  
richardirvinandsonsinadministration@uk.ey.com

Dear Sirs

## **Richard Irvin & Sons Limited (In Administration) (the Company)**

**Trading name: Richard Irvin Energy Solutions**

**Principal trading address: Irvin House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE**

On 19 December 2018, the Company entered Administration and Colin Dempster and I were appointed as Joint Administrators. The appointment was made by the Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. I attach a formal notice of our appointment for your information.

As licensed insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration.

### **Sale of the business**

On 19 December 2018 we completed a sale of certain of the Company's business and assets to Richard Irvin FM Limited ('the Purchaser'), an investment vehicle of Rcapital Partners LLP, for a total consideration of c. £1.1m (excluding VAT), of which approximately £0.6m is contingent on the successful novation of certain customer contracts and the quantum of debtor collections by the Purchaser.

In accordance with Statement of Insolvency Practice 16, a detailed explanation of this transaction is set out at Appendix E to our Statement of Proposals enclosed with this letter.

### **Joint Administrators' Statement of Proposals and Remuneration**

I have enclosed with this letter a copy of my Statement of Proposals (the Proposals), in accordance with paragraph 49 of Schedule B1 to the Insolvency Act 1986.

In the event that a creditors' decision is not requested and a creditors' committee is not formed, the Joint Administrators will seek to have their remuneration fixed by the secured creditor and if the Joint Administrators have made or intend to make a distribution to preferential creditors, the preferential creditors in accordance with Rule 18.18(4) of the Rules. The Joint Administrators propose for their remuneration to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration. A fee estimate as at 19 December 2018, estimating the remuneration to be charged and details of expenses incurred and likely to be incurred can be found at Appendix A.

The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Rules. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the website of the Institute of Chartered Accountants in England and Wales at <http://www.icaew.com/en/technical/insolvency/creditors-guides>, or is available in hard copy upon written request to the Joint Administrators.

### **Creditors' claims**

Please note that debts incurred by the Company before our appointment will rank as unsecured non-preferential claims against the Company. Any sums due to the Company arising prior to and after our appointment must be paid in full and without set-off against any debts incurred by the Company prior to our appointment.

The directors are required to submit a statement of affairs to us and you will appreciate that the full financial position is not yet known. Please complete the attached statement of claim form and return this to [richardirvinandsonsinadministration@uk.ey.com](mailto:richardirvinandsonsinadministration@uk.ey.com) along with supporting documentation of all sums due, to you from the Company, as at 19 December 2018.

Certain debts due from the Company may be preferential in accordance with section 386 of the Insolvency Act 1986. If you consider that you have a claim in this category, please advise me immediately. If you hold any security for your claim or you consider that you have title to any assets in the Company's possession, please forward details to me as soon as possible.

You may be entitled to VAT bad debt relief on debts arising from supplies more than six months old. This procedure does not involve the Administrators and claims should be made directly to HM Revenue and Customs.

### **Opting out**

Under the provisions of Rule 1.39, creditors have the right to elect to opt out of receiving further documents relating to the administration.

If you do elect to opt out you will still receive the following documents:

- ▶ Any which the Insolvency Act requires to be delivered without expressly excluding opted-out creditors;
- ▶ Notice relating to a change in the Administrators, or their contact details;
- ▶ Notice of dividend or proposed dividend; or
- ▶ A notice which the court orders to be sent to all creditors, or all creditors in the particular category to which you belong.

Any election to opt-out will not affect your entitlement to receive dividends, if any are paid.

Unless the Rules provide to the contrary, opting-out will not affect your rights to vote in a decision procedure or participate in a deemed consent procedure, although you would not receive notice of such procedures.

Any opted-out creditors will be treated as opted out in respect of any consecutive insolvency procedure which might follow the administration.

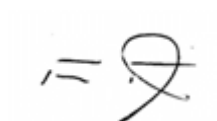
You may opt-out by delivering an authenticated (e.g. signed) and dated notice to me stating that you are electing to be an opted-out creditor in relation to this administration. You may at any time revoke this election by delivering to me an authenticated and dated notice stating that you no longer wish to be an opted-out creditor.

### **Other matters**

If there are any matters concerning the Company's affairs which you consider may require investigation and consequently should be brought to our attention, please forward the details to me in writing as soon as possible.

If you require any further information or explanation, please do not hesitate to contact my colleague, Douglas Taylor, on 0131 777 2403.

Yours faithfully  
for the Company

A handwritten signature in black ink, appearing to be 'F L Taylor', enclosed in a thin black rectangular border.

F L Taylor  
Joint Administrator

Enc. Appendix A: Fee Estimate and Statement of Expenses  
Administrators' Statement of Proposals  
Invitation to form a Creditors' Committee  
Notice of Appointment of Administrators  
Claim form

F L Taylor is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants in England and Wales and C P Dempster is licensed in the United Kingdom to act as an Insolvency Practitioner by The Institute of Chartered Accountants of Scotland.

As licensed insolvency practitioners, we are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration.

The affairs, business and property of the Company are being managed by the Joint Administrators, F L Taylor and C P Dempster, who act as agents of the Company only and without personal liability.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrator's appointment. The Office Holder Data Privacy Notice can be found at [www.ey.com/uk/officeholderprivacy](http://www.ey.com/uk/officeholderprivacy).

## Appendix A Fee Estimate and Statement of Expenses

### Estimate of remuneration to be charged

The Joint Administrators will seek approval for their remuneration to be fixed on a time cost basis from the Company's secured creditor and, if the Joint Administrators have made or intend to make a distribution to preferential creditors, the preferential creditors in accordance with Rule 18.18 of the Rules.

The Joint Administrators will ask for their remuneration to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the administration, in accordance with the fee estimate dated 19 December 2018 which is set out below.

The estimate of remuneration is £599,365 plus out of pocket expenses and VAT. An explanation of how this sum has been arrived at is set out below and an analysis of the expected costs is attached on the following pages.

Our estimate assumes that discounted hourly rates, previously agreed between EY / the Bank, are charged. However, in the event that the Bank receives full repayment of its debt, we propose to revert to EY's standard hourly charge out rates. If required, the requisite approvals will be sought for this at the relevant time.

### Explanation of the work proposed to be undertaken

For the avoidance of doubt, the undernoted is not an exhaustive list of the work which may require to be completed during the Administration. Other ad hoc tasks not listed below may require to be completed by the Joint Administrators.

Category of work	Description of work to be completed
Accounting and administration	<ul style="list-style-type: none"><li>▶ Overall management of the case, treasury and accounting functions, statutory compliance diaries and time cost reporting.</li></ul>
Bank and statutory reporting	<ul style="list-style-type: none"><li>▶ Preparing the Joint Administrators' Statement of Proposals (the Proposals), six monthly progress reports and final report.</li><li>▶ Regular reporting to the Company's secured creditor.</li></ul>
Creditors	<ul style="list-style-type: none"><li>▶ Receipt and recording of creditor claims.</li><li>▶ Correspondence with creditors.</li><li>▶ Adjudication of claims and processing of distributions to the unsecured creditors (if applicable)</li></ul>
Debtors	<ul style="list-style-type: none"><li>▶ Liaising with agents regarding book debts and contract debts.</li><li>▶ Realising value from book debts, accrued income, WIP and prepayments (if any).</li><li>▶ Discussing and agreeing book debt collection (if any).</li></ul>
Employee matters	<ul style="list-style-type: none"><li>▶ Writing to employees regarding their redundancy and if appropriate, TUPE.</li><li>▶ Dealing with any employee enquires.</li><li>▶ Consultation with employees.</li><li>▶ Processing employee claims.</li></ul>

Immediate tasks	<ul style="list-style-type: none"> <li>▶ Completion of work streams requiring immediate attention following the appointment, in order to execute the strategy outlined in the Proposals.</li> </ul>
Investigations	<ul style="list-style-type: none"> <li>▶ Investigations into the Company's affairs in accordance with Statement of Insolvency Practice 2 'Investigations by Office Holders'.</li> <li>▶ The Joint Administrators' report on the conduct of the directors under the Company Directors Disqualification Act 1986.</li> </ul>
Job acceptance and strategy	<ul style="list-style-type: none"> <li>▶ Matters relating to the appointment and initial planning of the administration strategy, including meetings with the Company's directors and management and formulating and executing the strategy adopted.</li> <li>▶ Considering exit routes from administration and implementing the most appropriate route.</li> </ul>
Legal issues	<ul style="list-style-type: none"> <li>▶ Liaising with the Purchaser and our appointed solicitors to support an assignation of any leasehold properties in use by the Purchaser.</li> <li>▶ Dealing with any ad hoc legal issues.</li> </ul>
Members	<ul style="list-style-type: none"> <li>▶ Liaising with the shareholders (as required).</li> </ul>
Other assets	<ul style="list-style-type: none"> <li>▶ Realising value from the Company's residual assets.</li> <li>▶ Assessing, quantifying and seeking to realise value from assets not recorded in the management accounts of the Company at the date of appointment.</li> <li>▶ Recovery of the Company's physical books and records, and electronic records (including a back-up of company servers and systems).</li> </ul>
Other matters	<ul style="list-style-type: none"> <li>▶ Recovery of the Company's physical books and records, and electronic records (including a back-up of company servers and systems), where applicable.</li> </ul>
Property	<ul style="list-style-type: none"> <li>▶ Collecting licence fees from the Purchaser and arranging for rent payments to landlords.</li> <li>▶ Dealing with landlord enquiries regarding the property interests.</li> </ul>
Public relations	<ul style="list-style-type: none"> <li>▶ Agreeing and issuing statements to the press as required in pursuit of administration strategy.</li> </ul>
Retention of title	<ul style="list-style-type: none"> <li>▶ Assessment and settlement of claims for retention of title from the Company's suppliers (if applicable).</li> </ul>
Statutory duties	<ul style="list-style-type: none"> <li>▶ Completion of statutory requirements of the Administration, including notifications to creditors and members, advertising the appointment, letter to creditors pursuant to Statement of Insolvency Practice 16, and sending to creditors and filing at Companies House.</li> </ul>
VAT and taxation	<ul style="list-style-type: none"> <li>▶ Preparing annual corporation tax and VAT returns (as appropriate), with input from EY VAT and tax specialists.</li> <li>▶ Assessment of the VAT and tax treatment of transactions and agreements entered into during the Administration.</li> <li>▶ Preparing claims for VAT bad debt relief (if applicable).</li> </ul>

## Estimate of the Joint Administrators' remuneration

	Staff Grade					Total Hours	Time Costs (£)	Average
	Partner / Director	Assistant Director	Manager	Executive	Analyst			
Accounting & Administration	5.0	90.0	-	217.5	40.0	352.5	97,075	275
Bank & Statutory Reporting	30.0	56.3	-	75.0	75.0	236.3	60,225	255
Creditors	8.0	37.5	-	75.0	150.0	270.5	56,610	209
Debtors	4.0	25.0	-	37.5	15.0	81.5	20,830	256
Employee Matters	40.0	50.0	-	40.0	30.0	160.0	47,400	296
Immediate Tasks	5.0	60.0	-	25.0	25.0	115.0	32,000	278
Investigations	5.0	10.0	-	37.5	55.0	107.5	22,550	210
Job Acceptance & Strategy	15.0	30.0	-	-	-	45.0	16,500	367
Legal Issues	37.5	37.5	-	25.0	10.0	110.0	35,600	324
Other Assets	7.5	15.0	-	7.5	30.0	60.0	14,700	245
Other Matters	10.0	37.5	-	15.0	50.0	112.5	28,250	251
Property	15.0	37.5	-	37.5	37.5	127.5	33,300	261
Public Relations	4.0	5.0	-	10.0	-	19.0	5,580	294
Retention of Title	2.0	10.0	-	37.5	50.0	99.5	20,490	206
Statutory Duties	10.0	35.0	-	75.0	100.0	220.0	48,600	221
VAT & Taxation	4.0	60.0	15.0	97.5	75.0	251.5	59,655	237
<b>Total Hours</b>	<b>202.0</b>	<b>596.3</b>	<b>15.0</b>	<b>812.5</b>	<b>742.5</b>	<b>2,368</b>		
<b>Time Costs</b>	<b>84,840</b>	<b>207,225</b>	<b>4,125</b>	<b>184,375</b>	<b>118,800</b>		<b>599,365</b>	
<b>Average hourly rate</b>	420	348	275	227	160			253

## Details of expenses incurred and anticipated to be incurred

Expenses comprise sums paid or to be paid to third parties and sums paid or payable to the Administrators' firm in respect of out of pocket expenses and costs which include an element of shared or allocated costs. Expenses expected to be incurred are £297,750 plus VAT.

The expenses incurred and anticipated to be incurred can be summarised into the following categories:

### Estimated payments to unconnected 3<sup>rd</sup> parties: Category 1 disbursements

Category of expense	Description of expense incurred or to be incurred	Estimated disbursements
Agents' fees	Use of specialists to maximise recovery from the Company's tangible and intangible (if appropriate) assets.	£150,000
Legal fees	Legal advice regarding such matters required to maximise realisations from the Company's estate.	£100,000
Storage	Costs to arrange collection and storage of the Company's books and records, for minimum periods required under legislation and / or the Administrators' internal policy.	£5,000
Insurance	Costs to insure the Company's assets and operations during the Administration period.	£10,000
Statutory costs	Costs of completing statutory requirements of the Administration, including advertising and filing costs.	£5,000
Bank charges	Charges associated with operation of the Company's bank accounts during the Administration.	£250
Corporation tax	Corporation tax which may become payable following the preparation and submission of Corporation tax returns. This could include, but is not limited to, corporation tax on any profits generated and / or chargeable gains on asset realisations.	£10,000
Accommodation and subsistence costs	Those costs incurred by the Joint Administrators and their staff in respect of their work on the Administration, whilst operating from or attending various sites operated by the Company or third parties.	£6,500
Travel costs (excluding mileage)	Those costs incurred by the Joint Administrators and their staff in respect of their work on the Administration, to travel to various sites operated by the Company, or third parties (excluding mileage cost).	£5,000
Specific penalty bond	A form of insurance required by insolvency law.	£4,000
Postage and printing	Those costs incurred by the Joint Administrators in printing and posting the initial correspondence to stakeholders, subsequent progress reports and other written communication to all relevant creditors and shareholders, if applicable.	£1,000
<b>Total estimated Category 1 disbursements</b>		<b>£296,750</b>

**Other amounts paid or payable to my firm or to any party in which I or my firm or any associate has an interest: Category 2 disbursements**

<b>Category of expense</b>	<b>Description of expense incurred or to be incurred</b>	<b>Estimated disbursements</b>
Mileage	Those costs relating to mileage incurred by the Joint Administrators and their staff in respect of their work on the Administration, whilst operating from or attending sites operated by the Company and / or third party locations to attend meetings with key stakeholders / other parties. Current mileage rates are 45p/mile.	£1,000
<b>Total estimated Category 2 disbursements</b>		<b>£1,000</b>

**Exceeding estimates of remuneration and expenses**

These estimates may be exceeded, in which case an explanation will be provided in the appropriate progress report. The Joint Administrators will only draw remuneration in excess of the estimate with the prior agreement of the approving body, in accordance with Rule 18.30 the Insolvency (England and Wales) Rules 2016.

**Estimate of return for creditors**

**Secured creditors**

Bank of Scotland plc ('the Bank'), the Company's principal secured lender, has total indebtedness of c. £3.7m. The balance is comprised of:

- ▶ An overdraft facility (c. £2.5m); and
- ▶ Term loan (c. £1.2m)

The Bank's debt is secured by a qualifying floating charge and standard security in respect of the Company's freehold premises in Aberdeen. Based on current estimates, it is currently uncertain whether the Bank will suffer a shortfall on its indebtedness.

At the date of these Proposals we are not aware of any other secured creditors of the Company.

**Preferential creditors**

Following the pre-pack sale of certain of the FM business and assets, 337 employees transferred to the Purchaser in accordance with TUPE regulations. Accordingly, no preferential claims for arrears of salaries / wages, holiday pay or pension contributions will arise in respect of these employees.



Additionally, the Bank agreed to settle the wages of M&E employees up to, and including, 18 December 2018. Preferential claims in respect of any overtime worked up to 18 December 2018, but not reflected in the payroll system at that date, could still rank as a preferential claim in the administration. We currently estimate preferential creditors of c. £0.2m in respect of claims for holiday pay and pension contributions for the 109 employees that did not transfer to the Purchaser. It is anticipated that these will be paid in full, however the timing of the payment has yet to be determined.

### **Non-preferential creditors**

The Company's latest purchase ledger suggests that total non-preferential claims will be in the region of c. £17.4m. These creditor claims continue to be submitted.

The prescribed part is a proportion of floating charge assets set aside for non-preferential creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003. The Company's floating charge was created after this date and accordingly the prescribed part will apply.

At this stage, the Joint Administrators are unable to estimate whether there will be a dividend to non-preferential creditors in excess of the prescribed part.



**Richard Irvin & Sons Limited**

**Administrators' Statement of Proposals**

Pursuant to paragraph 49 of schedule B1 to the  
Insolvency Act 1986 and Rule 3.35 of the Insolvency  
(England and Wales) Rules 2016

Date of delivery of proposals to creditors: 24 December 2018

## Abbreviations

**The following abbreviations are used in this report:**

the Act	the Insolvency Act 1986
the Company / RISL	Richard Irvin & Sons Limited
the Date of Appointment	19 December 2018
EY	Ernst & Young LLP
HMRC	Her Majesty's Revenue & Customs
The Joint Administrators / Administrators	Fiona Livingstone Taylor and Colin Peter Dempster
the Proposals	the Joint Administrators' Statement of Proposals
the Purchaser	Rcapital Partners LLP
the Rules	the Insolvency (England and Wales) Rules 2016
AG	Addleshaw Goddard LLP
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
VAT	Value Added Tax
TSA	Thainstone Specialist Auctions, ANM Group Limited
CDDA	Company Directors Disqualification Act 1986

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# 1. Introduction, background and circumstances giving rise to the appointment

## Introduction

On 19 December 2018 (the Date of Appointment) Richard Irvin & Sons Limited (the Company) entered Administration and Fiona Livingstone Taylor and Colin Peter Dempster were appointed to act as Joint Administrators (the Joint Administrators or the Administrators). The appointment was made by the Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986.

As licensed insolvency practitioners, the Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration.

This document, including its appendices, constitutes the Joint Administrators' Statement of Proposals (the Proposals) pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986 (the Act) and Rule 3.35 of the Insolvency (England and Wales) Rules 2016 (the Rules).

Certain statutory information relating to the Company and the appointment of the Joint Administrators is provided at Appendix A.

## Background

The Company, incorporated in 1907, was a leading provider of building services to the public and private sector. With a strong market presence in Scotland, operating from six regional locations, the Company's services were broadly categorised across two key divisions; mechanical and electrical (M&E) and facilities management (FM).

Difficult trading conditions, together with increased political and economic uncertainty, resulted in declining margins in respect of the Company's contracts. FM benefitted from recurring contracts, which were geographically diverse and generally more profitable, however, a number of M&E contracts were completing which led to delays in receipts as the final accounts were scrutinised prior to settlement of completion payments.

The Company's recent financial results can be summarised as follows:

Period Year or Period Ended	Type Audited / Draft	Turnover £000	Gross Profit £000	Gross Profit %	Directors' Remuneration £000	Net Profit / (Loss) after Tax £000	Net Assets £000
YTD 31 Aug 2018	Man. accounts	34,874	5,287	15.2	n/a	(625)	n/a
Y/E 31 Dec 2016	Audited	45,142	3,980	8.8	345	606	2,312
Y/E 31 Dec 2015	Audited	31,458	2,373	7.5	522	(69)	2,532
Y/E 31 Dec 2014	Audited	37,696	3,985	10.6	379	3	2,685

## Circumstances giving rise to the Appointment of the Administrators

In July/August 2018, the Company was approached by a substantial business, operating in the same sector, in connection with a potential acquisition of FM (TP1). A Letter of Intent was signed on 5 September 2018 (the Offer), with exclusivity granted to TP1 until 30 November 2018, in order that diligence could be performed with completion of a transaction by 31 October 2018, with a 'back-stop' of 30 November 2018. Around the same time as TP1's expression of interest, the Company was approached by two other operators in the sector, but neither party was in a position to progress matters at that stage.

During the above-noted period of diligence, the Company's cash position deteriorated. In order to enable certain payments to be made (principally to H M Revenue and Customs (HMRC)) a £0.5m extension to the Company's overdraft facility was agreed with the Bank in September 2018. Around this time, the Company formally agreed a 'time to pay' (TTP) arrangement with HMRC in respect of its VAT and PAYE/NI liabilities.

In late September 2018, the Company advised the Bank that it was not able to make the scheduled payment to HMRC in accordance with the TTP. The Bank agreed to a further extension to the overdraft of £0.5m to enable this payment to be made, whilst negotiations in connection with the Offer were progressed.

In late November 2018, TP1 indicated that it wanted to review the Company's trading results for November 2018 and December 2018 before completing a transaction.

As a result of unanticipated delays in debtor / contract receipts, the Company had insufficient funds to make payments due to HMRC in November 2018, in respect of VAT and PAYE / NI (c. £0.8m). Additionally, with increasing uncertainty around the transaction timetable, the Bank concluded that it was unable to grant a further extension to the Company's overdraft and, consequently, the directors resolved that, in the absence of additional funding, a Notice of Intention to Appoint Administrators (NOI) should be filed.

The NOI was filed by the directors on 28 November 2018. The directors concluded that it was in the best interests of the Company's creditors to perform a focused, accelerated marketing process in the moratorium period of 10 business days, with a view to achieving a pre-packaged sale of all, or parts, of the Company's business and assets.

Trading the Company in Administration, whilst a sale was explored, was not considered feasible due to the following key factors:

- ▶ most of the Company's contracts contained immediate termination provisions in the event of an insolvency;
- ▶ contracted warranties in respect of the completion of existing contracts could not be fulfilled;
- ▶ the working capital and overhead requirement in order to continue work on / complete contracts;
- ▶ significant arrears in supplier payments and, therefore, possible ransom payments for continued supply or services; and
- ▶ ongoing trading losses in respect of M&E.

The marketing process, performed during the period of the NOI, included a number of potential trade parties, private equity funds and TP1. Whilst the process included the full business (i.e. FM and M&E), it was apparent that the majority of interest was focused around an acquisition of FM rather than M&E. Interest was explored in connection with M&E, but a pre-pack transaction was not able to be completed.

A sale of certain business and assets of the Company (in relation to FM) to Richard Irvin FM Limited (the Purchaser), an investment vehicle of Rcapital Partners LLP, was concluded shortly following the appointment of F L Taylor and C P Dempster as Joint Administrators of the Company on 19 December 2018. Further details of the marketing and sale of the business are included in Appendix E.

Unpaid pre-administration costs totalling £135,704 (including expenses) have been incurred. The Joint Administrators are seeking approval for payment of these amounts as an expense of the administration. Please refer to Appendix F for further details.

## 2. Purpose, conduct and end of Administration

### Purpose of the Administration

The purpose of an Administration is to achieve one of three objectives:

- a. To rescue the company as a going concern;
- b. To achieve 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. To realise property in order to make a distribution to one or more secured or preferential creditors.

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

It was established that it would not have been reasonably practicable to rescue the Company as a going concern in accordance with objective (a) as a sale of the Company's shares was not possible (principally due to the extent of the Company's liabilities and concerns with regard to its ability to generate a sustainable level of trading profits).

The objective being pursued is therefore objective (b). The pre-packaged sale of certain of the business and assets enables this objective to be achieved by maximising asset values and minimising creditor claims. The outcome achieved through the pre-packaged sale was the best available outcome for creditors as a whole in all the circumstances.

### Conduct of the Administration

#### Pre-packaged sale of the business and assets

As explained in the previous section, on 19 December 2018, the Joint Administrators completed a sale of the FM business and assets to the Purchaser for a total consideration of c. £1.1m, of which approximately £0.6m is contingent on the successful novation of certain customer contracts and the Purchaser achieving a minimum level of debtor collections.

A detailed explanation of the sales process and subsequent transaction is outlined at Appendix E, in accordance with the requirements of Statement of Insolvency Practice 16. A summary of the transaction is outlined below.

#### Key terms, assets sold and consideration

In summary, the following key business and assets of the Company, primarily relating to the FM business, were sold to the Purchaser:

- ▶ accreditations, business name, business rights, customer contracts, goodwill, intellectual property, stock, and IT related assets;
- ▶ certain plant, equipment and motor vehicles; and
- ▶ trade debtors, accrued income / WIP.

A licence to occupy ('LTO') the Company's freehold premises at Irvin House (Aberdeen) and Harbour Road (Inverness) was also granted to the Purchaser, for a period of six months post completion. Similarly, a LTO was granted in respect of the Company's leasehold properties in Glasgow, Loanhead, Dundee and Elgin, providing the Purchaser with the ability to trade from these locations whilst seeking to agree more permanent terms of ongoing occupation with the relevant landlords.

A lease in connection with the usage of certain FM vehicles, retained in the Company's ownership at the point of administration, was also granted to the Purchaser. The sale and purchase agreement requires the Purchaser to acquire these vehicles from the Company on 1 May 2019 for consideration of £0.25m.

### **Principal benefits**

The principal benefits of the transaction can be summarised as follows:

- ▶ a better outcome was generated for the Company's creditors compared with a break-up of the entire business;
- ▶ the purchaser will be required to deal with any retention of title claims received following completion and there will be no refund of any part of the price paid for the items;
- ▶ avoiding preferential creditor claims from FM employees, as a result of the transfer of these employees to the Purchaser under TUPE;
- ▶ avoiding redundancy and lieu of notice claims from the above-noted employees who otherwise would have been made redundant; and
- ▶ avoiding dilapidations and void period claims from the landlords of the leasehold properties which would have arisen on termination of the leases (if trading from these premises had ceased following the Administrators' appointment).

### **Significant assets not included in the sale agreement**

- ▶ **Freehold properties** - the Company's freehold properties at Irvin House, Aberdeen and Harbour Road, Inverness were not included in the pre-pack transaction.
- ▶ **M&E assets** – including, but not limited to, certain fixed assets, stock, trade / contract debts were excluded from the transaction. Thainstone Specialist Auctions (TSA) has been instructed to auction the fixed assets and stock (to the extent this is commercially sensible) and G A Johnston Associates (GAJA) has been instructed to collect the M&E trade / contract debts (including contract retentions).

We are not aware of any other significant realisable assets belonging to the Company. However, we will report to you in the event it materialises that other recoverable assets are identified during the course of the Administration.



## **Administrators' receipts and payments**

A summary of the Administrators' receipts and payments for the period from 19 December 2018 to 21 December 2018 is attached at Appendix D.

## **Approval of the Administrators' proposals**

The Joint Administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the prescribed part and, consequently, in accordance with the provisions of paragraph 52(1)(b) of Schedule B1 to the Act, they do not intend to seek a decision of the creditors on the approval of the proposals.

The Joint Administrators will be obliged to seek a decision of the creditors if requested to do so by creditors of the Company whose debts amount to at least 10% of the total debts of the Company. The request must be delivered within 8 business days of the date on which these proposals are delivered to creditors (or such longer period as the court may allow) and must include the information required by Rule 15.18 of the Insolvency (England and Wales) Rules 2016.

In accordance with Rule 15.19 of the Rules, the Joint Administrators may require a deposit as security for payment of the expenses associated with convening a decision procedure or deemed consent procedure and will not be obliged to initiate the procedure until they have received the required sum.

## **Future conduct of the Administration**

The Joint Administrators will continue to manage the remaining affairs, business and property of the Company in order to achieve the stated objective, namely to achieve 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).

Further tasks will include, but may not be limited to, the following:

- ▶ collecting in the book debts, contract debts and other receivable balances due to the Company in connection with M&E;
- ▶ realising any other assets, including the Company's freehold properties in Aberdeen and Inverness;
- ▶ providing reasonable assistance to the Purchaser, in line with the undertakings of the sales agreement;
- ▶ preparing and submitting corporation tax returns and VAT returns;
- ▶ dealing with statutory reporting and compliance obligations;
- ▶ dealing with non-preferential creditor enquiries;
- ▶ distributing realisations to the secured creditor and preferential creditors of the Company (as appropriate);
- ▶ agreeing non-preferential creditor claims and distributing the Prescribed Part (if required);
- ▶ carrying out investigative procedures, including investigating the conduct of the Directors leading up to the Joint Administrators' appointment in accordance with the requirements of CDDA;
- ▶ liaising with landlords and other relevant parties regarding the leasehold properties being occupied under licence by the Purchaser;

- ▶ if the Joint Administrators deem it appropriate, to seek an extension and / or further extensions to the Administration from the Company's creditors and / or the Court;
- ▶ finalising the Administration, including the payment of all Administration liabilities; and
- ▶ any other actions required to be undertaken by the Joint Administrators in order to fulfil the purpose of the Administration.

### **The end of the Administration**

It is proposed that if at the end of the Administration the Company has no property which might permit a distribution to its creditors, the Joint Administrators will send a notice to that effect to the registrar of companies. On registration of the notice the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986 the Company will be deemed to be dissolved three months after the registration of the notice.

If there is a distribution to be made to non-preferential creditors, other than in respect of the prescribed part, and the distribution cannot be made in the Administration, it is proposed that, at the end of the Administration, the Company will move straight into creditors' voluntary liquidation upon the filing with the Registrar of Companies of a notice pursuant to paragraph 83 of Schedule B1 to the Insolvency Act 1986. It is proposed that the Liquidators will be F L Taylor and C P Dempster of Ernst & Young LLP and that any act required or authorised under any enactment to be done by the Liquidators may be done by either or all of them.

In accordance with paragraph 83(7) of Schedule B1 to the Insolvency Act 1986 and Rule 3.60(6)(b) of the Rules, creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after the receipt of these Proposals and before the Proposals are approved. It should be noted in this regard that a person must be authorised to act as an insolvency practitioner in order to be appointed as Liquidator.

### 3. Statements of Affairs

The Directors have not yet submitted a Statement of Affairs as notice for the preparation and submission of a Statement of Affairs was only recently issued to the nominated directors.

In the absence of a Statement of Affairs, we attach at Appendices B and C an estimate of the Company's financial position together with a list of creditors including, as far as is currently known, their names, addresses, and amounts owed. This estimate is based on the Company's latest management accounts which were prepared to 30 September 2018.

The Directors are currently working on bringing the financial information up to date in order that a Statement of Affairs as at the Date of Appointment can be prepared. Whilst the information attached does not represent the most up to date position for the Company, our view is that it is the best available information for creditors at this point.

We will include copies of the Directors' Statement of Affairs for the Company in our six monthly progress report to creditors together with information on actual and estimated future realisations.

#### **Secured creditors**

Bank of Scotland plc, the Company's principal secured lender, has total indebtedness of c. £3.7m. The balance is comprised of:

- ▶ An overdraft facility (c. £2.5m); and
- ▶ Term loan (c. £1.2m)

The Bank's debt is secured by a qualifying floating charge and standard security in respect of the Company's freehold premises in Aberdeen.

At the date of these Proposals we are not aware of any other secured creditors of the Company.

#### **Preferential creditors**

Following the pre-pack sale of certain of the FM business and assets, 337 employees transferred to the Purchaser in accordance with TUPE regulations. Accordingly, no preferential claims for arrears of salaries / wages, holiday pay or pension contributions will arise in respect of these employees. Additionally, the Bank agreed to settle the wages of M&E employees up to, and including, 18 December 2018. Preferential claims in respect of any overtime worked up to 18 December 2018, but not reflected in the payroll system at that date, could still rank as a preferential claim in the administration.

We currently estimate preferential creditors of c. £0.2m in respect of claims for holiday pay and pension contributions for the 109 employees that did not transfer to the Purchaser. It is anticipated that these will be paid in full, however the timing of the payment has yet to be determined.

#### **Non-preferential creditors**

The Company's latest purchase ledger suggests that total non-preferential claims will be in the region of c. £17.4m. These creditor claims continue to be submitted.

## 4. Prescribed Part

The prescribed part is a proportion of floating charge assets set aside for non-preferential creditors pursuant to section 176A of the Insolvency Act 1986. The prescribed part applies to floating charges created on or after 15 September 2003. The Company's floating charge was created after this date and accordingly the prescribed part will apply.

At this early stage, the Joint Administrators are unable to estimate the value of the Company's net property given, amongst others, the uncertainties outlined in the previous section with regard to the realisation of residual assets, associated costs of recovery, Administrators' remuneration and disbursements and payments to other professionals.

The Joint Administrators do not intend to make an application to the court under section 176A(5) of the Insolvency Act 1986 for an order not to distribute the prescribed part.

## 5. Administrators' remuneration and disbursements and payments to other professionals

### Remuneration

The statutory provisions relating to remuneration are set out in Chapter 4, Part 18 of the Rules. Further information is given in the Association of Business Recovery Professionals' publication 'A Creditors' Guide to Administrators' Fees', a copy of which may be accessed from the web site of the Institute of Chartered Accountants in England and Wales at <https://www.icaew.com/en/technical/insolvency/creditors-guides> or is available in hard copy upon written request to the Joint Administrators.

In the event that a creditors' decision is not requested and a creditors' committee is not formed, the Joint Administrators will seek to have their remuneration fixed by the secured creditor and, if the Joint Administrators have made or intend to make a distribution to preferential creditors, the preferential creditors in accordance with Rule 18.18(4) of the Rules. The Joint Administrators will ask for their remuneration to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration, in accordance with the fee estimate dated 19 December 2018, which is included at Appendix A of our letter to creditors to which these Proposals are enclosed.

### Disbursements

Disbursements are expenses met by and reimbursed to the Joint Administrators. They fall into two categories: Category 1 and Category 2. The statement of expenses, which is included within the fee estimate dated 19 December 2018 referred to above, includes details of the Category 1 and 2 disbursements which are expected to be incurred.

- ▶ Category 1 disbursements are payments to independent third parties where there is expenditure directly referable to the administration. Category 1 disbursements can be drawn without prior approval.
- ▶ Category 2 disbursements are expenses that are directly referable to the administration but not to a payment to an independent third party. They may include an element of shared or allocated costs that can be allocated to the administration on a proper and reasonable basis. Category 2 disbursements require approval in the same manner as remuneration. In the event that a creditors' committee is not formed, the Joint Administrators propose that they are permitted to charge Category 2 disbursements in accordance with the Statement of Expenses included in Appendix A of the letter to creditors dated 21 December 2018.

### Payments to other professionals

The Joint Administrators have to date engaged the following other professionals to assist them. They were chosen on the basis of their experience in similar assignments and their specialist knowledge of the market.

Name of firm	Nature of service	How contracted to be paid
Addleshaw Goddard LLP (AG)	Legal advisors	Time cost basis
Thainstone Specialist Auctions, ANM Group Limited (TSA)	Auction, appraisal and valuation services	Percentage of realisations for auction sales, and time cost basis for certain other tasks
G A Johnston Associates (GAJA)	Quantity surveyor services	Time cost basis

No fees have been paid to date.

## 6. Pre-Administration costs

The Administrators are seeking approval for payment of unpaid pre-administration costs totalling £135,704 plus VAT. The payment of unpaid pre-administration costs as an expense of the administration is subject to approval under Rule 3.52, and not part of the Proposals subject to approval under paragraph 53. This means that they must be approved separately from the Proposals.

An analysis of the total pre-administration costs incurred and amounts paid pre-administration is attached at Appendix F. The nature of the pre-appointment work conducted can be summarised as follows.

- ▶ Negotiating and delivering the pre-pack transaction to the Purchaser. The marketing process is discussed in greater detail in Appendix E to this report.
- ▶ During the course of the sales process, planning for the period immediately post-appointment was ongoing in order to deal with all matters effectively.

The likely return to creditors has been significantly enhanced by negotiating a sale prior to administration.

In addition to the above, the following third-party pre-administration costs and expenses have been incurred prior to appointment.

- ▶ AG provided legal advice to the Joint Administrators in respect of the pre-pack transaction. AG's pre-administration costs are £48,750 and VAT.

The analysis attached at Appendix E sets out:

- ▶ The pre-appointment fees charged by the Administrators;
- ▶ The pre-appointment expenses incurred by the Administrators;
- ▶ The fees charged (to the Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and if more than one, by each separately); and
- ▶ The expenses incurred (to the Administrators' knowledge) by any other person qualified to act as an insolvency practitioner (and if more than one, by each separately).

In the event that a creditors' meeting is not requisitioned and a creditors' committee is not formed, the Joint Administrators will seek to have the unpaid pre-administration costs approved by the secured creditor and, if the Joint Administrators made or intend to make a distribution to preferential creditors, the preferential creditors.

## Appendix A Statutory information

### Company Information

Company Name:	Richard Irvin & Sons Limited
Registered Office Address:	c/o Ernst & Young LLP, 2 St Peter's Square, Manchester, M2 3EY
Registered Number:	00096281
Trading Name:	Richard Irvin Energy Solutions
Trading Addresses	Irvin House, Hareness Road, Altens Industrial Estate, Aberdeen, AB12 3LE Suite 1, Kingfisher House, Barlow Park, West Pitkerro, Dundee, DD5 3UB 3 Centura Court, Nasmyth Place, Hillington Park, Glasgow, G52 4PR 4 Straiton View, Straiton Parc, Loanhead, EH20 9QZ 30 Tyock Industrial Estate, Elgin, IV30 1XY 29a Harbour Road, Inverness, IV1 1SY

### Details of the Administrators and of their appointments

Administrators:	F L Taylor and C P Dempster
Date of Appointment:	19 December 2018
By Whom Appointed:	The appointment was made by the Company's Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986.
Court Reference:	High Court of Justice, Business and Property Courts of England and Wales: CR-2018-010741

Any of the functions to be performed or powers exercisable by the Administrators may be carried out / exercised by any one of them acting alone or by any or all of them acting jointly.

### Statement concerning the EC Regulation

The EC Council Regulation on Insolvency Proceedings does apply to this administration and the proceedings are main proceedings. This means that the administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State.

### Share capital

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
A Ordinary Shares	415,695	4,156.95	415,695	4,156.95
B1 Ordinary Shares	68,670	686.70	68,670	686.70
B2 Ordinary Shares	21,230	213.30	21,230	213.30
Ordinary Shares	3,741,250	935,312.50	3,741,250	935,312.50

### Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
George Still	Director and Secretary	1 April 2014	N/A	A Ordinary - 89,593 B1 Ordinary - 12,970
Hugh Stewart	Director	21 September 2012	N/A	NIL
William Lund	Director	11 September 2003	N/A	Ordinary - 79,125
Richard Emmerson	Director	8 September 2005	N/A	Ordinary - 27,222
Lindsey Cradock	Director	4 December 2014	N/A	Ordinary - 1,000
Robert Brannan	Director	6 November 2013	N/A	A Ordinary - 89,588 B1 Ordinary - 12,970
William Maclean	Director	1 January 2012	12 January 2018	A Ordinary - 188,501 B1 Ordinary - 33,100 Ordinary - 25,000



## Appendix B Company's balance sheet as at 30 September 2018

£000

### Fixed Assets

Land and Buildings	4,887
Furniture and Fixtures	1,735
Motor Vehicles	373
Goodwill	295
Office & Workshop Equipment	78
Tenants Improvements	46
	<u>7,413</u>

### Current Assets

Trade & Other Debtors	4,141
Accrued Income	3,590
Amounts Recoverable Contracts	3,258
Prepayments	924
Other	419
Deferred Tax	166
Stock and Work in Progress	118
Cash Balances	4
	<u>12,619</u>

### Current Liabilities

Creditors	(5,809)
Bank Loan and Overdraft	(3,634)
PAYE & Wages	(1,798)
Accruals	(1,019)
VAT	(835)
Other	(798)
	<u>(13,893)</u>

### Long Term Liabilities

Pension Scheme Deficit	(4,352)
Bank Loan	(1,017)
HP Liabilities	(205)
	<u>(5,574)</u>

### Net Assets / (Liabilities)

565

Source: Company management accounts

Whilst the balance sheet shows a net asset position of c. £565k, we would comment as follows:

- ▶ the balance sheet was prepared as at 30 September 2018 (almost three months before the Administration) and has not been subject to independent review or statutory audit;
- ▶ the values are shown before applicable costs of realisation;
- ▶ there is significant uncertainty over the recoverability of work in progress/debtors/retentions balances in relation to M&E, in light of the majority of contracts being terminable on insolvency and the likelihood of disputes, contra, set off issues arising following the closure of M&E;
- ▶ realisations from plant and equipment and stock not sold to the Purchaser are likely to be lower than shown due to these assets being sold ex situ on a break up basis following the Company ceasing to trade;
- ▶ realisations from freehold properties may be less based on current market conditions;
- ▶ the figures do not include claims from redundant employees in respect of arrears of wages, holiday pay and pension contributions which would rank preferentially. In addition unsecured claims from redundant employees in respect of lieu of notice and redundancy pay are excluded.

Once the above factors are taken into account, we anticipate there will be a shortfall to the Bank as secured creditor and consequently no amounts will be available to allow a dividend to be declared to the unsecured non-preferential creditors of the Company (other than by virtue of the prescribed part).

**Appendix C      Non-preferential Creditors based on  
Company records as at 19 December  
2018**

See attached listing.

Richard Irvin & Sons Limited (In Administration) - Creditors Listing - 19/12/18

<b>Creditor Name</b>	<b>Balance (£)</b>
Pension Protection Fund	9,000,000.00
Redundancy Payment Service	1,100,000.00
HMRC	1,000,000.00
Wolseley (Pay 2)	299,511.00
BSS Group Plc (Pay2)	274,210.55
RJC Mechanical Limited	186,017.19
Plumbing Trade Supplies Ltd (Pay2)	155,236.67
ADT Fire and Security Services plc (Pay2)	138,639.82
Edmundson Electrical Ltd (Pay2)	136,403.67
Hamworthy Heating Limited	124,689.33
Oteac Ltd	121,757.20
JRC Facilities Limited	107,096.97
Modul8 Ltd	106,017.76
N G Bailey IT Services Ltd	102,300.75
Curtis Insulation	95,302.12
JRF Chimney Specialists Ltd	94,290.43
City Plumbing Supplies Holdings Ltd (Pay2)	91,794.33
M J Ventilation Limited	91,785.31
J&J Runcie Plasterers Limited	90,304.00
Aberdeen City Council	86,227.80
CCL Lindab (Pay2)	84,583.54
Yesss Electrical (Pay2)	74,875.69
West Coast Controls Ltd	74,369.27
Shell UK Ltd (Fuel)	66,070.23
AES Ltd	65,544.00
M & C Solutions (Lanarkshire) Limited (pay2)	64,851.61
Alsecco UK Limited	59,032.91
Craigalan Controls Ltd	58,400.55
North Offshore Ltd	56,822.40
Willis Group	52,553.42
Daikin Airconditioning UK Ltd (Pay2)	48,099.60
Lovats Catering Engineering Services Limited	47,967.25
Newey and Eyre Ltd (Pay2)	47,869.43
Pump Action Ltd (Pay2)	46,937.69
Optimum Electrical Services Ltd	46,456.80
CC North Ltd	43,311.72
MCP Group Limited	42,489.65
E-ON Control Solutions Limited	41,002.74
Enterprise Control Engineers Ltd	38,662.10
Hire Station Ltd (Pay2)	37,837.72
Trend Control Systems Ltd	37,211.26
Highland Wood Energy Ltd	37,150.20
Energystore Limited	37,088.34
Lovair Limited	36,951.87
Electric Center (Pay 2)	35,822.07

Randstad CPE Limited	35,467.92
Dee Thermal Services Ltd	35,444.84
Kooltech Ltd	34,721.63
Environmental Energy Controls Limited	34,090.20
Honeywell Control Systems	33,859.39
Cleveland Cable Co Ltd (Pay2)	32,937.52
Image Systems and Technology Ltd	31,639.26
Star Electrics Limited	30,988.29
William Wilson (Pay2)	30,912.98
Phoenix Commissioning Services Ltd	30,519.90
Elgin Refrigeration Services	30,447.65
Turner Hire Drive Ltd (Pay2)	29,515.11
Plumbstore (P & HS) Ltd (Pay2)	29,071.21
Zip Heaters Uk Ltd	28,338.12
Prism Air Conditioning Limited	27,478.35
A1 Sheet Metal Flues Ltd	26,379.60
RJ Utility Services Limited	26,100.00
Southern Piped Services Limited	26,072.19
Mechanical and Electrical Fixings Ltd	24,985.25
NDT Electronic Services Limited	24,003.60
M & T Pipeline Supplies Ltd (pay2)	22,879.57
Allied Equipment Limited	22,876.60
Pinefield Glass Limited	22,119.60
Aggreko Generators Limited	21,934.89
Parcar Limited	21,806.40
AWT Water Treatment Ltd (Pay2)	20,768.16
Celsius Cooling Limited	20,592.90
Peter Joyce Plumbing & Heating Engineer	20,592.00
Boston Networks Ltd	20,496.74
Electrical Testing Compliance Limited	20,496.00
Platinum Recruitment Service Ltd (Pay2)	20,382.75
MB Services Group (Scotland) Ltd	20,198.38
APF Heating and Mechanical Services Ltd	19,729.06
Mitsubishi Electric-UK Ltd (Pay2)	19,642.59
Jam Cabling Limited	18,791.01
BOC (Pay2)	18,247.61
Titan Mechanical Services	18,240.00
Ductclean (UK) Ltd t/a DCUK FM	18,156.02
Tektura Plc	18,080.93
BEST Services Ltd (pay2)	17,539.66
Dragon Underfloor Heating & Screed Limited	17,096.24
Aquatronic Group Management Plc	16,763.28
Barclaycard Commercial	16,621.09
Fridge Air	16,592.04
Central Taxis (Aberdeen) Ltd	15,953.92
Carrier Air Conditioning	15,800.04
BMS Energy Controls Ltd	15,671.07
A J & C B Smyth	15,564.50

Barwell Enterprises Ltd(Edmundson) (Pay2)	15,434.36
Donside Safety	15,232.64
Earth Tech LPS Ltd	15,119.22
NRL Ltd (Pay2)	14,978.38
Herz Valves UK Ltd- Ellis Miller	14,928.03
Atkinsons of Portchester	14,887.18
Compco Fire Systems Ltd	14,781.92
G & A Barnie Building Services Ltd (Pay 2)	14,614.37
Jacobs Building Solutions Limited	14,481.02
Limburn Boiler & Heating Services Limited	14,433.18
Vipond Fire Protection Ltd	14,374.37
SIG Trading Ltd (Pay2)	13,987.31
Premier M & E Services Limited	13,913.61
Freeflow Drains Limited	13,745.00
Turrell Limited	13,537.33
Laplace Building Solutions (North) Limited	12,886.87
First People Solutions Group Ltd	12,737.28
W&J Short	12,681.15
Advanced Resource Managers Limited	12,612.38
ThyssenKrupp Elevator UK Ltd	12,589.31
All Fit Joiners & Shop Fitters	12,444.00
Schneider Electric IT UK Ltd	12,427.20
1ST Class Gas Limited	12,018.00
City Electrical Factors Ltd (Pay2)	11,911.43
EDF Energy	11,535.77
East Coast Controls Ltd	11,267.10
Intellicore Ltd	11,250.00
Hasl Specialist H and V Distribution	11,220.16
Search Consultancy	11,185.20
Realm Fire & Security Ltd	11,171.21
Grove Mechanical Services Limited	11,010.00
Ingersoll-Rand UK Limited	11,009.64
Walker Home Emergency	11,007.29
Midland Filtration Ltd (Pay2)	10,911.53
Cool-Tec Services Limited	10,715.23
Bluestone Design & Construction Limited	10,683.60
Campbell Miller Tools Ltd	10,643.64
Ashtead Plant Hire Co Ltd (Pay2)	10,609.63
BDS Contracts	10,561.37
Absolute Solar and Wind Limited	10,552.90
Newbury Investments(UK) Limitedt/a Stearn Electri	10,161.00
Cormeton Electronics Ltd (Pay2)	10,062.09
Croma Locksmiths and Security Solutions Limited	10,039.41
Biddles Air Curtains Ltd	9,894.00
Scot-Vent Ltd	9,816.00
Land & Building Services Ltd	9,804.58
BATT Cables plc	9,670.53
Ciat-Uk Ltd (Pay2)	9,653.82

Northgate Vehicle Hire Limited	9,532.95
Holmes & Quinn Ltd	9,332.09
Richard Irvin Energy Solutions	9,322.93
Lighting Controls Limited	9,265.70
F B Taylor	9,216.00
TUFF Ltd	9,153.58
Powermaster Cooling Limited	9,123.21
Langstane Press Ltd	9,085.82
ScotPAT Limited	8,847.37
Interline Electrical Wholesale Limited	8,787.57
Fraser and MacDonald Electric Motors Ltd	8,718.90
Aberdeen Technical	8,681.38
Nicol of Skene Ltd	8,634.46
Euro Pools Services Limited	8,406.24
Smith Brothers Marine Limited	8,388.15
Midlothian Council	8,240.00
Eyre Building Services Group Limited	7,940.12
Lamp Source Limited	7,758.90
Baxi Heating UK Limited	7,715.20
Furmanite International Limited(Pay2)	7,631.52
Exoair Kitchen Ventilation Solutions Limited	7,615.92
Xeretec Scotland Ltd	7,590.42
Westfield Caledonian Ltd	7,513.20
Avonline PLC	7,477.63
E & I Engineering	7,428.46
Jewson Ltd (Pay2)	7,387.57
Reed Specialist Recruitment Ltd	7,332.25
Lex Autolease Limited	7,311.43
Access Plus Scotland Limited (Pay2)	7,229.59
PTSG Electrical Services Limited	7,187.77
Ener G Combined Power	7,186.80
Gordon Crawford Ltd	7,027.20
Eriks Industrial Services Ltd (Pay2)	6,986.15
AVC Immedia Limited	6,898.04
Link Support Limited	6,840.00
One Environmental Limited	6,760.25
ARC Fire Safety & Security Limited	6,663.86
Crest Washroom Systems Ltd	6,646.80
Nicholson Plastics Ltd	6,606.09
Whites Burners Limited	6,602.58
ITCC Limited	6,571.06
Spirax-Sarco Ltd	6,552.00
IWS - Intigrated Water Systems (Ion)	6,509.57
Wm Brown & Co Ltd	6,132.48
Beale Heating LLP	5,997.25
Perfect Service Solutions Limited	5,976.00
*DNU L-TEC Controls Ltd in administration	5,975.92
Orion Project Services	5,907.60

Access Platforms Aberdeen (Pay 2)	5,887.38
Clyde Insulation Supplies Ltd [Stirling]	5,842.93
Aberdeen Alarm Company	5,820.00
Weishaupt (UK) Ltd	5,787.60
Lyreco Uk Ltd	5,769.34
PTSG Access & Safety	5,700.54
Bell Equipment Services	5,610.72
Flakt Group UK Ltd (Pay 2)	5,541.60
AES Solutions	5,528.14
Aalco Aberdeen (Pay2)	5,504.67
Plant Shifters Scotland	5,460.05
Wholesale Electrical Supplies Limited	5,392.15
Taylor's Industrial Services Ltd	5,384.40
Baillie Signs	5,370.00
Wiseman Plumbing & Heating Limited	5,207.40
Goldstar Cleaning Services	5,199.14
Cammach Bryant Limited	5,100.09
Hall & Kay Fire Engineers	5,071.20
Nixon Hire Limited	5,070.30
Arco Ltd (Pay2)	5,047.94
PKW Installations Limited	5,040.00
VES Andover Ltd	5,002.71
McConechy's Tyre Service Ltd (Pay2)	4,925.12
Aberdeen First Aid School Ltd	4,920.00
Grampian Plant Hire	4,892.40
MacLean Fittings (Glasgow) Ltd	4,873.21
McKay Motor Services	4,842.00
Stormsaver Ltd	4,813.52
Oceaneering International Svcs Ltd	4,805.71
Trade UK (Screwfix)- (pay2)	4,772.27
Building Manual Services	4,766.25
Ex-Or Ltd	4,751.28
Johnston Builders	4,734.00
Roomfoss Control Systems Limited	4,718.66
Otis Ltd (Pay2)	4,689.18
The Highland Council	4,680.00
Camtech Engineering Limited	4,673.40
Quartzelec Limited	4,645.71
Securastore Limited	4,573.52
Angus Insulation Ltd	4,560.00
Commercial Moves Group Limited	4,474.20
Chainbridge Steel (Scotland) Limited	4,420.68
Gas Certification Co Ltd	4,416.00
D & J Drain Services Limited	4,305.00
Zumtobel Lighting Ltd	4,296.00
Aggora Technical Limited	4,280.44
McGregor Construction (Highlands ) Ltd	4,236.60
Select Insulation Services	4,233.64



Combined Energy Solutions (pay2)	4,233.60
Chubb NI Limited	4,200.00
SAS International	4,192.32
Northern Insulation Engineers Ltd	4,187.75
Speedy Asset Services Limited (Pay2)	4,146.25
Glasgow City Council	4,130.00
AFE Group Ltd	4,090.80
McDonald Water Storage Limited	4,083.53
GDL Air System Limited	4,080.00
Northeast Creative Ltd	4,080.00
A J McDonald Ltd	4,038.00
H and V Commissioning Services Ltd	4,020.60
KCC Door Hardware & Security Solutions	3,986.96
Airesales Scotland Ltd	3,985.20
PPL Training Limited	3,982.50
Electro Graph	3,859.02
Dundee City Council	3,858.00
Novum Structures Uk Limited	3,832.90
Great Yarmouth Heating Company Limited	3,831.00
Cleartech Water Solutions	3,782.58
Mohammed Arshad Gas Services	3,747.80
Fusion People Limited	3,720.00
Omega Red Group	3,716.74
TDC (Aberdeen) Ltd	3,664.32
Comcat Engineering Ltd	3,661.98
*DNU EarthEnergy Ltd (In Administration)	3,615.68
Training Plus	3,610.80
Tony Leech	3,596.25
Morrow Associates Limited	3,562.50
Kone Plc (Pay2)	3,548.99
Contract Engineering	3,472.92
Oventrop UK Ltd	3,441.05
Softcat Plc	3,439.74
Tool & Fastener Solutions Ltd	3,321.60
Cool Designs Ltd	3,315.14
Murray Recruitment Ltd	3,312.00
Empire HR Limited	3,294.18
Balloo Hire Centre Limited	3,293.61
The Moray Council	3,265.45
Gray Forklift Services Ltd	3,246.84
Iqarus Limited	3,208.51
Flame Heating Spares Limited	3,162.96
MTS Drainage Solutions	3,157.20
Chillforce Limited	3,155.52
Arnold Clark Van Centre	3,112.91
C and M Kitchen Engineering Ltd	3,061.20
Deeside Contracts Ltd	3,024.60
Hte Controls T/A Western Automation	3,013.02

Assa Abloy Entrance Systems	2,981.32
Nuaire Limited	2,959.39
EIS Waste Services	2,923.80
Icon Signs Ltd	2,875.20
AMC Alarms	2,827.86
Willert Electrical t/a Broadland Security Alarms	2,809.70
Palmaris Cabins Ltd (Pay2)	2,801.28
Cooks Blinds & Shutters Limited	2,730.00
Marnic Technology Limited	2,728.80
Specialist Lamp Distributors	2,714.22
P & G Blacksmiths & Fabricators	2,685.60
Phoenix Alarms & Safety Services Limited	2,660.40
PJH Group	2,655.46
Prospects Events Limited	2,640.00
Watkins Hire Limited	2,631.96
Tullos Training	2,599.99
Damm Environmental Limited	2,592.00
Clear Business Water Ltd	2,582.01
Waterloo Air Products Plc	2,580.26
BRE Ltd	2,567.82
Amtech Group Ltd	2,564.95
Total Computer Networks Ltd	2,558.06
Heatspares Ltd	2,546.14
GP Plantscape	2,544.06
Cascade Water Systems Limited	2,505.19
Dcl Services	2,494.20
Travis Perkins Trading Co Ltd (Pay2)	2,494.08
GB England Garage Services Ltd	2,474.94
Plumbing Pensions (UK) Administration Limited	2,451.24
Instock Disposables Ltd	2,438.35
Moray Glass Limited	2,382.43
M C N Automation Limited	2,377.20
Smith Brothers Stores Ltd	2,355.62
Ramsays Transport Limited	2,334.00
Ridgeway Preservation	2,330.00
JM Gas & Plumbing Limited	2,321.00
*DNU Campbell Control Services (Pay 2)	2,319.75
Ironmongerydirect Ltd	2,302.86
*DNU Hunter Products Limited	2,220.00
IT-Worx Solutions Limited	2,203.20
Ventilation Technical Services	2,146.42
Hilti-Gb Ltd (Pay2)	2,093.09
Highland Industrial Supplies Ltd (Pay2)	2,066.62
Pacemaker Cleaning Services	2,027.84
Granite Occupational Health Ltd	1,992.00
*DNU W Keenan (Scotland) Limited	1,987.62
Pipe Solutions Ltd	1,986.00
Commercial Limited	1,981.27

Condair Plc	1,972.69
GCRS Motors Limited t/a Chalmers Garage	1,972.36
Eaton Lighting Systems (pay2)	1,970.40
Service Point UK (Pay2)	1,959.20
Building Protection Systems (NI) Ltd	1,948.11
Welding Engineers-Glasgow Ltd	1,931.61
Drain Surgeon-North East Ltd	1,924.20
Caledonia Fire and Security Limited	1,921.39
Alexander Decorators Limited	1,917.70
Ground Source Heat Pump Services Ltd	1,891.20
GWF Energy	1,887.32
*DNU Latent Heat Ltd	1,780.74
MacGregor Industrial Supplies Ltd (Pay2)	1,764.32
BMS Solutions Ltd	1,749.00
McSence Workspace Ltd	1,715.77
HSS Hire Service Group Ltd (Pay2)	1,699.92
ISS-Aberdeen Ltd	1,671.60
FMS Fire & Security Ltd	1,642.80
Dieselec Thistle Generators Ltd	1,632.00
Biffa Waste Services Ltd (Pay2)	1,623.28
Tyco Fire & Integrated Solutions (UK) Ltd	1,616.90
BES Ltd	1,616.21
Clark Commercials (Aberdeen) Limited	1,571.50
P & R Hurt	1,536.00
C E Contracts	1,526.02
EBlast Limited	1,512.00
Arnold Clark Automobiles Limited	1,498.79
Max Renewables Limited	1,497.60
Guardian Integrated Security Solutions Limited	1,488.00
JP Corry	1,476.90
Hoshizaki UK	1,476.00
Industrial Services	1,464.00
HCS Water Treatment (Pay 2)	1,462.96
Atmosphere Lighting and Sound	1,460.76
Mitsubishi Electric-UK Ltd	1,456.44
Mines Rescue Services Ltd t/a MRS Training Rescu	1,444.80
Philips Lighting Ltd	1,440.00
Andersons House Furnishers	1,437.12
Ogilvie Fleet Limited	1,395.95
Aberdeen White Lining	1,386.00
Swegon Service Ltd (t/a Swegon Service)	1,383.60
Harbour Clean (South) Limited	1,365.60
Kingspan Insulation Ltd	1,330.01
Pfp 2000 Ltd	1,322.88
Field Engineering Services Ltd	1,320.00
Steve Willis Training Ltd	1,287.60
Finesse Quality Coatings Ltd	1,281.60
Patrick Forman Industrial Doors	1,266.00

Williams Ironmongery Ltd (pay2)	1,256.52
Siemens PLC t/a Building Technologies	1,239.43
V C E Ltd	1,219.20
Trade UK (Pay2)	1,211.82
Northern Platforms & Stagings Ltd	1,209.60
Glasgow Radiators	1,196.40
Rightway Property Limited	1,160.00
Ability Projects	1,147.20
*DNU Invisible Heat Ltd	1,140.00
Alexander Law	1,124.74
RS Components Ltd (Pay2)	1,116.43
S F Energy Limited	1,100.00
Colin Lawson Transport Limited	1,080.00
MS Industrial Services Limited	1,071.00
Anton Industrial Services Ltd	1,064.40
Mr Philip Jones	1,050.00
Ord Industrial and Commercial Supplies Ltd	1,034.04
Boon Edam Ltd (Pay2)	1,028.40
Dulux Decorating Centre (Pay2)	1,026.18
Scotglass Ltd	1,020.71
Cuthbertson Laird Group	1,004.28
Linnet Technology Ltd	1,002.00
Neopost Ltd	1,000.00
Leuchars Glazing Limited	990.78
Crest Glazing Ltd	986.98
EClad Ltd	984.00
D3 Audio and Visual Limited	956.86
Royal Mail	944.40
*DNU Lagwell Insulation Co Ltd	933.62
Kew Electrical Distributors Limited	915.86
Clyde Valley Lifts Ltd (Pay2)	897.97
Perfectshine Window Cleaning Ltd	884.16
Grampian Power Tools (Pay2)	875.99
*DNU Morrison Construction Services	867.49
Nortek Global HVAC	844.99
*DNU Schneider Electric Ltd	817.41
Stokvis Energy Systems	816.00
Morison & Miller Engineering Ltd (Pay2)	815.43
Giacomini UK Ltd	802.38
Nationwide Platforms (Pay2)	799.45
Mrs P Govan	793.60
G-Core Limited	780.00
Camfil Ltd	761.64
Roman Glass Limited	761.62
Take5 Catering	758.70
Iron Mountain-UK Ltd	757.18
Speedy Hire (Ireland) Limited (NIR)	753.98
SHB Hire Limited	731.04

Thorlux Lighting	720.00
Select	720.00
Xerox Uk Ltd	716.66
NSB Contracting Ltd	706.66
Life Safety Distribution Ag (Pay2)	702.00
Hughes Safety Showers	701.46
Astute (Scotland) Limited	692.40
Northern Asbestos Services Ltd	691.20
Pest Prevention & Cleaning	690.00
Brown & Muir	684.00
Discovery Fire Sprinklers Limited	672.00
Gowrie Contracts Limited	660.00
Lofthus Signs and Engraving Ltd	659.24
Barclay and Mathieson Ltd	658.20
Robertson McGregor	654.00
Shred It	651.58
Spotless Commercial Cleaning Limited	622.18
MacNaughton Blair Limited	621.80
FP Teleset	614.40
AIC Transport Limited	600.00
Laws Tyres	598.80
Asbestos Specialists UK Ltd	588.00
Elliott Hire (Pay2)	576.00
Sustainable Heatpump Services	566.50
Davies Industrial Supplies	565.44
Arnold Clark Auto-Vauxhall Linwood	553.07
MGM Timber (Scotland) Ltd (pay2)	548.05
John Tracey Welding Ltd	540.00
TEV Ltd	529.20
Screenautumn Ltd	528.00
Carmichael & Baxter Groundworks Limited	518.40
John Bell Pipeline Equipment Co Ltd (Pay2)	516.00
ACV UK Ltd	516.00
NOV Portable Power (Pay2)	514.02
Nationwide Training Services Ltd	504.00
Systemair Fans and Spares Group Ltd	497.14
Keepsafe Storage Centres Limited	495.00
Signworks	495.00
Safety 1st	492.00
BFE Electrical Ltd	490.00
Reconomy (UK) Ltd	489.47
J G Martin Plant Hire Ltd	487.75
Grampian Scaffolding Services	482.18
Jasun Envirocare PLC	474.68
McNicol Insulation Ltd	461.78
Poole Architectural Supplies	456.00
Newgate (Newark) Ltd	452.40
Environmental and Gas Monitoring Ltd	444.00

Hamworthy Combustion Engineering Ltd	443.81
Muller Milk & Ingredients	441.60
Scot Signs Limited	432.00
Werner UK Sales & Distribution Ltd (Pay2)	427.09
Kwik Fit Fleet (pay2)	422.60
Simpson Energy & Control Services Limited	420.00
*DNU Sounding Out Solutions Ltd	420.00
Mark Mennie Ltd T/A Suncoat	419.36
Pitney Bowes (Postage)	416.00
G.T. Diamond Drilling Services Limited	414.00
Ferrier Pumps Ltd (Pay2)	406.20
Power Transmission Equipment Ltd	403.20
Contract Heating Limited	403.20
Decco (John Smith & Co Ltd)	403.11
Pentland Hotel	397.40
Scot Industrial Air	394.80
Gibb Tools	391.89
Macsigns	390.00
P.T.S. (Belfast) (pay2)	389.81
ATR Lifting Solutions	379.82
Rentokil Environmental Services	379.03
Excel Glass Limited	374.50
Scots Bearings Limited (pay2)	369.76
*DNU Aqua-Mist Fire Protection Ltd	360.00
BWT UK Limited	360.00
Mr Mark Thompson	358.61
Robot Underfloor Heating	356.72
Business Stream	339.92
Bell Donaldson Steele	330.22
Aggora Projects Limited	327.71
Acuvent Engineering Group Ltd	326.88
Kone Cranes Demag UK Ltd	326.40
Dobies Plumbing and Heating Supplies (Pay2)	316.67
The Wood Centre	312.45
Midlothian Skip Hire Limited	312.00
Testo Ltd	302.40
Algas Medical Installations Ltd	301.02
CardiAid	300.00
Quality Asbestos Services Ltd (pay2)	300.00
Eden Springs Uk Ltd	296.45
Onsite Flooring Ltd	294.00
Roy Cowie LBS Limited	289.30
Richard's Garage	288.62
Cordiners Timber Centre	283.48
A.J. Brown PHE Design Services Limited	280.00
Fedex UK (Pay2)	273.61
Emco Services Ltd	272.64
CFH Docmail Ltd	271.08

Calbarrie Compliance Services Limited	270.00
Tayside Security Ltd	264.00
CEG (UK) Ltd	262.66
Screenmedia Design Ltd	255.00
The Washbay Ltd	252.00
Northern Recycling Solutions Ltd	251.72
Trophymaster	251.20
St Andrews First Aid Training & Supplies Ltd	244.50
Air Liquide Uk Ltd	242.34
Aquaid Glasgow	240.80
RWG Gas Services	240.00
B & S Pipeline Solutions Limited	240.00
Future and Industrial Welding Supplies Ltd (Pay2)	238.13
Automobile Assoc Dev Ltd AA	237.00
Arval	235.26
WB Alloy Welding Products	233.99
Your Equipment Solutions Limited	224.16
Ceramic Tile Distributors Ltd (Pay2)	220.22
Geze UK Limited	216.00
Carron Cameron	210.53
The Castletown Hotel	202.50
Powrmatic Ltd	199.56
*DNU SPG Fire & Security Limited	199.20
Integrated Bms	198.00
Pure Clear Water	196.00
Chubb Fire & Security Limited (Pay2)	194.52
H & M Hydraulics (Elgin) Ltd	194.28
Capita Gas Registration and Ancillary Services	190.80
PHS Group Ltd	189.92
Building & Engineering Services Association	187.74
Swan Enviro Ltd	180.00
M & S Fire Protection Ltd	180.00
Norscott Vending Services Ltd	175.44
AEL (Aberdeen) Ltd	175.26
Safelift Onshore Ltd	174.00
The Waterpoint Ltd	170.10
Basically Tool Hire	168.84
*DNU Enviraz (Scotland) Ltd	168.00
*DNU Hepburn Fabrication Services	168.00
Grampian Fasteners	165.56
MacLeod Roofing Ltd	158.40
Ord Storage Services Ltd	156.00
Lumsden Security (Pay2)	155.86
Drivercheck Limited	153.60
The Hobart Manufacturing Co Ltd	146.88
Holland House Electrical Co Ltd (Pay2)	146.04
Almet Doors Ltd	144.00
Moray College	140.00

Cape Industrial Services	139.98
Record UK Ltd	139.80
Axalta Coating Systems	137.24
William Gray Construction Limited	135.29
Dart Valley Systems Ltd (Pay2)	135.29
Balmoral Sectional Tanks Ltd	130.00
Aberdeen Audi	127.00
Logo Labels Ltd	125.70
Graham Group Plc (Pay2)	123.93
FIS Chemicals Ltd	122.40
Brandon Hire Plc (Pay2)	118.30
Claremont Office Interiors-A and H Ltd (Pay2)	116.16
Scotloo	113.40
*DNU Chap Group Limited	113.40
Medlock Electrical Distributors (pay2)	113.26
AM Fire & Security Systems Limited	111.72
Premier Fixings	110.96
GPH Builders Merchants Ltd	106.28
Specialist Cars-Audi Ltd	105.53
Bemac Training Limited	102.00
McMillan Flooring Distributors Ltd	100.73
A-Mac Environmental Ltd	98.73
SAIT Abrasives UK Ltd	97.97
Orange Box Self Storage Limited	93.00
Shenton Global Limited	92.26
Metro Rod Limited	90.00
Hayley Group PLC (pay2)	81.00
Mr Craig Strachan	75.60
Howdens Joinery	75.26
Scientific Glass Laboratories Ltd	72.24
Virtual College Ltd	72.00
Pitney Bowes	66.96
Plant and Fixings	66.59
Ability Hotels (Aberdeen) Ltd t/a Doubletree Aberd	65.00
Mr John Houston	65.00
Mrs K Carmichael	64.35
Abacus Agents Limited	61.80
RS Machine Tools	60.36
Brammer UK Ltd	57.60
Specialist Cars Nissan	54.85
Grampian Packaging Supplies Ltd (Pay2)	52.56
Disclosure Scotland	50.00
Menzies Parcels Limited	46.23
Collinson Ceramics (Scotland)Ltd	45.80
Holdings Technology (UK) Limited	44.40
Mr Thomas Kelly	42.42
Mr Graeme Foley	41.98
Anixter International Ltd (Pay2)	41.28



Mr Kyle Rennie	40.00
First Data Merchant Solutions	38.01
Mr Caesar Manlapaz	37.99
Mr Finlay Alexander	36.00
North East Bolting Supplies Ltd	31.20
Anderson Anderson and Brown	30.00
Duncan Rogers Engineering Ltd	29.57
Jenna Morrow	25.20
Swan Seals	24.00
Reid Nuts and Bolts	23.16
Yuill & Kyle Limited	21.60
Innes Pipes Ltd	19.44
Hydrasun Group (Pay2)	18.36
Mr Keith Potter	18.00
Glasgow Kelvin College	15.00
Mr Chris Quinn	12.25
Tamar Telecom	11.99
Miltek Scotland Limited	11.88
Mr Steven Farmer	11.00
Mr Andrew Martin	6.50
Mr Alexander Greig	4.50
*DNU S C Horsefield Building Svcs Engineers Ltd	0.07
*DNU Hill-Rom Ltd	0.02
*DNU The Underfloor Heating Company	0.01
*DNU Seivwright Brothers Ltd	0.01
*DNU Chubb Electronic Security Ltd	0.01

## Appendix D Administrators' receipts and payments for the period from 19 December 2018 to 21 December 2018

Income received since our appointment as Administrators relates to the consideration for the pre-pack sale which completed on 19 December 2018. These can be summarised as follows:

<b>RECEIPTS</b>	<b>Notes</b>	<b>£</b>
Intangible assets	1	1
Equipment and the vehicles	2	249,997
Debts and the WIP	3	2
License to occupy income	4	23,810
<b>Total</b>		<u><u>273,810</u></u>

### Notes

1. Intangible assets includes the accreditations, business name, business rights, customer contracts, goodwill, intellectual property, stock and IT related assets.

2. As noted previously, the sale and purchase agreement requires the Purchaser to acquire a second tranche of FM vehicles from the Company on 1 May 2019 for consideration of £250,000.

3. Consideration in respect of debtors and WIP is contingent on the successful novation of certain customer contracts and a minimum level of debtor collections by the Purchaser. The contingent consideration is calculated as 30% of debtor recoveries in excess of £2m, payable on 1 July 2019, 1 October 2019 and 1 December 2019.

4. In addition, £23,810 (inclusive of VAT) was received from the Purchaser in relation to a licence to occupy six of the Company's properties.

5. There have been no payments made in the post-appointment period to date.

# Appendix E Detailed Explanation of Pre-Pack Transaction

## **Pre-packaged sale of the business and assets of the Company**

On 19 December 2018 the Company entered administration and Fiona Livingstone Taylor and Colin Peter Dempster were appointed as Joint Administrators. The appointment was made by the Directors under the provisions of paragraph 22(2) of Schedule B1 to the Insolvency Act 1986. For your information, enclosed with these Proposals is formal notice of the Administrators appointment.

As licensed insolvency practitioners, the Administrators are bound by the Insolvency Code of Ethics when carrying out all professional work relating to the Administration.

## **Sale of the business**

Shortly following the appointment of Joint Administrators on 19 December 2018, a sale of the FM business and assets was completed to Richard Irvin FM Limited (the Purchaser), an investment vehicle of Rcapital Partners LLP, for a total consideration of c. £1.1m, of which approximately £0.6m is contingent on the successful novation of certain customer contracts and the Purchaser achieving a minimum level of debtor collections.

In accordance with Statement of Insolvency Practice 16, a detailed explanation of the transaction is set out below.

## **Purpose of this letter**

The term “pre-packaged/pre-pack sale” refers to an arrangement under which the sale of all or part of a company’s business or assets is negotiated with a purchaser prior to the appointment of an Administrator and the Administrator completes the sale immediately on, or shortly after, appointment.

This is the case here and so the purpose of this letter is to inform creditors of the Company, in accordance with SIP16, of the background in relation to the pre-pack sale of the aforementioned business and related assets of the Company, and to demonstrate to creditors that such a pre-pack sale has been undertaken with due regard to their interests.

## **Background**

The Company, incorporated in 1907, was a leading provider of building services to the public and private sector. With a strong market presence in Scotland, operating from six regional locations, the Company’s services were broadly categorised across two key divisions; mechanical and electrical (M&E) and facilities management (FM).

Difficult trading conditions, together with increased political and economic uncertainty, resulted in declining margins in respect of the Company’s contracts. FM benefitted from recurring contracts, which were geographically diverse and generally more profitable, however, a number of M&E contracts were completing which led to delays in receipts as the final accounts were scrutinised prior to settlement of completion payments.

## **Initial introduction to the Company**

EY was initially introduced to the Company by the Bank of Scotland plc (the Bank) in 2013. EY was engaged by the Bank in connection with several phases of work over the years and in the last few months was engaged by the Company prior to the appointment of Administrators in December 2018.

Phases of work for the Bank included, inter alia, i) reviewing the short term cash projections of the Company, ii) assessing the financial position and future prospects of the Company, iii) providing support to the Company in connection with the negotiation of the TTP arrangement with HMRC, and iv) contingency planning work.

EY was engaged by the Company on 26 September 2018 to provide vendor assistance services regarding a proposed solvent transaction and, failing that, support of an accelerated disposal of all or parts of the Company as a pre-packaged sale out of Administration. In parallel, we performed contingency planning in preparation for the Administration.

In line with our Code of Professional Ethics, we carefully considered the five fundamental principles an insolvency practitioner is required to comply with and whether these engagements constituted a conflict of interest precluding us from acting as Joint Administrators of the Company. We were satisfied that they did not.

### **Pre-appointment considerations**

In July/August 2018, the Company was approached by a substantial business, operating in the same sector, in connection with a potential acquisition of FM (TP1). A Letter of Intent was signed on 5 September 2018 (the Offer), with exclusivity granted to TP1 until 30 November 2018, in order that diligence could be performed with completion of a transaction by 31 October 2018, with a 'back-stop' date of 30 November 2018. Around the same time as TP1's expression of interest, the Company was approached by two other operators in the sector, but neither party was in a position to progress matters at that stage.

During the above-noted period of diligence, the Company's cash position deteriorated. In order to enable certain payments to be made (principally to H M Revenue and Customs (HMRC)) a £0.5m extension to the Company's overdraft facility was agreed with the Bank in September 2018. Around this time, the Company formally agreed a TTP arrangement with HMRC in respect of its VAT and PAYE/NI liabilities.

In late September 2018, the Company advised the Bank that it was not able to make the scheduled payment to HMRC in accordance with the TTP. The Bank agreed to a further extension to the overdraft of £0.5m to enable this payment to be made, whilst negotiations in connection with the Offer were progressed.

In late November 2018, TP1 indicated that it wanted to review the Company's trading results for November 2018 and December 2018 before completing a transaction.

As a result of unanticipated delays in debtor / contract receipts, the Company had insufficient funds to make payments due to HMRC in November 2018, in respect of VAT and PAYE / NI (c. £0.8m). Additionally, due to uncertainties around the transaction timetable, the Bank concluded that it was unable to grant a further extension to the Company's overdraft and, consequently, the directors resolved that, in the absence of additional funding, a Notice of Intention to Appoint Administrators (NOI) should be filed.

The NOI was filed by the directors on 28 November 2018. The directors concluded that it was in the best interests of the Company's creditors to perform a focused, accelerated marketing process over the 10 business days afforded by the NOI moratorium with a view to achieving a pre-packaged sale of all, or parts, of the Company's business and assets.

The Bank was consulted throughout the marketing process and, as previously advised, had accepted the Company's requests for emergency funding to support working capital requirements, exceeding their arranged overdraft facility by £1m.

Trading the Company in Administration, whilst a sale was explored, was not considered feasible due to the following key factors:

- ▶ most of the Company's contracts contained immediate termination provisions in the event of an insolvency;
- ▶ contracted warranties in respect of the completion of existing contracts could not be fulfilled;
- ▶ the working capital and overhead requirement in order to continue work on / complete contracts;
- ▶ significant arrears in supplier payments and, therefore, possible ransom payments for continued supply or services; and
- ▶ ongoing trading losses in respect of M&E.

As it was not feasible to trade the Company in Administration, requests were not made to potential funders to fund working capital requirements.

The Company has the following registered charges:

<b>Date of creation of charge</b>	<b>Date of registration of charge</b>	<b>Details of charge</b>	<b>Name of charge holder</b>
26 March 2010	9 April 2010	Standard security containing fixed and floating charges	Bank of Scotland plc
26 March 2010	9 April 2010	Assignment in security	Bank of Scotland plc
8 April 2010	29 April 2010	Standard security containing fixed charge secured against Unit 30, Tyock Industrial Estate, Elgin, Moray	Bank of Scotland plc
14 April 2010	29 April 2010	Standard security containing fixed charge secured against 28 Earl Haig Road, Hillington Park, Glasgow	Bank of Scotland plc
14 April 2010	6 May 2010	Standard security containing fixed charge secured against 2.8 acres at Hareness Road, Atens Industrial Estate, Aberdeen	Bank of Scotland plc

## **Statutory purpose of Administration**

The purpose of an Administration is to achieve one of three objectives:

- a. To rescue the company as a going concern;
- b. To achieve 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. To realise property in order to make a distribution to one or more secured or preferential creditors.

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the company's creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the company as a whole.

It was established that it would not have been reasonably practicable to rescue the Company as a going concern in accordance with objective (a) as a sale of the Company's shares was not possible (principally due to the extent of the Company's liabilities and concerns with regard to its ability to generate a sustainable level of trading profits).

The objective being pursued is therefore objective (b). The pre-packaged sale of the Company's business and assets enables this statutory purpose to be achieved by maximising asset values and minimising creditor claims. The outcome achieved through the pre-packaged sale was the best available outcome for creditors as a whole in all the circumstances.

## **Marketing of the business and assets**

The NOI was filed by the directors on 28 November 2018. During the period of the NOI, the directors concluded that it was in the best interests of the Company's creditors to perform a focused, accelerated marketing process with a view to achieving a pre-packaged sale of all, or parts, of the Company's business and assets.

Accordingly, following consultation with the Company and the Bank, it was agreed that the business would be marketed to a small number of parties, including potential trade interests, private equity funds and TP1.

In total, eight parties plus TP1 were approached during the week commencing 26 November 2018. A proposed timetable of events was provided along with a confidential information pack. Potential purchasers were advised that there was a limited window for consideration of the opportunity and that best and final offers should be submitted by 4 December 2018. Interested parties were given access to a confidential data room populated with more detailed information.

One conditional offer was received on 4 December 2018, from Rcapital Partners LLP relating to the acquisition of the FM business and assets through a pre-packaged sale in Administration. During the weeks commencing 3 December 2018 and 10 December 2018, Rcapital Partners LLP was given access to the Company to perform the necessary diligence and the terms of the offer were subsequently negotiated.

To enable negotiations to be progressed, a second NOI was filed by the directors on 13 December 2018. A sale of the FM business and assets to the Purchaser, in the terms set out in this report, was concluded shortly following the appointment of F L Taylor and C P Dempster as Joint Administrators of the Company on 19 December 2018.

It is the view of the Administrators that the marketing process adopted was proportionate to the nature and size of the Company's business and the short timescale within which it could be conducted, which was over the limited period afforded by the moratorium under the NOI. Potential interested parties were selected based on their likely interest, the resources and means and, importantly, the agility to consider and complete a transaction in the time available.

We believe that the marketing strategy adopted has ensured that, in the time available, the best available consideration was obtained for the Company's business and assets, thereby achieving the best available outcome for creditors as a whole. The marketing complied with the 'Marketing essentials' set out in SIP16 in all respects other than the use of the internet to market the business. However, it is our view that, a wider AMA process, with online communication, would have eroded considerable value in the business with the risk that the market rapidly became aware of the Company's position, to the extent it was not already, which could have exacerbated the Company's existing trading problems.

### **Valuation of the business and assets**

A formal valuation of the FM business was not obtained. However, as explained above, a focused marketing campaign was undertaken to explore interest in the Company's business and assets prior to the Administrators' appointment.

The Administrators also consulted with certain specialist agents (namely TSA and GAJA) in order to understand the potential realisable value of fixed assets and trade debtors / accrued income / WIP on a break-up basis. Based on the advice of the agents, the Administrators are satisfied that a better outcome has been achieved through the pre-pack sale than would have otherwise been generated in a break-up scenario.

### **The transaction**

As previously stated, the pre-pack sale was completed on 19 December 2018. Further details of the transaction are given below;

#### **The purchaser**

The purchaser is Richard Irvin FM Limited, an investment vehicle of Rcapital Partners LLP.

#### **Connected parties**

We are not aware of any prior connection between the Company and its management and Rcapital Partners LLP. We are also not aware of any connection(s) between the Purchaser and the directors, shareholders or secured creditors of the Company or their associates prior to this transaction. No directors had given guarantees for amounts due from the Company to a prior financier and that financier is not financing the new business.

We note that the Company's Finance Director, George Still, and the Managing Director of the FM division, Mark Buchan, have been granted a minority equity holding in the Purchaser. We, and the directors, did not consider that this constituted a sale to a connected party and, accordingly, the directors did not approach the Prepack Pool prior to the transaction. As far as we are aware, George Still and / or Mark Buchan had no connection with Rcapital Partners LLP or the Purchaser prior to this transaction.

## The assets

The assets sold comprise the following:

Description of asset	Valuation (£'000) and basis of valuation	Purchase consideration (£)
Intangible assets	See comments above	£1
Equipment and vehicles	See comments above	£499,997
Debtors / accrued income	See comments above	£600,002
<b>Total Consideration</b>		<b>£1,100,000</b>

The transaction is a sale of the FM business and assets as outlined previously in this letter.

## Sale consideration

The consideration is anticipated to total c. £1.1m (excluding VAT), of which a portion is contingent upon certain factors (see below). The consideration is to be received in tranches, as set out below:

- £250k paid on completion, in respect of intangibles, equipment, certain vehicles and debtors / WIP;
- £250k payable on 1 May 2019 in respect of the remaining FM vehicles (which were retained by the administrators on the date of their appointment); and
- c. £600k contingent consideration, payable in three tranches on 1 July 2019, 1 October 2019 and 1 December 2019.

In summary, the contingent consideration is payable on the successful novation of certain customer contracts and a minimum level of debtor collections by the Purchaser (£2m). The contingent consideration is to be calculated as 30% of debtor recoveries in excess of £2m, payable in three tranches as set out above. For the purposes of this SIP16 letter, we have assumed that total debtor recoveries of c. £4m could be achieved by the Purchaser in respect of the debts it acquired from the Company (i.e. c. £0.6m additional consideration).

The Administrators discussed obtaining security in respect of the deferred consideration. However, the Purchaser advised that, in the limited time available, it would not be possible to arrange this as security had already been granted to another funder. Recognising the short deferred period and noting the consideration received on completion was greater than would be received on a forced sale, the Administrators took the commercial decision to accept the offer on that basis determining that the sale price was the best reasonably obtainable in all the circumstances and, as indicated above, considerably exceeds the realisations which would have been achieved had a pre-pack transaction not been completed.



Securing the aforementioned sale has also brought a number of associated benefits to creditors including:

- a better outcome generated for the Company's creditors compared with a break-up of the entire business;
- the purchaser will be required to deal with any retention of title claims received following completion and there will be no refund of any part of the price paid for the items;
- avoiding preferential creditor claims from FM employees, as a result of the transfer of these employees to the Purchaser under TUPE;
- avoiding redundancy and lieu of notice claims from the above-noted employees who otherwise would have been made redundant;
- avoiding dilapidations and void period claims from the landlords of the leasehold properties which would have arisen on termination of the leases (if trading from these premises had ceased following the Administrators' appointment).

### **Significant assets not included in the sale agreement**

- ▶ **Freehold properties** - the Company's freehold properties at Irvin House, Aberdeen and Harbour Road, Inverness were not included in the pre-pack transaction.
- ▶ **M&E assets** – including, but not limited to, certain fixed assets, stock, trade / contract debts were excluded from the transaction. Thainstone Specialist Auctions (TSA) has been instructed to auction the fixed assets and stock (to the extent this is commercially sensible) and G A Johnston Associates (GAJA) has been instructed to collect the M&E trade / contract debts (including contract retentions).

We are not aware of any other significant realisable assets belonging to the Company. However we will report to you in the event it materialises that other recoverable assets are identified during the course of the Administration.

## Appendix F Statement of pre-administration costs

### Statement of pre-administration costs

	Administrator		Other IP		Details
	Remuneration £	Expenses £	Remuneration £	Expenses £	
Time costs	240,799	-	-	-	-
Legal expenses	48,500	250	-	-	-
Category 1 expenses	-	450	-	-	-
Category 2 expenses	-	-	-	-	-
<b>Total costs incurred</b>	<b>289,299</b>	<b>700</b>	<b>NIL</b>	<b>NIL</b>	-
<b>Paid before the administration</b>					
Time costs	(154,295)	-	-	-	-
Legal expenses	-	-	-	-	-
Category 1 expenses	-	-	-	-	-
Category 2 expenses	-	-	-	-	-
<b>Unpaid pre-administration costs</b>	<b>135,004</b>	<b>700</b>	<b>NIL</b>	<b>NIL</b>	-

Unpaid pre-administration costs are costs which had not been paid at the date of administration and are still outstanding and are subject to approval under Rule 3.52 of the Insolvency (England and Wales) Rules 2016.

Unpaid pre-administration costs are not part of the proposals subject to approval under paragraph 53 of Schedule B1 of the Insolvency Act 1986. This means that they must be approved separately from the proposals. Further information on the way in which approval will be sought for unpaid pre-administration costs is set out in section 6 of this document.

## **Notice to creditors – invitation to form a creditors’ committee**

### **Rule 3.39, Insolvency (England and Wales) Rules 2016**

Name of court: Chancery Division of the High Court

Case number: 010741 of 2018

Registered name of the company: Richard Irvin & Sons Limited

Other trading name(s) or style(s) of the company: Richard Irvin Energy Solutions

Any other registered name in the 12 months prior to administration: N/A

Registered number: 00096281

Registered office address: 58 Howard Street, North Shields, Tyne & Wear, NE30 1AL

Principal trading address (if different from above): Irvin House, Altens Industrial Estate, Hareness Road, Aberdeen, AB12 3LE

Date on which the company entered administration: 19 December 2018

Date of appointment of joint administrators: 19 December 2018

#### Details of the joint administrators

Fiona Livingstone Taylor  
Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

Colin Peter Dempster  
Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

Office holder number: 8787

Office holder number: 8908

Telephone number:

0131 777 2403

Name of alternative person to contact about the administration: Dougie Taylor

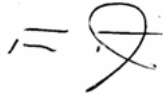
#### **Invitation to form a creditors’ committee**

Creditors are invited to decide whether a creditors’ committee should be formed if sufficient creditors are willing to be members of the committee. Information on the role of committees can be found at <https://www.r3.org.uk/media/documents/publications/professional/R3%20Guide%20to%20Creditors%20Committees.pdf>.

To be validly established, a committee must have at least three and not more than five members, who must have agreed to act.

Should you wish to form a committee, please follow the instructions in the nomination form attached to this notice and return the completed nomination form, with written agreements to act where appropriate, to me at the above address to arrive no later than 14 January 2019.

Nominations can only be accepted if I am satisfied as to the creditor's eligibility under Rule 17.4 of the Insolvency (England and Wales) Rules 2016.



Signed  
Fiona Livingston Taylor  
Joint Administrator

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Date

21/12/2018 

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# Richard Irvin & Sons Limited (In administration)

## Nominations for creditors' committee

*You may nominate up to five creditors of the company. Please note that before a person can act as a member of a creditors' committee that person must agree to do so.*

*In the event that more than five valid nominations are received, the five receiving the most votes will be appointed.*

*When you have completed this form, please return it with the creditor's written agreement to act (unless you are nominating yourself or your own organisation) to Fiona Livingstone Taylor at EY, Atria One, 144 Morrison Street, EH3 8EX to arrive no later than the closing date stated on the notice of invitation to form a committee.*

I nominate:

(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_  
\_\_\_\_\_

(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_  
\_\_\_\_\_

(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_  
\_\_\_\_\_

---

(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_

---

(Name of creditor) \_\_\_\_\_ of

(Address) \_\_\_\_\_

---

to be appointed as (a) member(s) of the creditors' committee.

Signature \_\_\_\_\_

Name of signatory \_\_\_\_\_

On behalf of  
(name of creditor) \_\_\_\_\_

Date \_\_\_\_\_

# Notice of administrator's appointment

Paragraph 46 of Schedule B1 to the Insolvency Act 1986 and Rule 3.27 of the Insolvency (England and Wales) Rules 2016

Name of Company Richard Irvin & Sons Limited	Company number 00096281
In the Chancery Division of the High Court <small>[full name of court]</small>	Court case number CR-2018-010741

(a) Insert full name(s) and address(es) † / We (a) Fiona Livingstone Taylor and Colin Peter Dempster  
Ernst & Young LLP, Atria One, 144 Morrison Street, Edinburgh, EH3 8EX

give notice that ~~I was~~ we were appointed as administrator(s) of the above company on:

(b) Insert date (b) 19 December 2018

Signed 

Signed 

Dated 19/12/2018

Dated 19/12/2018

Joint / Administrator(s) IP No(s) 8787

8908

Rule 4.73

## Proof of Debt - General Form

**Richard Irvin & Sons Limited (In Administration)**

Date of Administration: 19 December 2018 \_\_\_\_\_

<b>1</b>	Name of Creditor  (If a company please also give company registration number.)	
<b>2</b>	Address of Creditor for correspondence.	
<b>3</b>	Total amount of claim, including any Value Added Tax and outstanding uncapitalised interest as at the date the company went into Administration.	£
<b>4</b>	Details of any documents by reference to which the debt can be substantiated.	
<b>5</b>	If total amount in 3 above includes outstanding uncapitalised interest please state amount	£
<b>6</b>	Particulars of how and when debt incurred (If you need more space append a continuation sheet to this form)	
<b>7</b>	Particulars of any security held, the value of the security, and the date it was given.	
<b>8</b>	Particulars of any reservation of title claimed in respect of goods supplied to which the claims relates.	
<b>9</b>	Signature of creditor or person authorised to act on his behalf	
	Name in BLOCK LETTERS	
	Position with or relation to creditor	
	Address of person signing (if different from 2 above)	
	Admitted to vote for  £  Date  Administrator	Admitted for dividend for  £  Date  Administrator