



**Drumbow Contracts Limited (in Administration)
Court of Session
Case No. P95 of 2012**

**Joint Administrators' progress report for the six months ended 5 February
2013**

13 February 2013

Contact details for queries

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Contents

Section		Pages
1	Joint Administrators' progress report for the six months ended 5 February 2013	2 - 3
2	Statutory and other information	4 - 5
3	Receipts and payments account	6

1. Joint Administrators' progress report for the six months ended 5 February 2013

Introduction

In accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986 ("ISR86"), the Joint Administrators ("the Administrators") write to provide creditors with details of the progress of the Administration of Drumbow Contracts Limited ("the Company") since the Administrators' last progress report dated 3 September 2012.

Extension of Administration

The Court of Session extended the Administration for one year to 5 February 2014 by Interlocutor dated 28 January 2013 to enable the Administrators' time to complete the various outstanding case matters, including collecting outstanding book debts from completed and ongoing contracts.

Background information and initial actions taken by the Administrators

Details of the background to, and the initial actions taken following the Administrators' appointment are contained in the Administrators' proposals dated 19 March 2012 and the initial progress report dated 3 September 2012.

Realisation of other assets

Following a tender process for the provision of debt collection services, the Joint Administrators engaged Leslie Keats & Co Limited ("Keats") to manage the process of realising the debts.

To date, contract book debts totalling £69,242 have been collected and pre appointment VAT refunds of £70,649 have also been realised since the Administrators' appointment.

The Joint Administrators do not currently envisage full recovery of the remaining contract book debts given the high likelihood of disputes and counter-claims against the Company.

Receipts and payments account

An account of the receipts and payments in the Administration for the six months to 5 February 2013 and the cumulative position since the Administrators' appointment is set out in section 3 of this report.

Receipts in the period comprise:

- Book debt realisations of £25,911;
- a pre-appointment VAT refund of £106; and
- interest received of £131.

Payments comprise:

- debt collection fees of £3,349; and
- storage costs of £16.

Outcome for creditors

At this time the Administrators are unable to provide a reliable estimate of the likely dividend to creditors as there are material uncertainties regarding future net realisations and the final level of creditor claims.

Preferential Creditors

The Administrators envisage that preferential creditors totalling approximately £69,000 will be paid in full.

Secured Creditors

It is presently anticipated that the secured creditor will suffer a shortfall under its security.

Ordinary Creditors

The Administrators are unable to comment on whether there will be funds available for distribution to the Company's ordinary unsecured creditors by virtue of the prescribed part. The timing and level of dividend are subject to the level of book debt realisations.

1. Joint Administrators' progress report for the six months ended 5 February 2013

The Administrators are also considering the most appropriate strategy for bringing the Administration to an end. The Administrators may use any, or a combination of "exit route" strategies. In this particular instance, the Administrators envisage that, once the objectives of the administration have been achieved, the Administrators will file a notice under Paragraph 84(1) Sch.B1 IA86 with the Registrar of Companies, following registration of which the Company will be dissolved three months later.

Administrators' remuneration

The Administrators' remuneration is approved by the secured creditor. To date the Administrators have not sought approval for any remuneration.

Next report

The Administrators' next report to creditors will be at the earlier of the conclusion of the Administration or within six weeks following the six month anniversary of the appointment.

For and on behalf of
Drumbow Contracts Limited



Alan A Brown
Joint Administrator

A A Brown and J B Cartwright have been appointed as Joint Administrators of Drumbow Contracts Limited to manage its affairs, business and property as its agents, without personal liability. A A Brown and J B Cartwright are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

The joint administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

2. Statutory and other information

Court details for the Administration:

Court of Session P95 of 2012

Full name:

Drumbow Contracts Limited

Trading name:

Drumbow Contracts Limited

Registered number:

SC286369

Registered address:

141 Bothwell Street, Glasgow, G2 7EQ (formerly 3 Inchcourse Place, Whitehill Industrial Estate, Bathgate, EH48 2EE)

Company directors:

Alexander Clarkson, Anthony Mackle, Mark McConville and John McDonald Clarkson Jnr

Company secretary:

Marion White Clarkson

Shareholdings held by the directors and secretary:

Mark McConville – 12%
Drumbow Holdings Limited – 88% (of which Alexander Clarkson is also a director)

Date of the Administration appointment:

6 February 2012

Administrators' names and addresses:

Alan Alexander Brown of PricewaterhouseCoopers LLP, 141 Bothwell Street Glasgow, G2 7EQ; and
John Bruce Cartwright of PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH

Appointor's name and address:

Mark McConville - 35 Dalrymple Drive, Coatbridge, North Lanarkshire, ML5 4FG; and
Drumbow Holdings Limited - 3 Inchcourse Place, Whitehill Industrial Estate, Bathgate, EH48 2EE

2. Statutory and other information

Objective being pursued by the Administrators:

- (b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in Administration); failing which
- (c) realising property in order to make a distribution to one or more secured or preferential creditors

Division of the Administrators' responsibilities:

The Company, being the appointer of the Joint Administrators, hereby declares pursuant to paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 that all and/or any of the powers which are conferred on the Joint Administrators by the Insolvency Act 1986 may be done by all and/or any of the Joint Administrators acting jointly or alone

Details of any extensions to the initial period of appointment:

The Court of Session extended the Administration for one year to 5 February 2014 by Interlocutor dated 28 January 2013

Proposed end of the Administration:

Dissolution

Estimated dividend for unsecured creditors:

Unknown at present

Estimated values of the prescribed part and the Company's net property:

Unknown at present

Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:

The Administrators may make an application to Court under Section 176A(5) of IA86 to disapply the Prescribed Part if the economic benefits to the body of creditors are outweighed by the costs of adjudication

The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):

The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Receipts and payments account for the period 6 August 2012 to 5 February 2013

A receipts and payments account for the period 6 August 2012 to 5 February 2013 is included over the next 2 pages.

**Administration
of Drumbow Contracts Limited**

TRADING ACCOUNT

**Statement of
Affairs**

	Period From: 06/08/2012 To: 05/02/2013 £	Cumulative From: 06/02/2012 To: 05/02/2013 £
£		
Trading Overheads		
nil Gross wages & salaries	0.00	(1,856.36)
nil Employers NIC	0.00	(111.78)
	<u>0.00</u>	<u>(1,968.14)</u>
 Surplus/(Deficit)	 <u>0.00</u>	 <u>(1,968.14)</u>

**Administration
of Drumbow Contracts Limited**

REALISATION ACCOUNT

**Statement of
Affairs**

£

Period
From:
06/08/2012
To: 05/02/2013
£

Cumulative
From:
06/02/2012
To: 05/02/2013
£

RELATING TO FLOATING CHARGE/UNSECURED ASSETS

Realisations

	Surplus/Deficit from Trading	0.00	(1,968.14)
nil	Book debts	25,910.59	69,241.79
nil	Pre-appointment VAT refund	106.21	70,649.43
nil	Interest received gross	131.25	207.14
		<u>26,148.05</u>	<u>138,130.22</u>

Costs of realisation

nil	Debt collection fees	(3,349.18)	(4,924.18)
nil	Cleaning and site clearance costs	0.00	(442.50)
		<u>(3,349.18)</u>	<u>(5,366.68)</u>

Administration and appointment-related costs

nil	Motor & travel expenses	0.00	(20.83)
nil	Postage & Stationery & Printing	0.00	(54.45)
nil	Storage costs	(16.42)	(1,530.60)
nil	Consultancy Fees	0.00	(450.00)
nil	Statutory advertising	0.00	(64.45)
nil	Sundry Appointment Related Costs	0.00	(15.00)
nil	Bank charges	0.00	(20.00)
		<u>(16.42)</u>	<u>(2,155.33)</u>

Distributions

nil	Preferential Creditors - Employees	0.00	(542.76)
		<u>0.00</u>	<u>(542.76)</u>

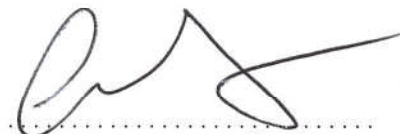
Balance

	<u>22,782.45</u>	<u>130,065.45</u>
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REPRESENTED BY:

General sterling - current IB bank account
Input VAT - General

128,529.67
1,535.78
130,065.45



Alan Brown
Administrator