

The Insolvency Act 1986

Administrator's progress report**R2.38**

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company J. & G. Coughtrie Limited (in administration)	Company number SC021634
--	--------------------------------

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

We (a) Blair Carnegie Nimmo and Gerard Anthony Friar

Joint Administrators of the above company attach a progress report for the period

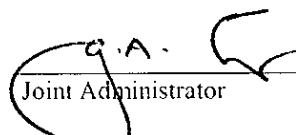
from

(b) 23 October 2009

to

(b) 22 April 2010

Signed


 Joint Administrator

(b) Insert dates

Dated 3 June 2010

Contact Details:

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

KPMG LLP, 191 West George Street, Glasgow, G2 2LJ

Tel 0141 226 5511

DX Number

DX Exchange

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

Companies House, 37 Castle Terrace, Edinburgh EH1 2EB
 DX 235 Edinburgh / LP 4 Edinburgh-2



SCT

 08/06/2010
 COMPANIES HOUSE

1000

TUESDAY



**J. & G. Coughtrie Limited
(in administration)**

**Joint Administrators' progress report to
creditors pursuant to Rule 2.38 of the
Insolvency (Scotland) Rules 1986 and
Rule 2.47 of the Insolvency Rules 1986**

3 June 2010

KPMG LLP

This report contains 17 Pages

psb/982



Notice: About this Report

This Report has been prepared by BC Nimmo and GA Friar, the Joint Administrators of J. & G. Coughtrie Limited, solely to comply with their statutory duty to report to creditors under the Insolvency (Scotland) Rules 1986 and the Insolvency Rules 1986 on the progress of the Administrations and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in J. & G. Coughtrie Limited.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors. Any person who chooses to rely on this Report for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at his own risk.

To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.

The affairs, property and business of J. & G. Coughtrie Limited are being managed by the Joint Administrators.

BC Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

GA Friar is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of Scotland.

The Joint Administrators act as agents for J. & G. Coughtrie Limited and contract without personal liability.

The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administrations.



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1 Introduction

We, Blair Carnegie Nimmo and Gerard Anthony Friar of KPMG LLP, were appointed Joint Administrators of J. & G. Coughtrie Limited (referred to as "the Company") on 23 October 2009.

We were appointed to the Company following a notice of appointment lodged at the Court of Session by the Bank of Scotland, as holder of a qualifying floating charge, who made the appointment at the request of the Company's directors.

In accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986 and Rule 2.47 of the Insolvency Rules 1986, we set out below our progress report.

Our receipts and payments accounts for the first six months of each case are attached at Appendix 2.

2 Statutory and other information

A summary of the statutory and other relevant information relating to the Companies is set out in Appendix 1.

3 Progress to date including realisation of assets

3.1 Overview

You may recall that our proposals provided to creditors on 14 December 2009 set out the background to the Company, the events leading up to our appointment and, inter alia, an overview of the initial actions we took to safeguard the assets, control trading operations and sell the business.

Indeed, as previously advised, we successfully concluded a sale of the Company's business and assets, with the exclusion of its moulding and die-cast operation, trade debtors and freehold property, to a subsidiary of the TH Group Limited, securing 30 jobs.

I set out below an update on the progress made since submitting our initial proposals.

3.2 Realisation of other assets

Residual assets

Debtors

The Company had gross outstanding debtor balances totalling c.£572,500 at the time of our appointment. It should be noted however that the Company's standard terms and conditions allowed a 2.5% net settlement discount for invoices paid within terms. We also indentified one debtor with a 'right of set-off' against a corresponding purchase ledger balance of c.£8,500. Taking both of these into account the net outstanding ledger value was therefore potentially only c.£561,000, split between 95 different customers and over 623 invoices.

To date we have been successful in recovering c.£510,000, c.91% of the net amount considered to be outstanding. We will continue to vigorously pursue the remaining outstanding amounts whilst it remains cost effective to do so.

Plant and machinery

As previously advised, excluded from the business and assets sale to the TH Group Limited was a small amount of plant and equipment which related to the Company's die-casting and moulding operation.

Our plant agent has recently completed the sale of this residual plant and equipment for c.£10,000. This was broadly in line with valuation and reflected the poor condition of the assets concerned.

Freehold property

The Company's freehold property was also excluded from the sale to TH Group Limited, albeit the purchaser took a short term licence to occupy the premises at an appropriate commercial rate whilst it arranged to relocate. This occupation is ongoing.

We instructed our property agents to market the premises with the occupier in situ and, following an extensive marketing effort, a closing date was set. Three offers were received at this time, the largest of which was at a level attractive enough for us to enter into exclusive negotiations with the bidder.

Sale negotiations remain ongoing with this party and we are hopeful of completing a sale of the property within the next three months.

3.3 Other trading issues

Retention of title ("RoT")

We have spent a considerable amount of time since our appointment dealing with RoT claims from the Company's suppliers. There have been a further c.18 claims received from suppliers to date. Formal agreements have now been reached with the majority of suppliers, with only three claims currently remaining open. We continue to progress the remaining claims as quickly as possible.

4 Amounts payable to secured and preferential creditors

4.1 Secured lenders

The Bank of Scotland ("the Bank") holds a bond and floating charge over the business and assets of the Company, together with a standard security over the freehold premises. The Company's debtor book was subject to a confidential invoice discounting arrangement with Bank of Scotland Cashflow Finance.

Details of the floating charge are set out at Appendix 1.

The estimated amount due to the Bank at the date of our appointment was £1,009,000, including funds advanced under the invoice discounting arrangement. It should be noted that interest and charges continue to accrue on the remaining balance.

4.2 Preferential creditors

As a result of the successful sale of the business and certain assets, sums due to preferential creditors are significantly less than they would have been if all employees had been made redundant upon our appointment. The Company's preferential creditors are currently estimated as follows:-

Figure 1: Preferential creditors

	£000
Employees – arrears of salary/wages	7
Employees – accrued holiday pay	5
	<hr/>
	12
	<hr/>
<i>Source: Company records/Joint Administrator estimates</i>	

There will be sufficient funds in the Administration of the Company to allow the preferential creditors to be paid in full. Accordingly, we intend to formally adjudicate on these claims and pay a preferential dividend in early course.

5 Prescribed part of the Companies net property pursuant to Section 176A of the Insolvency Act 1986

As previously advised, the Bank's floating charge was granted prior to 15 September 2003. Therefore s.176A does not apply and there will be no prescribed part of the Company's net property available for unsecured creditors.

6 Dividend prospects for creditors

As noted above, it is currently anticipated that the preferential creditors of the Company will be paid in full.

The eventual outcome for creditors continues to be largely dependent on realisations from the Company's freehold property. On the basis of information currently available there could potentially be a dividend for unsecured creditors, albeit the quantum and timing of this remains uncertain.

Further information in respect of dividends will be provided in due course.

7 Extension of the Administrations

Ordinarily, our appointment as Joint Administrators would automatically cease at the end of one year beginning with the date on which it took effect, pursuant to Paragraph 76 (1) of Schedule B1 to the Insolvency Act 1986. Therefore, our appointment should automatically cease on 23 October 2010. However, in light of the outstanding matters detailed above, an extension to the term of the Administration of the Company to, at the earliest, 23 April 2011 may be required.

I therefore attach, at Appendix 3, Creditors' Resolutions for the Company for you to complete confirming your agreement to the proposed extension and would be grateful if you could return this to me within fourteen days. It would be helpful if you could approve the extension to avoid the costs that will be incurred if we require to request the extension through an application to the Court.

If any creditor wishes to object to the extension of the Company, they should do so immediately.

8 Other matters

We have continued to attend to all statutory and administrative matters as required including the submission of our reports on the directors' conduct to the Department for Business, Innovation and Skills, and the completion and submission of VAT returns to HM Revenue and Customs.

We will continue to attend to the following matters:-

- finalise and complete sale of the Company's freehold property;
- pursue recovery of the remaining outstanding debtor balances;
- attending to creditor correspondence;
- commence adjudications upon the preferential creditors' claims;
- make a distribution to the preferential creditors of 100p in the £ and a distribution to the Bank;
- Finalise adjudication of the remaining retention of title claims;
- Account for all VAT receivable and payable;
- Finalise any corporation tax liabilities;
- Settle all outstanding legal and agents fees;
- Seek agreement of the Administrators' time costs and remuneration;
- finalise the remaining administration matters; and
- attend to all statutory matters as and when they fall due.

We will endeavour to finalise the remaining outstanding matters in the Administration as quickly as possible.

I would advise that the Joint Administrators' fees and disbursements in the Administration of the Company will be subject to approval by the Creditors committee in due course. You will note that no fees have been drawn to date in either of the cases.

BC Nimmo and GA Friar
KPMG
191 West George Street
Glasgow
G2 2LJ

3 June 2010

Appendix 1

Statutory and other information

EC Regulation

Administrations are main proceedings under the EC Regulation on Insolvency Proceedings. Article 3 of the EC Regulation defines main proceedings and the Company is registered in Scotland, has its main centre of interest in Scotland and does not fall within one of the excepted categories. Consequently, the Administrations are governed by the Insolvency Act 1986 and not any other European Union Member State's insolvency law.

Relevant court

Notice of the appointment by the holder of a qualifying floating charge was lodged at the Court of Session on 23 October 2009.

Secured lenders

The table below details the fixed and floating charges given by the Company;-

Figure 3: Security details

Charge and debenture holder	Fixed/floating charge	Charge/debenture dated	Charge/debenture registered
Bank of Scotland	Bond and Floating Charge	23 November 2001	5 December 2001
Bank of Scotland	Standard Security	18 February 2002	25 February 2002

Source: Company records/Companies House

Incorporation

The Company was incorporated on 20 January 1941.

Registered office and trading addresses

The registered office and trading address of the Company was as follows:

47/71 Montrose Avenue
Hillington Industrial Estate
Glasgow

As part of the Administration process, the registered office has been changed to:-

c/o KPMG LLP
191 West George Street
Glasgow
G2 2LJ

Company number

The Company's number is SC21634.

Directors

The directors of the Company at the date of our appointment are noted in the table below:-

Figure 4: Directors at the date of our appointment

Directors
At appointment
John G Coughtrie
Michael W H Coughtrie
Stanley Coughtrie
<i>Source: Companies House</i>

There were no other Directors of the Company during the three years prior to the date of Administration.

Company secretary

The company secretary at the date of our appointment is set out in the table below:-

Figure 5: Company secretary

	Appointed
The PRG Partnership	14 February 2002
<i>Source: Companies House</i>	

There was no other Company Secretary of the Company during the three years prior to the date of administration.



Share capital

The authorised share capital of the Company is 100,000 Ordinary Shares of £1 each.

Figure 7: Principal shareholders

Shareholders	Number of ordinary shares
John G Coughtrie	52,892
Michael W H Coughtrie	20,057
Stanley Coughtrie	26,051
Claire A Sinclair	1,000
	<hr/>
	100,000
	<hr/>

Source: Company records/Companies House

Auditors

The Auditor of the Company was:-

Tenon LLP
2-4 Blythswood Square
Glasgow
G2 4AD

Financial information

The financial information presented for 2006 is based on the statutory accounts. The information presented for 2007, 2008 and 2009 is based on unaudited management accounts. This may result in certain items being allocated differently in the profit and loss accounts and balance sheets.

Summaries of the Company's most recent available financial information are set out at Figures 8, and 9, below.

Figure 8: Profit and loss account

	Year to 31 March 2009 £000 (Management)	Year to 31 March 2008 £000 (Management)	Year to 31 March 2007 £000 (Unaudited)	Year to 31 March 2006 £000 (Audited)
Turnover	2,701	2,677	4,154	3,430
Gross profit/(loss)	791	675	1,469	1,232
Operating profit/(loss)	(276)	(560)	215	(4)
Profit/(loss) for year	(380)	(664)	102	(94)

Source: Company Records/Companies House

Figure 9: Balance sheet

	As at 31 March 2009 £000 (Management)	As at 31 March 2008 £000 (Management)	As at 31 March 2007 £000 (Unaudited)	As at 31 March 2006 £000 (Audited)
Fixed assets	2,426	2,574	2,688	2,310
Current assets	1,195	1,482	1,834	1,823
	<hr/> 3,621	<hr/> 4,056	<hr/> 4,522	<hr/> 4,133
Liabilities	(1,928)	(2,084)	(1,886)	(1,946)
Shareholders' funds	<hr/> 1,693	<hr/> 1,972	<hr/> 2,636	<hr/> 2,187

Source: Company Records/Companies House



J. & G. Coughtrie Limited (in administration)
Joint Administrators' progress report to creditors pursuant to Rule 2.38 of the Insolvency
(Scotland) Rules 1986 and Rule 2.47 of the Insolvency Rules 1986
3 June 2010
KPMG LLP

Appendix 2

Receipts and payments account

J & G Coughtrie Limited
(In Administration)
Administrators' Trading Account

Statement of Affairs	From 23/10/2009 To 22/05/2010	From 23/10/2009 To 22/05/2010
POST-APPOINTMENT SALES		
Sales	70,257.60	70,257.60
Sales (2)	22.61	22.61
Plant Income	1,200.00	1,200.00
Miscellaneous income	0.21	0.21
	<u>71,480.42</u>	<u>71,480.42</u>
PURCHASES		
Purchases	3,163.56	3,163.56
	<u>(3,163.56)</u>	<u>(3,163.56)</u>
OTHER DIRECT COSTS		
Direct labour	32,918.59	32,918.59
Sub contractors	1,529.00	1,529.00
	<u>(34,447.59)</u>	<u>(34,447.59)</u>
TRADING EXPENSES		
Sub contractors	567.00	567.00
Rates	753.41	753.41
Water rates	74.85	74.85
Heat & light	1,545.81	1,545.81
Carriage	975.15	975.15
Professional fees	4,345.00	4,345.00
Hire of equipment	100.00	100.00
Repairs and maintenance	115.35	115.35
	<u>(8,476.57)</u>	<u>(8,476.57)</u>
TRADING SURPLUS/(DEFICIT)	<u>25,392.70</u>	<u>25,392.70</u>

J & G Coughtrie Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 23/10/2009 To 22/05/2010	From 23/10/2009 To 22/05/2010
FIXED CHARGE COSTS		
Agents'/Valuers' fees	5,587.50	5,587.50
Sundry costs	770.00	770.00
	<u>(6,357.50)</u>	<u>(6,357.50)</u>
ASSET REALISATIONS		
Plant & machinery	85,000.00	85,000.00
Stock	34,995.00	34,995.00
Stock - work in progress	1.00	1.00
Book debts	0.01	0.01
Customer Records	1.00	1.00
Contracts	1.00	1.00
Property rights/Patents	1.00	1.00
Goodwill	1.00	1.00
Rent	48,216.88	48,216.88
	<u>168,216.89</u>	<u>168,216.89</u>
OTHER REALISATIONS		
Bank interest, gross	88.75	88.75
Trading Surplus/(Deficit)	25,392.70	25,392.70
	<u>25,481.45</u>	<u>25,481.45</u>
COST OF REALISATIONS		
Specific bonds	350.00	350.00
Agents'/Valuers' fees	3,034.58	3,034.58
Legal fees	14,528.30	14,528.30
Legal fees (2)	1,260.00	1,260.00
Statutory advertising	620.90	620.90
Other property expenses	411.84	411.84
Insurance of assets	20,194.54	20,194.54
Bank charges	25.00	25.00
	<u>(40,425.16)</u>	<u>(40,425.16)</u>
	<u>146,915.68</u>	<u>146,915.68</u>
REPRESENTED BY		
Floating ch. VAT rec'able		336.73
Floating charge current		138,109.31
Floating ch. VAT payable		(37.34)
EP(C)A employee liability		(2.80)
Newco debtor receipts		8,509.78
		<u>146,915.68</u>

Gerard Anthony Friar
Administrator



J. & G. Coughtrie Limited (in administration)
Joint Administrators' progress report to creditors pursuant to Rule 2.38 of the Insolvency
(Scotland) Rules 1986 and Rule 2.47 of the Insolvency Rules 1986
3 June 2010
KPMG LLP

Appendix 3

Creditors' resolution



Creditors' Resolution

J. & G. Coughtrie Limited
(in administration)

Please complete and return

I, _____, representing
a creditor of J. & G. Coughtrie Limited, hereby approve the following:

1 The extension of the term of the Administration by six months to 23 April 2011.	Agreed <input type="checkbox"/>	Disagreed <input type="checkbox"/>
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Signed:

Print name:

Date: