

## 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 April 2010

to

(b) 22 October 2010

Signed

Joint Administrator

(b) Insert dates

Dated 9 December 2010

**Contact Details:**

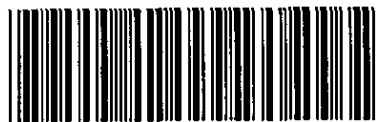
You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record

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

Tel 0141 226 5511

DX Number

DX Exchange



SCT 11/12/2010 125  
COMPANIES HOUSE

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

SATURDAY



**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**

**9 December 2010**

**KPMG LLP**

*This report contains 12 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 Administration 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 account for the period 23 April 2010 to 22 October 2010 is attached at Appendix 2.

## **2 Statutory and other information**

A summary of the statutory and other relevant information relating to the Company 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.

As advised in our last report, 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 our last report of 3 June 2010.

### **3.2 Realisation of other assets**

#### **Residual assets**

##### ***Freehold property***

At the date of my last report, the only remaining asset belonging to the Company still to be realised was its freehold property in Hillington.

This property was 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.

At the time of our last report, we had received three offers for the sale of the freehold property. Based on the advice of our property agents, we accepted the offer from the highest bidder and entered into negotiations with a view to concluding a sale of the premises within three months.

Unfortunately the prospective purchaser subsequently withdrew its offer at a late stage and failed to complete the purchase the property. We have therefore instructed our property agents to remarket the property for sale.

The marketing process is ongoing. We will provide an update at the time of our next report.

## 4 Amounts payable to secured and preferential creditors

### 4.1 Secured lenders

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 also 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 unsecured creditors continues to be dependent on realisations from the Company's freehold property, which remain uncertain at this time.

## **7 Extension of the Administrations**

Ordinarily, our appointment as Joint Administrators would have automatically ceased 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. However, given that we had yet to realise the freehold property owned by the Company, we required an extension to the Administration.

Accordingly, pursuant to Paragraphs 76, 78 & 109 of Schedule B1 to the Insolvency Act 1986, we requested that the Company's secured lender, Bank of Scotland, grants a six month extension of the Administration appointment period. The secured lender subsequently provided its consent to the extension of the Administration to 22 April 2011.

In the event that we are unable to secure a sale of the Company's freehold property within the next six months, the Joint Administrators will require a further 12 month extension to the administration period. Such an extension would be the subject of an application to the Court of Session. Should this be necessary we will arrange for the appropriate documentation to be lodged with the Court, in conjunction with our legal agents.

If any creditor of the Company wishes to object to the application to extend the Administration, they should confirm their objection, in writing, to the Joint Administrators by no later than 31 January 2011. In the event that we do not receive any objections by this time we will advise the Court of this and ask for an extension to be granted to 22 April 2012.

## **8 Other matters**

We have continued to attend to all statutory and administrative matters as required, including the submission of our report 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:-

- finalising and completing a sale of the Company's freehold property;
- attending to creditor correspondence;
- adjudicating upon preferential creditors' claims;
- making a distribution to the preferential creditors of 100p in the £ and making appropriate distributions to other creditors;
- accounting for all VAT receivable and payable;
- finalising any corporation tax liabilities;
- settling all outstanding legal and agents fees;
- seeking agreement of the Administrators' time costs and remuneration;
- finalising the remaining administration matters; and
- attending 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.

We 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.

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

9 December 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
<b>At appointment</b>
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**

	<b>Appointed</b>
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/>
<i>Source: Company records/Companies House</i>	

## 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
	<u>3,621</u>	<u>4,056</u>	<u>4,522</u>	<u>4,133</u>
Liabilities	(1,928)	(2,084)	(1,886)	(1,946)
	<u>1,693</u>	<u>1,972</u>	<u>2,636</u>	<u>2,187</u>

*Source: Company Records/Companies House*



## Appendix 2

### Receipts and payments account

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

Statement of Affairs	From 23/04/2010 To 22/10/2010	From 23/10/2009 To 22/10/2010
<b>FIXED CHARGE COSTS</b>		
Agents'/Valuers' fees	NIL	5,587.50
Sundry costs	NIL	770.00
	NIL	(6,357.50)
<b>ASSET REALISATIONS</b>		
Plant & machinery	11,782.00	96,782.00
Stock	NIL	34,995.00
Stock - work in progress	NIL	1.00
Book debts	NIL	0.01
Customer Records	NIL	1.00
Contracts	NIL	1.00
Property rights/Patents	NIL	1.00
Goodwill	NIL	1.00
Rent	54,569.28	102,786.16
	66,351.28	234,568.17
<b>OTHER REALISATIONS</b>		
Bank interest, gross	86.38	162.01
Trading Surplus/(Deficit)	(1,140.86)	24,251.84
	(1,054.48)	24,413.85
<b>COST OF REALISATIONS</b>		
Specific bonds	NIL	350.00
Agents'/Valuers' fees	5,217.92	7,687.92
Legal fees	300.00	14,828.30
Legal fees (2)	NIL	1,260.00
Statutory advertising	NIL	620.90
Other property expenses	1,235.52	1,647.36
Insurance of assets	18,934.26	38,664.80
Bank charges	NIL	25.00
	(25,687.70)	(65,084.28)
	<b>39,609.10</b>	<b>187,540.24</b>
<b>REPRESENTED BY</b>		
Floating ch. VAT rec'able		1,581.73
Floating charge current		173,861.70
Floating ch. VAT payable		(2,099.19)
Floating ch. VAT control		(500.95)
EP(C)A employee liability		(2.80)
Newco debtor receipts		14,699.75
		<b>187,540.24</b>

Gerard Anthony Friar  
Administrator