

The Insolvency Act 1986

Administrator's progress report

Pursuant to Rule 2 38 of the Insolvency (Scotland) Rules 1986

Name of Company

KJM LOGISTICS LIMITED

Company number

SC286031

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

We Matthew Colin Bowker & David Antony Willis of Tenon Recovery,
33 George Street, Wakefield WF1 1LX

administrator(s) of the above company attach a progress report for the period

from

(b) 9 February 2007

to

(b) 8 August 2007

(b) Insert dates

Signed

Joint / Administrator(s)

Dated

16 August 2007

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.

33 George Street

Wakefield

WF1 2BS

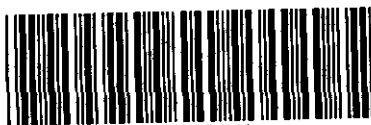
Tel 01924 363366

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



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COMPANIES HOUSE

FRIDAY

KJM LOGISTICS LIMITED
- IN ADMINISTRATION ("the Company")
COMPANY NUMBER: SC286031

ADMINISTRATOR'S PROGRESS REPORT
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986

1. Introduction - Details of Appointment

- | | | |
|-----|---------------------|--|
| 1 1 | Date of appointment | 9 February 2007 |
| 1 2 | Court Reference | High Court of Justice, Chancery Division
Leeds District Registry
No 181 of 2007 |
| 1 3 | Administrators | Matthew Colin Bowker and David Antony Willis of
Tenon Recovery
33 George Street
Wakefield
WF1 1LX |
| 1 4 | Authorising Body | Department of Trade and Industry & ACCA |
| 1 5 | Appointed by | The appointment was made on the application of
the Company's directors pursuant to Paragraph
22(2) of Schedule B1 of the Insolvency Act 1986 |
| 1 6 | Director | Kevin Nicholson |
| 1 7 | Registered Office | 33 George Street, Wakefield, WF1 1LX |

2 Summary of Administrator's Proposals

- 2 1 The purpose of the Administration was to achieve a better result for the Company's Creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration)
- 2 2 At a meeting of the Creditors of the Company held at the The Met Hotel, King Street, Leeds at 10 00am on 20 April 2007 the Joint Administrators' Proposals for achieving the above purpose were accepted as follows
- We will continue to manage the business, affairs and property of the Company with a view to achieving the purposes set out in the Administration Order
 - We will continue to realise the assets of the Company upon the terms we consider to be the most beneficial to the creditors of the Company
 - We be permitted to appoint and retain agents and solicitors of our choice

- We be permitted to seek an extension to the administration period if we deem it necessary
- Once the purpose of the Administration has been achieved, it is proposed that the Administration will be concluded by the most appropriate of the following options
 - a) The Company be dissolved pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986

OR

- b) An application be made to Court under s124 of the Insolvency Act 1986 and Rule 4.7(7) of the Insolvency Rules 1986 for the compulsory winding up of the Company

OR

- c) Once the purpose of the Administration has been achieved, the Company be placed into Creditors Voluntary Liquidation or Compulsory Liquidation and Matthew Colin Bowker and David Antony Willis be appointed as Joint Liquidators of the Company in accordance with Paragraph 83 of Schedule B1 of the Act. Creditors are permitted to nominate their own proposed Liquidator provided that the nomination is made after the receipt of these proposals and before these proposals are approved
- Once all assets have been realised, if no funds are available for distribution to unsecured creditors, the Joint Administrators, may file notice pursuant to Paragraph 84 of Schedule B1 of the Insolvency Act 1986 for the dissolution of the Company together with a final progress report notifying creditors of the ending of the Administration and for the dissolution of the Company. The Administration will end following the registration of the relevant Notice and the Joint Administrators will be released from office
- The Joint Administrators will be discharged from liability in accordance with Paragraph 98(3) of Schedule B1 of the Insolvency Act 1986 immediately upon their appointment as Administrators ceasing to have effect
- If the Administration ends by way of dissolution, the Joint Administrators be authorised to destroy the Company's books and records twelve months from the date of dissolution
- We be authorised to make such application to Court for directions as we consider appropriate with a view to achieving the objectives set out above
- In the event that a Creditors' Committee is not established, we be permitted to charge fees on a time cost basis and be authorised to draw fees on account from time to time whilst we are Joint Administrators and also if appointed as Joint Liquidators pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986

- In the event that a Creditors' Committee is not established, we be authorised to charge disbursements to the case which include elements of shared or allocated costs (Category 2 disbursements) whilst we are Joint Administrators. Such disbursements to be charged from time to time and also if appointed as Joint Liquidators pursuant to Paragraph 83 of Schedule B1 of the Insolvency Act 1986
- All pre Administration professional costs relating to forming our opinion and the making of the application for an Administration Order comprising of our firms time costs of £2,605 plus disbursements and VAT, and associated legal costs of £2,295 00 plus disbursements and VAT are to be treated as an expense of the Administration and paid accordingly
- We will do all other such things and generally exercise all our powers as Joint Administrators as we consider desirable or expedient at our discretion in order to achieve all purposes of the Administration, to protect and preserve the assets of the Company, to maximise the realisations of those assets or for any other purpose incidental to these proposals

2 3 A copy of the Joint Administrators' receipts and payments account is attached at Appendix A

3 Conduct of the Administration - Assets

3 1 Cash At Bank

3 1 1 The Company did not run its own bank account and instead conducted its banking through a client account of its accountant. This is an unusual business practice and we investigating the circumstances of this

3 1 2 We have now received the relevant bank statements, which show that the account was slightly overdrawn and therefore no realisation can be made from this source

3 2 Sale of Business

3 2 1 Shortly prior to the Company being placed into Administration the Company split its operations into two with the English part of the business remaining with the Company and the Scottish part of the business being transferred to a new Company

3 2 2 Following the Administration of the Company the English business was purchased by Unit 26 Castleford Limited for £15,000 a company controlled by the former director, Kevin Nicholson. We received £6,000 on completion with the balance being paid in monthly instalments of £750

3 2 3 We can confirm that the Company has maintained payments in line with the payment agreement and we have received payments totalling £9,750, to date

3 2 4 No consideration was paid for the Scottish business and as such we believe that this could be considered a transaction at an undervalue. As

such we have instructed solicitors to review the transaction with a view to achieving some payment of the business value

3 3 Directors' Loan Accounts

3 3 1 The Company directors had previously drawn wages through loan accounts on the basis that dividends would be declared to clear the accounts at the year end. At the date of Administration £35,733 was due from Kevin Nicholson and £60,748 (including £14,527 personal expenditure, which is disputed) was due from Murdo McAskill.

3 3 2 We have requested payment from both Mr Nicholson and Mr McAsill. At the date of this report, we have agreed a reduction of the amount due from Mr Nicholson following receipt of evidence that certain Company expenses had either been paid personally or not previously claimed.

3 3 3 Mr McAskill was initially uncooperative and as a result the matter was passed to my solicitors. Following this action Mr McAskill also instructed solicitors and matters are now progressing. Mr McAskill also claims to have paid invoices on behalf of the Company. We have only recently been provided with some documentation relating to expenditure and therefore are still in the process of reviewing this information.

3 4 Book debts

3 4 1 The Company factored its book debts through Cattles Invoice Finance Limited ('Cattles'). At the date of Administration the debtor ledger was £84,128 with £61,122 due to Cattles.

3 4 2 Cattles have collected a total of £81,179 from the outstanding ledger. Cattles have retained the whole £81,179 in settlement of the outstanding debt and termination fees that were applied following the appointment of the Administrators.

3 4 3 Cattles have advised that the balance outstanding on the ledger is proving difficult to collect and any further collections will be taken in collection fees. Therefore there will be no realisation from this source.

3 4 4 The VAT of £2,605.73 paid on the termination fees has been recovered and is detailed on the receipts and payments account.

3 5 Other Assets

3 5 1 I can confirm that all known tangible assets have been realised.

4 Conduct of the Administration - Payments

4 1 Our solicitors have been paid £2,295.00 and disbursements of £350.73 plus VAT for advice given throughout the administration.

4 2 All other payments are listed in Section 5 and 6 below.

5 Administrator's Remuneration

- 5.1 We have received the sum of £2,605.00 in respect of work carried out prior to my appointment in order to obtain the Administration Order, as agreed by creditors
- 5.2 We have received £2,000.00 as fee for acting as Joint Administrators, as agreed by creditors against our time costs of £12,551.00. A breakdown of this firm's time costs are as follows

Hours						Time Cost	Average hourly rate £
Classification of work function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours		
Administration and planning	2.18	16.36	7.30	20.42	47.06	6,244.50	132
Investigations	0.00	0.00	12.30	0.00	12.30	1,562.50	125
Realisations of assets	0.00	2.42	24.00	1.00	27.42	3,601.50	130
Creditors	0.00	2.30	5.00	0.42	8.12	1,142.50	139
Total Hours							
Total fees claimed (£)	2.18	21.48	49.00	22.24	95.30	12,551.00	

- 5.3 To reduce the level of professional costs incurred much of the work has been conducted by the Administrator's staff under his instruction. The current hourly charge out rates for each level of staff are as shown overleaf

Grade	Rate per hour £
Partners	225 275
Managers	145 240
Technical Staff	75 160

- 5.4 The level of staff has been selected based upon the nature and complexity of the assignment. During the reporting period there has been no material increase in charge out rates. The work undertaken by the Administrator and his staff is briefly detailed below

- **Case administration and planning** – Includes dealing with all statutory matters required by legislation and professional guidelines including periodic returns and reports, internal case review and case progression matters including planning, set up and maintenance of records

- **Realisation of assets** – Negotiating the sale of business, monitoring the collection of book debts and directors' loan account
- **Creditors** – General communication, receipt and agreement of claims
- **Investigation** – Review of the Company records and the general investigation required towards the submission of returns pursuant to the Company Directors Disqualification Act 1986

6 Administrator's Disbursements

6.1 I have been paid £1,101.60 in respect of my outstanding disbursements of £1,101.60. Details of the disbursements paid to date are as follows:

Category 1	£	Category 2	£
Company search	13.00	Travel	54.42
Advertising	514.83	Photocopying	186.60
Bond	60.00	Postage	91.00
Room hire	175.00		
Storage charges	6.75		
	<hr/>		<hr/>
	769.58		332.02
	<hr/>		<hr/>

Category 1 disbursements relate to external services provided which are directly attributable to the case. Creditors have already agreed at the meeting of creditors that such disbursements are recoverable as an expense of the liquidation.

Category 2 disbursements relate to internal charges made for items such as postage, faxes, room hire and mileage.

The rates at which these charges are made are listed below and in my opinion are in line with the cost of external provision of these charges and (where applicable) in accordance with Rule 13.11(b) of the Insolvency Rules 1986.

Disbursement	Charge
Postage – 1 st Class (circulars only, per copy and depending on size)	50p – £1.00
Postage – 2 nd Class (circulars only, per copy and depending on size)	40p – 75p
Photocopying (circulars only, per page)	15p
Faxes (incoming & outgoing, per page)	25p
Room Hire (per hour, minimum charge £25)	£25.00
Mileage (per mile)	40 – 50p

7 Dividend Prospects

- 7 1 Dividend prospects are dependent on the collection of the directors' loan account

8 Investigations

- 8 1 We have submitted our final report on the conduct of the director prior to our appointment to the Department of Trade & Industry, the contents of which are confidential

9 Future Conduct of the Administration

- 9 1 It is our intention to place the Company into Creditor's Voluntary Liquidation in accordance with the agreed proposals

10 General

- 10 1 Should you require any further information please contact my colleague Wendy Jay Jerome in the first instance

Signed



Matthew Colin Bowker & David Antony Willis
Joint Administrators

Dated 16 August 2007

KJM Logistics Limited
(In Administration)

Joint Administrators' Abstract Of Receipts And Payments
To 09 August 2007

RECEIPTS	Total (£)
Sale of Business	9,750 00
VAT Refund	<u>2,605 73</u>
	<u>12,355 73</u>

PAYMENTS	
Preparation of S of A	2,605 00
Office Holders Fees	2,000 00
Office Holders Expenses	1,101 60
Legal Fees	2,295 00
Legal Disbursements	30 00
VAT Input Tax	<u>350 73</u>
	<u>8,382 33</u>
Balance	<u><u>3,973 40</u></u>

MADE UP AS FOLLOWS

Floating Current A/c	<u>3,973 40</u>
	<u><u>3,973 40</u></u>