

The Insolvency Act 1986

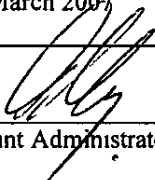
Administrator's progress report**2.24B**

Name of Company Kingavon Limited	Company number 1325578
In the High Court, Chancery Division Birmingham District Registry [full name of court]	Court case number 4298 of 2006

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

We Graham Paul Bushby and Nigel Millar of Baker Tilly, 5th Floor, Exchange House, 446 Midsummer Boulevard, Central Milton Keynes, MK9 2EA

(b) Insert dates administrators of the above company attach a progress report for the period

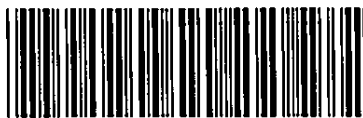
from	to
13 March 2007	12 September 2007
Signed  Joint Administrators	
Dated _____	

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.

Mr G P Bushby	
Baker Tilly, 5 th Floor, Exchange House, 446 Midsummer Boulevard, Central Milton Keynes,	
MK9 2EA	Tel 01908 687800
DX Number 54472	DX Exchange MILTON KEYNES

WEDNESDAY



A44 19/09/2007 408
COMPANIES HOUSE

When you have completed and signed this form please send it to the Registrar of Companies at
Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

KINGAVON LIMITED IN ADMINISTRATION
JOINT ADMINISTRATORS' PROGRESS REPORT

5 SEPTEMBER 2007

1. PURPOSE OF REPORT

This report is prepared pursuant to Rule 2.47 of the Insolvency Rules 1986 (as amended). The purpose of the report is to provide creditors with information relating to the progress of the administration from 13 March 2006 to date.

2. JOINT ADMINISTRATORS' APPOINTMENT

Graham Paul Bushby and Nigel Millar of Baker Tilly, 5th Floor, Exchange House, 446 Midsummer Boulevard, Central Milton Keynes, MK9 2EA were appointed Joint Administrators ("the Joint Administrators") of Kingavon Limited ("the Company") on 13 March 2006 by Ansbacher & Co Limited, Two London Bridge, London, SE1 9RA.

The notice of appointment was filed in the Birmingham District Registry of the High Court under reference number 4298 of 2006.

The Joint Administrators' appointment specified that they would have power to act jointly and severally. The Joint Administrators have exercised and will continue to exercise all of their functions jointly and severally as stated in the notice of appointment.

3. COMPANY DETAILS

The registered number of the Company is 1325578.

The Registered Office of the Company is c/o Baker Tilly, 5th Floor, Exchange House, 446 Midsummer Boulevard, Central Milton Keynes, MK9 2EA.

4. RECEIPTS AND PAYMENTS SUMMARY

We attach as Appendix A a receipts and payments summary for the period from 13 March 2006 to date.

Prescribed Part

There have been no payments to unsecured creditors in relation to the Prescribed Part (Section 176A of the Insolvency Act 1986 (as amended)).

5. DIVIDEND PROSPECTS FOR CREDITORS

To date payments have been made to the secured creditor in the sum of £526,536 which falls under their charge

We are not aware of any preferential claims

It does not appear likely that funds will become available to pay a dividend to unsecured creditors

6. CONDUCT OF THE ADMINISTRATION

On appointment our strategy was to safeguard (and where possible realise) the assets of the Company, whilst negotiating the terms of the offer from some of the former directors and investors in Kingavon Limited. In particular -

- A total of £4,535 has been collected in respect of book debt received prior to the sale on 17 March 2006, and
- The sum of €9,500 had been identified in an account at the Bank of Ireland in Eire. This has been received and once converted into sterling realised the sum of £7,618

An offer of £600,000 was received for all assets of the company, including debtors. This was supported by professional valuations over the physical assets and approved by the secured lender.

7. ASSETS REMAINING TO BE REALISED

As previously advised, it is believed the Company is due a VAT refund in the region of £81,223, which relates to payments made in error from the Company's bank account, after my appointment.

Correspondence has been exchanged between us and H M Revenue & Customs.

At the moment, it seems that H M Revenue & Customs do not believe the money was taken from the account incorrectly although this is contrary to the legal advice we have received on the matter. We have therefore requested that HMRC carry out a formal review of the position which is due to be completed on 20 September 2007.

To date, the amounts which may be recoverable are not known. However, this strategy and the extension of the order has been agreed by a representative of the secured lender, who stands to receive any surplus funds generated.

8. EXTENSION OF THE ADMINISTRATION

I wish to extend the administration order for a further six months to deal with the potential VAT refund.

This also gives me time in which to pay all outstanding costs of Administration, and to distribute any remaining funds to the secured creditors

9. ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

Time costs and fees drawn to date

The basis of the Joint Administrators' remuneration was approved by Ansbacher & Co Limited in June 2006 and by the unsecured creditors when the following resolution was passed as part of the proposals:

"The Joint Administrators shall be authorised to draw their remuneration based upon time costs incurred by them in the Administration, to be paid out of the assets of the Company in accordance with Rule 2 106(2) (b) "by reference to the time properly given by the Administrators and their staff, in attending to matters arising in the administration."

To date we have drawn a total of £50,787 20 plus disbursements and VAT on account of our time costs and expenses incurred

Attached are the following:

- Appendix B Baker Tilly's charging, expenses and disbursements policy statement
- Appendix C Time and charge out summary
- Appendix D Charge out bands
- Appendix E Summary of payments to office holder and associated parties

A total of 489 30 hours have been spent by our staff in the administration of the estate from the date of appointment to date, at an average hourly charge out rate of £135. A Creditors Guide to Fees Charged by Administrators, a guide in relation to the remuneration of a Administrator, can be accessed at the website of the Association of Business Recovery Professionals at www.r3.org.uk/publications/statements of insolvency practice (Statement of Insolvency Practice 9 – Remuneration of Insolvency Office Holders England & Wales) Alternatively, I can provide you with a copy on written request to my office

Analysis of time spent in administration of the estate

Our staff have carried out the following tasks

Administration and Planning

This includes dealing with the commencement of the Administration, statutory filing of appointment documents with Companies' House, requesting the submission of the Statement of Affairs and filing it at Companies' House, together with day-to-day administration duties. These include but are not limited to handling receipts and payments, VAT and Corporation Tax issues such as the monthly VAT returns, and general correspondence.

Realisation of Assets

My staff have been employed on various matters, including dealing with Creditors Reservation of Title claims. Investigating and instructing solicitors to assist with a matter arising from a sale of part of the Company which took place prior to my appointment. Asset realisation is considered to be a key aspect of the Administration.

Creditors

Queries from and correspondence with creditors and employees have been necessary aspects of the Administration process. A brief report on the outcome of the creditors' meeting and the report on the first six months of the Administration period have both been prepared.

Administrators' Disbursements

The basis of the Joint Administrators' drawing disbursements was approved by Ansbacher & Co Limited in June 2006 and by the unsecured creditors when the following resolution was passed as part of our agreed proposals:

"The Joint Administrators be authorised to draw their disbursements and other expenses incurred by them in the Administration, to be paid out of the assets of the Company. Such disbursements to include "Category 2 disbursements"

Disbursements drawn from the Company's assets in accordance with the resolution are detailed on Appendix E.

I trust this information proves useful if you have any queries please do not hesitate to contact Sheryl Goan of this office.



G P Bushby
Baker Tilly Restructuring & Recovery LLP
Joint Administrators

Graham Paul Bushby and Nigel Millar were appointed Joint Administrators on 13 March 2006 to manage the affairs, business and property of the company.

The Joint Administrators act solely as agents to the company without personal liability.

Graham Paul Bushby is licensed to act as an Insolvency Practitioner by the Institute of Chartered Accountants in England & Wales under Registration No 87396.

Receipts and Payments Abstract: SKINGAV - Kingavon Limited In Administration

All Bank, Cash and Cash Investment Accounts: All Dates

SOA Value £		£	£
SECURED ASSETS			
0 00	Bank Interest	1,372 78	
0 00	Books & Records	1 00	
0 00	Customer Contracts	1 00	
0 00	Customer List	1 00	
0 00	Deposits to Suppliers	1 00	
0 00	Goodwill	1.00	
0 00	Plant & Machinery	24,994 00	
0 00	Shares of Munro Importers Ltd	1 00	
0 00	Stock	225,000 00	
0 00	Tax Claims	1 00	
	Trade Debts (51)	<u>350,000 00</u>	
			601,373 78
COST OF REALISATIONS			
0 00	Agents Disbursements	(320 00)	
0 00	Agents/Valuers Fees	(2,000 00)	
0 00	Corporation Tax	(376 88)	
0 00	Legal Disbursements	(239 90)	
0 00	Legal Fees	(16,625 00)	
0 00	Office Holders Expenses	(1,138 99)	
0 00	Office Holders Fees	<u>(50,787 20)</u>	
			(71,487 97)
ASSET REALISATIONS			
0 00	Bank Interest Gross	315 75	
350,000 00	Book Debts (109)	4,535 12	
0 00	Cash at Bank	7,617 73	
25,000 00	Furniture & Fittings	0 00	
225,000 00	Stock	<u>0 00</u>	
			12,468 60
COST OF REALISATIONS			
0 00	Corporation Tax	(77 66)	
0 00	Insurance of Assets	(435 75)	
0 00	Meeting Room for Creditors Meeting	(100 00)	
0 00	Statutory Advertising	<u>(370 35)</u>	
			(983 76)
FLOATING CHARGE CREDITORS			
(800,000 00)	Floating Charge Creditor	<u>(526,536 00)</u>	
			(526,536 00)
UNSECURED CREDITORS			
(710,738 91)	Trade & Expense Creditors	<u>0 00</u>	
			0 00
EQUITY			
(780,000 00)	Ordinary Shareholders	<u>0 00</u>	
			0 00
<u>(1,690,738 91)</u>			<u><u>14,834 65</u></u>

SOA Value £

£

£

REPRESENTED BY

Bank Fixed Current account

30 08

Bank Floating account

14,804 57

14,834 65

14,834 65

Appendix B

**BAKER TILLY
BUSINESS RECOVERY**

**CHARGING, EXPENSES AND DISBURSEMENTS
POLICY STATEMENT**

Charging policy

- Partners, directors, managers, administrators, cashiers, secretarial and support staff are allocated an hourly charge out rate which is reviewed from time to time
- Work undertaken by cashiers, secretarial and support staff will be or has been charged for separately and such work will not or has not also been charged for as part of the hourly rates charged by partners, directors, managers and administrators
- Time spent by partners and all staff in relation to the insolvency estate is charged to the estate
- Time is recorded in 6-minute units.
- Time billed is subject to Value Added Tax (VAT) at the applicable rate

Expenses and disbursements policy

- Only expenses and disbursements properly incurred in relation to an insolvency estate are re-charged to the insolvency estate
 - Expenses and disbursements which comprise external supplies of incidental services specifically identifiable to the insolvency estate require disclosure to creditors, but do not require creditors' approval prior to being drawn from the insolvency estate. These are known as "Category 1" disbursements
 - Expenses and disbursements which are not capable of precise identification and calculation (for example any which include an element of shared or allocated costs) require the approval of creditors prior to being drawn from the insolvency estate. These are known as "Category 2" disbursements
 - General office overheads are not re-charged to the insolvency estate as a disbursement
 - Any payments to outside parties in which the office holder or his firm or any associate has an interest will only be made with the approval of creditors
 - Where applicable, expenses and disbursements re-charged to or incurred directly by an insolvency estate are subject to VAT at the applicable rate
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Kingavon Limited In Administration

HOURS SPENT	Partners	Managers	Administrators	Assistants	Total Hours	Total Time Costs
Administration and Planning	5 0	75 2	80 9	2 1	163 2	£18,547 80
Investigations	0 0	18 6	0 0	0 0	18 6	£2,139 00
Realisation of Assets	0 0	29 7	0 0	0 0	29 7	£5,623 00
Trading	0 0	23 0	0 0	0 0	23 0	£2,530 00
Creditors	6 5	153 6	9 1	39 8	209 0	£27,788 40
Case Specific Matters	12 1	28 2	5 5	0 0	45 8	£9,345 50
TOTAL HOURS	23 6	328 3	95 5	41 9	489 3	£65,973 70
TOTAL TIME COST	£8,140 00	£48,419 40	£6,587 30	£2,827 00	£65,973 70	£65,973 70

Appendix D

CHARGE OUT RATE BANDS

	Charge out band as at date of appointment	Charge out band as at date of current report
Partners	350	365
Managers	245	255
Administrators	115	125
Assistants & Support Staff	70	80

Appendix E

SUMMARY OF PAYMENTS TO OFFICE HOLDER AND ASSOCIATED PARTIES

AMOUNTS PAID OR PAYABLE TO THE OFFICE-HOLDER'S FIRM	
TYPE AND PURPOSE	£
Administrator's Remuneration	£50,787 20
Administrator's Expenses	£1,138.99
Total	£51,926 19

AMOUNTS PAID OR PAYABLE TO ASSOCIATED PARTIES OF OFFICE-HOLDER	
TYPE AND PURPOSE	£
Total	

AMOUNTS PAID OR PAYABLE TO THE OFFICE-HOLDER'S SOLICITOR	
TYPE AND PURPOSE	£
Legal Fees	£16,625
Legal Disbursements	£239 90
Total	£16,864 90

AMOUNTS PAID OR PAYABLE TO THE OFFICE-HOLDER'S AGENT	
TYPE AND PURPOSE	£
Agents Fees	£2,000
Agents Disbursements	£320
Total	£2,320