

The Insolvency Act 1986

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

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

Name of Company Kelvinkit Limited	Company number SC197862
------------------------------------------	--------------------------------

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

We (a) Blair Carnegie Nimmo and Gary Steven Fraser

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

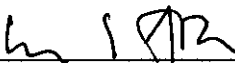
from

(b) 5 February 2007

to

(b) 4 August 2008

Signed


 Joint Administrator

(b) Insert dates

Dated

5 / 9 / 08

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

13/09/2008

1549

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



**Kelvinkit Limited
(in administration)**

**Joint Administrators' progress report to
creditors pursuant to Rule 2.38 of the
Insolvency Rules (Scotland) Act 1986
4 August 2008**

KPMG LLP

4 August 2008

This report contains 14 pages

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

KPMG LLP

4 August 2008

Notice: About this Report

This Report has been prepared by BC Nimmo and GS Fraser, the Joint Administrators of Kelvinkit Limited, solely to comply with their statutory duty to report to creditors under 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 Kelvinkit 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 that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its 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. BC Nimmo is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Scotland. GS Fraser is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in Scotland. The Joint Administrators act as agents for Kelvinkit 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 administration.



Contents

1	Introduction	1
2	Extension to initial period of appointment	1
3	Progress to date including realisation of assets	1
4	Amounts payable to secured creditors, preferential creditors and the floating charge holder	2
5	Prescribed part of the Company's net property pursuant to Section 176A of the Insolvency Act 1986	3
6	Dividend prospects for creditors	3
7	Joint Administrators' fees	3
8	Other matters	3

Appendices

1	Statutory and other information for the Company
2	Administrators' receipts and payments account
3	Administrators' time cost analysis

1 Introduction

We, Blair Carnegie Nimmo and Gary Steven Fraser of KPMG LLP, Joint Administrators of Kelvinkit Limited ("the Company"), set out below our progress report in accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986

We were appointed Joint Administrators by the directors of the Company pursuant to Paragraph 22 of Schedule B1 to the Insolvency Act 1986 following the lodgement of a Notice of Appointment at the Court of Session

A receipts and payments account for the period 5 February 2007 (the date of appointment) to 4 August 2008 is attached at Appendix 2. This shows funds on hand totalling £173,283.53

2 Extension to initial period of appointment

As you will be aware from our last report, the Court granted a twelve month extension to the statutory administration period to 4 February 2009 in order to allow additional time to deal with the outstanding issues in the administration

There remain a number of outstanding issues which we are working to finalise by 4 February 2009 however due to the ongoing nature of these issues, it may be necessary to seek a further extension to the administration. These issues are discussed in further detail in Section 3 below

3 Progress to date including realisation of assets

3.1 Sale of the business/ongoing trading

The Joint Administrators concluded a successful sale of the business, its plant and machinery and stock to M&M Timber Systems Limited, a subsidiary of Mactaggart & Mickel Limited, on 9 March 2007 for £270,500

3.2 Other realisations

Contract recoveries

Due to the level of the secured lender's direct claim against Kelvin Homes Limited ("KHL") it is uncertain whether any recovery of the inter-company debt of £1.3 million due to the Company from KHL will be made. Recovery from this source, if any, is unlikely in the near future

To date, we have collected £204,449 of book debts. This recovery is in excess of the balance of £200,000 originally deemed to be recoverable

We do not anticipate making any further significant recoveries in respect of book debts

4 Amounts payable to secured creditors, preferential creditors and the floating charge holder

4.1 Secured lenders

HSBC Bank plc's direct claim against the Company at the date of the appointment amounted to £547,115. The Company had also granted a guarantee for sums due by KHL to HSBC Bank plc. Taking into account the additional sums due under the cross guarantee, HSBC Bank plc's total claim against the Company at the date of appointment amounted to £5,184,664. It should be noted that interest continues to accrue on this balance. The Bank's claim is secured by way of a floating charge.

4.2 Preferential creditors

The Company's preferential creditors have now been finalised and are as follows:

Figure 1: Preferential creditors

	£000
Employees – arrears of salary/wages	1
Employees – accrued holiday pay	0
	<hr/>
	1
	<hr/>
<i>Source: KPMG records</i>	

5 Prescribed part of the Company's net property pursuant to Section 176A of the Insolvency Act 1986

The Bank's floating charge was granted prior to 15 September 2003. Therefore s 176A is not applicable and there will be no prescribed part of the Company's net property available for unsecured creditors.

6 Dividend prospects for creditors

Our initial investigations into the assets and liabilities of the Company indicate that there will be no dividend payable to ordinary creditors.

7 Joint Administrators' fees

In accordance with Paragraph 51 of Schedule B1 of the Insolvency Act 1986, the Administrators held the initial meeting of the creditors of the Company on 13 April 2007.

The Joint Administrators' proposals were approved at this meeting and a Creditors' Committee was formed.

The Creditors' Committee has audited and approved both our receipts and payments and our remuneration of £108,563.85 plus outlays of £1,520.85 (both excluding VAT) in respect of the period from 5 February 2007 to 6 September 2007.

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 of Trade and Industry and the completion and submission of VAT and corporation tax returns to HM Revenue and Customs.

There remain a number of issues that require to be dealt with in the Administration. In addition to those discussed in Section 3, these include, inter alia:

- payment of the preferential creditors claims,
- review and response to correspondence received from creditors, and
- continued investigation into the prospect of the recovery of the inter company debt due from KHL.

Every effort will continue to be made to maximise realisations whilst it remains cost effective to do so

This report has been prepared solely to comply with our statutory duty to report to creditors under the Insolvency (Scotland) 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 in any other context

Gary S Fraser
KPMG LLP
191 West George Street
Glasgow
G2 2LJ

4 August 2008

Appendix 1

Statutory and other information

Statutory and other information

Relevant court

Notice of the appointment by directors was lodged at the Court of Session on 5 February 2007

Registered office and trading address

The Company's former registered office was situated at

Kelvin House
87 Calder Street
Coatbridge
Lanarkshire
ML5 4EY

As part of the Administration process, the registered office for the Company has been changed to

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

Company number

The company number is SC197862

Appendix 2

Administrators' receipts and payments accounts

Kelvinkit Limited
(In Administration)
Administrators' Trading Account
To 04/08/2008

S of A £	£	£
POST APPOINTMENT SALES		
Sales	172,983 64	172,983 64
PURCHASES		
Purchases	117,721 38	(117,721 38)
OTHER DIRECT COSTS		
Direct labour	33,275 83	(33,275 83)
TRADING EXPENSES		
Rent	3,375 00	
Carriage	5,200 00	
Professional fees	280 00	
Petty Cash	1,050 00	
HP/Leasing payments	1,062 21	
Hire of equipment	592 82	(11,560 03)
TRADING SURPLUS/(DEFICIT)		10,426 40

Kelvinkit Limited
(In Administration)
Administrators' Abstract of Receipts & Payments
To 04/08/2008

S of A £		£	£
	ASSET REALISATIONS		
20,000 00	Equipment	25,000 00	
20,000 00	Stock	20,507 68	
15,000 00	Stock work in progress	NIL	
229,272 00	Book debts	204,449 33	
	Goodwill	225,000 00	
	Tax refunds (pre app'ent)	6,345 81	
	Insurance refund	8,897 32	
			490,200 14
	OTHER REALISATIONS		
	Bank interest, gross	10,247 49	
	Miscellaneous income	4,602 74	
	Sundry refunds	24,714 36	
	Trading Surplus/(Deficit)	10,426 40	
			49,990 99
	COST OF REALISATIONS		
	Specific bonds	10 00	
	Administrators' fees	108,563 85	
	Administrators' expenses	1,520 85	
	Agents'/Valuers' fees	530 00	
	Professional fees	17,689 18	
	Heat & light	3 60	
	Statutory advertising	481 95	
	Bank charges	1,938 04	
			(130,737 47)
	PREFERENTIAL CREDITORS		
	Employees' wage arrears	5,906 75	
			(5,906 75)
	FLOATING CHARGE CREDITORS		
(535,545 00)	HSBC Bank plc	230,000 00	
			(230,000 00)
	UNSECURED CREDITORS		
(622,724 00)	Trade creditors	NIL	
(403,268 00)	Loans	NIL	
(14,898 00)	PAYE	NIL	
			NIL
	DISTRIBUTIONS		
440,100 00	Issued & called up share capital	NIL	
			NIL
(852,063 00)			173,546 91

REPRESENTED BY

Appendix 3

Administrators' time cost analysis

Kehvut Limited (in administration)
For the period from 5 February 2007 to 4 August 2008

SIP 9 Compliance fees worksheet

Consolidated time spent by grade

Charge out rates Activity code	Partner	Director	Senior Manager	Manager	Administration D	Administration E	Total Hours	Total Cost	Average Rate
	440 00	380 65	395 34	275 49	196 55	138 46			
Total	0 00	8 00	1 00	75 50	10 40	37 30	132 20	31 449 18	237 89
Total	12 00	46 00	1 00	152 00	16 00	50 50	277 50	75 197 64	270 98
Total	0 00	0 00	1 00	40 00	83 50	198 60	323 10	55 325 84	171 23
Total	0 00	0 00	0 00	0 00	6 20	74 70	80 90	11 561 72	142 91
Total	0 00	0 00	0 00	9 00	4 50	3 00	16 50	3 779 33	229 05
Total	0 00	5 90	1 00	2 50	10 00	45 70	65 10	11 623 15	178 54
Total	0 00	1 60	0 00	7 50	3 00	12 00	24 10	4 926 45	204 42
Total	0 00	0 00	0 00	0 00	48 80	1 10	49 90	9 744 13	195 27
Total	0 00	0 00	12 00	1 50	10 00	42 20	65 70	12 965 98	197 35
Total	0 00	0 00	0 00	0 00	5 20	0 00	5 20	1 022 08	196 55
Total hours/cost	12 00	61 50	16 00	288 00	197 60	465 10	1 040 20	217 595 50	

Expenses

Sundry Expenses	1 39
Car mileage	372 40
Hire car	112 45
Lunch	128 62
Meals (breakfast/dinner)	16 48
Parking and tolls	39 70
Air travel	401 14
Rail travel	17 00
Taxes	435 00
Total Expenses	1 524 18

All staff who have worked on the assignment including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration is not charged directly to the assignment but is reflected in the general levels of charge out rates.