

The Insolvency Act 1986

2.24B**Administrator's progress report**

Name of Company Photographic Services (North West) Limited	Company number 00415256
In the Supreme Court of Judicature, London	

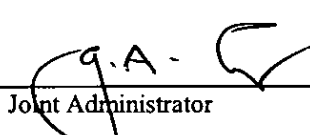
We
Gerard Anthony Friar
KPMG LLP
191 West George Street
Glasgow
G2 2LJ
United Kingdom

Blair Carnegie Nimmo

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

from	to
2 December 2008	1 June 2009

Signed


Joint Administrator

Dated

30 June 2009

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

Debbie Best KPMG LLP 191 West George Street Glasgow G2 2LJ United Kingdom	
DX Number	DX 551820 Glasgow 20
Tel	DX Exchange

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

THURSDAY



PC1

02/07/2009

404

COMPANIES HOUSE



Bowie Castlebank Limited
Alexander Kennedy & Sons Limited
Clydebank Laundry Limited
Klick Photopoint Limited
Foto Processing (Holdings) Limited
Foto Processing Limited
Photographic Services (North West) Limited
Specialist Photo Printers (Liverpool) Limited
Supasnaps Limited
("the Companies or the Group")
(all 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

30 June 2009

KPMG LLP
30 June 2009
This report contains 21 pages

db/gj/982



(all 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
KPMG LLP
30 June 2009

Notice: About this Report

This report has been prepared by Blair Carnegie Nimmo and Gerard Anthony Friar, the Joint Administrators of the Companies, solely to comply with their statutory duty under Rule 2.38 of the Insolvency (Scotland) Rules 1986 and Rule 2.47 of the Insolvency Rules 1986 to report to the creditors 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 the Companies.

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 persons who choose to rely on this Report for any purpose or in any context other than under Rule 2.38 of the Insolvency (Scotland) Rules 1986 or Rule 2.47 of the Insolvency Rules 1986 do so at their 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. Blair Carnegie Nimmo and Gerard Anthony Friar are authorised to act as insolvency practitioners by The Institute of Chartered Accountants of Scotland. The Joint Administrators act as agents for the Companies 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, were appointed Joint Administrators of the Companies noted below, collectively referred to as "the Companies" or "the Group" on 2 December 2008.

- Bowie Castlebank Limited ("Bowie");
- Alexander Kennedy & Sons Limited ("Kennedy");
- Clydebank Laundry Limited ("Clydebank");
- Klick Photopoint Limited ("Klick");
- Foto Processing (Group) Limited ("Processing");
- Foto Processing Limited ("Foto");
- Photographic Services (North West) Limited ("Photographic");
- Specialist Photo Printers (Liverpool) Limited ("Specialist");
- Supasnaps Limited ("Supasnaps").

We were appointed by the Directors of the Companies, in each case, following lodgement of the relevant documents at the Court of Session in Edinburgh or the Supreme Court of Judicature in London as appropriate.

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 first six monthly progress report.

Our receipts and payments account for the period 2 December 2008 (the date of appointment) to 1 June 2009 are attached at Appendices 2 to 4. There are no receipts or payments for Clydebank, Klick, Processing, Foto, Photographic or Supasnaps.

2 Progress to date including realisation of assets

2.1 Overview

You may recall that our proposals provided to the creditors on 23 January 2009 set out the background to the Companies, 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 business and assets at 187 stores to Timpson Photo Limited ("Timpson") on 19 December 2008 maximising recoveries from the Companies assets and safeguarding a significant number of employees jobs. The remaining 127 stores were then closed immediately following completion of the sale.

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

Stock and assets

All stock and assets contained in the stores which closed on or before 19 December 2008 were included as part of the sale agreement with Timpson. We have been involved in an extensive collaborative exercise with Timpson and our property agents to organise the clearance of these stores as quickly as possible to enable us to return the keys to the relevant landlords. This process has now completed.

Landlords

With the assistance of our legal agents, Shepherd & Wedderburn, we have been liaising extensively with Timpson in order to facilitate lease assignments for the 187 stores which were included as part of the sale agreement. To date, approximately 45 leases have been assigned and it is likely that we will require to continue liaising with Timpson for a further six months at least.

In relation to the 127 stores which were closed, we have been dealing with a significant level of correspondence from landlords and their agents demanding rent, return of keys, lease surrenders etc. We will require to continue liaising with the landlords for some time yet.

Retention of Title claims ("ROT")

A significant number of claims (33) were received in the early stages of the Administration in relation to goods held in each of the stores, to goods and supplies held at the Chester warehouse and to supplies held at the Wishaw processing site.

We have spent a considerable amount of time since our appointment dealing with significant RoT claims from the three principal suppliers together with a further 30 claims from other suppliers. We were required to progress the claims with the major suppliers quickly to enable us to implement our preferred trading and sale of business strategy. Due to the legal conditionality of the arrangements reached, there had been a number of key aspects to attend to over several months. These claims are now virtually complete.

Since our last report we have successfully managed to settle all of the 30 other RoT claims at minimal cost to the Administrations.



Chester warehouse

We retained control of the Chester warehouse until the end of January 2009 at which point it was taken over by Timpson.

Customer Product

We have liaised with Timpson for several months to help return customer product wherever possible, in particular dry cleaning, to the Wishaw facility as our central storage base. In line with the Group's policy of keeping the unclaimed goods for one year, we may require to rent one of the units at Wishaw until the end of 2009 before disposing of a significant quantity of unclaimed customer clothing which we still hold.

Customer complaints/correspondence

As anticipated, we received a substantial level of customer queries for the first few months following our appointment. You may recall we maintained a customer service centre to help deal with these calls. A steady stream of calls and customer letters continues to be received in relation to issues such as the location of goods, defective products, lost customer items etc. This continues to absorb a significant element of my staff's time, even though we have retained the assistance of 2 ex-employees to help us.

Employee liaison

Due to there initially being 1,664 employees, we have had considerable liaison with employees and various government agencies for several months.

Immediately following our appointment we required to make a number of employees redundant. Thereafter, employees were made redundant as shops closed or support functions were wound down. As of 12 January 2009, we still had 47 employees assisting us on various aspects of the Group's affairs. By 13 February 2009, all remaining employees were made redundant as the head office was closed and the Chester warehouse was taken over by Timpson.

Our staff have been overseeing the submission of employee claims for arrears of pay, outstanding holiday pay, redundancy and pay in lieu of notice to the Redundancy Payments Service. We have also been dealing with voluminous queries from employees on a daily basis relating to completion of claim forms, their entitlements and how their claims are progressing. We have now successfully submitted over 90% of the claim forms and are actively chasing the remaining forms from former employees.

2.2 Realisation of other assets

The remaining assets which were not included in the sale to Timpson have mostly now been realised.

Plant and Machinery – Wishaw

The plant and machinery at Wishaw was sold through our agents successfully realising the undernoted sums:

- Photographic processing equipment for £160,000;
- Dry cleaning and other equipment for £29,200.

Munro brand

We advertised the Munro dry cleaning brand which has now been sold realising a nominal sum.

Paintings

The only assets left to realise are paintings. These were originally located at the Group's head office but were removed to secure premises and are actively being marketed by our agents, Ryden. We will update you on the realisable value of the paintings in our next report.

2.3 Debtors

Since our previous update, we have continued to pursue all outstanding debtor balances.

Tesco debtor balance

The main debtor balance due to the Companies at the date of our appointment was from Tesco, totalling c £600,000. Tesco used the Wishaw unit for photo processing. To date, we have recovered £426,000 and are actively chasing the remaining c£158,000 balance due to the Group (after deducting £16,000 which is disputed). Tesco goods were also processed for approximately two weeks at the beginning of the administration and we are actively pursuing the outstanding debtor of c £150,000 from these sales.

Snapfish debtor balance

Another significant debtor balance due to the Companies at the date of our appointment was from Snapfish, totalling c £75,000. We have now successfully recovered the full balance.

Rates Prepayments

We appointed agents to assist in identifying and pursuing potential rates refunds. With the help of these agents we have been actively pursuing as many refunds as possible. To date, net receipts recovered for the Companies total c£250,000. We expect only a small number of further prepaid rates refunds.

Other

There are various other sundry debtors that the Companies had, mainly in relation to rents due from sub tenants. We have so far recovered c £25,000 and will actively pursue any remaining debts whilst it remains cost effective to do so.

2.4 Investigation matters

As noted in our initial report to creditors, we are required to investigate the Companies affairs prior to our appointment. We have undertaken and completed the necessary investigations and have submitted our report to the Department of Trade & Industry. These reports are confidential and cannot be disclosed to any third parties.

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

3.1 Preferential creditors

The preferential creditors, which all relate to Kennedy, are estimated as follows:-

Figure 1: Preferential creditors

	£000
Employees – arrears of salary/wages	244
Employees – holiday pay	648
Provision ¹	30
	<hr/>
	922
	<hr/>

Source: Company records and KPMG estimates

3.2 Floating charge creditor

The Bank of Scotland ("the Bank") holds a first-ranking bond and floating charge over the business and assets of Bowie, Kennedy, Clydebank and Klick. There are also cross guarantees in place.

The Bank also holds debentures over the business and assets of Photographic, Specialist and Supasnaps.

The sum outstanding at the date of appointment was £7,131,823. It should be noted that interest continues to accrue on this debt.

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

The floating charges and debentures held by the Bank in respect of Bowie, Kennedy, Clydebank, Klick, Photo and Specialist were granted before 15 September 2003, therefore S176A of the Insolvency Act 1986 does not apply and, accordingly, there will not be a prescribed part of the Companies' net property available for unsecured creditors.

The debenture over Supasnaps was granted after 15 September 2003. Therefore s.176A is applicable. However, there are no realisable assets in Supasnaps and accordingly there will be no prescribed part distribution under s.176A.

There were no debentures granted by Foto or Processing.

5 Dividend prospects for creditors

Interim distributions have been made to the secured lender under its floating charges of £250,000 from Bowie and £500,000 from Kennedy. It is expected that the secured lender will receive further partial distributions, however, the quantum of these remains uncertain at present.

It is expected that preferential creditors' claims in Kennedy will be settled in full. It is not anticipated that funds will be available to enable a distribution to the unsecured creditors of Bowie or Kennedy or to any creditors of the other group companies.

6 Joint Administrators' fees

The Joint Administrators fees for the Administrations are subject to approval from the secured creditor and the preferential creditors. We will update you in this regard in future reports.

You will note that no fees have been drawn to date.



(all 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

KPMG LLP

30 June 2009

7 Other matters

A number of issues still require to be dealt with in the Administrations. These include, inter alia:-

- Final resolution of all trading related matters including repatriation of customer product and continuing to deal with customer queries;
- Satisfactory resolution of all post Timpson sale issues, including arrangement of outstanding lease assignments for the 187 stores included as part of the sale agreement;
- Finalise discussions with Tesco over the remaining outstanding debtor balances;
- Finalising the position with local councils and water companies over rates position and recovering any further refunds;
- Preparing for a further dividend distribution to the secured lender and full dividend distribution to preferential creditors; and
- Attending to all statutory aspects of the Administration processes.

Every effort will continue to be made to maximise realisations whilst it remains cost effective to do so and we will endeavour to finalise the remaining outstanding matters in the Administration as quickly as possible.

GA Friar
KPMG
191 West George Street
Glasgow
G2 2LJ

30 June 2009



Appendix 1

Statutory and other information

EC Regulation

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

Relevant court

Notice of the appointment was lodged at the Court of Session, Edinburgh on 2 December 2008 for the Scottish registered companies being Bowie, Kennedy, Clydebank and Klick. Notice of the appointment was lodged at the Supreme Court of Judicature, London on 2 December 2008 for the English registered companies being Processing, Foto, Photographic, Specialist and Supasnaps.

Incorporation

Bowie was incorporated on 6 March 1930.

Kennedy was incorporated on 17 September 1915.

Clydebank was incorporated on 13 June 1907.

Klick was incorporated on 7 November 1961.

Processing was incorporated on 18 April 1995.

Foto was incorporated on 22 June 1994.

Photographic Services was incorporated on 17 July 1946.

Specialist was incorporated on 5 October 1955.

Supasnaps was incorporated on 5 May 2004.



(all 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

KPMG LLP

30 June 2009

Extensions to initial period of appointment

To date, we have not made any request to extend the period of the Administrations beyond the one year statutory period albeit we may require to do so at the appropriate time

Registered office and trading address

Bowie's, Kennedy's, Clydebank's and Klick's former registered offices were situated at:-

1 Dowanside Lane
235 Byres Road
Glasgow
G12 9BZ.

As part of the Administration process, the registered offices have been changed to:-

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

The Companies operated from various leased premises throughout Scotland and England with the main head office being at 1 Dowanside Lane, 235 Byres Road, Glasgow G12 9BZ.

The former registered offices for Processing, Foto, Photographic, Specialist and Supasnaps were situated at:-

Unit 1A
Chestergates
Dunkirk Trading Estate
Chester
CH1 6LT

As part of the Administration process, the registered offices have been changed to:-

c/o KPMG LLP
1 The Embankment
Neville Street
Leeds
West Yorkshire
LS1 4DW



(all 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

KPMG LLP

30 June 2009

Company number

Bowie's Company number is SC015870.

Kennedy's Company number is SC009467.

Clydebank's Company number is SC006543.

Klick's Company number is SC036950.

Processing's Company number is 03046461.

Foto's Company number is 02941670.

Photographic Services' Company number is 00415256

Specialist's Company number is 00555552.

Supasnaps' Company number is 05120081



(all in administration)
Joint administrators' progress report to creditors pursuant to Rule 2.38 of
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KPMG LLP
30 June 2009

Appendix 2

Administrators' receipts and payments accounts – Bowie

Bowie-Castlebank Limited
(In Administration)
Administrators' Abstract of Receipts & Payments
To 01/06/2009

S of A £		£	£
	ASSET REALISATIONS		
5,000.00	Cash on appointment	295,826.00	
	Paintings	NIL	
	Book debts	(309.97)	
			295,516.03
	OTHER REALISATIONS		
	Bank interest, gross	2,084.28	
	Insurance claim settlement	1,408.77	
	Rates Refund	35,494.86	
	Water Rates	1.42	
			38,989.33
	COST OF REALISATIONS		
	Specific bonds	550.00	
	Legal fees	15,940.59	
			(16,490.59)
(5,250,000.00)	FLOATING CHARGE CREDITORS		
	Floating charge	200,000.00	
			(200,000.00)
(18,137,000.00)	UNSECURED CREDITORS		
	Connected companies	NIL	
			NIL
(2,903,000.00)	DISTRIBUTIONS		
	Ordinary shareholders	NIL	
			NIL
<u>(26,285,000.00)</u>			<u>118,014.77</u>
	REPRESENTED BY		
	Floating charge current		118,014.77
			<u>118,014.77</u>

Alexander Kennedy & Sons Limited
(In Administration)
Administrators' Trading Account
To 01/06/2009

S of A £	£	£
POST-APPOINTMENT SALES		
Sales	1,666,157.00	
Mail Order Sales	3,751.26	
Other sales	20.00	
		1,669,928.26
PURCHASES		
Wishaw materials	11,056.13	
Site costs	10,916.63	
Cost of Sales	(872.40)	
		(21,100.36)
OTHER DIRECT COSTS		
Direct labour	691,434.76	
Direct expenses	11,168.71	
Agency costs	21,573.23	
		(724,176.70)
TRADING EXPENSES		
Petty cash	4,353.56	
Rent	21,148.99	
Rates	54,875.58	
Water rates	4,565.35	
Heat & light	9,261.92	
Customer refunds	1,518.85	
Carriage	53,113.87	
Repairs and maintenance	11,559.53	
Employee expenses	61,535.33	
Sundry expenses	4,652.74	
Vehicle running costs	31,273.69	
Advertising	1,743.61	
		(259,603.02)
TRADING SURPLUS/(DEFICIT)		665,048.18

Alexander Kennedy & Sons Limited
(In Administration)
Administrators' Abstract of Receipts & Payments
To 01/06/2009

S of A £		£	£
	FIXED CHARGE ASSETS		
108,000.00	Plant & machinery	NIL	NIL
	FIXED CHARGE CREDITORS		
(519,000.00)	Fixed charge creditor	NIL	NIL
	ASSET REALISATIONS		
204,000.00	Cash on appointment	81,920.00	
	Pre-appointment takings in gathered	455,629.00	
	Retail floats	26,505.00	
	Munro brand	5,000.00	
574,000.00	Plant & machinery - Wishaw	189,200.00	
	Fixtures, fittings & equipment	600,000.00	
823,000.00	Stock - all locations except Chester	700,000.00	
	Stock - Chester	28,933.91	
	Shop Account Book Debt	3,154.28	
	Book debts	12,999.25	
	Dry Cleaning debts	1,029.38	
450,000.00	Tesco book debt	425,733.89	
	Snapfish book debt	58,225.26	
	Petty cash	411.50	
	Rent Book Debt	24,696.17	
			2,613,437.64
	OTHER REALISATIONS		
	Bank interest, gross	3,078.50	
	Bank interest, net of tax	503.98	
	Sundry refunds	5,796.11	
	Trading Surplus/(Deficit)	665,048.18	
355,000.00	Rates Refund	179,162.48	
	Water rates refund	45.41	
			853,634.66
	COST OF REALISATIONS		
	Timpson control account	52,482.71	
	Streamline Chargebank bank account	15,000.00	
	Streamline chargebacks	(2,136.18)	
	Specific bonds	(350.00)	
	Settlement of ROT creditor	(162,811.59)	
	Statement of affairs work	(1,000.00)	
	Agents'/Valuers' fees	(3,000.00)	
	Legal fees	(121,488.92)	
	Re-direction of mail	(448.20)	
	Statutory advertising	(722.00)	
	Other property expenses	(188.74)	
	Bank charges	(70,370.79)	
			(295,033.71)
	PREFERENTIAL CREDITORS		
(850,000.00)	Employees' wage arrears	NIL	NIL

Alexander Kennedy & Sons Limited
(In Administration)
Administrators' Abstract of Receipts & Payments
To 01/06/2009

S of A £		£	£
	FLOATING CHARGE CREDITORS		
(6,795,000.00)	Floating charge	250,000.00	(250,000.00)
	UNSECURED CREDITORS		
(4,872,000.00)	Trade & expense	NIL	
(26,063,000.00)	Connected companies	NIL	
(241,000.00)	Corp tax etc/nonpref PAYE	NIL	
(2,018,000.00)	Non-preferential VAT	NIL	
			NIL
	DISTRIBUTIONS		
(17,000.00)	Ordinary shareholders	NIL	
			NIL
<u>(38,861,000.00)</u>			<u>2,922,038.59</u>
	REPRESENTED BY		
	Floating ch. VAT rec'able		10,832.88
	Interest Bearing Current Account		2,913,635.71
	Floating ch. VAT payable		(2,430.00)
			<u>2,922,038.59</u>



(all 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

KPMG LLP

30 June 2009

Appendix 3

Administrators' receipts and payments accounts – Kennedy



(all in administration)
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KPMG LLP
30 June 2009

Appendix 4

Administrators' receipts and payments accounts – Specialist

Specialist Photo Printers (Liverpool) Limited
(In Administration)
Administrators' Abstract of Receipts & Payments
To 01/06/2009

S of A £		£	£
	OTHER REALISATIONS		
	Bank interest, gross	8.46	
	Rates Refund	56,846.81	
			56,855.27
	UNSECURED CREDITORS		
(3,267,000.00)	Connected companies	NIL	NIL
	DISTRIBUTIONS		
(22,000.00)	Ordinary shareholders	NIL	NIL
(3,289,000.00)			56,855.27
	REPRESENTED BY		
	IB Current Account		56,855.27
			56,855.27