

## Rule 2.47

Form 2.24B (CH)

The Insolvency Act 1986

**Administrator's progress report**

Name of Company  
**Senior Graphic Machinery Limited**

Company number  
**02733108**

In the  
**High Court Leeds District Registry**  
[full name of court]

Court case number  
**207 of 2010**

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

I / We (a) Julian Pitts of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road  
Leeds LS14 1PQ and David Wilson of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park,  
Coal Road Leeds LS14 1PQ

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

(b) Insert dates

from

to

(b) **05/02/2010**

(b) **04/08/2010**

Signed

  
**JNR Pitts**  
**Joint Administrator**

Dated

**24 August 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

Begbies Traynor (Central) LLP

Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ

Tel Number 0113 2375560

Fax Number 0113 2375561

DX Number

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**



\*AXMR601F\*

A50 07/10/2010 276  
COMPANIES HOUSE

A22 13/09/2010 87  
COMPANIES HOUSE

THURSDAY

Julian Pitts and David Wilson were appointed Joint Administrators on 5 February 2010

The affairs, business and property of the Company are being managed by the Joint Administrators, who act as the Company's agents and without personal liability

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## **Senior Graphic Machinery Ltd (In Administration)**

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Progress report of the Joint Administrators pursuant to Rule 2.47 of The Insolvency Rules 1986

Period: 5 February 2010 to 27 August 2010

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## 1. INTERPRETATION

<u>Expression</u>	<u>Meaning</u>
"the Company"	Senior Graphic Machinery Ltd (In Administration)
"the Administration"	The appointment of Administrators under Schedule B1 to the Insolvency Act 1986 on 5 February 2010
"the Joint Administrators"	Julian Pitts of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ and David Wilson of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ
"the Act"	The Insolvency Act 1986
"the Rules"	The Insolvency Rules 1986
"secured creditor" and "unsecured creditor"	Secured creditor, in relation to a company, means a creditor of the company who holds in respect of his debt a security over property of the company, and "unsecured creditor" is to be read accordingly (Section 248(a), Insolvency Act 1986)
"security"	(i) In relation to England and Wales, any mortgage, charge, lien or other security and  (ii) in relation to Scotland, any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off) (Section 248(b), Insolvency Act 1986)
"preferential creditor"	Any creditor of the Company whose claim is preferential within Sections 386, 387 and Schedule 6 to the Insolvency Act 1986

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## 2. STATUTORY INFORMATION

Name of Company	Senior Graphic Machinery Ltd
Date of Incorporation	21 July 1992
Company registered number	02733108
Company registered office	Glendevon House, Hawthorn Park, Coal Road, Leeds, LS14 1PQ

## 3. DETAILS OF APPOINTMENT OF ADMINISTRATORS

Names of Joint Administrators	Julian Pitts, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ and David Wilson, a Licensed Insolvency Practitioner of Begbies Traynor (Central) LLP, Glendevon House, Hawthorn Park, Coal Road, Leeds LS14 1PQ
Date of Administrators' appointment	5 February 2010
Date of Administrators' resignation	n/a
Court	High Court Leeds District Registry
Court Case Number	207 of 2010
Person(s) making appointment / application	The Directors
Acts of the Joint Administrators	The Joint Administrators act as officers of the court and as agents of the Company without personal liability. Any act required or authorised under any enactment to be done by an Administrator may be done by any one or more persons holding the office of Administrator from time to time.
EC Regulation on Insolvency	The EC Regulation on Insolvency Proceedings (Council Regulation (EC) No 1346/2000) applies to these proceedings which are 'main proceedings' within the meaning of Article 3 of the Regulation.

## 4. PROGRESS DURING THE PERIOD

Attached at Appendix 1 is our abstract of receipts and payments for the period from 5 February 2010 to 27 August 2010

### Income

Sales - £34,799 02

Total sales throughout the Administration period total £34,799 02, this mainly comprises of machine part sales

£13,233 plus VAT of the above amount was received from the sale of the 'Swallowmax' machine, which was repaired and sold on request from an interested third party

Book Debts - £14,379 30

As at the date of our appointment, the estimated Statement of Affairs indicated the company's outstanding sales ledger stood at £54,000. An estimated to realise figure was valued at £40,500.

In the six month period to August 2010 a further £4,712 68 of book debts has been collected, bringing total collections to £14,379 30

Whilst this is significantly below the realisations expected, we are aware that a number of book debt receipts hit the Company's former bank account before the account was frozen. This accordingly diminished book debt receipts, however these credits did conversely erode the secured deficit to the Bank.

Business Assets - £50,000

Creditors will note from the Joint Administrators' Statement of Proposals that the offer received and accepted for the purchase of the chattel assets of the Company was £50,000. This included all stock, plant & machinery and un-encumbered motor vehicles.

Total proceeds of £50,000 for the business assets have now been received.

Goodwill/Intellectual Property Rights - £80,000

The position has not differed from our last report to creditors contained in the Statement of Proposals. The sum of £80,000 was paid immediately upon completion, in accordance with the terms set out in the Sale and Purchase Agreement.

### Expenditure

Purchases

Part purchases were made totalling £1,824 82. This was to facilitate the repair of the 'Swallowmax' machine, which ultimately realised £13,233 + vat at private sale, as noted above under our Administration Sales.

#### Direct Labour

£9,603 17 has been incurred on staff wages. Two factory-floor staff and an office administrator were necessary to allow ongoing trading.

#### Rents & Rates

The amount of £6,923 08 has been paid for rental of the Company premises for the period of our occupation as Joint Administrators. £875 51 was incurred on utility rates for the occupation period.

#### Lease/HP Payments and Vehicle Running Costs

A total amount of £3,549 99 has been spent on maintaining costs of essential vehicles required for the trading period.

#### Agents/Valuers Fees

The Joint Administrators' instructed Eddisons Commercial Limited to advise on all asset matters arising pursuant to the appointment.

Costs for assessing and valuing the Business Assets amounted to £7,496 13. An increased amount of time was spent on valuing the plant and machinery due to the specialist nature of a large proportion of the equipment.

Numerous site visits were required with interested purchasers and several strategy meetings held with the Joint Administrators in an effort to maximise realisations.

#### Legal Fees

The Joint Administrators sought legal advice on all matters concerning the Administration, including transactions entered into by the Company prior to our appointment and the sale of the business assets.

Fees totalled £15,021 15.

#### The Royal Bank of Scotland Plc ('RBS')

Creditors will recall from the Estimated Statement of Affairs appended to the Joint Administrators' Proposals that RBS were owed circa £125,000 in respect of the Company's overdraft. As discussed above, the indebtedness to RBS reduced significantly due to the level of debtor receipts which entered the account.

Accordingly, £77,224 62 has been paid to The Royal Bank of Scotland Plc in satisfaction of their Fixed Charge security over the Goodwill element of the Business Sale Agreement.

#### Administrators' Remuneration

As previously reported, the Joint Administrators' remuneration is fixed by reference to the time properly given by the Joint Administrators (as Administrators) pursuant to Rule 2 106 (5A) of the Insolvency Rules 1986.

Rule 2 106 (5A) states that where the Administrator has made a statement to suggest that no distribution will become available to unsecured creditors (under para 52(1)(b)), the Administrator's remuneration shall be fixed by approval of each secured creditor of the Company.

An analysis of our time costs incurred to 27 August 2010 is enclosed with this Report at Appendix 2. In summary, a total of 505 50 hours have been incurred at a total cost of £87,479 00, equating to an average charge-out rate of £173 05 per hour.

To date, in accordance with the approval of the secured creditor, we have drawn £20,000 on account of those costs

#### Time Costs Incurred

The majority of time (131 10 hours) has been expended in relation to Case Administration. This includes dealing with a high level of telephone calls from various parties, faxing and filing, typing and all clerical and secretarial support. It also includes reviews of receipts into the Company bank account and preparing and reviewing invoices. Completion of checklists and computer diary systems.

45 30 hours have been incurred in dealing with Floating Charge Assets and reporting to the Bank for the sale of such assets. This also includes time incurred on discussions with our agents, Eddisons with regards to asset valuations. Various discussions with the officers of the Company regarding potential sale of assets. On site meetings, emails and telephone correspondence with various parties.

58 60 hours have been spent on Employee issues, namely dealing with staff redundancies and arising claims. Calculating and processing staff wages for the trading period and dealing with numerous telephone calls from employees regarding wages and general queries.

43 50 hours have been accumulated on matters concerned with Trading the business during the Administration period. Maintaining that operations were running effectively, key suppliers and customers were kept on side, site visits to discuss and agree strategy, agreeing a strategy with the Landlord to enable trading to continue, review of trading projections and general trading issues.

30 80 hours has been spent on formulating the Sale of the Business/Assets, correspondence and meetings with potential purchasers, concluding the Sale and Purchase Agreement, and liaising with solicitors via email, telephone and mail.

29 30 hours have been expended on Investigations. This includes the Joint Administrators' investigations into transactions entered into by the Company prior to our appointment and the number of issues subsequently arising. Detailed investigations were carried out, researching into insolvency statute and case law. Reports formulated, internal meetings to discuss the past transactions of the Company and emails to various parties.

#### Administrators' Disbursements

During the period covered by the Report, £1572 39 has been drawn in relation to disbursements. An analysis of how these have been incurred is detailed below, pursuant to Statement of Insolvency Practice 9 -

Type	Purpose	£
Category 2	Photocopying	218 25
Category 2	Room Hire	300 00
Category 2	Mileage	301 87
Category 2	Storage	400 00

Category 1	Bond	264 00
Category 1	Postage	55 25
Category 1	Court/Legal Fees	44 00
<b>Total</b>		<b>1583.37</b>

Approval is not required for the drawing of necessary disbursements. However, not all costs properly charged in connection with insolvency may necessarily be regarded as disbursements. The precise demarcation line between disbursements and remuneration is not defined by statute and has not been specifically determined by the courts.

In the absence of a clear statutory definition best practice is that only those costs that clearly meet the definition of disbursements, where there is a specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party, are treated as disbursements recoverable without approval. These are referred to as 'Category 1 disbursements' (approval not required). Category 1 disbursements will generally comprise external supplies of incidental services specifically identifiable to the case, typically for items such as identifiable telephone calls, postage, case advertising, invoiced travel and properly reimbursed expenses incurred by personnel in connection with the case. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and document storage.

Where it is proposed to recover costs which, whilst being in the nature of expenses or disbursements, include elements of shared or allocated costs, they should be identified and subject to approval by those responsible for approving remuneration. If the office holder wishes to make a separate charge for expenses in this second category, he may do so provided that:

- such expenses are of an incidental nature and are directly incurred on the case, and there is a reasonable method of calculation and allocation, it will be persuasive evidence of reasonableness, if the resultant charge to creditors is in line with the cost of external provision, and
- the basis of the proposed charge is disclosed and is authorised by those responsible for approving remuneration.

Those are known as Category 2 disbursements (approval required). Category 2 disbursements will comprise cost allocations which may arise on some of the Category 1 expenses where supplied internally. Typically, items such as room hire and document storage. Also typically included will be routine or more specialist copying and printing, and allocated communication costs provided by the practitioner or his firm. I can advise creditors that my Category 2 disbursements were approved by the secured creditor in this matter.

Payments to outside parties in which the office holder or his firm or any associate (as defined by Section 435 of the Insolvency Act 1986) has an interest should be treated as Category 2 disbursements. Please refer to Appendix 2, Guide to Begbies Traynor charging policy for details of associated parties.



## 5. ASSETS THAT REMAIN TO BE REALISED

### Book Debts

As discussed above at paragraph 4, creditors will note that the anticipated total of book debts to receive was £40,500 00. The total collected to date is £14,379 30. Although this deficiency is largely a result of receipts hitting the Company's former bank account, a number of other small amounts are outstanding which are due for collection.

The Joint Administrators are currently in the process of seeking to make further recoveries and are seeking co-operation of the former officers of the Company.

### Administration Sales

Sales at writing total £34,799 02. However, of this amount a total of £19,954 56 remain outstanding.

Further investigations are being made by the Joint Administrators and accounts are being reconciled. Collection is ongoing and creditors will be appraised in our next Report.

## 6. OTHER RELEVANT INFORMATION

You may be aware that an Administrator has a duty to enquire into the affairs of an insolvent company to determine its property and liabilities and to identify any actions which could lead to the recovery of funds. In addition, an Administrator is also required to consider the conduct of the Company's directors and to make an appropriate submission to the Department of Business, Enterprise and Regulatory Reform ('BERR'). I can however confirm that the Administrators have undertaken their standard investigations which have now been concluded and furthermore a D Report has been submitted on the directors' conduct.

## 7. CONCLUSION

We shall continue with our efforts to realise funds from the debtor accounts and shall report to creditors again at our next Progress or Final Report.

In the event that the above issues cannot be concluded before the term of the Administration comes to an automatic end on 5 February 2011, then we shall seek consent for the term of the Administration to be extended.

If all outstanding matters can be resolved before the end of the term of the Administration and there being at that time no prospect of a dividend to the unsecured creditors then, as soon as we are satisfied that we have fully discharged our duties as Administrators and that the purpose of the Administration has been fully achieved, we propose to implement the provisions of Paragraph 84 of Schedule B1 to the Act whereby on the registration of a notice sent to the Registrar of Companies, our appointment as Administrators shall cease to have effect and the Company will proceed to dissolution.

If sufficient further realisations are achieved that would enable a dividend to be paid to the Company's unsecured creditors then an exit to a Creditors' Voluntary Liquidation may also be considered

The Joint Administrators will contact creditors before the Administration end to discuss the suitable exit strategy

A handwritten signature in black ink, appearing to read 'J N R Pitts', with a stylized, cursive flourish at the end.

**J N R Pitts**  
Joint Administrator

Dated 27 August 2010

**Senior Graphic Machinery Ltd  
(In Administration)**

**Income and Expenditure Account  
05 February 2010 to 27 August 2010**

<b>INCOME</b>	<b>Total (£)</b>
Sales	34,799 02
Book Debts	14,379 30
Goodwill/Intellectual Property Rights	80,000 00
Business Assets	50,000 00
Bank Interest Net of Tax	11 31
	<hr/> <b>179,189.63</b> <hr/>
 <b>EXPENDITURE</b>	
Purchases (1)	1,824 82
Direct Labour	9,603 17
Rents	6,923 08
Rates	875 51
Telephone	12 00
Carriage	488 16
Bank Charges	731 03
Lease/HP Payments	1,917 81
Vehicle Running Costs	1,632 18
Specific Bond	264 00
Office Holders Fees	20,000 00
Office Holders Expenses	608 39
Agents/Valuers Fees (1)	7,496 13
Legal Fees (1)	15,021 15
Room Hire	300 00
Storage Costs	400 00
Statutory Advertising	75 60
The Royal Bank of Scotland Plc	77,224 62
	<hr/> <b>145,397.65</b> <hr/>
 <b>Balance</b>	 <hr/> <b>33,791.98</b> <hr/>
 <b>MADE UP AS FOLLOWS</b>	
Trade Debtors	19,954 56
Vat Receivable	9,536 34
Bank 2 Current	6,126 64
Vat Payable	(1,825 56)
	<hr/> <b>33,791.98</b> <hr/>

# SIP9 Summary Report

8282S4153.ADM | ADM Senior Graphic Machinery Ltd | From 01/01/2000 To 27/08/2010

Action Code	Partner	Director	Senior Manager	Manager	Senior Case Administrator	Case Administrator	Support & Caseworking	Other	Total Hours	Total Cost	Avg Rate
Administration	2.00	0.00	0.00	2.80	2.30	25.70	98.30	0.00	131.10	14,939.00	113.95
Appointment activity	0.00	0.00	0.00	0.00	0.00	3.50	6.10	0.00	9.60	1,065.00	110.94
Banking	0.00	0.00	0.00	0.20	0.00	1.50	0.00	0.00	1.70	245.00	144.12
CCDA reporting and follow up	0.00	0.00	0.00	0.00	0.00	13.00	0.00	0.00	13.00	1,690.00	130.00
Claims, profits and distributions	0.00	0.00	0.00	0.00	0.00	0.00	0.60	0.00	0.60	60.00	100.00
Debt Collection	0.00	0.00	0.00	9.50	0.00	8.50	0.00	0.00	18.00	3,480.00	193.33
Employees	0.00	0.00	0.00	1.50	0.00	57.10	0.00	0.00	58.60	7,798.00	133.07
Floating Charge Assets	4.00	0.00	0.00	41.30	0.00	0.00	0.00	0.00	45.30	11,725.00	258.83
Investigations	5.00	0.00	0.00	15.30	0.00	9.00	0.00	0.00	29.30	6,745.00	230.20
Meetings	0.00	0.00	0.00	0.00	0.00	27.00	0.00	0.00	27.00	3,510.00	130.00
Pensions	0.00	0.00	0.00	0.00	0.00	5.15	0.00	0.00	5.15	669.50	130.00
Case strategy and planning	3.50	0.00	0.00	2.80	0.00	11.00	0.00	0.00	17.30	3,355.00	193.93
Re-appointment work	3.00	0.00	0.00	26.00	0.00	20.75	1.00	0.00	50.75	10,347.50	203.89
Retention of Title (ROT)	0.00	0.00	0.00	0.00	0.00	2.50	0.00	0.00	2.50	325.00	130.00
Sale of Business/Assets	11.50	0.00	0.00	5.80	0.00	13.50	0.00	0.00	30.80	7,230.00	234.74
Statutory reports and returns	0.00	0.00	0.00	7.00	0.00	13.50	0.80	0.00	21.30	3,585.00	168.31
Trading	3.00	0.00	0.00	37.00	0.00	2.00	1.50	0.00	43.50	10,710.00	246.21
Total Hours	32.00	0.00	0.00	149.20	2.30	213.70	108.30	0.00	505.50		
Total Cost	11,200.00	0.00	0.00	37,300.00	368.00	27,781.00	10,830.00	0.00		87,479.00	

Employee / Dist Costs	1,183.37
Dist Fees Drawn	1,172.39
Time Fees Drawn	20,000.00
Outstanding Costs	67,489.98