

## The Insolvency Act 1986

**2.24B****Administrator's progress report**

Name of Company Scorio Print Finishers Limited	Company number 05736879
In the High Court of Justice Leeds District Registry	Court case number 182 of 2007

We  
Howard Smith  
KPMG LLP  
1 The Embankment  
Neville Street  
Leeds LS1 4DW  
United Kingdom

Richard Dixon Fleming  
KPMG LLP  
1 The Embankment  
Neville Street  
Leeds LS1 4DW  
United Kingdom

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

from	to
9 August 2007	8 February 2008

Signed

  
Joint Administrators

Dated

5 March 2008

**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 the public.

Rachel Dalby KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW United Kingdom DX Number DX 724440 Leeds	Tel 0113 254 2985 DX Exchange
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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



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COMPANIES HOUSE



**Scorpio Print Finishers Limited (in  
administration)**

**Progress Report to Creditors  
pursuant to Rule 2.47 of the  
Insolvency (Amendment)  
Rules 2003  
5 March 2008**

KPMG LLP

5 March 2008

*This report contains 7 pages*

hs/cs/rd/lf

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## **Notice: About this Report**

This Report has been prepared by Howard Smith and Richard Fleming, the Joint Administrators of Scorpio Print Finishers 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 Scorpio Print Finishers 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.

Howard Smith is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

Richard Fleming is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.

The Joint Administrators act as agents for Scorpio Print Finishers 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.



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## Glossary

<b>Administrators</b>	Howard Smith and Richard Dixon Fleming of KPMG LLP, 1 The Embankment, Neville Street, Leeds, LS1 4DW
<b>Administration Order</b>	<p>The Administration Order granted by the High Court of Justice, Chancery Division, Leeds District Registry, in respect of Scorpio Print Finishers Limited dated 9 February 2007</p> <p>The extension to the administration was granted by the secured creditors of the Company, as per paragraph 76(2) (b) and 78(2) (a) of Schedule B1 of the Insolvency Act 1986, for the six months ending 8 August 2008</p> <p>Court Administration Order number 182 of 2007</p>
<b>Company</b>	Scorpio Print Finishers Limited (company registered number 05736879)
<b>Skipton</b>	Skipton Business Finance Limited, a subsidiary of Skipton Building Society The provider of invoice discounting facilities to the Company and 'Qualifying Floating Charge' (QFC) holder
<b>Director</b>	The Director of the Company, Darren Walker

## Other information required by Rule 2.47 of the Insolvency Rules 1986

Date of appointment	9 February 2007
Company registered number	05736879
Registered office	KPMG LLP, 1 The Embankment, Neville Street, Leeds LS1 4DW
Appointor	Qualifying Floating Charge holder, Skipton Business Finance Limited

In accordance with Paragraph 100(2) of Schedule B1 Insolvency Act 1986 the functions of the Administrators are being exercised by either or both of the Administrators



## **1 Introduction**

Further to my reports dated 4 April 2007 and 5 September 2007, I set out below my progress report for the period 9 August 2007 to 8 February 2008 in accordance with Rule 2.47 of the Insolvency Act 1986. This report should be considered in conjunction with my previous reports.

As previously reported, on 9 February 2007 Skipton as QFC holder filed a petition to appoint administrators in the High Court of Justice, Leeds District Registry and Howard Smith and Richard Dixon Fleming were appointed Joint Administrators.

In accordance with Schedule B1 Paragraph 52 (1)(b) IA 86, a meeting of creditors was not proposed by the Joint Administrators, and the requisite number of creditors did not request such a meeting. As such the Joint Administrators' proposals presented in our report dated 4 April 2007 were deemed to be accepted.

As previously reported, on the basis of current information, there is no prospect of a dividend to the preferential creditors. In accordance with Paragraphs 76(2) (b) and 78(2) (a) of Schedule B1 of the Insolvency Act 1986, I have obtained consent for an extension of the administration until 8 August 2008 by agreement of the secured creditors of the Company.

The appropriate statutory information is set out in Appendix 1. Receipts and payments account for the period 9 August 2007 to 8 February 2008 is attached as Appendix 4, and an abstract receipts and payments account in the statutory form is attached as Appendix 5 (Form 2.24).

Please note that, unless stated otherwise, all amounts referred to in this report and its appendices are stated net of VAT.

Information relating to the expected recoverability of outstanding book debts has been excluded from this report on the grounds that it might prejudice the Company's commercial interests pursuant to Rule 2.33(7).

### **Other Matters**

We have carried out our duties as administrators in respect of the Directors' Disqualification Act 1986.

EC Regulations do apply and the centre of main interest is the United Kingdom.



## **2 Progress of the Administration to 8 February 2008**

### **2.1 Strategy and sale**

As you are aware from our earlier reports, prior to the Joint Administrators appointment KPMG LLP had been instructed to perform a short, focused marketing exercise of the Company, and its business and assets. This resulted in a sale of the Company's assets immediately following the Joint Administrators appointment.

The work in progress and customer contracts were sold to Pudsey Print Finishers Limited for £5,000. Unencumbered assets were sold to Finish Plant Limited for £55,000, of which £30,000 was deferred and payable in six monthly instalments of £5,000 due on the first of each month commencing 1 May 2007. All payments have been received.

My agents, Bache Treharne LLP (Bache), recommended acceptance of these offers. Mr Walker is the sole director of both of these companies.

There were no sundry assets available for sale.

### **2.2 Book debt realisations**

The book debts at the time of our appointment had a gross book value of £1.05 million.

Skipton collected these debts and banked the receipts directly into their trust account and as such they do not appear on our Receipts and Payments account as they have not passed through the Administrators' bank account.

On 17 July 2007 we received formal confirmation from Skipton that they had concluded their collections and recovered their indebtedness in full. They reassigned the remaining sales ledger with a book value of £109,140 back to the Company and we are in the process of pursuing these debts. In the period to 8 February 2008 we have collected £35,092 of these debtors and continue to pursue the outstanding balances.

### **2.3 Other debtor realisations**

On 13 November 2007 we realised £14,776 in relation to a rebate due at the time of our appointment.

### **2.4 Interest**

During the six-month period to 8 February 2008 we received £1,558 bank interest (12-month period to 8 February 2008 £2,221) on monies held in the floating charge bank account.



### 3 Estimated outcome for creditors at 8 February 2008

	Ref.	R&P at 25 January 2008	Future transactions	Administrators' Estimated Outcome
		£000	£000	£000
Unencumbered Plant & Machinery, Office Equipment, Fixtures & Fittings	3 1	55	-	55
Work in progress & Customer contracts	3 1	5	-	5
Book debt surplus	3 2	35	5	40
Other debtors	3 3	16	-	16
Bank interest	3 4	2	-	2
		<hr/>	<hr/>	<hr/>
Less Cost of realisations (estimate)	4 3	113 (23)	5 (95)	118 (118)
		<hr/>	<hr/>	<hr/>
Amount available to preferential creditors	4 4	90	(90)	Nil
Preferential claims – employees				(6)
				<hr/>
Surplus available to prescribed part	4 4			Nil
				<hr/>

Source Administrators' records and estimates

#### 3.1 Assets specifically pledged

The Company records suggested that plant and machinery with a net book value of £2 68 million was specifically charged to Davenham, Barclays Asset Finance, Yorkshire Bank Plc, ING Lease and Atlas Copco

Our agents, Bache, independently valued these items at £1 million. We compared the valuation to the debts outstanding on a financier by financier basis and concluded that there was no equity available to the Company.

Each financier took their own action in relation to the fixed assets charged to them and no surpluses were realised.

#### 3 2 Book debts

As detailed in Section 2 2 above, Skipton recovered its indebtedness and re-assigned the remaining ledger totalling £109,140 to the Company.

We have instructed collection agents to pursue these balances in a timely and cost effective manner, and do not propose to include commentary on the collectability of these



debts for commercial reasons. We have realised £35,092 to date and have included an illustrative estimate of £5,000 expected to be realised in the next five months.

## **4 Costs of realisation**

### **4 1 Administrators' time costs**

The statutory provisions relating to remuneration are set out in Rule 2 106 of the Insolvency Rules 1986.

Attached as Appendix 2 is a detailed analysis of time spent, and charge out rates, for each grade of staff for the various areas of work carried out to 8 February 2008, as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No. 9 ("SIP 9"). A list of charge out rates is attached in Appendix 3.

In the period from 9 February 2007 to 8 February 2008 we have incurred time costs of £113,125.00 representing 467.6 hours at an average rate of £241.93 per hour. This includes tax, VAT, employee and pension's advice from KPMG LLP in-house specialists.

Please note that all staff who have worked on this 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 functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

At this stage it is anticipated that further time costs of approximately £15,000 will be incurred through to closure.

As there is no prospect of a distribution to the unsecured or preferential creditors, administrators' fees require the approval of the secured creditors. The Administrators have the approval of the secured creditors to draw a fee on account of £65,000.

### **4 2 Legal fees**

Legal fees totalled £18,861 principally as a result of preparation of the sale contract and in support of the Administrators' fulfilling their statutory duties.

### **4 3 Agents' fees**

Agents' fees totalled £4,000 as a result of preparing detailed lists of assets and the valuations supporting the Administrators' sale process, of which £2,000 has been paid in the period.

### **4 4 Other costs**

During the six-month period £35 has been paid in relation to Bank Charges.

## **5 Creditors**

### **5.1 Creditors meeting**

An initial meeting of creditors was not held because

- under Schedule B1 paragraph 52 of the Insolvency Act 1986 there are insufficient funds to enable a distribution to unsecured creditors, and
- insufficient requests for a creditors' meeting were received

As there was no creditors' meeting and there were no responses to the report, the Administrators' proposals were deemed approved

### **5 2 Preferential and unsecured creditors**

As demonstrated in the table on page four, there is no prospect of a dividend to the preferential or unsecured creditors

## **6 Extension of the administration**

The Joint Administrators wrote to the secured creditors of the Company on 31 January 2008 requesting consent to extend the administration as per Paragraphs 76(2) (b) and 78(2)(a) of Schedule B1 of the Insolvency Act 1986. An extension was granted by the secured creditors until 8 August 2008.

Should a further extension be required the Joint Administrators will apply to court as per Paragraph 76(2) (a) of Schedule B1 of the Insolvency Act 1986.



## 7 Outstanding matters

An extension of the administration was granted to allow the Joint Administrators to complete the remaining outstanding issues -

- final book debt collections,
- settlement of remaining costs of realisations,
- resolution of final taxation matters, and
- case closure and final reporting duties

## 8 Further reporting

The Joint Administrators intend to report to the Company's creditors, court and Companies House with a six monthly report in accordance with Rule 2 47 of the Insolvency Act 1986

## 9 Conclusion of the administration

When the issues listed above have been resolved it is expected that the Company will be placed in compulsory liquidation or be struck off from the Register of Companies, whichever is deemed appropriate

Howard Smith  
Joint Administrator



## **Appendix 1 – Statutory information**

<b>Date of incorporation</b>	9 March 2006
<b>Company number</b>	05736879
<b>Previous registered office</b>	Richardshaw Road Grangefield Industrial Estate Pudsey Leeds LS28 6QW
<b>Present registered office</b>	KPMG LLP 1 The Embankment Neville Street Leeds LS1 4DW
<b>Former trading address</b>	Richardshaw Road Grangefield Industrial Estate Pudsey Leeds LS28 6QW
<b>Authorised share capital</b>	100,000 ordinary £1 shares
<b>Called up share capital</b>	1 £1 ordinary share
<b>Shareholder</b>	Mr DL Walker
<b>Directors</b>	Mr DL Walker
<b>Company secretary</b>	Mrs B Walker
<b>Employees</b>	86
<b>Previous names</b>	None



*Scorpio Print Finishers Limited (in administration)*  
*Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003*  
*KPMG LLP*  
*5 March 2008*

## **Appendix 2 – Administrators’ time costs to 8 February 2008**

## Scorpio Print Finishers Limited in administration

Reporting period 01 September 2007 to 08 February 2008

## SIP 9 Compliant fees worksheet

## Consolidated time spent by grade

Activity	Partner/Director	Management	Administrators	Support	Total Hours	Total Cost £	Average Rate £
<b>Administration &amp; planning</b>							
Statutory Receipts & Payments	0 00	2 00	1 70	0 00	3 70	1,075 50	290 68
Bonding & bordereau	0 00	0 00	0 50	0 00	0 50	102 50	205 00
Strategy documents	2 10	7 00	3 20	0 00	12 30	3,775 00	306 91
Closure & related formalities	2 10	3 00	1 70	0 00	6 80	2,190 00	322 06
Checklist & Reviews	0 00	2 50	0 00	0 00	2 50	912 50	365 00
Fees & WIP	0 60	0 00	0 00	0 00	0 60	240 00	400 00
Books & Records	0 00	0 00	5 40	0 00	5 40	810 00	150 00
General cashing	0 00	0 00	3 90	0 00	3 90	592 50	151 92
Reconciliations	0 00	0 00	0 90	0 00	0 90	138 50	153 89
Post appointment V A T	0 00	1 00	3 60	0 00	4 60	938 00	203 91
Post appointment CT	0 00	3 50	11 60	0 00	15 10	3,392 50	224 67
	4 80	19 00	32 50	0 00	56 30	14,167 00	251 63
<b>Investigation</b>							
CDDA affidavit/proceedings	0 00	8 00	0 00	0 00	8 00	2,920 00	365 00
Statement of Affairs	0 00	1 00	0 00	0 00	1 00	365 00	365 00
	0 00	9 00	0 00	0 00	9 00	3,285 00	365 00
<b>Realisation of assets</b>							
Plant & machinery	0 00	1 00	0 00	0 00	1 00	345 00	345 00
Debtors	4 20	9 00	0 00	0 00	13 20	4,829 00	365 83
Cash & investments	2 10	3 00	0 00	0 00	5 10	1,935 00	379 41
Deferred consideration	0 00	1 00	0 00	0 00	1 00	365 00	365 00
Open cover ins	0 40	0 00	0 00	0 00	0 40	152 00	380 00
	6 70	14 00	0 00	0 00	20 70	7,626 00	368 41
<b>Trading</b>							
	0 00	0 00	0 00	0 00	0 00	0 00	0 00
<b>Creditors</b>							
Creditor correspondence	0 00	1 00	5 20	0 00	6 20	1,122 00	180 97
Reports to creditors	4 70	12 00	11 20	0 00	27 90	7,827 50	280 56

## Appendix 2

Consolidated time spent by grade							
Activity	Partner/Director	Management	Administrators	Support	Total Hours	Total Cost £	Average Rate £
Pre appointment VAT/PAYE/CT	0 00	1 00	0 00	0 00	1 00	365 00	365 00
Employee correspondence	0 00	2 00	0 00	2 00	4 00	875 00	218 75
	4 70	16 00	16 40	2 00	39 10	10,189 50	260 60
<b>Total hours/cost</b>	16 20	58 00	48 90	2 00	125 10	35,267 50	281 91
					<b>Hours/Costs to date</b>		
	B/f		0 00		342 50	77,857 50	227 32
	In the period		0 00		125 10	35,267 50	281 91
	C/f		0 00		467 60	113,125 00	241 93

### Notes

All staff who have worked on this 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 functions is not charged directly to the assignment but is reflected in the general level of charge out rates.

### Expenses

Expense Type	Cost (£)
Bordercau Bond	264 00
Car Mileage	96 80
Employee Specialist	799 02
Lunch	12 00
Parking & Tolls	44 00
Sundry	4 30
Telecommunications	6 01
<b>Total</b>	<b>1,226.13</b>



### **Appendix 3 – Administrators' charge out rates**

	<b>1 October 2007 to 8 February 2008</b>	<b>9 February 2007 – 30 September 2007</b>
	<b>£/hour</b>	<b>£/hour</b>
Partner	465	440
Director	400	380
Senior Manager	365	345
Senior Manager Indirect Tax	-	515
Manager	290	275
Manager Tax	290	275
Manager Pensions	-	275
Assistant Manager	205	195
Assistant Manager Indirect Tax	205	280
Assistant Manager Tax	205	200
Senior Cashier	205	195
Case Administrator	150	140
Case Administrator Indirect Tax	-	165
Cashier	150	140
Support	95	90





*Scorpio Print Finishers Limited (in administration)*  
*Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003*  
KPMG LLP  
5 March 2008

## **Appendix 4 – Receipts and payments account as at 8 February 2008 (period account)**

**Scorpio Print Finishers Limited**  
**(In Administration)**  
**Administrators' Abstract of Receipts & Payments**

Statement of Affairs		From 09/08/2007 To 08/02/2008	From 09/02/2007 To 08/02/2008
	<b>ASSET REALISATIONS</b>		
32,000 00	Plant & machinery	10,000 00	52,500 00
3,000 00	Furniture & equipment	NIL	2,500 00
5,000 00	Customer Contracts & WIP	NIL	5,000 00
66,000 00	Book debts	35,091 84	35,091 84
		45,091 84	95,091 84
	<b>OTHER REALISATIONS</b>		
	Bank interest, gross	NIL	139 68
	Bank interest, net of tax	1,558 00	2,081 05
10,000 00	Other Debts & Pre-payments	14,776 32	15,512 81
		16,334 32	17,733 54
	<b>COST OF REALISATIONS</b>		
	Agents'/Valuers' fees	2,000 00	4,000 00
	Legal fees	18,861 00	18,861 00
	Statutory advertising	NIL	240 88
	Insurance of assets	NIL	413 39
	Bank charges	35 36	44 62
		(20,896 36)	(23,559 89)
<u>116,000 00</u>		<u>40,529 80</u>	<u>89,265 49</u>
	<b>REPRESENTED BY</b>		
	Floating ch VAT rec'able		3,295 43
	Floating charge current		85,970 06
			<u>89,265 49</u>

Howard Smith  
Administrator



*Scorpio Print Finishers Limited (in administration)*  
*Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency (Amendment) Rules 2003*  
KPMG LLP  
5 March 2008

## **Appendix 5 – Abstract receipts and payments account as at 8 February 2008 (Form 2.24)**

<b>RECEIPTS</b>		£
Brought forward from previous Abstract (if Any)		60,149 22
Plant & machinery		10,000 00
Book debts		35,091 84
Bank interest, net of tax		1,558 00
Other Debts & Pre-payments		14,776 32
Floating ch VAT payable		1,750 00
Floating ch VAT control		350 00
Carried forward to		123,675 38
* continuation sheet / next abstract		
<b>PAYMENTS</b>		£
Brought forward from previous Abstract (if Any)		13,163 53
Agents'/Valuers' fees		2,000 00
Legal fees		18,861 00
Bank charges		35 36
Floating ch VAT rec'able		3,645 43
Carried forward to		37,705 32
* continuation sheet / next abstract		

\* Delete as appropriate

\* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed