

The Insolvency Act 1986

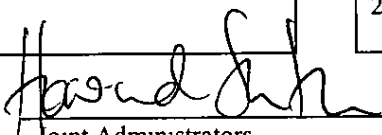
2.24B**Administrator's progress report**

Name of Company Scorpio Print Finishers Limited	Company number 05736879
In the High Court of Justice, Chancery Division, 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	25 January 2008
Signed  Joint Administrators	
Dated	25 January 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 searchers of the public record.

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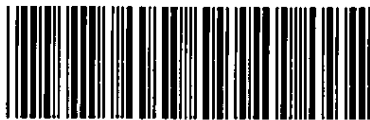
Tel 0113 254 2985
DX Exchange Leeds

When you have completed and signed this form, please send it to the Registrar of Companies at -

Companies House, Crown Way, Cardiff CF14 3UZ

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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**

KPMG LLP

31 January 2008

This report contains 7 pages

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Scorpio Print Finishers Limited (in administration)
Progress Report to Creditors pursuant to Rule 2 47 of the Insolvency Act
KPMG LLP
31 January 2008

This Report has been prepared by Howard Smith and Richard Dixon 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

The estimated outcome for creditors included in this Report is illustrative only and cannot be relied upon as guidance as to the actual outcome 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 Dixon 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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1 Glossary

Administrators	Howard Smith and Richard Dixon Fleming of KPMG LLP, 1 The Embankment, Neville Street, Leeds, LS1 4DW
Administration Order	<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>Court Administration Order number 182 of 2007</p>
Company	Scorpio Print Finishers Limited (company registered number 05736879)
Skipton	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
Director	The Director of the Company, Darren Walker

2 Introduction

Further to my report dated 5 September 2007, I set out below my progress update to accompany an extension request. This report highlights movements from the period 9 August 2007 to date, and should be considered in conjunction with 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 and Richard Dixon Fleming and I were appointed Joint Administrators.

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

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

The appointment of an Administrator automatically ceases to have effect at the end of one year, unless an extension of time is approved. It is my intention to seek an extension of the administration for the purpose of securing further asset realisations.

As previously reported, on the basis of current information, there is no prospect of a dividend to the preferential creditors. Therefore in accordance with Paragraphs 76(2) (b) and 78(2) (b) of Schedule B1 of the Insolvency Act 1986, I may obtain consent for an extension of the administration by receiving agreement from each secured creditor of the Company.

The appropriate statutory information is set out in Appendix 1. An abstract of a receipts and payments account for the periods from 9 February 2007 and 9 August 2007 to 25 January 2008 is attached as Appendix 4, and a receipts and payments account for the period from 9 August 2007 to 25 January 2008 attached as Appendix 5.

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).

I am looking to draw my first remuneration of £65,000 plus VAT.

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

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.



3 Progress of the Administration to 31 January 2008

3.1 Strategy and sale

As you are aware from our earlier reports, prior to the administration 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 assets immediately following the administration appointment.

The work in progress and customer contracts were sold to Pudsey Print Finishers Limited for £5,000 plus VAT. Unencumbered assets were sold to Finish Plant Limited for £55,000 plus VAT, of which £30,000 plus VAT was deferred and payable in six monthly instalments of £5,000 plus VAT 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.

3.2 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 31 January 2008 we collected £35,092 of these debtors and continue to pursue the outstanding balances.

3.3 Other debtor realisations

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

3.4 Interest

During the period we received £1,267 of bank interest on monies held in the floating bank account.

4 Estimated outcome for creditors at 31 January 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/>
		113	5	118
Less Cost of realisations (estimate)	4 3	(23)	(95)	(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

4.1 Assets specifically pledged

Company records suggest 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 valuations to the debts outstanding on a financier by financier basis and concluded that there was no equity available.

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

4.2 Book debts

As detailed in Section 3 2, Skipton recovered its indebtedness and re-assigned the remaining ledger totalling £109,140 back 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 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

4.3 Costs of realisation

Administrators' fees

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 25 January 2008, as required by the Association of Business Recovery Professionals' Statement of Insolvency Practice No 9 ("SIP")

In the period from 9 February 2007 to 25 January 2008 we have incurred time costs of £105,107 representing 437 6 hours at an average rate of £240 19 per hour. This includes tax, VAT, employee and pension's advice from KPMG LLP in-house specialists

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 unsecured or preferential creditors, administrators fees require the approval of the secured creditors

The administrators are seeking approval to draw a fee on account of £65,000 as part of this update

Other professional fees

Legal fees totalled £19,000 principally as a result of preparation of the sale contract and in support of the Administrators' fulfilling their statutory duties

Agents' fees totalled £4,000 as a result of preparing detailed lists of assets and the valuations supporting the Administrators' sale process

4.4 Expected outcome

There is no prospect of a dividend to the preferential or unsecured creditors



5 Receipts and payments

5.1 Statutory requirements

The appropriate statutory information is set out in Appendix 1

A receipts and payments account for the period 9 February 2007 to 25 January 2008 is attached at Appendix 4. A further receipts and payments account prepared on a period accounting basis is attached at Appendix 5. The figures on the attached receipts and payments accounts are shown net of VAT.

5.2 Fees

Further to Section 4.3, since our appointment on 9 February 2007 to 25 January 2008, we have incurred time costs of £105,107. To date I have not drawn any remuneration.

In accordance with SIP 9, a breakdown of these costs and expenses for each grade of staff is attached as Appendix 2 and a list of charge out rates as Appendix 3.

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.

The basis of the Administrators' fees was deemed approved on a time cost basis by the unsecured creditors.

As detailed in Section 4.3, agents and legal fees have been incurred and paid in respect of general and specific advice to the Joint Administrators.



6 Conclusion of the Administration

The Administrators intend to seek a six month extension to the administration by consent of the secured lenders under Paragraph 76(2)(b). The following matters are outstanding

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

It is expected that on the conclusion of the administration 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

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



Scorpio Print Finishers Limited (in administration)
Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency Act
KPMG LLP
31 January 2008

Appendix 2 – Administrators' time costs to 25 January 2008

Reporting period: 01 September 2007 to 25 January 2008

SIP 9 Compliant fees worksheet

Consolidated time spent by grade

[illegible]

Consolidated time spent by grade

Activity

Creditors

Creditor correspondence	0 00	0 00	5 20	0 00	5 20	757 00	145 58
Reports to creditors	2 10	5 00	0 30	0 00	7 40	2,565 00	346 62
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
	2 10	8 00	5 50	2 00	17 60	4,562 00	259 20
Total hours/cost	13 60	45 90	33 60	2 00	95 10	27,249 00	286 53

Fees drawn

B/f	0 00	342 50	77,857 50	227 32
In the period	0 00	95 10	27,249 00	286 53
C/f	0 00	437 60	105,106 50	240 19

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.

Scorpio Print Finishers Limited (in administration)
Category 1 expenses

	9 February 2007 to 25 January 2008
	£
Bordereau	264 00
Employee Specialist	799 02
Mileage	96 80
Lunch	12 00
Parking	44 00
Telephone	6 01
Total	<u>1,221.83</u>



Appendix 3 – Administrators' charge out rates

	1 October 2007 to 25 January 2008	9 February 2007 – 30 September 2007
	£/hour	£/hour
Partner	465 00	440 00
Director	400 00	380 00
Senior Manager	365 00	345 00
Senior Manager Tax	450 00	430 00
Manager	290 00	275 00
Manager Tax	290 00	275 00
Assistant Manager	205 00	195 00
Assistant Manager Indirect Tax	315 00	280 00
Assistant Manager Tax	210 00	200 00
Case Administrator	150 00	140 00
Case Administrator Indirect Tax	235 00	220 00
Support	95 00	90 00



Scorpio Print Finishers Limited (in administration)
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31 January 2008

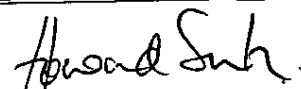
**Appendix 4 – Receipts and payments account for the period from 9
February 2007 to 25 January 2008 (period account)**

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

Statement of Affairs		From 09/08/2007 To 25/01/2008	From 09/02/2007 To 25/01/2008
	ASSET REALISATIONS		
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
		<u>45,091 84</u>	<u>95,091 84</u>
	OTHER REALISATIONS		
	Bank interest, gross	NIL	139 68
	Bank interest, net of tax	1,266 92	1,789 97
10,000 00	Other Debts & Pre-payments	14,776 32	15,512 81
		<u>16,043 24</u>	<u>17,442 46</u>
	COST OF REALISATIONS		
	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
		<u>(20,896 36)</u>	<u>(23,559 89)</u>
<u>116,000 00</u>		<u>40,238 72</u>	<u>88,974 41</u>

REPRESENTED BY

Floating ch VAT rec'able	4,037 59
Floating charge current	85,678 98
Floating ch VAT payable	(10,500 00)
Floating ch VAT control	9,757 84
	<u>88,974 41</u>


Howard Smith
Administrator



Scorpio Print Finishers Limited (in administration)
Progress Report to Creditors pursuant to Rule 2.47 of the Insolvency Act
KPMG LLP
31 January 2008

**Appendix 5 – Receipts and payments account for the period 9
August 2007 to 25 January 2008 (Form 2.24 filing format)**

RECEIPTS		£
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		1,266 92
Other Debts & Pre-payments		14,776 32
Floating ch VAT payable		1,750 00
Floating ch VAT control		350 00
Carried forward to		123,384 30
* continuation sheet / next abstract		
PAYMENTS		£
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