

The Insolvency Act 1986

Administrative
Receiver's ReportPursuant to Section 48(1) of the Insolvency Act 1986
and Rule 3.8(3) of the Insolvency Rules 1986**S.48(1)**

To the Registrar of Companies

For official use

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Company Number

2821182

Name of Company

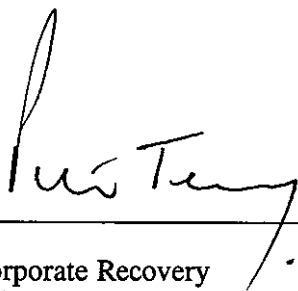
Satinzone Limited t/a Stroodpeak Paper & Board

We,
of
P Terry
St James' Square
Manchester
M2 6DS

A B Thompson

the administrative receivers of the company, attach a copy of our report to creditors.

Signed



Date 23 September 1996

KPMG Corporate Recovery
St James' Square
Manchester
M2 6DSFor Official Use
Insolvency Section | Post Room

Satinzone Limited T/A Stroodpeak Paper & Board

Joint Administrative Receivers Report to Creditors Pursuant to S48 of the Insolvency Act 1986

1 Introduction

In accordance with Section 48 of the Insolvency Act 1986, we set out below our report on the receivership of Satinzone Limited T/A Stroodpeak Paper & Board ('Satinzone') following the appointment of Peter Terry and A.B Thompson as Joint Administrative Receivers of the company on 27 June 1996.

2 Statutory Information

Company number	: 2821182
Registered office	St James' Square Manchester M2 6DS
Trading activities	Paper converting
Business address	Warth Road Radcliffe Road Bury BL9 9NB
Directors	E Greenhalgh T Jaegerman J Hallows
Date of incorporation	25 May 1993

3 Events Leading up to Receivership

Satinzone traded as Stroodpeak Paper & Board. It operated as a specialist paper cutting facility independent of the major paper mills. The business principally revolved around three machines. The company operated a cutting service (cutting large reels of paper into smaller sizes), a cutting and packing service (cutting paper into A4 and A3 sheets) and a re-reeling service. The company had experienced problems with the efficiency of the machines which led to lower than forecast levels of turnover and profits.

To alleviate tight cash flow constraints a related company, Stroodpeak Paper & Board Limited, purchased the debts of Satinzone and factored the majority of the debts with Kellock, Bank of Scotland's factoring arm.

However, the company, operating from leasehold premises, failed to make the required payments to the landlord and to the Bank. Cash flow pressure intensified as a result of continued trading losses and this resulted in the United Mizrahi Bank Limited appointing Joint Administrative Receivers to Satinzone on 27 June 1996.

4 Amounts Due to Debenture Holder

The Bank's debenture dated 17 August 1994 contain fixed and floating charges covering all property and assets of Satinzone.

The amount due to the Bank at 27 June 1996 was £1,318,366 on loan and overdraft facilities.

5 Statement of Affairs

A statement of affairs has been requested from the directors but has not been prepared at this stage. An estimated statement of affairs is attached as Appendix I.

6 Actions Taken Since Appointment

The Receivers' principal strategy was to sell Satinzone as a going concern to maximise realisations. Due to the support of a major customer the company continued to trade to try to find a buyer for the business and an offer for the business was accepted from Mr Greenhalgh which represented the best realisation for the business at the time. The deal was due to be completed on 7 August however the buyer had difficulties raising the finance on the proposed purchase and a further four week extension was given. On 6 September the buyer withdrew his offer and the business was offered to further potential interested parties.

However, no other offers were received to purchase the business as a going concern, and as a result, at the time of writing this report the Receivers intend to sell the assets on a piecemeal basis through their agents.

The following appointments of professional advisors have been made:

Grimley's	-	Agents and valuers
Nabarro Nathanson	-	Solicitors
Bradstock Blunt	-	Insurance Brokers

7 Preferential Creditors

The company's preferential creditors are estimated as follows:

Figure 1: Preferential creditors

	£000
Inland Revenue	92
HM Customs & Excise	3
Employee claims	4
	<hr/>
	99
	<hr/>
<i>source : Directors</i>	

It is unlikely any dividend will be available to preferential creditors.

8 Unsecured Creditors

The Bank will suffer a significant shortfall out of the receivership and as a result no dividend will be available to the unsecured creditors of the company.

Summary of statement of affairs
Satinzone Limited T/A Stroodpeak Paper & Board
(In Administrative Receivership)

APPENDIX I

Figure 2: Estimated statement of affairs

	£000
ASSETS	
Assets specifically pledged	
Fixtures	350
Debtors	-
	<u>350</u>
Amount due to secured creditors	(1,318)
Shortfall c/d	<u>(968)</u>
Assets not specifically pledged	
Debtors	15
Stock	10
Motor vehicles	4
Plant and machinery	10
Fixtures and fittings	5
	<u>44</u>
Estimated total assets available for preferential creditors	
LIABILITIES	
Preferential creditors	
Wages and holiday pay	(4)
PAYE and NIC	(92)
VAT	(3)
	<u>(99)</u>
Estimated deficiency as regards preferential creditors	(55)
Debts secured by a floating charge	(968)
	<u>(1,023)</u>
Estimated deficiency of assets available for non preferential creditors	
Non preferential claims	(278)
	<u>(1,301)</u>
Estimated deficiency as regards creditors	
Issued and called up capital	(341)
	<u>(1,642)</u>
Estimated total deficiency as regards members	
	<u></u>
<i>Source:KPMG estimates</i>	

NOTE : We have been unable to ascertain accurate book values at this stage.