

The Insolvency Act 1986

Statement of administrator's  
proposals

2.17B

Name of Company PEARSON PRINT LIMITED	Company number 03235453
In the HCJ Manchester District Registry <small>(full name of court)</small>	Court case number 990 of 2011

- (a) Insert full name(s) and address(es) of administrator(s) I/We (a) J M Titley & A Poxon of Leonard Curtis, Hollins Mount,  
Hollins Lane, Bury, Lancashire BL9 8DG

attach a copy of ~~my~~ our proposals in respect of the administration of the above company

A copy of these proposals was sent to all known creditors on

\* Delete as applicable

(b) Insert date (b) 25 July 2011

Signed

J M Titley &amp; A Poxon Joint Administrator(s)

Dated

25/7/11

## 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

Leonard Curtis	
Hollins Mount, Hollins Lane, Bury, Lancashire,	
BL9 8DG	Tel 0161 767 1250
DX Number	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

WEDNESDAY



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COMPANIES HOUSE



**LEONARD CURTIS**  
BUSINESS RESCUE & RECOVERY

**PEARSON PRINT LIMITED  
(IN ADMINISTRATION)**

Registered Number: 03235453

Court Ref: 990 of 2011

High Court of Justice, Manchester District Registry, Chancery Division

**Joint Administrators' Report and Statement of Proposals**

**25 July 2011**

**Leonard Curtis**

**Hollins Mount, Hollins Lane,  
Lancashire BL9 8DG**

**Tel. 0161 767 1250 Fax: 0161 767 1240**

**Ref K/19/JH/NP634R/1040**

## CONTENTS

- 1 Introduction
- 2 Statutory Information
- 3 Historical Background and Events Leading Up To Administration
- 4 Recent Trading Results and Current Financial Position
- 5 Events Following the Joint Administrators' Appointment
- 6 Achieving the Purpose of Administration
- 7 Joint Administrators' Proposals and Exit Route
- 8 Extension of Administration
- 9 Pre-Administration Costs
- 10 Joint Administrators' Remuneration and Disbursements
- 11 Anticipated Outcome and Release of Administrators from Liability
- 12 Conclusion

## APPENDICES

- A Joint Administrators' Statement of Proposals
- B Estimated Financial Position as at 2 June 2011, accompanying Notes and List of Creditors
- C Summary of Joint Administrators' Receipts and Payments from 2 June 2011 to 25 July 2011
- D Summary of Joint Administrators' Time Costs from 2 June 2011 to 25 July 2011
- E Leonard Curtis Charge Out Rates and Policy regarding Staff Allocation, Support Staff, the use of Subcontractors and the Recharge of Disbursements
- F Statement of Claim Form

TO: THE REGISTRAR OF COMPANIES  
ALL CREDITORS  
ALL SHAREHOLDERS

## 1 INTRODUCTION

- 1.1 I refer to the appointment of A Poxon and myself as Joint Administrators ("the Joint Administrators") of Pearson Print Limited ("the Company") on 2 June 2011 and now write to present our proposals ("the Proposals") (Appendix A) for the Company pursuant to the Insolvency Act 1986 ("the Act")
- 1.2 We do not propose to convene a meeting of creditors in this instance, as we anticipate that the Company will have insufficient property to enable a distribution to be made to unsecured creditors and therefore the requirement to convene a meeting is disapplied by Paragraph 52(1)(b) of Schedule B1 to the Act
- 1.3 Creditors whose debts amount to at least 10% of the total debts of the Company, may request a meeting. Any requests for an initial creditors' meeting must be made in writing to this office using Form 2.21B (available on request) by 9 August 2011. Security for the costs of holding the meeting must also be provided.
- 1.4 In the event that no meeting is requested, the Proposals will be deemed to have been approved in accordance with Rule 2.33(5) of the Insolvency Rules 1986. Where this is the case, notification of the date on which the Proposals were deemed to have been approved will be given to creditors as soon as reasonably practicable after the date given in 1.3 above.

## 2 STATUTORY INFORMATION

- 2.1 The Administration proceedings are under the jurisdiction of the High Court of Justice, Manchester District Registry, Chancery Division under Court reference 990 of 2011.
- 2.2 During the period in which the Administration Order is in force, any act or function required or authorised to be done by the Joint Administrators may be exercised by both or either of them.
- 2.3 The Company's registered office was changed from Unit 9, Hyde Point, Dunkirk Lane, Hyde, Cheshire, SK14 4NL to Hollins Mount, Hollins Lane, Bury, Lancashire, BL9 8DG on 14 June 2011. The registered number is 03235453.
- 2.4 The Company operated from leasehold premises at Unit 9, Hyde Point, Dunkirk Lane, Hyde, Cheshire, SK14 4NL.
- 2.5 The Company's directors and secretary are

Name	Role	Date Appointed
Clive Barrington Williams	Company secretary	9/8/1996
Simon Carl Pearson	Director	9/8/1996
Clive Barrington Williams	Director	9/8/1996

- 2.6 The Company's authorised share capital comprises 1,000 Ordinary shares of £1 each. The Company's issued share capital comprises 1,000 Ordinary shares of £1 each, which are wholly owned by Pearson Properties UK Limited. The shares of Pearson Properties UK Limited are jointly owned by Clive Barrington Williams and Simon Carl Pearson.

- 2 7 According to the information registered at Companies House, the Company has the following unsatisfied registered charges

Chargeholder	Date created	Description	Amount secured £	Assets Charged
National Westminster Bank PLC	15/1/1999	Mortgage Debenture	All Monies	All Assets
National Westminster Bank PLC	17/1/2000	Legal Mortgage	All Monies	All Assets
RBS Invoice Finance Ltd	14/7/2009	Debenture	All Monies	All Assets

It is understood that despite showing as outstanding at Companies House, the two charges registered in favour of National Westminster Bank PLC were satisfied in 2010

- 2 8 The EC Regulation on Insolvency Proceedings 2000 applies to this Administration. The proceedings are main proceedings as defined by Article 3 of the Regulation. The Company is based in the United Kingdom

### 3 HISTORICAL BACKGROUND AND EVENTS LEADING UP TO ADMINISTRATION

- 3 1 The Company was incorporated on 8 August 1996 and immediately commenced to trade from premises in Stockport
- 3 2 Following the commencement of trade, the Company's turnover grew steadily and by 2007 the Company's turnover had exceeded £400K
- 3 3 In 2007 the directors took steps to secure new work in the B2 print market including the relocation of the Company to premises in Hyde, Manchester
- 3 4 The Company invested heavily in new equipment in 2008 and by 2009 turnover had increased to over £600K. The investment in new equipment resulted in additional fixed costs in respect of hire purchase / finance agreements.
- 3 5 The printing sector has been severely affected by the downturn in the economy which resulted in reduced profit margins across the sector. Although the Company's turnover had increased considerably, it was insufficient to cover its new fixed cost base leading the Company to make a loss in 2009
- 3 6 The losses resulted in the Company experiencing cash flow difficulties, which were further impacted by
- A number of bad debts incurred during 2009 and 2010 totalling approximately £80K,
  - Customers began paying later and outside of their payment terms. The Company had an invoice funding facility with RBS Invoice Finance Limited and due to the customers exceeding their credit terms a number of debtors were disapproved which reduced the availability of funding, and
  - The Company suffered a burglary at its trading premises in July 2010 and was only able to recover part of its losses via the insurance policy in place
- 3 7 Since 2009 the directors introduced funds totalling approximately £93,000 to alleviate these cash flow difficulties and also attempted to secure additional finance by way of a bank loan but were unable to obtain further funding
- 3 8 By the beginning of 2011 the Company was experiencing significant creditor pressure and in April 2011 a trade creditor petitioned to wind the Company up

- 3 9 The directors sought professional advice and made contact with Leonard Curtis. From a review of the Company's financial position, Leonard Curtis advised the directors and the Company's secured creditor, RBS Invoice Finance Limited, that the Company was insolvent within the meaning of Section 123 (1(a)) of the Insolvency Act 1986 in that it was unable to pay its debts as and when they fell due.
- 3 11 On 2 June 2011, a Notice of Intention to Appoint Administrators was given by RBS Invoice Finance Limited and filed in the High Court of Justice, Chancery Division, Manchester District Registry on the same date.
- 3 12 A Notice of Intention to Appoint Administrators was served on National Westminster Bank Plc as the holder of a qualifying floating charge. Consent of the qualifying floating charge holder was received on 2 June 2011.
- 3 13 In accordance with paragraph 26(2) of Schedule B1 to the Insolvency Act 1986, the Notice of Appointment was given by RBS Invoice Finance Limited on 2 June 2011 and filed in the High Court of Justice, Chancery Division, Manchester District Registry on the same date.
- 3 14 My partner, A Poxon and I are licensed by the Institute of Chartered Accountants in England and Wales. In accordance with paragraph 100(2) of the Insolvency Schedule B1 to the Act, the function of the joint administrators may be exercised by either or both, acting jointly or alone.

#### 4 RECENT TRADING RESULTS AND CURRENT FINANCIAL POSITION

- 4 1 The Company's trading results for the two years and nine months ended 31 May 2011 are summarised below:

	Management Period 1/9/2010 to 31/5/2011 £'000	Management Year ended 31/8/2010 £'000	Unaudited Year ended 31/8/2009 £'000
Turnover	854	963	601
Gross Profit	336	353	230
Gross Profit %	39.3%	36.7%	38.3%
Administrative expenses	(161)	(300)	(269)
Operating Profit/(Loss)	175	53	(39)
Interest and charges	(44)	(62)	(16)
Profit/(Loss) before tax	131	(9)	(55)
Taxation	-	-	11
Profit for the year	131	(9)	(44)
Dividends	(33)	-	-
Retained profit	98	(9)	(44)

4 2 The balance sheets as at 31 August 2009 and 2010 and 31 May 2011 are summarised below

	Management 31/5/2011 £'000	Management 31/8/2010 £'000	Unaudited 31/8/2009 £'000
<b>Fixed Assets</b>			
Tangible Assets	583	605	669
<b>Current Assets</b>			
Stocks	22	22	20
Debtors	313	303	245
Cash	40	1	1
	375	326	266
Creditors Amounts Falling due within one year	(458)	(578)	(459)
Net Current Assets/(Liabilities)	(83)	(252)	(193)
Creditors Amounts falling due after more than year	(361)	(312)	(426)
Provisions	(18)	(18)	(18)
<b>Net Assets</b>	121	23	32
<b>Represented by</b>			
Called up share capital	1	1	1
Profit and Loss account	120	22	31
<b>Shareholders' Funds</b>	121	23	32

4 3 Please note that the above financial information for the period from 1 September 2010 to 31 May 2011 has been derived directly from the Company's computerised accounts system. Although the profit and loss account for this period shows a profit, no reliance can be placed on these results due to their unadjusted nature. In addition, none of the figures shown above have been audited and therefore no reliance can be placed on the accuracy of the profit and loss account and balance sheet for any of these periods.

#### 4 4 Statement of Affairs

The directors are required to lodge a statement of affairs as at 2 June 2011 which has to be filed with the Registrar of Companies. This document has not yet been received. In the meantime, an estimate of the financial position as at the date of the Joint Administrators' appointment is enclosed at Appendix B, together with a list of creditors including their names, addresses and details of their debts, including any security held.

Please note that no provision has been made for costs and expenses of realisation, costs of the Administration and any corporation tax which may be payable. The following comments are considered to be relevant and should be borne in mind when reading the figures.

**4 5 Secured Creditors**

**RBS Invoice Finance Limited ("RBSIF")**

RBSIF holds security in the form of a fixed and floating charge debenture over the Company's undertaking and assets created on 14 July 2009 and registered on 16 July 2009

At the date of Administration, the Company owed RBSIF £140k pursuant to a factoring agreement. RBSIF has been repaid in full under the terms of its security.

**4 6 Prescribed Part**

As the secured creditor will be repaid in full under its fixed charge, there will not be a requirement to set aside a prescribed part in this case.

**4 7 Preferential Claims**

The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay. A number of employees were made redundant by the Administrators shortly following their appointment on 2 June 2011. Accordingly, a preferential claim in the region of £5,000 is anticipated. It is not envisaged that realisations will be sufficient to enable a distribution to the preferential creditors in this instance.

**4 8 Unsecured Claims**

At present, it is considered unlikely that there will be sufficient funds available to enable a distribution to unsecured creditors. This statement is being made in accordance with paragraph 52(1)(b) of Schedule B1 to the Act. Creditors should however continue to submit details of their claims using the statement of claim form attached at Appendix F. These claims will be collated and passed to any subsequently appointed Liquidator in due course.

**4 9 Receipts and Payments**

A receipts and payments account for the period of Administration to date is enclosed at Appendix C.

**5 EVENTS FOLLOWING THE JOINT ADMINISTRATORS' APPOINTMENT**

**Sale of Business**

5 1 Prior to and upon appointment, the proposed administrators investigated the possibility of concluding a sale of what remained of the business and assets as it was considered that a sale of all or part of the business as a going concern would allow the following:

- Enhanced asset values,
- The potential of customer continuity and resultant improved debtor collections,
- Minimise preferential creditor claims,
- Mitigate any finance creditor shortfall



## 5.2 Marketing

Corporate Strategies plc, a division of Leonard Curtis, sent a no-names flyer to its extensive database of contacts, which included banks, venture capitalists, accountants, lawyers and other financiers who all have potentially interested clients and other trade parties

As a consequence, 10 parties expressed interest in signing Non-Disclosure Agreements in order to receive further information on the Company. Four parties visited the Company's premises, which resulted in the receipt of two offers.

- 5.3 An offer of £61,450 was made by an unconnected company, RAP Spiderweb Limited ("the Purchaser"), to the Administrators. Following advice from our appointed agents Charles Taylor, who had carried out valuations of the Company's physical assets, and Cerberus Recoveries, who had valued the Company's equitable interest in the book debt ledger, this offer was accepted and the business sale was concluded on 9 June 2011.

The consideration was apportioned as follows -

	£'000
Equity in the Debtors Ledger	3,000
Goodwill	20,000
Plant and Machinery	23,450
Stock and WIP	15,000
<b>TOTAL</b>	<b>61,450</b>

The consideration was payable as follows -

	£'000
Payable on Completion	20,500
On or before 9 July 2011	20,500
On or before 9 August 2011	20,450
<b>TOTAL</b>	<b>61,450</b>

The deferred consideration has been received as specified in the sale agreement and is personally guaranteed by Ms Anna Vinton, who is a director and shareholder of RAP Spiderweb Limited.

## 5.4 Book Debts

In addition to the above, the Company had a book debt ledger which was subject to a factoring agreement with RBSIF. As at the date of administration the gross value of the outstanding ledger was £217k with a corresponding balance of £140k due to RBSIF. Cerberus Recoveries valued the Company's equitable interest in the book debt ledger and a summary of their valuation is below.

Principal Ledger	217
Specific Provision	(36)
Credit Notes	(19)
Revised Ledger	162
General Provision	(20)
Less RBSIF	(140)
<b>Equitable Interest</b>	<b>2</b>

As detailed at 5.3, the equity in the book debt ledger was included within the sale of business for consideration of £3,000, meaning the effective surplus available to the insolvent estate will be £3,000

A separate transaction was entered into in conjunction with the sale of business agreement under which consideration of £122k was payable on completion enabling RBSIF's remaining debt to be repaid in full under the terms of their security

Therefore across the two agreements, the total consideration apportioned to the book debts amounts to £125k

Prior to the sale of the book debt ledger, RBSIF's collections amounted to approximately £18k, meaning that total realisations in respect of book debts amount to £143k

## 5.5 Professional Advisors Used

On this assignment the Joint Administrators have used the professional advisors listed below

Name of Professional Advisor	Service Provided	Basis of Fees
Cobbetts	Legal advice	Time costs
Charles Taylor	Asset valuation advice	Time costs
EK Employment Law	Employment advice	Time costs
Cerberus Recovers	Book debt ledger advice	Time costs

Details of this firm's policy regarding the choice of advisors and the basis for their fees are given in Appendix E

## 6 ACHIEVING THE PURPOSE OF ADMINISTRATION

6.1 The Joint Administrators must perform their functions with the purpose of achieving one of the following objectives

- (a) rescuing the Company as a going concern, or (if this cannot be achieved),
- (b) achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration), or (if (a) and (b) cannot be achieved),
- (c) realising property in order to make a distribution to one or more secured or preferential creditors

6.2 The first objective is not capable of being achieved given the extent of historic liabilities

6.3 The second objective is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were to be wound up (without first being in Administration). It is considered that this objective is unlikely to be achieved as there is little prospect of a dividend to unsecured creditors

6.4 The third objective is to realise property in order to make a distribution to secured or preferential creditors. It is considered that this objective has already been achieved as the secured creditor, RBSIF, has been repaid in full in this instance

## **7 JOINT ADMINISTRATORS' PROPOSALS AND EXIT ROUTE**

- 7.1 The Joint Administrators' Proposals for achieving the objective of Administration are attached at Appendix A
- 7.2 Ordinarily the Joint Administrators would seek approval of the Proposals at a meeting of the creditors of the Company. However, in this case, as there is little likelihood of a dividend being available for unsecured creditors, the Joint Administrators are dispensing with the requirement to hold such a meeting as allowed by Para 52(1)(b) of Schedule B1 to the Act
- 7.3 Creditors whose debts amount to at least 10% of the total debts of the Company, may request a meeting. Any requests for an initial creditors' meeting must be made in writing to this office using Form 2.21B (available on request) by 9 August 2011. Security for the costs of holding the meeting must also be provided
- 7.4 If no meeting is requested, the Proposals will be deemed to have been approved
- 7.5 Once approved, the affairs of the Company will be managed in accordance with the Proposals and financed out of asset realisations
- 7.6 Once the Administration has been finalised, and if there are insufficient funds available to allow a distribution to unsecured creditors, the Joint Administrators will file a Notice with the Registrar of Companies that the Company be dissolved

Alternatively, if there are assets still to be realised or investigations concluded but there will be no return to unsecured creditors, the Company may be placed into Compulsory Liquidation

## **8 EXTENSION OF ADMINISTRATION**

- 8.1 The appointment of administrators ordinarily ceases to have effect at the end of the period of one year from the date of their appointment
- 8.2 In certain circumstances it may be necessary to extend the Administrators' term of office. In the circumstances of this case, this may be done for a specified period not exceeding six months with the consent of each secured creditor of the Company
- 8.3 The appropriate body of creditors will be contacted in due course should an extension be required

## **9 PRE-ADMINISTRATION COSTS**

- 9.1 Pre-administration costs are defined as

- Fees charged, and
- Expenses incurred

by the Administrator, or another person qualified to act as an insolvency practitioner before the company entered Administration (but with a view to its doing so). "Unpaid pre-administration costs" are pre-administration costs which had not been paid when the company entered Administration

- 9 2 Pre-appointment fees charged and expenses incurred by the Joint Administrators in the period prior to their appointment are summarised below

Charged by	Services provided	Total amount charged £	Amount paid £	Amount unpaid £
Leonard Curtis	Pre-appointment advice and assessment of the financial position	2,167 00	Nil	2,167 00
Cobbetts LLP	Appointment documentation	2,258 00	Nil	2,258 00

- 9 3 In the period prior to the administration, Leonard Curtis provided insolvency advice to the Company and carried out an assessment of its financial position with a view to establishing the appropriate insolvency procedure for the Company

Subsequently it was advised that administration was the most suitable form of insolvency, and the Joint Administrators assisted with formulating an administration strategy

- 9 4 The payment of unpaid pre-administration costs (set out above) as an expense of the Administration is subject to the approval of the appropriate class of creditors, separately to the approval of the Administrators' Proposals. In this case, the Joint Administrators are required to seek the approval of the secured creditors to this resolution

## 10 JOINT ADMINISTRATORS' REMUNERATION AND DISBURSEMENTS

- 10 1 As there is little prospect of a dividend being available for unsecured creditors, the Joint Administrators are required to agree the basis of their remuneration with the secured creditors

- 10 2 The remuneration of the Joint Administrators may be fixed either as a percentage of the value of the property with which they have to deal, as a set amount or by reference to the time spent. In this case the Joint Administrators are requesting agreement to the latter

- 10 3 Enclosed at Appendix D is a summary of the Joint Administrators' time costs to date. The summary shows that time costs of £35,091 00 have been incurred which represents 125.7 hours at a rate of £279.16 per hour. Further details of my firm's charge-out rates and policy regarding the recharge of disbursements, staff allocation, support staff and the use of subcontractors are attached at Appendix E. Further guidance may be found in "A Creditors' Guide to Administrators' Fees" which may be downloaded from <http://www.leonardcurtis.co.uk/downloads>. For the purposes of this report, the relevant guide is "Administration Guide – company entering administration on or after 6 April 2010 – other offices". If you would prefer this to be sent to you in hard copy please contact James Hall of this office on 0161 767 1250.

- 10 4 The Joint Administrators also require approval in respect of the basis upon which they recharge internal disbursements that include an element of allocated costs. These are known as Category 2 costs and the basis of the calculation of their recharge is also detailed in Appendix E. Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise items such as case advertising and travel costs. Also included will be services specific to the case where these cannot practically be provided internally such as printing, room hire and storage of company records.

- 10 5 The outcome of the voting on remuneration will be communicated to creditors in due course.

**11 ANTICIPATED OUTCOME AND RELEASE OF ADMINISTRATORS FROM LIABILITY**

- 11 1 As soon as all outstanding matters in the Administration have been attended to it is anticipated that we will file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically to dissolution
- 11 2 The appointment of the Joint Administrators will cease as soon as this notice is issued
- 11 3 It is ordinarily for the creditors to fix the date upon which the Joint Administrators are discharged from liability in respect of any action of theirs during the Administration. However, as it is considered that there is little prospect of a dividend to unsecured creditors in this case, we are required to obtain approval to this resolution from the secured creditors. The appropriate class of creditor will be contacted directly in this respect

**12 CONCLUSION**

- 12 1 It is important that you give careful attention to this report and its Appendices
- 12 2 Creditors will be notified of the outcome of voting in due course

Should you have any queries or require any further clarification please contact James Hall at my office, in writing. Electronic communications should also include a full postal address

for and on behalf of  
**PEARSON PRINT LIMITED**

  
**J M TITLEY**  
Joint Administrator

Licensed in the UK by Institute of Chartered Accountants in England and Wales

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

**JOINT ADMINISTRATORS' STATEMENT OF PROPOSALS**

It is proposed that

- 1 The Joint Administrators continue to manage the business, affairs and property of the Company in such a manner as they consider expedient with a view to achieving the statutory purposes of the Administration
- 2 If appropriate, the Joint Administrators take any action they consider necessary with a view to the approval of a Company Voluntary Arrangement ("CVA") or Scheme of Arrangement in relation to the Company
- 3 If appropriate, the Joint Administrators file a notice with the Registrar of Companies in order that the Administration will cease and the Company will move automatically into Creditors Voluntary Liquidation. It is further proposed that J M Titley and/or A Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them. NB Creditors may nominate a different person as the proposed Liquidator, provided that the nomination is made after receipt of these proposals and before the proposals are approved.
- 4 In the event that there are no monies remaining to be distributed to creditors and as soon as all matters relating to the Administration have been completed, the Joint Administrators file a Notice with the Registrar of Companies that the Company should be dissolved.
- 5 The Joint Administrators investigate and, if appropriate, pursue any claims that they or the Company may have against any directors or former directors, other third parties, officers or former officers, advisers or former advisers of the Company.
- 6 The Company may be placed into compulsory liquidation in circumstances where assets are still to be realised or investigations concluded yet there will be no return to unsecured creditors. In these circumstances it is further proposed that J M Titley and/or A Poxon be appointed (Joint) Liquidator(s) of the Company and that where Joint Liquidators are proposed any act required or authorised to be done by the Joint Liquidators may be exercised by both or either of them.
- 7 The Joint Administrators shall do all such other things and generally exercise all of his powers as contained in Schedule 1 of the Insolvency Act 1986, as he considers desirable or expedient to achieve the statutory purpose of the Administration.

## ESTIMATED FINANCIAL POSITION AS AT 2 JUNE 2011

	Notes	Book value £'000	In Administration £'000
<b>Assets specifically pledged</b>			
Goodwill	1	Nil	20
Book debts	2	217	143
less RBSIF	3	(140)	(140)
<b>Surplus as regards RBSIF</b>		<u>77</u>	<u>23</u>
<b>Assets not specifically pledged</b>			
Surplus as regards RBSIF		77	23
Plant and Machinery	4	222	23
Stock and Work in Progress	5	<u>22</u>	<u>15</u>
		321	61
Preferential creditors - Employee ERA claims (est)	6	<u>(5)</u>	<u>(5)</u>
<b>Net property available for prescribed part</b>		316	56
<b>Prescribed part</b>	7	N/a	N/a
<b>Available for unsecured creditors</b>		<u>316</u>	<u>56</u>
<b>Unsecured creditors</b>			
H M Revenue & Customs – PAYE / NI	8	48	48
H M Revenue & Customs - VAT	8	8	8
Trade and expense creditors	9	275	275
Employee ERA claims (est)	9	<u>10</u>	<u>10</u>
<b>Total value of unsecured creditors</b>		<u>341</u>	<u>341</u>
<b>Estimated deficiency as regards unsecured creditors</b>		<u>(25)</u>	<u>(285)</u>

## NOTES TO THE ESTIMATED FINANCIAL POSITION

All book values have been taken from the Company's latest financial information or from valuations obtained upon administration by independent valuers. It should be noted that no provision has been made for the costs and expenses of the administration.

### 1. Goodwill

The Purchaser's offer attributed an amount of £20,000 to goodwill.

### 2. Book Debt Ledger

The Company had an invoice funding facility with RBSIF. Cerberus Recoveries were instructed by the proposed administrators to value the Company's interest in the debtor ledger.

At the date of the Administrators' appointment, the book debt ledger had a gross value of £217k with a corresponding amount of £140k due to RBSIF. A sale of the remaining ledger was concluded for consideration amounting to £125k. In the administration period prior to the sale, RBSIF's collections amounted to £18k.

Once the remaining sale of business consideration is received, total realisations in respect of the book debts will therefore amount to £143k.

### 3. RBSIF

RBSIF holds security in the form of a fixed and floating charge debenture over the Company's undertaking and assets created on 14 July 2009 and registered on 16 July 2009.

At the date of Administration, the Company owed RBSIF £140k pursuant to a factoring agreement.

### 4. Plant and Machinery

The principal tangible assets were the plant and machinery, which were subject to a number of HP / leasing agreements. The Company's equitable interest in the vehicles had a net book value of £222k.

Independent agents Charles Taylor ("CT") provided a valuation of the tangible assets. The book values have been taken from the Company's records.

CT advised that, whilst much of the machinery was of a specialist nature, it was not well maintained due to the cash flow difficulties which the Company had experienced. £23,450 of the purchaser's offer was attributed to the plant and machinery. After consideration of the offer as a whole, CT recommended that this offer be accepted.

### 5. Stock and Work in Progress ("WIP")

Independent agents Charles Taylor ("CT") provided a valuation of the stock and WIP. The book values have been taken from the Company's records.

£15,000 of the Purchaser's offer was attributed to the stock and WIP. CT recommended that this offer be accepted.



**6. Preferential Creditors**

The only categories of claims which have preferential status are those of employees in respect of wages and accrued holiday pay

**7. Prescribed Part**

The prescribed part will not apply as the secured creditor has been repaid in full under the terms of its fixed charge security

**8. HM Revenue & Customs**

The Crown liabilities relate to arrears of VAT, PAYE and National Insurance contributions

**9. Trade & Expense Creditors**

The unsecured creditor balances have been extracted from the Company records and should not be regarded as agreed amounts

**10. No provision has been made in respect of the costs and expenses of the administration.**

## APPENDIX B (continued)

## CREDITORS LIST FOR THE ESTIMATED FINANCIAL POSITION

Name	Address			Per Statement of affairs £
Alchemy Coatings Ltd	Unit A, Centre Point,	Marshall Stevens Way,	Trafford Park	Manchester M17 1PP
Amdec Forklifts				10450 31
Antalis Ltd	Gateway House,	Interlink Way West,	Coalville,	Leicestershire LS6
British Gas				572 23
British Telecom	Business Accounts,	TVTE,		5243 46
C & C Laminators	Unit 5, Redfern Industrial Estate	- Dawson Street	5th Avenue Business Park, Hyde	1212 18
CBS VALETING				1545 65
CELLOGLASS	Headley Rd East,	Woodley,	Reading	Cheshire SK14 1RD
Cheshire Print Finishers	Unit B2, Newton Business Park,	Talbot Road	Newton, Hyde	3342 62
COSTCO				160 00
Day Graphic Systems				150 00
Direct Packaging Solutions				60 00
EASICUT PRECISION GRIND CO	Leestone Rd,	Wythenshawe,	Manchester	259 55
EBB Paper Ltd				2790 61
Emerald Weld	Unit A4 A, Pear Industrial Estate			1256 94
Fedrigoni UK Ltd	18 Queensbridge			187 58
Finishline Print Finishers Ltd	Unit 5, Hawsley Industrial Estate			4276 90
Foldamatics	Chetham Mills			262 08
GBM DIGITAL TECHNOLOGIES LTD				201 05
Haybrook Associates	Unit 3 Crown Industrial Estate			2752 80
Hedleys Foil Emboss Ltd	69-76 High St,			3987 70
HEIDELBERG Graphic Equipment Ltd	Suite C, Salt Warehouse			870 00
Howard Smith Paper	Unit H2, Newton Business Park			857 50
Imperial Cutting Forms	Unit 61			4133 91
Impression (Bolton) Limited	Unit 1 Sarus Court			776 66
Intaglio Print Finishing Ltd				314 39
Intego Packaging				1948 80
				250 80
				482 40
				279 91

## Pearson Print Limited - In Administration

J & G Environmental Ltd						51 84
Knight Frank						83 25
Letterpress & Litho Services						1467 50
Loughlin Pharma						1371 00
Nationwide Express Parcels	Unit 4	Glossop Brook Business Park	Surrey Street	Glossop	SK13 7AJ	2382 81
Northern Collating	Unit E115 Warmco Industrial Park	Manchester Road	Mossley	Lancashire	OL5 9AY	277 30
Northern Guillotine Services						771 31
Paper 4 Print Ltd	Unit 1-4 Holloway Drive	Wardley Industrial Estate	Worsley	Manchester	M28 2LA	34611 73
Paperback Ltd	Unit 2, Bow Triangle Business Centr	Eleanor St,	London,	E3 4NP		1541 64
Paperco	Preston	PR				34855 29
Paperco DFT Account						6991 34
PC WORLD						2074 78
Pearson Properties (UK) Ltd						185 00
Pennine Mailing	Unit 5, Hawksley Industrial Estate	Hawksley Street	Oldham	Lancashire	OL8 4PQ	1097 70
Petch Printers	Boodle St,	Ashton-Under-Lyne	OL6 8NF			2107 75
Point Control Print Finishing Ltd	Unit 5 Enterprise Court,	Huncoat Business Park	Accrington	Lancashire	BB5 6TS	940 00
Portgrove Handling Ltd	20, Talton Court,	Kingsland Grange,	Warrington	Cheshire	WA1 4RR	480 00
Powegen						3516 52
Premier Paper Group Ltd	Mid Point Park	Kingsbury Road	Minworth	Birmingham	B76 1AF	25198 17
Press Parts						103 20
Printers Cloth Company						199 20
Probind UK	Unit 4 Coppice Industrial Estate	Windsor Road	Oldham	OL8 4AP		1146 00
Rap Ex Couriers						981 92
Rap Spiderweb Colour Printers Ltd	Clowes Street	Hollinwood	Oldham	OL9 7LY		48 00
Red Rose Cleaning Cloths						286 70
ROBERT HORNE PAPER COMPANY LTD	Huntsman House,	Mansion House,	Moulton Park,	Northampton	NN3 6LA	14994 71
Rosefox Paper Printing Supplies	Pendle House	Unit 96, SEedlee Road	Walton Summit Centre	Bamber Bridge, Prest	PR5 8AE	8360 61
Sansbury's Fuel Card	Freepost MID18254	Cannock	WS11 3ZY			2052 49
Screen						1620 00
Service Offset Supplies (N W ) Ltd	Grant Thornton UK LLP	4 Hardman Square	Spinningfields	Manchester	M3 3EB	32506 39
SG Equipment						30 00
STOCKPORT CUTTING FORMES LTD	Unit 15, Hillgate Business Centre,	Swallow Street	Stockport,	Cheshire	SK1 3AU	1020 75

**Pearson Print Limited - In Administration**

Sundry Accounts					32 98
Tameside MBC					1382 00
Technifold					108 00
The Raft					252 72
Total Graphics					5799 34
UK Point of Sale Group Ltd					378 00
Whitney Woods					295 20
Willow Supplies Ltd					4824 20
National Westminster Bank Plc					29924 11
Employee ERA claims (est)					15000 00
HM Revenue and Customs					56043 45
RBS Invoice Finance Limited					139752 70
				<b>Total</b>	<b>485773 63</b>

**Note: With the exception of RBS Invoice Finance Limited, none of the above creditors hold any formal security over Company assets**

APPENDIX C

SUMMARY OF JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS FROM  
2 JUNE 2011 TO 25 JULY 2011

	Statement of Affairs £	Received to date £
<b>RECEIPTS</b>		
Book debts	143,000 00	123,615 55
Goodwill	20,000 00	13,344 18
Plant and machinery	23,450 00	15,646 05
Stock and WIP	15,000 00	10,008 14
	<u>201,450.00</u>	<u>162,613 92</u>
<b>PAYMENTS</b>		
Secured creditor - RBSIF		121,613 92
Legal fees		5,083 08
		<u>126,697 00</u>
<b>BALANCE IN HAND</b>		<u>35,916.92</u>

SUMMARY OF RBSIF'S RECEIPTS AND PAYMENTS FROM  
2 JUNE 2011 TO 25 JULY 2011

	Statement of Affairs £	Received to date £
<b>RECEIPTS</b>		
Book debts	143,000 00	18,138 78
Fixed charge distribution	-	121,613 92
	<u>143,000 00</u>	<u>139,752 70</u>
<b>PAYMENTS</b>		
RBSIF		139,752 70
		<u>139,752 70</u>
<b>BALANCE IN HAND</b>		<u>-</u>

## APPENDIX D

## SUMMARY OF JOINT ADMINISTRATORS TIME COSTS FROM 2 JUNE 2011 TO 25 JULY 2011

	Director		Senior Manager		Manager 1		Administrator 1		Administrator 4		Total		Average Hourly Rate £
	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	Units	Cost £	
Statutory & Review	8	316 00	-	-	-	-	-	-	-	-	8	316 00	395 00
Assets	77	3,041 50	105	3,675 00	65	1,950 00	195	4,095 00	-	-	442	12,761 50	288 72
Liabilities	-	-	35	1,225 00	10	300 00	190	3,990 00	-	-	235	5,515 00	234 68
Trading	35	1,382 50	25	875 00	43	1,290 00	15	315 00	-	-	118	3,862 50	327 33
Debenture Holder	10	395 00	60	2,100 00	-	-	20	420 00	-	-	90	2,915 00	323 89
General Administration	-	-	-	-	-	-	25	525 00	25	300 00	50	825 00	165 00
Appointment	10	395 00	10	350 00	10	300 00	45	945 00	38	456 00	113	2,446 00	216 46
Planning & Strategy	-	-	-	-	-	-	15	315 00	-	-	15	315 00	210 00
Post Appointment Credits Mtngs	-	-	73	2,555 00	-	-	30	630 00	-	-	103	3,185 00	309 22
Investigations	10	395 00	73	2,555 00	-	-	-	-	-	-	83	2,950 00	355 42

Total	150	5,925 00	381	13,335 00	128	3,840 00	535	11,235 00	63	756 00	1,257	35,091 00	
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Average Hourly Rate (£)		395 00		350 00		300 00		210 00		120 00		279 16	
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All Units are 6 minutes

## LEONARD CURTIS CHARGE OUT RATES AND POLICY REGARDING STAFF ALLOCATION, SUPPORT STAFF, THE USE OF SUBCONTRACTORS AND THE RECHARGE OF DISBURSEMENTS

The following information relating to the policy of Leonard Curtis is considered to be relevant to creditors

### Staff Allocation, Support Staff and the Use of Subcontractors

We take an objective and practical approach to each assignment which includes active partner involvement from the outset. Other members of staff will be assigned on the basis of experience and specific skills to match the needs of the case.

Time spent by secretarial and other support staff on specific case related matters, e.g. report despatching, is not charged.

Where it has been agreed by resolution of the secured creditors, a creditors' committee or creditors generally, that the office holders' remuneration will be calculated by reference to the time properly given by the office holders and their staff in attending to matters arising in the appointment, then such remuneration will be calculated in units of 6 minutes at the standard hourly rates given below. In cases of exceptional complexity or risk, the insolvency practitioner reserves the right to obtain authority from the appropriate body of creditors that their remuneration on such time shall be charged at the higher complex rate given below.

With effect from 1 January 2010 the following hourly charge out rates apply to all assignments undertaken by Leonard Curtis

	Standard £	Complex £
Partner	395	494
Senior Manager	350	438
Manager 1	300	375
Manager 2	260	325
Administrator 1	210	263
Administrator 2	190	238
Administrator 3	170	213
Administrator 4	120	150
Support	0	0

Details of any subcontractor(s) used will be given in subsequent reports to creditors.

### Professional Advisors

Details of any professional advisor(s) used are given in the report which accompanies this Guide. Unless otherwise indicated the fee arrangement for each is based on hourly charge out rates, which are reviewed on a regular basis, together with the recovery of relevant disbursements.

The choice of professional advisors is based around a number of factors including, but not restricted to, their expertise in a particular field, the complexity or otherwise of the assignment and their geographic location.

### Disbursements

Specific expenditure relating to the administration of a particular case is recoverable without approval and is referred to as a "category 1 disbursement". Category 1 disbursements will generally comprise 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, including car mileage at 40p a mile, 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 we propose to recover costs which, whilst being in the nature of expenses or disbursements, may include an element of shared or allocated costs (such as room hire, documents storage or communication facilities provided by us) they must be disclosed and be authorised by those responsible for approving the administrator's remuneration. Such expenditure is referred to as a "category 2 disbursement". The following items of expenditure are recharged on this basis and are believed to be in line with the cost of external provision:

Internal photocopying	10p per copy
General stationery, postage, telephone etc	£100 per 100 creditors/ members or part thereof
Storage of office files (six years)	£66.09 per box

STATEMENT OF CLAIM FORM

Date of administration order: 2 June 2011

Name of creditor: \_\_\_\_\_

Address of creditor: \_\_\_\_\_

Gross amount of claim:  
(i.e. including VAT) \_\_\_\_\_

Amount of VAT \_\_\_\_\_

Details of any document by  
reference to which the debt can be  
substantiated:  
(e.g. invoices) \_\_\_\_\_

Particulars of how and when debt  
incurred: \_\_\_\_\_

Particulars of any security held, the  
value of the security and the date it  
was given: \_\_\_\_\_

Signature of creditor or person  
authorised to act on his behalf: \_\_\_\_\_

Name in BLOCK CAPITALS: \_\_\_\_\_

Position with or relation to creditor: \_\_\_\_\_