Rule 2.38 Form 2.20B(Scot)

The Insolvency Act 1986

Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company	Company number
Stewarts of Edinburgh Limited	SC262691

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

~~I~~ / We (a) Graham Douglas Frost and John Bruce Cartwright of PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH

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

(b) Insert dates

from	to
(b) 6 December 2011	(b) 5 June 2012

Signed ____________
Joint Administrators

Dated 13/7/12

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

Margaret Wilson	
PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH	
	Tel 0131 260 4075
DX Number	DX Exchange

SATURDAY

S1D53O28

SCT 14/07/2012 #563

COMPANIES HOUSE

hen you have completed and signed this form please send it to the Registrar of Companies at:

ımpanies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF
(235 Edinburgh / LP 4 Edinburgh-2

Stewarts of Edinburgh Limited (in Administration)
Court of Session
Case No. P1356 of 2011

Joint Administrators' progress report for the six months ended 5 June 2012

13 July 2012

Contact details for queries

Contact	Address	Direct line	E-mail	Fax
Margaret Wilson	PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH	0131 260 4075	margaret.g.wilson@uk.pwc.com	0131 260 4008

Contents

1. Joint Administrators' progress report for the six months ended 5 June 2012

Introduction

In accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986 ("ISR86"), the Joint Administrators ("the Administrators") write to provide creditors with details of the progress of the Administration of Stewarts of Edinburgh Limited ("the Company") in the six months since the Administrators' appointment on 6 December 2011.

Extension of Administration

The Administrators intend to apply to the Court of Session, in terms of paragraph 76 of Schedule B1 to the Insolvency Act 1986, for an order to extend the Administrators' term of office beyond one year. An extension to the period of the Administration is considered appropriate to allow the Administrators to realise the freehold property.

If any creditor of the Company wishes to object to the application to extend the administration, the creditor should confirm their objection in writing to Margaret Wilson at Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH by no later than 30 September 2012. If the Administrators do not hear from any creditors by this date, the Administrators will advise the Court that no creditors have objected to the proposed extension and request that the Court grants the extension of the administration until 5 December 2013.

Background information and initial actions taken by the Administrators

As at the date of the Administrators' appointment on 6 December 2011 the position as regards the Company was as follows:

- The Company was established for the purpose of producing high quality printed materials and office supplies to a large variety of clients across Scotland.
- The Administrators' appointment arose as a consequence of a deficit in a defined benefit pension scheme, of which the Company was a guarantor.

Key issues facing the Company:

Following an initial review, the Administrators concluded that the most appropriate strategy was to trade on a very limited basis in order to complete certain work in progress.

Immediately following their appointment, the Administrators took steps to protect and preserve the Company's assets.

Assets comprised:

- interest in a heritable property;
- plant and equipment;
- book debts;
- shares in Reflex Holdings Limited;
- finished stock; and
- work in progress.

Trading and Stock

Immediately following the Administrators' appointment, 44 of the Company's 54 employees were made redundant. The remaining 10 employees were retained to assist in the realiasation of the assets.

The Administrators' staff, along with the 10 remaining employees reviewed a list of work in progress ("WIP") with a view to conducting a controlled work out. Customers were contacted to ensure that they still required the order and that they were willing to pay for the unfinished work, and any outstanding debtor balance, prior to the release of the goods. Customers with unpaid stock still held by the Company were also contacted to arrange for the payment and uplift of this stock.

1. Joint Administrators' progress report for the six months ended 5 June 2012

Trading ceased in the week ended 23 December 2011 at which point the only stock remaining on the premises was that held under retention of title ("ROT") claims or due to be collected by customers.

All the remaining employees were made redundant by 20 January 2012.

Sale of business and assets

The Administrators engaged agents to conduct a sale of the Company's plant and machinery. The agents held an online auction in January 2012 and the sale realised £321k.

The Administrators also engaged agents to market and sell the heritable property in Livingston. There has been some interest in the property. Discussions are taking place with prospective purchasers, however no formal offers have been received.

Realisation of other assets

Books debts

Contact was made with all debtors to collect the pre appointment debtor book, title to which vests with the Clydesdale Bank plc ("the Bank") under a confidential invoice discounting ("CID") facility. As at 5 June 2012, the sum of £593k has been collected. This amount will be offset against the CID facility at the date of the Administrators' appointment and any shortfall on the sale of the heritable property prior to being available as a floating charge realisation.

Investments

The Company holds 4,000 shares in Reflex Holdings Limited. These are being marketed for sale as per the Articles of Association.

Other issues

Retention of title claims ("ROT")

A large proportion of raw paper stock was subject to ROT claims from suppliers. The Administrators dealt with these claims and, where valid, arranged for the uplift of stock. Where orders to be completed required stock held under ROT, the Administrators made a commercial decision on the profitability of each order, and, in some cases, used stock held with a valid ROT claim. Arrangements were made with the relevant suppliers to ensure payment for the materials used.

Circulation and adoption of the Administrators' proposals

On 30 January 2012, the Administrators circulated their proposals for achieving the purpose of administration to creditors.

The proposals were approved by creditors without modification at a physical meeting held on 14 February 2012.

Receipts and payments account

An account of the receipts and payments in the Administration for the six months to 5 June 2012 is set out in section 3 to this report.

Receipts in the period include:

- plant and machinery of £321k;
- trading sales of £36k;
- stock/WIP of £76k;
- cash at bank of £2k; and
- a refund of insurance premiums of £1k.

Payments include:

- trading and occupation costs of £53k;
- legal and other professional costs of £17k;

- site clearance and security cost of £12k;
- statutory and other costs of £3k; and
- payments to preferential creditors of £4k.

The above receipts and payments account shows a trading deficit of £17k; however this should be considered in conjunction with the stock realisations of £76k which were possible as a result of trading.

The account also notes statement of affairs values in respect of motor vehicles which were subject to hire purchase and therefore no value is realisable for the Company.

Outcome for creditors

Preferential Creditors

The preferential creditors totalling £84k and representing employees' accrued holiday pay and unpaid wages are likely to be paid in full. The Administrators expect to finalise the adjudication of claims in early course however the distribution will only be possible then the property has been sold and the final realisations confirmed.

Secured Creditor

The Bank holds a standard security over the Company's heritable property and a floating charge over the Company's assets. It is estimated that the amount due to the Bank at the date of the Administrators' appointment was approximately £1,139,000. The Bank may recover its debt in full, but this will depend on the sum realised from the sale of the heritable property.

The Bank also had a separate hire purchase finance facility. There will be a shortfall on this facility.

Ordinary Creditors

At this time the Administrators are unable to provide a reliable estimate of the likely dividend to creditors as the sale value of the property and quantum of creditors' claims is unknown.

The Administrators' proposals provided for the Administrators to establish in principle and at their discretion the claims of ordinary creditors if and when it became apparent that a surplus would become available for unsecured creditors. The Administrators have commenced a process of requesting outstanding claims from creditors with a view to agreeing claims in principle. This should enable an earlier payment to creditors than might otherwise be the case, once the heritable property is sold.

The Administrators are also considering the most appropriate strategy for bringing the Administration to an end, taking into consideration the level of dividends available to the ordinary creditors and their proposals. It is currently anticipated that the Administrators will apply to the Court to distribute to the ordinary creditors in the Administration.

Once the distribution has been made and dividend cheques presented, the Administrators will file notice under Paragraph 84(1) to the the Insolvency Act 1986 Schedule B1 ("IA86 Sch B1") with the Registrar of Companies, following registration of which, the Company will be dissolved three months later.

Administrators' remuneration

The Adminstrators' remuneration is approved by the general body of creditors. The Administrators are not seeking approval for fees at present but, a statement of time for the Period, presented in accordance with Statement of Insolvency Practice No. 9 ("SIP 9"), is set out at Appendix A.

1. Joint Administrators' progress report for the six months ended 5 June 2012

Next report

The Adminstrators' next report to creditors will be at the earlier of the conclusion of the Administration or in approximately six months.

For and on behalf of
Stewarts of Edinburgh Limited

Graham D Frost
Joint Administrator

G D Frost and J B Cartwright have been appointed as Joint Administrators of Stewarts of Edinburgh Limited to manage its affairs, business and property as its agents. As such, they contract without personal liability. G D Frost and J B Cartwright are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland.

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998. PricewaterhouseCoopers LLP will act as Data Processor on their instructions. Personal data will be kept secure and processed only for matters relating to the administration.

2. Statutory and other information

Court details for the Administration:	Court of Session, P1356 of 2011
Full name:	Stewarts of Edinburgh Limited
Trading name:	Stewarts of Edinburgh Limited
Registered number:	SC262691
Registered address:	Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH formerly 1 Lister Road, Kirkton Campus, Livingston, West Lothian, EH54 7BL
Company directors:	Terence O'Hare, John Mahoney, Marion Reid, Kenneth Murray
Company secretary:	John Mahoney
Shareholdings held by the directors and secretary:	Terence O'Hare – 42,260 ordinary shares, Marion Reid – 18,000 ordinary shares, Kenneth Murray – 18,000 ordinary shares
Date of the Administration appointment:	6 December 2011
Administrators' names and addresses:	Graham D Frost and J Bruce Cartwright both of PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh, EH2 4NH
Changes in office holder:	None
Appointor's / applicant's name and address:	The directors of the Company, 1 Lister Road, Kirkton Campus, Livingston, West Lothian, EH54 7BL
Objective being pursued by the Administrators:	(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), failing which objective (c) realising property in order to make a distribution to one or more secured or preferential
Division of the Administrators' responsibilities:	Whereas John Bruce Cartwright and Graham Douglas Frost both licensed insolvency practitioners of PricewaterhouseCoopers LLP, Erskine House, 68-73 Queen Street, Edinburgh are to be appointed as joint administrators of Stewarts of Edinburgh Limited ("Joint Administrators"). We, the directors being the appointor of the Joint Administrators, hereby declare pursuant to paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 that all and/or any of the powers which are conferred on the Joint Administrators by the Insolvency Act 1986 may be done be either or both of the Joint Administrators acting jointly or alone
Details of any extensions to the initial period of appointment:	None
Proposed end of the Administration:	Dissolution of the Company in terms of paragraph 84 Sch. B1 IA86
Estimated dividend for unsecured creditors:	Unknown – the sale value of the property and quantum of creditors' claims is unclear
Estimated values of the prescribed part and the Company's net property:	Unknown – the sale value of the property and quantum of creditors' claims is unclear
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	The Administrators may make an application to Court under Section 176A(5) of IA86 to disapply the prescribed Part if the economic benefits to the body of the creditors are outweighed by the costs of adjudication. At this time, the Administrators do not intend to make such an application
The European Regulation on Insolvency Proceedings (Council Regulation (EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Receipts and payments for the period 6 December 2011 to 5 June 2012

A copy of a period account from the date of appointment to 5 June 2012 has been included on the next three pages.

Administration
of Stewarts of Edinburgh Limited

TRADING ACCOUNT

Statement of Affairs		Period From: 06/12/2011 To: 05/06/2012	Cumulative From: 06/12/2011 To: 05/06/2012
£		£	£
	Post-Appointment Sales		
nil	Post appointment trading sales	36,395.55	36,395.55
		36,395.55	36,395.55
	Cost of Sales		
nil	Purchases	(3,559.78)	(3,559.78)
		(3,559.78)	(3,559.78)
	Trading Overheads		
nil	Gross wages & salaries	(34,717.79)	(34,717.79)
nil	Employers NIC	(4,237.43)	(4,237.43)
nil	Heat, Light & Power	(1,343.61)	(1,343.61)
nil	Telephone, fax etc	(138.82)	(138.82)
nil	Water Rates	(579.44)	(579.44)
nil	Rates	(8,664.43)	(8,664.43)
		(49,681.52)	(49,681.52)
	Surplus/(Deficit)	(16,845.75)	(16,845.75)

Administration
of Stewarts of Edinburgh Limited

REALISATION ACCOUNT

Statement of Affairs		Period From: 06/12/2011 To: 05/06/2012	Cumulative From: 06/12/2011 To: 05/06/2012
£		£	£
	RELATING TO SECURED ASSETS		
	Realisations		
700,000.00	Heritable property	0.00	0.00
594,953.03	Book debts subject to factoring	0.00	0.00
		0.00	0.00
	Costs of realisation		
nil	Legal Fees	(192.00)	(192.00)
nil	Security	(262.00)	(262.00)
		(454.00)	(454.00)
	Administration and appointment-related costs		
nil	Heat, Light & Power	(1,885.68)	(1,885.68)
nil	Telephone & fax	(111.00)	(111.00)
nil	Water Rates	(388.52)	(388.52)
		(2,385.20)	(2,385.20)
	RELATING TO FLOATING CHARGE/UNSECURED ASSETS		
	Realisations		
	Surplus/Deficit from Trading	(16,845.75)	(16,845.75)
268,000.00	Plant & Machinery	321,440.00	321,440.00
2,000.00	Fixtures & Fittings	0.00	0.00
30,000.00	Motor Vehicles	0.00	0.00
41,475.00	Investments - Marketable securities	0.00	0.00
nil	Insurance claims and refunds	1,002.41	1,002.41
52,493.36	Stock	76,189.92	76,189.92
85,517.25	Work in Progress	0.00	0.00
nil	Book debts	24,144.27	24,144.27
nil	Balance at Bank	2,094.51	2,094.51
24.69	Cash in hand	22.50	22.50
		408,047.86	408,047.86
	Costs of realisation		
nil	Agents' Fees	(13,829.60)	(13,829.60)
nil	Agents' disbursements	(11.43)	(11.43)
nil	Legal Fees	(3,568.50)	(3,568.50)
nil	Legal Disbursements	(384.00)	(384.00)
nil	Security	(945.00)	(945.00)
nil	Cleaning and site clearance costs	(11,593.46)	(11,593.46)
		(30,331.99)	(30,331.99)
	Administration and appointment-related costs		
nil	Employer's Pension Costs	(602.16)	(602.16)
nil	Employee-related Costs	(124.19)	(124.19)

Administration
of Stewarts of Edinburgh Limited

REALISATION ACCOUNT

Statement of Affairs		Period From: 06/12/2011 To: 05/06/2012	Cumulative From: 06/12/2011 To: 05/06/2012
£		£	£
	Administration and appointment-related costs		
nil	Heat, Light & Power	(769.02)	(769.02)
nil	Telephone & fax	(164.62)	(164.62)
nil	Water Rates	(605.19)	(605.19)
nil	Repairs & maintenance	(355.05)	(355.05)
nil	IT costs	(100.00)	(100.00)
nil	Postage & Stationery & Printing	(81.72)	(81.72)
nil	Registrars' Fees	(15.00)	(15.00)
nil	Statutory advertising	(128.90)	(128.90)
nil	Statement of affairs costs	(8.73)	(8.73)
nil	Interest on overdraft	(15.60)	(15.60)
nil	Bank charges	(403.10)	(403.10)
		(3,373.28)	(3,373.28)
	Distributions		
nil	Preferential Creditors - Employees	(3,818.49)	(3,818.49)
		(3,818.49)	(3,818.49)
	Balance	367,684.90	367,684.90

REPRESENTED BY:

General sterling - current IB bank account	365,378.36
Input VAT - Fixed Charge	507.24
Input VAT - General	3,467.52
Output VAT - General	(1,668.22)
	367,684.90

....
Graham Frost
Administrator

Appendix A

Statement of Time

A copy of the Statement of Time from 6 December 2011 to 5 June 2012 has been included on the next page.

Appendix B

Stewarts of Edinburgh (in Administration)
Summary of Administrators' time costs to 5 June 2012

SIP9 analysis	Director	Senior manager	Manager	Senior Associate	Associate	Support Staff	Total Hours	Time Cost (£)	Average hourly rate
Accounting and treasury			0.70	110.00			110.70	19,199.70	173.44
ADMIN. - billing, filing, secretarial				12.15	15.00		27.15	4,206.00	154.92
Book debt realisations	5.05	2.70		129.65			137.40	25,191.10	183.34
Chattel assets		8.00		4.90			12.90	3,887.20	301.33
Closure/exit routes				29.20			29.20	4,905.60	168.00
Creditor Enquiries				15.40			15.40	3,039.60	197.38
Distributions	0.95						0.95	414.20	436.00
ERA				131.90			131.90	22,194.00	168.26
Freehold/leasehold property	3.10	21.75		35.60			60.45	16,109.25	266.49
Insurance/pension policies				5.60			5.60	958.20	171.11
Other assets	2.05	13.00		9.00			24.05	7,906.80	328.77
Pensions Insolvency	1.50	1.10		10.70	24.15		37.45	10,005.50	267.17
Reporting/liaison with appointor/comm.	6.00	16.75		4.90			27.65	10,138.65	316.97
Retention of title				45.00			45.00	7,560.00	168.00
Secretarial Time						1.50	1.50	168.00	112.00
Staff review and appraisal				0.50			0.50	113.00	226.00
Statutory and other compliance	10.60	7.50		87.40	0.35		105.85	26,262.45	248.11
Strategy and planning	10.00	50.45		17.15			77.60	26,902.35	356.29
Tax/VAT			12.80	6.65			19.45	4,944.40	254.21
Team management				9.60			9.60	2,169.60	226.00
Trading supervision - customers	2.85			80.10			82.95	19,345.20	233.22
Trading supervision - suppliers				0.40			0.40	90.40	226.00
Travel		1.00		14.70			15.70	3,444.20	219.38
Unsecured claims agreement - General				3.70			3.70	621.60	168.00
VAT				2.00			2.00	372.50	186.25
Website comms				1.30			1.30	293.80	226.00
Total Hours	**42.10**	**122.25**	**13.50**	**767.50**	**39.50**	**1.50**	**986.35**	n/a	n/a
Total Cost (£)	**19,254.10**	**47,093.55**	**4,036.50**	**143,336.80**	**6,554.35**	**168.00**	**n/a**	**220,443.30**	**223.49**

Hourly Rates

Rates from 1 May 2011

	£
Partner	520
Director	436
Snr Manager	383
Manager	299
Senior Associate - qualified	226
Senior Associate - unqualified	168
Associate	142
Support	76
Secretary	108

Disbursements

	£
Category 1	
Travel/accomodation	1,263.42
Bordereau	210.00
	1,473.42
Category 2	
Postage/Courier	164.53
Printing	1,110.90
	1,275.43
Total Disbursements	**2,748.85**