

CASE 1
Charge 17

Form 3.10

The Insolvency Act 1986

Administrative Receiver's Report

S.48(1)

Pursuant to Section 48(1) of the
Insolvency Act 1986 and Rule 3.8(3) of
the Insolvency Rules 1986

To the Registrar of Companies

For Office Use

--	--	--

Company Number

00373157

Insert full name
of company

Name of Company


Percy International Limited (formerly Pimpnel International Limited)

We, G Wilson and R H Kelly

of PO Box 61
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

Administrative Receivers of the company attach a copy of our report to creditors and a
copy of the statement of affairs of the Company

Signed



Dated


25-4-05

Presenter's name,
address and reference
(if any):

Ben Williamson
Ernst & Young LLP
PO Box 61
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

Ref: GW/CC/BW/C5.1

For Office Use

Liquidation	Post Room
	
A44 COMPANIES HOUSE	*A67Q1598* 0412 14/05/05
COMPANIES HOUSE	05/05/05

Form 3.10

Insolvency Act 1986
Meeting Of Creditors
The Pimpernel Group Limited
New Percy Limited (formerly New Pimpernel Limited)
Percy (Holdings) Limited (formerly Pimpernel (Holdings) Limited)
Percy International Limited (formerly Pimpernel International Limited) and
Percy Group Limited (formerly Cloverleaf Group Limited)
(all in Administrative Receivership)
(together "the Companies")

NOTICE IS HEREBY GIVEN pursuant to Section 48 of the Insolvency Act 1986, that a meeting of the creditors of the Companies will be held at Durham Marriott Hotel Royal County, Old Elvet, Durham, DH1 3JN at 14:00 on 10 May 2005 to receive the report of the Joint Administrative Receivers and to decide if a committee of creditors should be appointed.

Creditors whose claims are wholly secured are not entitled to attend or to be represented at the meeting.

Creditors who intend to vote at the meeting should note the following:

- 1 A written statement of claim must be lodged with the Joint Administrative Receivers by 12 noon on the business day before the meeting at PO Box 61, Cloth Hall Court, 14 King Street, Leeds, LS1 2JN.
- 2 Proxies for use at the meeting must be completed and lodged with the Joint Administrative Receivers before the meeting.

Copies of the report can be obtained from the undersigned at PO Box 61, Cloth Hall Court, 14 King Street, Leeds, LS1 2JN

G Wilson
Joint Administrative Receiver

25 April 2005

Notes to help completion
of this form

The Pimpernel Group Limited,
New Percy Limited (formerly New Pimpernel Limited)
Percy (Holdings) Limited (formerly Pimpernel (Holdings) Limited)
Percy International Limited (formerly Pimpernel International Limited
and Percy Group Limited (formerly Cloverleaf Group Limited)
(all In Administrative Receivership)

Please give full name and
address for
communication.

NAME OF CREDITOR

ADDRESS

Please insert name of person
(who must be 18 or over) or
the "Chairman of the
Meeting" (see note below).
If you wish to provide for
alternative proxy-holders in
the circumstances that your
first choice is unable to
attend please state the
name(s) of the
alternative(s).

NAME OF PROXY HOLDER

1

2.

3.

Please delete words in
brackets if the proxy-holder
is only to vote as directed
i.e. if he/she has no
discretion.

I appoint the above person to be my/the* creditor's proxy-holder at the meeting of
creditors to be held on 10 May 2005 or at any adjournment of that meeting. The
proxy-holder is to propose or vote as below (and in respect of any resolution for
which no specific instruction is given, may vote or abstain at his/her* discretion).

VOTING INSTRUCTIONS FOR RESOLUTIONS

For the appointment

of

representing

as a member of the creditors' committee.

This form must

SIGNATURE

be signed

DATE

NAME IN CAPITAL LETTERS

Only to be completed if
the member has not
signed in person.

Position with member or relationship to creditor or other authority for
signature

(* - Delete as applicable)

Remember: there may be resolutions on the other side of this form.

The Pimpernel Group Limited
New Percy Limited (formerly New Pimpernel Limited)
Percy (Holdings) Limited (formerly Pimpernel (Holdings) Limited)
Percy International Limited (formerly Pimpernel International Limited) and
Percy Group Limited (formerly Cloverleaf Group Limited)
(all in Administrative Receivership)
(together "the Group")

JOINT ADMINISTRATIVE RECEIVERS REPORT
PURSUANT TO SECTION 48 OF THE INSOLVENCY ACT 1986

**The Pimperl Group Limited
New Percy Limited (formerly New Pimperl Limited)
Percy (Holdings) Limited (formerly Pimperl (Holdings) Limited)
Percy International Limited (formerly Pimperl International Limited) and
Percy Group Limited (formerly Cloverleaf Group Limited)
(all in Administrative Receivership)
(together "the Group")**

G WILSON AND R H KELLY APPOINTED JOINT ADMINISTRATIVE RECEIVERS ON
22 February 2005

CONTENTS

Section

1. Introduction
2. Statutory information
3. Recent trading results
4. Events leading up to appointment of Joint Administrative Receivers
5. Conduct of the receiverships
6. Amounts due to secured creditors
7. Preferential and non-preferential creditors
8. Statements of Affairs
9. Meeting of creditors
10. Report on directors conduct

Appendices

1. Statutory information
2. Trading results
3. Statement of affairs

ABBREVIATIONS

The Group	All companies in The Pimpernel Group that are in administrative receivership
PIL	Percy International Limited (Formerly Pimpernel International Limited)
PGL	The Pimpernel Group Limited
New	New Percy Limited (Formerly New Pimpernel Limited)
Holdings	Percy (Holdings) Limited (Formerly Pimpernel (Holdings) Limited)
CGL	Percy Group Limited (Formerly Cloverleaf Group Limited)
Inc	Pimpernel (USA) Inc
The Bank	Bank of Scotland
SKU	Stock Keeping Unit

STRICTLY PRIVATE & CONFIDENTIAL
NOT FOR PUBLICATION

The Pimpernel Group Limited
New Percy Limited (formerly New Pimpernel Limited)
Percy (Holdings) Limited (formerly Pimpernel (Holdings) Limited)
Percy International Limited (formerly Pimpernel International Limited) and
Percy Group Limited (formerly Cloverleaf Group Limited)
(all in Administrative Receivership)
(together "the Group")

1. INTRODUCTION

We, Garry Wilson and Robert Hunter Kelly, were appointed Joint Administrative Receivers of the Group on 22 February 2005 by Bank of Scotland under the powers contained in fixed and floating charges over the whole of the Group's assets dated 25 April 2002.

In preparing this report, the Joint Administrative Receivers have relied on information provided by the directors, management and other third parties. The Joint Administrative Receivers' investigations are continuing and accordingly, it has not been possible to verify all such information. Therefore, the Joint Administrative Receivers take no responsibility for the completeness or accuracy of this information or otherwise.

2. STATUTORY INFORMATION

Statutory information for each member of the Group is set out in Appendix 1.

3. RECENT TRADING RESULTS

The Group's consolidated accounts show a loss after tax of £2,460,000 and £2,692,000 in the years ending 31 December 2003 and 31 December 2004 respectively. Recent financial information, including individual profit and loss accounts and balance sheets for PGL and PIL, is set out in Appendix 2.

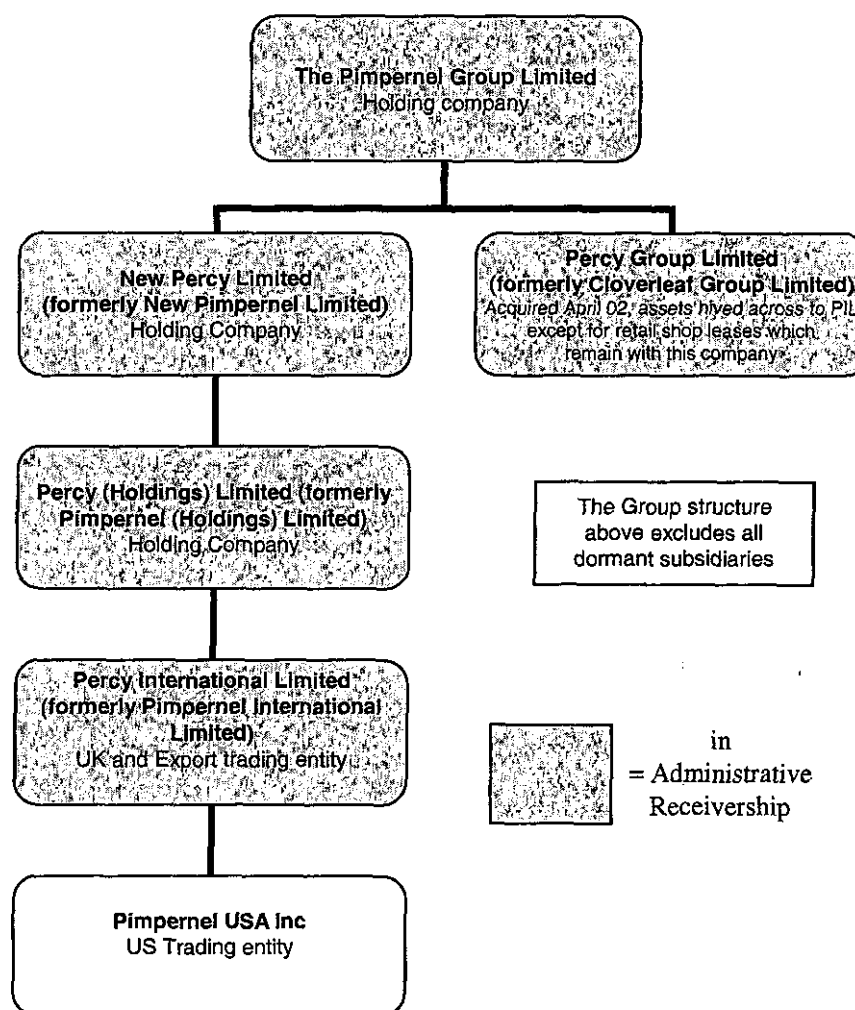
The consolidated accounts include the results of Inc, a company located in Warrenton, Virginia USA. Inc was 100% owned by PIL.

4. EVENTS LEADING UP TO THE APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS

The Group operated from its freehold premises in Consett and a leasehold warehouse at Stanley, both based in County Durham. It also operated 4 retail outlets and 16 concessions across the UK.

The Group serviced its US customers through its wholly owned subsidiary Pimpernel USA Inc, consisting of a national sales force, warehouse and distribution centre based in Virginia, USA. A representative office was also recently set up in Hong Kong to facilitate sourcing and improve quality control.

The Group structure is as follows (all subsidiaries are 100% owned)



The Group's main activities were the design, manufacture and wholesale of tablewares to most of the major UK department stores and grocers. It also has an extensive independent sales network and sold through its retail outlets and concessions. Furthermore the Group had a significant international export market through a network of distributors and its US subsidiary.

More recently the Group began sourcing cheaper product from the Far East in order to remain competitive. The Group sold under three main brands, 'Pimpernel', 'Cloverleaf' and 'Manorcraft' and also produced own label products for some of the major retail outlets and grocers.

In October 2001, New was subject to a secondary MBO in a deal valued at c. £26 million which also included the acquisition of the business and assets of Manorcraft, a hard mat business based in the north east of England.

A further deal to purchase the shares of CGL, a competitor based in Swindon was completed in April 2002 at a deal value of c. £7 million. We understand that operational difficulties followed with the integration of the Cloverleaf business during the peak trading months of August – October 2002, resulting in considerable underperformance in customer service.

Only 12 of the former Cloverleaf staff remained with the Group following the closure of the Swindon site. This brought problems in that the Group had not been able to retain staff with the sourcing and forecasting skills required for the own label product that was previously not produced by the Group.

Meanwhile there was an ongoing shift in the Group's markets from traditional hard mats produced by the Group to more 'modern materials' such as slate, glass and wood etc. The Group's management believes that the 2003 and 2004 ranges were too heavily focused on hard mats and consequently sales declined dramatically over 2004 as the Group's customers significantly reduced their number of product lines purchased. This was exacerbated by a general decline in the homewares market across the UK and USA.

The former financial director and chief executive resigned in April 2003 and August 2003 respectively. A new financial director and chief executive were brought in by the shareholders with a remit to improve the operational difficulties and overhaul the product range.

The Group began to experience increased cash pressure and the shareholders invested further sums to support the Group towards the end of 2003.

During 2004 the Group made significant operational improvements and work began on a complete re-ranging for 2005, however sales continued to decline as a result of the poor 2004 range.

It became apparent that in order to successfully complete a turnaround of the business, further funding and/or significant synergies with another business needed to be found. Therefore a sale process for the shares of the Group was commenced at the beginning of November 2004. Over 64 interested parties were contacted and showed an interest in the business, however the significant level of debt carried by the Group made a sale of the shares unattractive.

Five offers for the business and assets of the Group had been received by the end of January 2005. A sale of the business and assets by receivers was the only way in which to secure the future of the business and preserve the jobs of all the employees. On 22 February 2005 Garry Wilson and Robert Hunter Kelly of Ernst & Young LLP were appointed Joint Administrative Receivers.

5. CONDUCT OF THE RECEIVERSHIPS

Sale of Business

Following our appointment, we took control of the Group's assets and informed all parties in accordance with our statutory obligations.

Due to the extensive marketing exercise carried out to sell the business prior to our appointment, it was apparent that trading the Group in administrative receivership was unlikely to produce any further offers and may of lead to offers already received being reduced. Therefore the highest offer was accepted and the business and assets were sold to Lothian Shelf (245) Limited (subsequently renamed Pimpernel International Limited) ("Newco") for £8 million.

Assets sold included all the stock, book debts, plant & equipment, leasehold premises, order book, brands, trademarks and the shares in Pimpernel (USA) Inc.

Employees

All the employees in the Group transferred to Newco under the Transfer of Undertakings (Protection of Employment) Regulations 1981.

Other Assets

The only asset remaining to be realised is the freehold property at Consett.

6. AMOUNTS DUE TO SECURED CREDITORS

The amount due to the Bank of Scotland at the date of our appointment was approximately £15.2 million subject to charges and accruing interest. A further £13.5m was due to 3i Group plc. It is expected that Bank of Scotland will suffer a shortfall against its debt and that there will be no return to 3i Group plc.

7. PREFERENTIAL AND NON-PREFERENTIAL CREDITORS

Amounts due to the Group's preferential creditors at the date of our appointment are estimated at £15,000 comprising unpaid pension scheme deductions. We estimate that there will be sufficient funds from the proceeds of the sale to allow the preferential creditors to be paid in full.

We currently estimate that there will be no funds available to enable a dividend to be paid to non-preferential creditors who should treat their claims as irrecoverable.

8. STATEMENTS OF AFFAIRS

The directors prepared, in accordance with Rule 2.16(i) of the Insolvency Rules 1986, a Statement of Affairs for each Group company as at 22 February 2005. We have enclosed these at Appendix 3.

9. MEETING OF CREDITORS

A meeting of creditors of the Group will be held at the Durham Marriott Hotel Royal County, Old Elvet, Durham, DH1 3JN at 14:00 on 10 May 2005. The purpose of this meeting will be to present this report on the conduct of the receivership, and if the creditors see fit, to appoint a creditors committee. Formal notification of the meeting is enclosed.

10. REPORT ON DIRECTORS CONDUCT

In accordance with our statutory duties the Joint Administrative Receivers will be investigating the conduct of all directors of each Group company in the three years prior to our appointment. Accordingly we would be grateful to receive any information creditors wish us to take into consideration. A report on our findings will be submitted to the Department of Trade and Industry. The contents of this report will be confidential.



G Wilson and R H Kelly
Joint Administrative Receivers
25 April 2005

THE JOINT ADMINISTRATIVE RECEIVERS CONTRACT ONLY AS AGENTS OF THE GROUP AND WITHOUT PERSONAL LIABILITY

The Institute of Chartered Accountants in England and Wales authorises G Wilson to act as Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986 and The Institute of Chartered Accountants of Scotland authorises R H Kelly to act as Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986.

Statutory Information

Appendix 1

Company Name	The Pimpernel Group Limited	New Percy Limited formerly New Pimpernel Limited	Percy (Holdings) Limited formerly Pimpernel (Holdings) Limited
Company Number	04249454	03032758	02686248
Date of Incorporation	10 July 2001	14 March 1995	11 February 1992
Former Registered Office	26-32 Derwent Street Blackhill Consett Durham DH8 8LY	26-32 Derwent Street Blackhill Consett Durham DH8 8LY	26-32 Derwent Street Blackhill Consett Durham DH8 8LY
Directors	Iain Victor Potter Julian Frederick Nicholls	Iain Victor Potter Julian Frederick Nicholls	Iain Victor Potter Julian Frederick Nicholls
Company Secretary	Iain Victor Potter	Iain Victor Potter	Iain Victor Potter
Issued Share Capital	824,471 ordinary £1 shares 1,755,530 A Ordinary shares of 10p each 140,275 50% cumulative preference shares of 10p each	4,300,002 ordinary £1 shares	4,000,000 ordinary £1 shares
Joint Administrative Receivers	Garry Wilson and Robert Hunter Kelly Ernst & Young LLP PO Box 61 Cloth Hall Court 14 King Street Leeds LS1 2JN	Garry Wilson and Robert Hunter Kelly Ernst & Young LLP PO Box 61 Cloth Hall Court 14 King Street Leeds LS1 2JN	Garry Wilson and Robert Hunter Kelly Ernst & Young LLP PO Box 61 Cloth Hall Court 14 King Street Leeds LS1 2JN
Date of Appointment	22 February 2005	22 February 2005	22 February 2005
Appointer	Bank of Scotland	Bank of Scotland	Bank of Scotland
Date of Debenture	25 April 2002	25 April 2002	25 April 2002
Company Name	Percy International Limited	Percy Group Limited	

Statutory Information

Appendix 1

	formerly Pimpernel International Limited	formerly Cloverleaf Group Limited
Company Number	00373157	02682373
Date of Incorporation	2 April 1942	29 January 1992
Former Registered Office	26-32 Derwent Street Blackhill Consett Durham DH8 8LY	26-32 Derwent Street Blackhill Consett Durham DH8 8LY
Directors	Iain Victor Potter Julian Frederick Nicholls	Julian Frederick Nicholls
Company Secretary	Iain Victor Potter	Iain Victor Potter
Issued Share Capital	60,000 ordinary £1 shares	2,879,000 ordinary £1 shares
Joint Administrative Receivers	Garry Wilson and Robert Hunter Kelly Ernst & Young LLP PO Box 61 Cloth Hall Court 14 King Street Leeds LS1 2JN	Garry Wilson and Robert Hunter Kelly Ernst & Young LLP PO Box 61 Cloth Hall Court 14 King Street Leeds LS1 2JN
Date of Appointment	22 February 2005	22 February 2005
Appointer	Bank of Scotland	Bank of Scotland
Date of Debenture	25 April 2002	25 April 2002

Recent Trading Results

Appendix 2

Shown below are the recent results for PIL and PGL. Holdings, New and CGL have not traded. PGL consolidates the results of PIL and Inc.

The Pimpernel Group Limited (Consolidated)

	12 months to 31 December 2004	12 months to 31 December 2003
£000	Management	Draft Stats
Profit & Loss		
Turnover	17,198	23,150
Gross Margin	9,801	13,462
%	57.0%	58.2%
Overheads	(10,978)	(13,252)
Operating profit	(1,177)	210
Interest and finance costs	(1,546)	(2,104)
Tax	31	(566)
Profit / loss after tax	(2,692)	(2,460)

Balance Sheet

Fixed assets	17,579	19,068
Current assets	2,908	6,623
Creditors: less than 1 year	(4,280)	(8,371)
	(1,372)	(1,748)
Total assets less current liabilities	16,207	17,320
Creditors: more than 1 year	(25,627)	(21,774)
Provisions for liabilities & charges	56	(1,755)
Net liabilities	(9,364)	(6,209)

Percy International Limited (Formerly Pimpernel International Limited)

	12 months to 31 December 2004	12 months to 31 December 2003
£000	Management	Draft Stats
Profit & Loss		
Turnover	15,747	19,995
Gross Margin	8,069	11,224
%	51.2%	56.1%
Overheads	(8,321)	(10,400)
Operating profit	(252)	824
Interest and finance costs	55	(75)
Tax	-	(307)
Profit / loss after tax	(197)	442

Balance Sheet

Fixed assets	5,025	5,375
Current assets	5,812	8,951
Creditors: less than 1 year	(3,244)	(6,508)
	2,568	2,443
Total assets less current liabilities	7,593	7,818
Creditors: more than 1 year	-	(28)
Provisions for liabilities & charges	-	-
Net assets	7,593	7,790