

The Insolvency Act 1986

**Administrator's progress report****2.24B**

Name of Company

Premier Decorative Products Limited

Company number

02630824

In the

High Court of Justice, Chancery Division,  
Manchester District Registry

Court case number

2091 of 2006

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

We

(a) Simon Allport and Thomas Andrew Jack

Ernst &amp; Young LLP, 100 Barbirolli Square, Manchester, M2 3EY

administrator(s) of the above company attach a progress report for the period

From

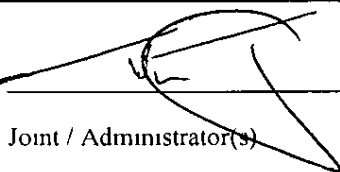
To

(b) Insert date

(b) 2 May 2007

(b) 1 November 2007

Signed



Joint / Administrator(s)

Dated

29 November 2007

**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.

Michael Hilton

Ernst &amp; Young LLP, 100 Barbirolli Square, Manchester, M2 3EY

Tel 0161 333 2630

DX Number

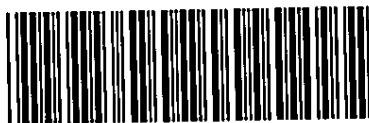
DX Exchange

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

SATURDAY



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COMPANIES HOUSE

**TO ALL KNOWN CREDITORS**

29 November 2007

CR/SA/TMH/MH/NWM0790/PF16 1

Direct Line 0161 333 2630

Direct Fax 0161 333 3008

Dear Sirs

**Premier Decorative Products Limited (In Administration) ("the Company")****Court Reference: 2091 of 2006, High Court of Justice, Chancery Division,  
Manchester District Registry**

I write in accordance with Rule 2.47 of the Insolvency Act 1986 as amended by the Insolvency (Amendment) Rules 2003 to provide creditors with a report on the progress of the above Administration. This report covers the period from 2 May 2007 to 1 November 2007 and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 14 December 2006 and our previous report dated 30 May 2007.

Premier Decorative Products Limited, registered number 02630824, entered Administration on 2 November 2006 and Simon Allport and Thomas Jack were appointed Joint Administrators. The appointment was made by the Directors of the Company, under the provisions of paragraph 22 (2) of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required as authorised to be done by the Joint Administrators can be done by either of them.

A summary of the statutory information relating to the Company is included at Appendix 4.

**Summary of Progress*****Sale of business***

Following their appointment, the Joint Administrators enabled the Company to continue to trade whilst a going concern sale of the business and assets was sought. Whilst a number of parties expressed an interest in purchasing the business and assets of the Company, no deliverable offers for the Wallcoverings or Transprints business, either together or separately, were received. Consequently, it was no longer possible to enable continued trading and on 31 December 2006 all operations ceased and almost all the Company's employees were made redundant.

A small number of employees were retained for a limited period to support continuing book debt and trading debtor collections, to assist in preparing the Company's plant and machinery for disposal and to protect value in the remaining assets to be realised.

***Administration trading***

During the period of Administration trading sales were made of approximately £3 million of which £2.9 million has been collected to date. We do not expect to collect any further amounts with the outstanding balance made up of customer complaints for faulty products and debts written off due to the insolvency of a number of customers.

Settlements totalling approximately £192,000 have been made in respect of retention of title claims for stock on hand at the date of appointment. In order to secure supplies to enable continued trading in Administration it was also necessary to make a number of ransom payments and to purchase excess stocks, together totalling £327,000.

After the sale of stock on hand at the date of cessation of trading, a small loss was incurred from the trading period in Administration.

***Book debts***

Whilst a sale of the business as a going concern was not achieved, the value realised from the book debt ledger has been significantly enhanced as a result of continuing to enable the business to trade in Administration.

At the date of our appointment the Company's sales ledger, net of specific provisions for bad and doubtful debts, stood at £2.2 million. Collections to date amount to £1.8 million, representing 82% of the ledger. We are continuing to pursue the balance of book debts which remain.

***Plant and machinery***

Following the closure of the business we instructed specialist plant agents, GVA Grimley, to undertake the disposal of the Company's plant and machinery. An extensive marketing process was carried out with a deadline for final bids of 31 March 2007. This exercise realised approximately £1.1 million, which has now been received in full. All purchasers have completed the physical removal of assets and the Company's leasehold premises have been handed back to the landlord.

***Transprints designs and cylinders***

The sale of certain designs and cylinders relating to the Transprints business was made to Transfertex for the sum of €180,000 on 19 January 2007. This represented the majority of the designs held by the Company. A small number of residual designs have been transferred to customers upon settlement of outstanding accounts due to the Company.

***Secured Creditors***

Bank of Scotland ('the Bank') held first ranking fixed and floating charges over the Company's business and assets. At the date of appointment the Bank's principal indebtedness was approximately £7.3 million, including sums due under cross-guarantees but before post-appointment interest and charges.

**Preferential Creditors**

We have agreed preferential creditors' claims in relation to unpaid holiday pay and pension and payroll deductions at approximately £266,000. All preferential creditor claims will be paid in full and distributions to all preferential creditors were sent on 29 November 2007.

**Non-preferential Creditors**

Non-preferential claims continue to be received and currently amount to approximately £13 million. Given the level of secured indebtedness we advise that there is no prospect of any funds being available to enable a distribution to non-preferential creditors.

**Prescribed Part**

The secured lender's floating charge was created prior to 15 September 2003. Consequently, Section 176A of the Insolvency Act 1986 does not apply to this Administration and there is no 'prescribed part' to be set aside for the benefit of unsecured creditors.

**Receipts and Payments Account**

A receipts and payments account for the period 2 May 2007 to 1 November 2007 is attached at Appendix 1. This does not reflect estimated future realisations or other future receipts and payments.

**Joint Administrators' Remuneration and Disbursements**

In the Joint Administrators' Proposals to the Company's creditors sent on 14 December 2006 it was proposed that the Joint Administrators' remuneration be fixed on a time cost basis. At 16 November 2007 total time costs amounted to approximately £738,622.

We have received formal authority from the Bank and the Company's preferential creditors to draw remuneration in accordance with Rule 2.106(9)(b) of the Insolvency Rules 1986, as amended by the Insolvency (Amendment) Rules 2003. However, we have agreed with the Bank to restrict our fees at this time to £375,000, and at the date of this report have drawn fees of £250,000.

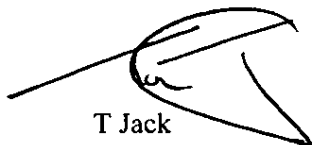
Attached at Appendix 2 is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out to 16 November 2007, as required by the Association of Business Recovery Professionals' *Statement of Insolvency Practice No 9*. At Appendix 3 there is a statement of the Administrators' policy in relation to charging time and disbursements. Also attached at Appendix 2 is an analysis of category 2 disbursements paid to the Joint Administrators' firm.

**Extension of Administration Order**

An application to Court to extend the Administration Order until 1 May 2008 was made on 26 November 2007 as there were still a number of matters to be finalised, including collection of remaining book debts and agreement of utility claims for the Administration period. The Order was made, extending the Administration until 11 59pm on 1 May 2008. It is anticipated outstanding matters will be finalised within this period.

Yours faithfully

For Premier Decorative Products Limited (In Administration)



T Jack  
Joint Administrator

Enclosed	Appendix 1	Joint Administrators' Abstract of Receipts and Payments
	Appendix 2	Summary of Joint Administrators' Time Costs and Category 2 Disbursements
	Appendix 3	Joint Administrators' Policy on Fees and Disbursements
	Appendix 4	Summary of Statutory Information

The affairs, business and property of the Company are being managed by the Joint Administrators, S Allport and T A Jack, who act as agents of the Company only and without personal liability.

The Institute of Chartered Accountants in England and Wales authorises S Allport and T A Jack to act as Insolvency Practitioners under section 390(2)(a) of the Insolvency Act 1986.

**Premier Decorative Products Limited (in Administration)**  
**Joint Administrators' Abstract of Receipts and Payments**  
**for the period from 2 May 2007 to 1 November 2007**

	Total Receipts and Payments (£)	Statement of Affairs Estimated to Realise (£)
<b>Receipts</b>		
<b>Balance B/F</b>	6,412,516 67	
Prepayments & other debts	101,082 66	50,000 00
Plant and Machinery	315,876 61	1,000,000 00
Stock	5,805 92	100,000 00
Debtors not subject to Fixed Charge	69,880 33	1,750,000 00
Administration Sales	141,798 98	
Bank Interest	91,520 80	
	<u>7,138 481 97</u>	
<b>Payments</b>		
<b>Balance B/F</b>	3,904,616 55	
Gross Weekly Wages	21,293 89	
Gross Salaries	20,304 30	
Employers NIC	4,090 86	
Material Purchases	211 60	
Retention of Title	11,170 00	
Carriage	1,490 92	
Repairs and Renewals	3,062 07	
Electricity	53,338 65	
Gas	2,863 89	
Telephone	2,787 89	
Water Rates	8,711 24	
Rent	120,000 00	
Insurance	3,686 79	
Consultancy Fees	3,877 04	
Motor Expenses	34 43	
Security	902 17	
Administration Fees	250,000 00	
Agents Commissions - Book Debt	4,628 03	
Agents Commission - Trading Debts	6,933 29	
Waste Disposal	2,320 16	
Sundry Expenses	397 55	
Employers Pension	1,188 64	
Agents' Fees	113,644 09	
Agents' Fees - Rates	70,655 20	
Statement Report Costs	1 229 39	
Storage Charges	1,041 97	
Site Clearance Costs	7 698 02	
Bank Charges	416 59	
	<u>4,622 595 22</u>	
<b>Balances in Hand</b>	2,515,886 75	
	<u>7 138 481 97</u>	

**Premier Decorative Products Limited  
(in Administration)**

**Summary of Joint Administrators' Time Costs and Category 2 Disbursements  
for the period from 2 November 2006 to 16 November 2007**

	Partner / Director	Assistant Director	Senior Executive	Executive	Analyst	Total Hours	Time Cost £	Average Hourly Rate £
Job Acceptance & Strategy	12 0	-	-	-	-	12 0	4,488	374
Immediate Tasks	8 0	10 0	-	-	10 2	28 2	6,883	244
Bank & Statutory Reporting	21 5	33 0	-	-	24 0	78 5	20,118	256
Property	12 0	12 6	-	53 0	6 0	83 6	18,429	220
Debtors	19 5	37 0	-	341 5	146 0	544 0	91,988	169
Other Assets	12 0	30 0	-	231 5	40 0	313 5	58,756	187
Trading	86 5	125 8	-	662 5	292 7	1,167 5	214,066	183
Retention of Title	8 0	33 7	-	24 5	199 0	265 2	33,556	127
Creditors	8 5	22 5	-	27 0	545 0	603 0	58,104	96
Members	-	-	-	-	-	-	-	-
Investigations	2 0	2 5	-	-	7 0	11 5	2,076	181
Legal Issues	6 5	1 5	-	-	3 0	11 0	3,130	285
Employee Matters	4 0	8 0	190 2	77 6	21 0	300 8	66,731	222
Accounting & Administration	9 0	56 7	117 4	194 6	424 1	801 8	118,638	148
Environmental Issues	8 5	0 5	-	-	-	9 0	3,332	370
Statutory Duties	10 0	8 5	0 6	15 0	37 0	71 1	12,147	171
VAT & Taxation	3 5	13 8	26 1	12 2	49 8	105 4	18,171	172
Other Matters	6 0	15 5	-	-	12 5	34 0	8,011	236
<b>Total Hours</b>	<b>237 5</b>	<b>411 6</b>	<b>334 3</b>	<b>1,639 4</b>	<b>1,817 3</b>	<b>4,440 1</b>		
<b>Time Costs</b>	<b>88,788</b>	<b>126,996</b>	<b>82,745</b>	<b>296,366</b>	<b>143,727</b>		<b>738,622</b>	
<b>Average Hourly Rate</b>	<b>374</b>	<b>309</b>	<b>248</b>	<b>181</b>	<b>79</b>		<b>166</b>	
<b>Category 2 Disbursements</b>	Mileage claims 20 567							

Current charge out rates	Grade	Current Rate	Previous Rate
Corporate Restructuring	Partner	470	430
	Director	385	355
	Assistant Director	335	305
	Senior Executive	260	240
	Executive	190	180
	Analyst	75-115	65 - 105
Indirect Tax	Assistant Director	445	425
	Senior Executive	340	325
	Analyst	85-115	80 - 105

**Premier Decorative Products Limited  
(in Administration)**

**Office Holders' Charging Policy for Fees**

The Creditors' Committee has determined that the Administrators' remuneration should be fixed on the basis of time properly spent by the Administrators and their staff in attending to matters arising in the Administration

The Administrators have engaged managers and other staff to work on the case. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by cashiers dealing with the Company's bank accounts and statutory compliance diaries, secretaries providing typing and other support services and filing clerks. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 2, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

**Office Holders' Charging Policy for Disbursements**

Statement of Insolvency Practice No. 9 ("SIP 9") published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the office holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without approval from the Committee. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

Category 2 disbursements comprise payments made by the office holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the Creditors' Committee as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn. Vehicle usage expenses are currently charged at a rate of £0.13 per mile or £0.40 per mile (depending on the grade of staff concerned) in line with the travel and expenses policy of the office holders' firm.



**Premier Decorative Products Limited  
(in Administration)**

**Summary of Statutory Information**

Name of court	High Court of Justice, Chancery Division, Manchester District Registry
Court reference number	2091 of 2006
Full name of company	Premier Decorative Products Limited
Registered office addresses	c/o Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY
Registered number	02630824
Administrators' names	Simon Allport and Thomas Andrew Jack
Administrators' address	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY
Date of appointment	2 November 2006
Full names of the appointors	Directors of the Company
Address of appointors	c/o Premier Decorative Products Limited, Gleadhill House, Dawbers Lane, Euxton Chorley, Lancashire PR7 6EA
Changes in office holder	n/a
Statement of functions <sup>1</sup>	Simon Allport and Thomas Andrew Jack, act jointly and severally as Administrators of the Company Any and all of the functions of the Joint Administrators may be carried out by each of the Joint Administrators acting individually or acting together

<sup>1</sup> In accordance with paragraph 100 of Schedule B1 to the Insolvency Act 1986