

**Notice of move from administration
to creditors' voluntary liquidation**

Name of Company
Pilkington's Tiles Limited

Company number
00033221

In the High Court of Justice, Chancery Division, Manchester District Registry
--

Court case number 1546 of 2010

We Paul Andrew Flint
KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

Brian Green
KPMG LLP
St James' Square
Manchester
M2 6DS
United Kingdom

having been appointed Joint Administrators of Pilkington's Tiles Limited c/o KPMG LLP, St James' Square, Manchester, M2 6DS

on 14 June 2010 by High Court Manchester District Registry

hereby give notice that

(a) Insert name(s) and
address(es) of
liquidator(s)

the provisions of paragraph 83(1) of Schedule B1 to the Insolvency Act 1986 apply, and it is proposed that Paul Andrew Flint, KPMG LLP, St James' Square, Manchester, M2 6DS, United Kingdom, and Brian Green, KPMG LLP, St James Square Manchester M2 6DS will be the liquidators of the company (IP Nos 9075 8709)

We attach a copy of the final progress report

Signed

Paul Flint
Joint Administrator

Dated

9 June 2011

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 researchers of the public record.

Andrew Stone
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M2 6DS
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When you have completed and signed this form please send it to the
Registrar of Companies at -
Companies House, Crown Way, Cardiff CF14 3U7

DX 33050 Cardiff

TUESDAY



COMPANIES HOUSE



**Pilkington's Tiles Limited
(in Administration)**

**Report to Creditors pursuant
to Rules 2.57 and 2.110 of
the Insolvency (Amendment)
Rules 2003**

KPMG LLP

8 June 2011

This report contains 14 Pages

Appendices contain 11 pages



About this Report

- This progress report has been prepared by Paul Flint and Brian Green, the administrators of this company, solely to comply with their statutory duty under the Insolvency Act and Rules 1986 (as amended) to provide creditors with an update on the progress of the administration of the estate, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in this company.
- Any estimated outcomes for creditors included in this report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on this report for any purpose or in any context other than under the Insolvency Act and Rules 1986 (as amended) does so at their own risk. To the fullest extent permitted by law, the office holders do not assume any responsibility and will not accept any liability in respect of this report.



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5	Joint Administrators' proposals



1 Glossary

Joint Administrators	Paul Andrew Flint and Brian Green of KPMG LLP
Administration Order	The Administration Order granted in the High Court of Justice, Chancery Division, Manchester District Registry, Court No 1546 of 2010
Act	The Insolvency Act 1986 (as amended by The Enterprise Act 2002)
Agents/Hilco	Hilco Appraisal Ltd & Hilco Industrial Ltd
Bank/GMAC	GMAC Commercial Finance Ltd
Company	Pilkington's Tiles Limited
EC Regulations	Council Regulations (EC) No 1346/2000
HBOS	Halifax Bank of Scotland PLC
HMRC	Her Majesty's Revenue and Customs
IT	Information technology
NIC	National insurance contributions
PAYE	Pay as you earn
Pilkington's Group	Pilkington's Group PLC and its subsidiaries Pilkington's Tiles Limited (in administration) and Quiligotti Access Flooring Limited (in administration)
RoT	Retention of title
RRG	Receivables Realisations Group
SIP	Statement of Insolvency Practice
TT	Telegraphic transfer
TUPE	Transfer of Undertakings (Protection of Employment) Regulations
VAT	Value added tax



The references in these Proposals to sections, paragraphs or rules are to be the Insolvency Act 1986, Schedule B1 of the Insolvency Act 1986 and the Insolvency Rules 1986 (as amended) respectively

2 Executive summary

- This progress report covers the period from appointment on 14 December 2010 to 5 June 2011.
- The Administrators' Statement of Proposals was approved on 17 August 2010 pursuant to Rule 2 33 (5A) of the Insolvency Rules 1986 (as amended) There have been no subsequent amendments or major deviations from the original proposals
- In order to support key customers and fully explore a sale of the business and assets, the business was traded for six months following our appointment This trading period has now concluded and all trading sales invoices have now been collected We have now exited the Company site at Clifton Junction, Manchester
- Per our previous report a sale of the Terrazzo tiles division was completed to QTL Holdings Limited for £1,040,000 on 26 November 2010
- The Pilkington's Tiles brand name and associated domain names were sold to Pilkington's Tiles 2010 Limited, a new company formed by an Eastern European buyer, for a total consideration of £280,000
- As previously reported, the manufacturing facility at Poole ceased operations upon appointment of the Administrators We successfully negotiated a sale of parts of the on-site machinery, stock and remaining goodwill in the business to Original Style Limited for a total consideration of £150,000
- A sale of the remaining stock on site at Clifton, Manchester together with two of the tile range brand names was made to Topps Tiles Limited for £525 000
- A sale of the Company clay quarry near Poole has now completed The buyer, Knoll Quarry Limited, paid a consideration of £235,000
- A further £298,032 was received in the period in respect of the sale of the remaining plant and machinery
- Realisations to date from the pre-appointment debtor book total £4,483,955, the majority of which was received directly into the bank's trust account in accordance with their invoice discounting agreement
- We have also made interim distributions to the fixed charge holder in the period of £820,000 from fixed charge proceeds from the various sales mentioned above An



Pilkington's Tiles Limited (in Administration)
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interim distribution of £500,000 was also made to the charge holder from floating charge realisations

- Given the level of exposure to the Bank, which was in excess of £7.3m and the expected level of realisations, there is no prospect of funds being available to unsecured creditors, other than via a potential prescribed part distribution
- Full details of the Joint Administrators Progress Report are attached together with all relevant statutory information included by way of Appendices
- As the Joint Administrators' original proposals have now been completed the Company will be placed in Creditors' Voluntary Liquidation on the filing of this report, along with form 2.34B, at Companies House. In accordance with these proposals Brian Green and I will be appointed Joint Liquidators

Paul Flint
Joint Administrator



3 Introduction

Further to the last report dated 10 January 2011, I write to provide my final report on the outcome of the Administration in accordance with Rules 2 47 and 2 110 of the Insolvency (Amendment) Rules 2003

The Joint Administrators' proposals have now been completed and are attached at Appendix 5 There have been no amendments or major deviations from these original proposals

The Company will be placed into Creditors' Voluntary Liquidation on the filing of this report, along with form 2 34B, at Companies House In accordance with these proposals Brian Green and I will be appointed Joint Liquidators

For your information, the final abstract receipts and payments account for the period 14 December 2010 to 5 June 2011 is attached at Appendix 2 Unless stated otherwise all figures in this report are stated net of VAT

Cash held as at 5 June 2011 totalled £1,444,148 All funds including VAT receivable and payable arising in the Administration will be transferred to the Liquidation

4 Progress of the Administration to 5 June 2011

All outstanding matters can now be dealt with from within the Liquidation As such, in accordance with the proposals set out in previous reports, the Joint Administrators are now seeking to convert this case to a Creditors' Voluntary Liquidation

4 1 Sale of the remaining assets

The sale of the clay pit at Corfe Mullen has now been completed with £235,000 received from Knoll Quarry Limited in respect of its purchase of this asset

The remaining plant and machinery was also sold during the period and all expected funds have now been collected

4.2 Book debts

Further book debt realisations totalling £4,483,955 were collected during the period and either paid direct to the fixed charge holder, or transferred across in accordance with the charge holder's security We are currently holding £31,325 34 within the administration account which we propose to transfer into the liquidation account before remitting to the fixed charge holder It is anticipated that there will be further book debt realisations in the Liquidation



4.3 Liabilities

4.3.1 Secured creditors

As previously reported, at the date of the Joint Administrators' appointment, the Bank was owed approximately £7.3 million in respect of its lending to the Pilkington's Group. The Bank holds a debenture and guarantee over the Company's assets dated 28 May 2004.

It is not expected that the secured creditor will be fully repaid.

4.3.2 Preferential creditors

The level of preferential creditor claims has been reduced due to the successful sale of the business and assets of the Terrazzo Tiles division and the transfer of 23 employees at the date of the sale. There will however be a significant amount of preferential creditor claims relating to employees who were made redundant prior to the sale. It is anticipated that the preferential element of these claims will be paid in full.

4.3.3 Unsecured creditors

In their Statement of Affairs, the Directors estimate that the Company has the following unsecured liabilities:

	Total outstanding balance
	£
Trade creditors	22,243,780
HM Customs and Excise	732,835
	<hr/>
	22,976,615
	<hr/>

Source: Directors' Statement of Affairs

It is not anticipated that there will be a distribution to the unsecured creditors of the Company other than via the potential prescribed part distribution.

Based on anticipated asset realisations at the conclusion of the Administration, we estimate that a prescribed part distribution pursuant to Section 176A of the Insolvency Act will be approximately one pence in the pound prior to costs. This figure remains an estimate and is dependent on the level of claims arising within the liquidation and any costs which may not have been anticipated.

The quantum of the prescribed part distribution based on information available to date is expected to be in the region of £290,000 based on our current estimates.

Within the statement of affairs trade creditor balance, a figure of £15 million is estimated in respect of the deficit on the Pilkington's Tiles Limited pension fund. We are currently in correspondence to understand the potential level of this claim and its subsequent impact on any prescribed part distribution. Early indications from the Trustee's advisors suggests that the indebtedness may be nearer £23 million as opposed to the £15 million estimated by the directors.

4.4 Receipts and payments

4.4.1 Receipts and payments

The receipts and payments for the period are set out in the attached Receipts and Payments Account (see Appendix 2).

4.4.2 Office holders remuneration

The office holders' time costs for the period of this report are also attached (see Appendix 3). This shows that in the period to 5 June 2011, we have incurred time costs of £1,724,727 representing 6,649 hours at an average hourly rate of £259. This includes work undertaken in respect of tax, VAT, employee, pensions and health and safety advice from KPMG LLP in-house specialists.

The basis of the fees being requested by the Joint Administrators is set out below. Approval has now been received from the secured creditors and the requisite majority of preferential creditors in relation to the following resolution:

- That in the event that no creditors' committee is formed, or if no determination of the creditors' committee is reached, the Joint Administrators will seek approval from the secured creditors (and the requisite majority of preferential creditors if the Joint Administrators think there will be a distribution to them) in relation to the basis of their remuneration. The Joint Administrators will seek approval to draw fees on account from the assets of Pilkington's Tiles Limited (in Administration) from time to time during the period of Administration based on time properly spent at the charge out rates shown in Appendix 3. This includes the costs of KPMG LLP in respect of GSS, REAS, GSS, pension, Tax and VAT advice provided to the Joint Administrators. Also, the Joint Administrators will draw disbursements from time to time to include Category 2 disbursements.

As noted above, time costs for the period are £1,724,727, however it is not anticipated that we will recover time costs in full, to date we have drawn £1,525,000.

Creditors are reminded that the basis on which fees have been reported is now agreed, however, to determine if the quantum of the fees to be taken is reasonable the analysis included at Appendix 3 should be reviewed and any additional information can be requested by any secured creditor or any unsecured creditor(s) with at least 5% in value of the unsecured debt in accordance with Rule 2.48A of the Insolvency Rules 1986. This request must be made within 21 days of receipt of this report. The full text of that rule can be provided on request.



In addition, creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value including that creditors claim by making an application to court in accordance with Rule 2 109 of the Insolvency Rules 1986 The full text of this rule can also be provided on request

4 4 3 Expenses for the period

Expenses for this period total £18,292 including amounts not yet paid (see Appendix 3 for details)

The amount accrued for the office holders' remuneration is discussed above and other amounts that require explanation are dealt with in detail below As set out above, additional information about expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed Full details of the process to obtain more information under Rule 2 48A of the Insolvency Rules 1986 and to challenge the Joint Administrators' remuneration and expenses under Rule 2 109 of the Insolvency Rules 1986 are explained above

5 Comments on the Appendices

5.1 Appendix 2: Receipts & payments account for the period 14 December 2010 to 5 June 2011

5 1 1 Receipts

5 1 1 1 Sales (Ceramics)

The balance of receipts relating to the trading period have now been collected, with £69,420 being received during the period

5 1 1 2 Insurance

An insurance premium refund of £5,562 was received in the period covered by this report

5 1 1 3 Land and Buildings

As discussed we completed the sale of the Corfe Mullen clay pit for £235,000

5 1 1 4 Brand name realisations

We received £30,000 in the period in relation to the sale of two of the Pilkington's brand names as part of the stock deal with Topps Tiles

5 1 1 5 Plant and machinery

As reported we received the proceeds from the sale of the balance of the Company plant and machinery during the period The proceeds were split with £266,032 relating to items covered by the Bank's fixed charge, and £32,000 relating to floating charge items



5 1 1 6 Bank interest, gross

Gross bank interest of £557 has been received in the fixed charge current account A further £1,112 has been received in the floating charge current account

5 1.1 7 Motor vehicles

The Joint Administrators have sold vehicles owned by the Company totalling £4,250

5 1 1 8 Stock

The remaining stock on hand at appointment has now been sold, with £595,700 being received during the period

5 1 1 9 Pre-appointment Debts (Ceramics)

A further £95,771 relating to pre-appointment debts was collected during the period These funds are due to the Bank under the terms of their security and the remaining balance of funds held will be paid across from the liquidation account to the chargeholder

5 1 1 10 Pottery auction

An auction selling items of ceramic pottery, historical records and other lusterware associated with the Company was held in December Proceeds totalling £11,093 were received during the period

5 1 1 11 Life Insurance

We received a refund of £11,011 from the Company life insurance provider during the period covered in this report

5 1 2 Payments

5 1 2 1 Purchases (Shop)

Shop purchases relate primarily to the cost of advertising the closing down sale in the local and regional newspapers and the purchase of complimentary tiling products to be sold in the shop Total purchases during the period amounted to £33,645

5 1 2 2 Purchases (Terrazzo)

Terrazzo purchases relate to raw material purchases required for production A total of £80,389 was spent during the period which all related to purchases made to enable production during the period covered in my previous report

5 1 2 3 Purchases (Ceramics)

Ceramics purchases relate to raw material purchases required for production A total of £28,404 was spent in the period A small amount of payments remain outstanding which will be settled from the liquidation account



5.1.2.4 Direct labour

Wages and salaries totalling £47,133 have been paid during the period primarily to staff involved in the distribution of products, and to other staff who assisted in clearing the site prior to vacation

5.1.2.5 Rates

Commercial rates totalling £13,274 were paid in respect of the Company property in Poole. We still await a revised calculation of the rates in relation to the Clifton site in Manchester

5.1.2.6 Water rates

A total of £16,564 has been paid in relation to water rates

5.1.2.7 Heat and light

A total of £152,431 has been paid to utility companies in respect of electricity and gas during the period

5.1.2.8 Telephone/Telex/Fax

£3,564 has been paid in respect of mobile phone charges and internet usage

5.1.2.9 Professional fees

We have incurred professional fees of £2,455 in relation to assistance with Company IT equipment and the collection of Company books and records

5.1.2.10 Waste removal

An amount of £14,357 has been paid to clear the waste generated from production from site

5.1.2.11 Hire of equipment

A total of £14,224 has been paid in relation to fork lift trucks, JCBs and other equipment which was hired during the trading period

5.1.2.12 Sundry expenses

Sundry expenses were incurred in the period totalling £145

5.1.2.13 Security

Due to the open nature of the sites and the significant value of the assets stored on site in both Manchester and Poole, the Joint Administrators decided to implement 24 hour security on both sites. Invoices totalling £57,288 were paid during the period

5.1.2.14 Administrators fees

Fees drawn in respect of fixed charge costs totalled £385,000 during the period, a further £315,000 was drawn in respect of floating charge time costs. Approval has been received

from the secured creditors and the requisite majority of preferential creditors in relation to the basis of the Joint Administrators' remuneration as mentioned in 4 4 2 of this report

5 1 2.15 *Legal fees*

Legal fees of £120,551 were paid in respect of legal advice relating to fixed charge matters, with a further £884 being paid in relation to floating charge matters

5 1 2.16 *Agents' / Valuers' fees*

We have incurred agents costs of £62,994 in relation to assistance received in selling fixed charge assets, with a further £17,800 being paid in relation to floating charge assets

5 1 2 17 *Bank charges*

Bank charges of £2 were paid on the fixed charge account, with £2,722 paid on the floating charge account. These costs were largely in relation to electronic funds transfers made to trading suppliers

5 1 2 18 *Pre-appointment Debts (Terrazzo)*

Transfers totalling £300,834 48 were made to the Bank in respect of pre-appointment debts which were paid into the administration account instead of direct to the chargeholder

5 1 2 19 *Floating charge distribution*

An interim distribution of £500,000 was made to the floating charge holder in accordance with the valid security held by the Bank

5 1 2 20 *PAYE/NIC*

Funds totalling £79,192 were paid to HMRC in respect of the employees retained during the administration

5 1 2 21 *Pension contributions and other miscellaneous deductions*

A total of £288 was paid in respect of employee pension fund contributions, with a further £1,033 paid in relation to other employee salary deductions

5.2 *Appendix 3: Analysis of office holders' time costs*

As can be seen in Appendix 3, a large proportion of time costs have been incurred in respect of statutory matters as the case has moved towards liquidation. Internal case checklists and review time totalled £17,080 as the files were prepared for liquidation, with a further £11,730 incurred in preparing reports for the debenture holder

Significant time of £22,840 was incurred dealing with case closure formalities, and £21,512 was incurred wrapping up the remaining trading related supplier payments and reconciliations



We have continued to receive a high level of employee correspondence, primarily in relation to redundancy entitlement and pension queries. Costs of £21,774 were incurred relating to this area.

As the case has moved towards liquidation we have incurred a significant amount of time preparing documentation for HMRC to calculate any corporation tax that may be due. This has been a complex process due to the number of different assets sold and their different classification for tax purposes. Consequently £29,531 was incurred utilising our tax planning specialists.

General creditor correspondence and preparing statutory reports incurred costs of £9,496 and £10,238 during the period.

5.3 Appendix 4: Expenses for the period

Expenses in the period total £1,291,963 which reflects the unwind of the remaining costs on the case. Of these costs, £427,235 relates directly to the trading expenses and associated site holding costs. The balance of the costs incurred relates to office holder costs and the legal fees incurred dealing with the various sale contracts and other matters.

There are some costs which will transfer over to the liquidation for payment, most notably accruals for the remaining outstanding site holding costs, an accrual for our final fee note and an accrual for the remaining legal fees on the case.

Creditors are reminded that any additional information can be requested subject to the conditions set out in section 4.4.

As highlighted in section 4.4 based on current estimates, we do not anticipate that we will recover our time costs in full.

6 Outstanding matters

The Joint Administrators' proposals have now been completed. The following matters remain outstanding, however they can be finalised in the Creditors Voluntary Liquidation.

- Settlement of the outstanding costs of the Administration,
- Ongoing VAT returns and clearances,
- Realisation of the remaining book debts,
- Agreement and payment of preferential creditor claims,
- Agreement of claims and distributions from the prescribed part, and
- Final distributions to the secured creditor.



7 Conclusion of the Administration

The Joint Administrators' proposals have been completed. The Company will be placed into Creditors' Voluntary Liquidation on the filing of this Report along with form 2.34B at Companies House. Any outstanding matters from the Administration will be concluded in the Liquidation.

In accordance with the Joint Administrators' proposals, Brian Green and I will be appointed as Joint Liquidators.

Paul Andrew Flint

Joint Administrator



Appendix 1

Statutory information

Appointment

Company name & Trading style	Pilkington's Tiles Limited
Administration Order	The Administration Order granted in the High Court of Justice, Chancery Division, Manchester District Registry, Court No 1546 of 2010
Date of appointment	14 June 2010
Office holders details	Paul Andrew Flint is authorised to act as an insolvency practitioner by the ICAEW Brian Green is authorised to act as an insolvency practitioner by the ICAEW
Functions	The functions of the Administrators are being exercised by either or both of them in accordance with Paragraph 100(2) of Schedule B1 of the Act
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations

Company Information

Company registration number	00033221
Previous registered office	PO Box 4, Rake Lane, Clifton, Manchester, M27 8LP
Present registered office	KPMG LLP, St James Square, Manchester, M2 6DS



Appendix 2

Joint administrators' receipts and payments account for the period 14 December 2010 to 5 June 2011

ABSTRACT OF RECEIPTS AND PAYMENTS - 14/12/2010 to 05/06/2011 Appendix to Form 2.24
Pilkington's Tiles Ltd Page 1

RECEIPTS		£
Brought forward from previous Abstract (if Any)		10,850,726.86
Sales (Ceramics)		69,419.81
Insurance		5,562.05
Land and Buildings		235,000.00
Brand Name Realisations		30,000.00
Plant & machinery		266,031.68
Bank interest, gross		556.63
Plant & machinery		32,000.01
Motor vehicles		4,250.00
Stock		595,700.00
Pre-Appointment Debts (Ceramics)		95,770.81
Bank interest, gross		1,111.77
Pottery auction		11,093.08
Fixed charge VAT payable		5,250.00
Floating ch. VAT payable		150,911.27
Life Insurance		11,011.10
Carried forward to		12,364,395.07
* continuation sheet / next abstract		
PAYMENTS		£
Brought forward from previous Abstract (if Any)		8,286,676.27
Sales (Shop)		33,644.78
Purchases (Terrazzo)		80,388.61
Purchases (Ceramics)		28,404.29
Direct labour		47,133.52
Rates		13,274.18
Water rates		16,563.87
Heat & light		152,431.05
Telephone/Telex/Fax		3,563.90
Professional fees		2,455.00
Waste Removal		14,356.80
Hire of equipment		14,223.77
Sundry expenses		145.00
Security		57,288.00
Administrators' fees		385,000.00
Legal fees		120,551.20
Agents'/Valuers' fees		62,994.32
Bank charges		1.65
Pre-Appointment Debts (Terrazzo)		300,834.48
Administrators' fees		315,000.00
Agents'/Valuers' fees		17,800.48
Carried forward to		9,952,731.17
* continuation sheet / next abstract		

Notes - The receipts and payments must usually be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balances so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed.



Pilkington's Tiles Limited (in Administration)
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ABSTRACT OF RECEIPTS AND PAYMENTS - 14/12/2010 to 05/06/2011 **Appendix to Form 2.24**
Pilkington's Tiles Ltd **Page 1**

* Delete as appropriate	RECEIPTS	£
	Brought forward from previous Abstract (if Any)	12,364,395.07
	Carried forward to * continuation sheet / next abstract	12,364,395.07
* Delete as appropriate	PAYMENTS	£
	Brought forward from previous Abstract (if Any)	9,952,731.17
	Legal fees	884.49
	Bank charges	2,722.24
	Floating charge	500,000.00
	Floating ch. VAT rec'able	226,695.56
	Fixed charge VAT rec'able	5,746.50
	PAYE/NIC	79,191.67
	Floating ch. VAT control	150,953.64
	Pension contributions	287.50
	Misc deductions	1,033.69
	Carried forward to * continuation sheet / next abstract	10,920,246.46

Notes - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the administrator since he was appointed.



Pilkington's Tiles Limited (in Administration)
*Progress Report Report to Creditors pursuant to Rules 2 57 and 2 110 of the Insolvency
 (Amendment) Rules 2003*
 KPMG LLP
 8 June 2011

**Pilkington's Tiles Ltd
 (In Administration)
 Administrators' Trading Account**

Statement of Affairs	From 14/12/2010 To 05/06/2011	From 14/06/2010 To 05/06/2011
POST-APPOINTMENT SALES		
Sales (Terrazzo)	NIL	2,542,502.61
Sales (Ceramics)	69,419.81	4,598,444.78
Sales (Shop)	(33,644.78)	642,630.00
	<u>35,775.03</u>	<u>7,783,577.39</u>
PURCHASES		
Purchases (Terrazzo)	80,382.61	1,206,460.02
Purchases (Ceramics)	28,404.29	1,037,796.80
Purchases (Shop)	NIL	35,038.33
Misc Trading Purchases	NIL	35,530.42
	<u>(108,792.90)</u>	<u>(2,314,825.57)</u>
OTHER DIRECT COSTS		
Direct labour	47,133.52	1,594,886.48
	<u>(47,133.52)</u>	<u>(1,594,886.48)</u>
TRADING EXPENSES		
Freight charges on imports	NIL	70,489.48
Rates	13,274.18	6,095.64
Water rates	16,563.87	56,590.74
Heat & light	152,431.05	546,230.82
Website costs	NIL	105.00
Telephone/Telex/Fax	3,563.90	8,843.53
Carrage	NIL	14,508.52
Insurance	(5,562.05)	66,677.01
Professional fees	2,455.00	16,499.48
Waste Removal	14,356.80	30,721.46
Hire of equipment	14,223.77	93,334.51
Repairs and maintenance	NIL	7,035.10
Stundry expenses	145.00	4,025.00
Ransom Payments / ROT	NIL	185,280.18
Rent	NIL	265,674.49
Advertising	NIL	8,190.50
Security	57,288.00	170,472.00
	<u>(268,739.52)</u>	<u>(1,550,773.46)</u>
TRADING SURPLUS(DEFICIT)	<u>(383,890.91)</u>	<u>2,323,091.83</u>



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Pilkington's Tiles Ltd
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 14/12/2010 To 05/06/2011	From 14/06/2010 To 05/06/2011
	FIXED CHARGE ASSETS	
300,000 00	Fixed Assets	NIL
120,000 00	Land and Buildings	235,000 00
	Brand Name Realisations	30,000 00
	Plant & machinery	266,031 08
3,602,294 00	Book debts	NIL
	Property rights/Patents	NIL
	Goodwill	275,001 00
	Bank interest, gross	556.63
		<u>531,588.31</u>
		<u>1,691,594.56</u>
	FIXED CHARGE COSTS	
	Administrators' fees	385,000 00
	Legal fees	120,551.20
	Agents'/Valuers' fees	62,994.32
	Debt collection costs	NIL
	Bank charges	1.65
		<u>(568,547.17)</u>
		<u>(591,171.17)</u>
	FIXED CHARGE CREDITORS	
	Fixed charge creditor	NIL
		<u>NIL</u>
		<u>(820,000.00)</u>
	ASSET REALISATIONS	
	Plant & machinery	32,000.01
	Motor vehicles	4,250 00
2,830,421 00	Stock	595,700 00
	Pre-Appointment Debts (Tenneco)	(300,834 48)
	Pre-Appointment Debts (Ceramics)	95,770.81
	Property rights/Patents	NIL
22,383 00	Petty cash	NIL
		<u>426,886.34</u>
		<u>883,380.35</u>
	OTHER REALISATIONS	
	Bank interest, gross	1,111 77
	Pottery auction	11,093 08
	Trading Surplus/(Deficit)	(388,890.91)
		<u>(376,686.06)</u>
		<u>2,336,652.14</u>
	COST OF REALISATIONS	
	Statement of affairs work	NIL
	Administrators' fees	315,000 00
	Agents'/Valuers' fees	17,800.48
	Legal fees	884 49
	Bank charges	2,722.24
		<u>(336,407.21)</u>
		<u>(1,242,616.10)</u>
	PREFERENTIAL CREDITORS	
(429,815 00)	Employees' wage arrears	NIL
		<u>NIL</u>
		<u>NIL</u>
	FLOATING CHARGE CREDITORS	
(4,562,869 00)	Floating charge	500,000 00
		<u>500,000.00</u>



Pilkington's Tiles Limited (in Administration)
Progress Report Report to Creditors pursuant to Rules 2 57 and 2 110 of the Insolvency
(Amendment) Rules 2003
KPMG LLP
8 June 2011

Pilkington's Tiles Ltd
(In Administration)
Administrators' Abstract of Receipts & Payments

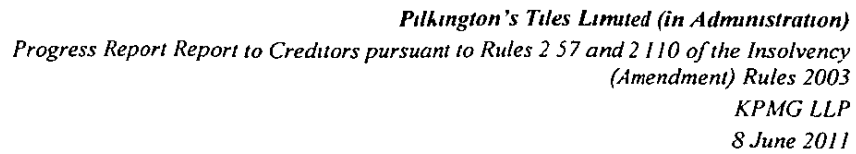
Statement of Affairs	From 14/12/2010 To 05/06/2011	From 14/06/2010 To 05/06/2011
	(500,000.00)	(500,000.00)
UNSECURED CREDITORS		
(22,976,615.00) Trade & expense	NIL	NIL
	NIL	NIL
DISTRIBUTIONS		
(3,334,500.00) Preference shareholders	NIL	NIL
	NIL	NIL
(24,428,791.00)	(823,165.79)	1,757,839.78
REPRESENTED BY		
Floating ch. VAT rec'able		906,375.20
Fixed charge current		245,666.82
Floating charge current		1,198,481.79
Fixed charge VAT rec'able		9,246.50
Fixed charge VAT payable		(57,561.60)
Floating ch. VAT payable		(1,494,255.79)
Floating ch. VAT control		949,886.86
		1,757,839.78

Paul Andrew Flint
Administrator

Appendix 3

Analysis of Joint Administrators' time costs, disbursements and charge out rates for the period 14 December 2010 to 5 June 2011

Reporting period: 14/12/10 to 05/06/11						
SIP 9 Compliant fees worksheet						
Consolidated time spent by grade		Partner/Director	Management	Administrators	Support	Total
Activity		Hours	Cost £	Average Rate £	Total	Average Rate £
Administration & planning						
Books and records		0.20	0.00	0.00	0.20	110.00
Fee & WIP		0.20	3.30	1.50	4.10	22774
Appointments and related formalities		0.00	0.00	4.00	0.00	240.00
Check list & Reviews		0.00	23.00	37.00	0.00	17,000.00
Pre-appointment checks		0.00	24.50	0.00	0.00	24.50
Reports to debenture holders		0.00	34.00	0.00	0.00	11,700.00
Statutory accounts and payments account		0.00	14.00	0.30	0.00	342.80
Strategy documents		0.20	3.50	0.00	0.00	353.38
		0.40	104.50	42.80	4.30	46,571.50
Trading, Employees and existing						
Club & profit projection & strategy		0.00	0.00	2.00	0.00	175.00
General (Cashflow)		0.00	0.00	38.20	10.90	631.12
Reconciliation (A/B/S accounting reviews)		0.00	0.00	61.60	0.00	226.28
Employ as correspondence		0.00	27.50	31.60	0.00	275.27
DTI redundancy payments service		0.00	0.00	14.00	0.00	240.00
Financials & bank		0.00	0.80	0.00	0.00	345.00
Revisions & review		0.00	0.00	7.00	0.00	226.07
Charges and related formalities		4.00	56.00	7.00	0.00	340.90
Particulars and trading costs		2.00	15.50	75.00	1.20	229.58
Subs		7.00	0.00	11.00	0.00	283.83
		13.00	99.80	287.40	12.10	412.20
Tax						
Post appointment CT		3.50	25.30	67.60	0.00	300.11
Post appointment VAT		1.00	3.50	5.10	0.00	284.27
		6.50	28.80	72.70	0.00	298.70



Notes
 All staff who have worked on this assignment, including cashiers and secretarial staff, have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in control administration functions is not charged directly to the assignment but is reflected in the general level of charges over time.



Category 1 expenses

Expense name	Expense value £
Expenses brought forward from previous report	17,220
Car mileage	358
Other travel costs	195
Meal costs	149
Report printing expenses	212
Telephone costs	158
	<hr/>
	18,292
	<hr/>

Chargeable rates from 14 June 2010

Grade	Rate per hour £
Partner	515
Associate Partner	440
Director	440
Senior Manager	405
Manager	320
Assistant Manager	225
Assistant	165
Support	105

Chargeable rates from 1 October 2010

Grade	Rate per hour £
Partner	535
Associate Partner	460
Director	460
Senior Manager	425
Manager	345
Assistant Manager	240
Assistant	175
Support	110



Appendix 4

Schedule of expenses for the period 14 December 2010 to 5 June 2011

Appendix 4

Schedule of expenses	Paid £	Accrued £	Total for period £
Trading			
Purchases	(£142,438)	£0	(£142,438)
Other trading and realisations costs including labour	(£173,598)	(£111,200)	(£284,798)
Costs of realisations:			
Office holders fees	(£700,000)	£0	(£700,000)
Office holders expenses		(£18,252)	(£18,252)
Other professional fees:			
Legal fees	(£121,436)	(£25,000)	(£146,436)
Total costs paid / to follow	(£1,137,471)	(£154,452)	(£1,291,923)

Creditors are reminded that any additional information can be requested subject to the conditions set out in section 4.4

Appendix 5

The Administrators propose the following

- To continue to do all such things reasonably expedient and generally exercise all their powers as Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company in accordance with the objective as set out above
- To seek an extension to the administration period if deemed necessary by the Administrators, firstly by consent from the secured creditor (and the requisite majority of preferential creditors if the Joint Administrators think that there will be a distribution to them) for a six month period and, if further time is required, by an application to court under paragraph 76(2) of Schedule B1 to the Act,
- That the Administrators be permitted to pay any realisations to secured and preferential creditors,
- That the Administrators will seek their discharge from liability in respect of any action of their as Administrators pursuant to paragraph 98(1) of Schedule B1 of the Act from the Secured Creditors and preferential creditors (if appropriate)
- When it is considered that no further distributions to creditors will be made and that the Joint Administrators have concluded their duties, to take the necessary steps to move the Company from Administration to Dissolution, pursuant to paragraph 84 of Schedule B1 to the Act. If the Joint Administrators think that a distribution will be made to unsecured creditors, to take the necessary steps to move the Company into Creditors' Voluntary Liquidation pursuant to paragraph 83 of Schedule B1 to the Act,
- If Creditors' Voluntary Liquidation is deemed appropriate, the Joint Administrators will seek the appointment of Paul Andrew Flint and Brian Green of KPMG LLP as Liquidators of Pilkington's Tiles Limited. In accordance with paragraph 83(7) of Schedule B1 to the Act and Rule 2 110 of the Insolvency Rules 1986, creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved,
- If deemed appropriate to make an application to court under paragraph 79 of Schedule B1 to the Act to end the Administration and petition the court for the winding up of the Company. If appropriate, the Joint Administrators will apply to be appointed as Joint Liquidators under Section 140(1) of the Act,
- In the event that the Administrators deem that liquidation is not appropriate because no dividend will become available to creditors, and there are no other outstanding matters that require to be dealt with in a liquidation, then the Administrators shall file the appropriate notices at Companies House and Pilkington's Tiles Ltd will subsequently be dissolved

In relation to Joint Administrators' fees



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- That in the event that no creditors committee is formed or if no determination of the creditors committee is reached, the Joint Administrators will seek approval from secured creditors (and the requisite majority of preferential creditors if the Joint Administrators think that there will be a distribution to them) in relation to the basis of remuneration. The Joint Administrators will seek approval to draw fees on account from the assets of the Pilkington's Tiles Ltd from time to time during the period of the administration based on time properly spent at KPMG LLP and charge out rates that reflect the complexity of the assignment which are detailed within Appendix 3. Also, that the Administrators be authorised to draw disbursements from time to time to include category two disbursements.
- That the costs of KPMG LLP in respect of tax, VAT, health and safety, environmental and pension advice provided to the Joint Administrators be based upon time costs and shall be paid out of the assets of the Pilkington's Tiles Ltd (in Administration).