

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

Homeform Group Limited

Company number

6132417

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

(full name of court)

Court case number  
1140 of 2011(a) Insert full  
name(s) and  
address(es) of  
administrator(s)I/We (a)  
Philip Stephen Bowers  
Deloitte LLP  
Athene Place  
66 Shoe Lane  
London  
EC4A 3BQWilliam Kenneth Dawson  
Deloitte LLP  
PO Box 500  
2 Hardman Street  
Manchester  
M60 2AT

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

From

To

(b) Insert date

(b) 6 January 2012

(b) 15 May 2012

Signed

PSB  
Joint / Administrator(s)

Dated

14 JUNE 2012**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

Philip Stephen Bowers  
Deloitte LLP  
1 City Square  
Leeds  
West Yorkshire  
LS1 2AL

DX Number

0113 243 9021  
DX Exchange

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**HOMEFORM GROUP LIMITED  
(IN ADMINISTRATION)  
("the Company")**

**Court No. 1140 of 2011**

**PROGRESS REPORT TO THE SECURED CREDITOR  
PURSUANT TO RULE R2.112 OF THE INSOLVENCY RULES 1986 AND THE  
INSOLVENCY (AMENDMENT) RULES 2010**

**AND**

**PROGRESS REPORT TO CREDITORS  
PURSUANT TO RULE R2.47 OF THE INSOLVENCY RULES 1986 AND THE  
INSOLVENCY (AMENDMENT) RULES 2010**

**30 May 2012**

This report has been prepared in order to request an extension to the period of the Administration and to provide an update to the creditors. The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by the creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

P S Bowers and W K Dawson were appointed Joint Administrators of Homeform Group Limited on 6 July 2011. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

**P S Bowers  
Deloitte LLP  
Athene Place  
66 Shoe Lane  
London  
EC4A 3BQ**

**W K Dawson  
Deloitte LLP  
PO Box 500  
2 Hardman Street  
Manchester  
M60 2AT**

**Tel 0161 455 8658**

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## **APPENDICES**

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- 3. Joint Administrators' time costs for the period 6 July 2011 to 15 May 2012.**

## **ABBREVIATIONS**

For the purpose of this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"the Rules"	Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010
"the Administrators"	P S Bowers and W K Dawson of Deloitte LLP
"the Company / HGL"	Homeform Group Limited (in Administration)
"Deloitte"	Deloitte LLP
"the Court"	High Court of Justice, Chancery Division, Manchester District Registry
"SIP7 (E&W)"	Statement of Insolvency Practice 7 (England & Wales)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)
"DLA Piper"	DLA Piper UK LLP
"GVA"	GVA Grimley Limited
"the Bank" or "Barclays"	Barclays Bank Plc
"PP"	The Prescribed Part of the Company's net property subject to Section 176A of the Insolvency Act 1986 (as amended)
"QFCH"	Qualifying Floating Charge Holder
"Sun"	Sun Capital Partners IV LP
"Sharps Bedrooms"	Sharps Bedrooms Limited
"Sharps Division"	The Sharps division of the Company prior to Administration
"HFUK3"	HF Group UK 3 Limited
"Secured Creditor"	HFUK3

## **1. INTRODUCTION**

### **1.1 Introduction**

This report has been prepared in accordance with Rule R2 112 of the Rules to request an extension to the period of the Administration. This report also provides the creditors with an update on the progress of the Administration of the Company since our last report to the Secured Creditor dated 30 January 2012, pursuant to Rule R2 47 of the Rules.

Given the information previously provided in our earlier reports, we have not included detailed background information in respect of the Company and have focussed on progress of the Administration subsequent to those reports.

The Administrators' proposals were deemed approved following the issue of a notice under Paragraph 52(1) of Schedule B1 of the Act of 17 August 2011 and the expiry of eight business days thereafter. The Administrators' proposals are detailed in section 2.1 below.

On the basis that there remain unrealised assets of the Company which will not be sold before 5 July 2012, the one year anniversary of the Administration, the Administrators are submitting a request to the Secured Creditor seeking to extend the period of the Administration by 6 months, in terms of Paragraph 76(2)(b) of Schedule B1 of the Act. This is discussed further at section 5.1 below.

A schedule of statutory information in respect of the Company is attached at Appendix 1.

### **1.2 Details of the appointment of the Administrators**

Philip Stephen Bowers and William Kenneth Dawson of Deloitte were appointed Joint Administrators of the Company by the Director of the Company on 6 July 2011, following the filing of a Notice of Appointment of Administrators by the Director of the Company.

The Court having conduct of the proceedings is the High Court of Justice, Chancery Division, Manchester District Registry (case number 1140 of 2011).

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they are authorised to carry out all functions, duties and powers by either of them jointly and severally.

### **1.3 Electronic communication with creditors**

In an effort to reduce the costs of the Administration, all future communications with creditors, including updates and progress reports, will be posted onto a website, which has been set up specifically for this purpose. The web address is [www.deloitte.com/uk/homeform](http://www.deloitte.com/uk/homeform).

A letter will be issued to all creditors each time the website is updated with a statutory notice or report. All creditors' statutory notices will be retained on the website for 3 months after being uploaded to the site.

## **2. JOINT ADMINISTRATORS' PROPOSALS**

### **2.1 Introduction**

As previously reported to the Secured Creditor, the Administrators concluded the Company had significant secured and unsecured creditor liabilities and therefore a restructuring of these creditors would have been required to meet the first objective. It was apparent that there was insufficient value placed on the Company assets by third parties in order to affect a restructuring of the Company's considerable debt and the Administrators concluded that the first option was not possible to achieve. The Company's Management had for some time (prior to Administration) been trying to facilitate a restructuring of the debts, but without success.

Consequently, the Administrators have performed their functions in relation to the Company with the objective set out in Paragraph 3(2) of Schedule B1 of the Act, which is to achieve a better result for creditors than would be obtained through an immediate liquidation of the Company. The Administrators' proposals in order to achieve this objective, which, as noted above, were deemed approved following the issue of a notice under Paragraph 52(1) of Schedule B1 of the Act on 17 August 2011 and the expiry of eight business days thereafter are as follows:

- 1 the Administrators continue to manage the affairs and any remaining assets of the Company and the settlement of all Administration expenses,
- 2 the Administrators continue with their enquiries into the conduct of the Directors of the Company and continue to assist any regulatory authorities with their investigation into the affairs of the Company,
- 3 the Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against the Company unless the Administrators conclude, in their reasonable opinion, that the Company will have no assets available for distribution,
- 4 the Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application,
- 5 that, in the event the creditors of the Company so determine, at a meeting of creditors, a Creditors Committee be appointed in respect of the Company comprising of not more than five and not less than three creditors of the Company,
- 6 that, if a Creditors' Committee is not appointed, the secured creditors of the Company shall be asked to fix the basis of the Administrators' remuneration in accordance with Rule 2.106(5A)(a), to be fixed by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the Administrations, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed, and/or as percentage of realisations and/or as a set fee, plus VAT. In addition those creditors shall also be asked to agree the Administrators' expenses of which the Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Administrators and their staff in attending to matters arising in the Administrations, at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred, plus VAT where applicable,
- 7 that, if a Creditors' Committee is not appointed, the Administrators' Pre Administration Costs as detailed in Appendix 5 of the Administrators' Proposals be approved. And that the Administrators be authorised to draw their Costs, plus VAT, from the Administration estate,
- 8 that, following the realisation of assets and resolution of all matters in the Administrations, and as quickly and efficiently as is reasonably practicable, the

- 8. **Administrators implement the most cost effective steps to formally conclude the Administrations** This may include the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of the Company or alternatively, seeking to put the Company into Creditors' Voluntary Liquidation ("CVL") or Compulsory Liquidation, depending on which option will result in a better realisation for creditors,

- 9 that, if the Company were to be placed into CVL, the Administrators propose to be appointed Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 4.174 of the Rules and that the basis of the Liquidators' remuneration be fixed by reference to the time given in attending to matters arising in the Liquidations, and/or as a percentage of realisations and/or as a set fee. As per Paragraph 83(7) of Schedule B1 of the Act and Rule 2.117A(2)(b) of the Rules, the creditors may nominate a different person to be Liquidator(s) provided the nomination is made before the proposals are approved by creditors. For the purposes of Section 231 of the Act the Liquidators will each be authorised to carry-out all functions, duties and powers either jointly or severally, and
- 10 in the absence of Creditors' Committees, secured creditors of the Company agree that the Administrators be discharged from liability per Paragraphs 98 and 99 of Schedule B1 of the Act immediately upon the Administrators' filing their final report to creditors and vacating office

## 2.2 Amendments to proposals

There have been no amendments to the proposals

## 2.3 Progress on and achievement of the approved proposals

We have summarised below the progress and current status in respect of each of the approved proposals

Proposal	Current status
1	The Administrators continue to manage the business, property and affairs of the Company
2	The Administrators submitted their confidential report to the Insolvency Service on 20 December 2011
3	Current indications are that there will not be sufficient assets available to distribute to preferential or unsecured creditors. The claim of HFUK3 has been agreed. Barclays has confirmed they do not have any debt owed by the Company
4	A distribution of £7.3m was made to HFUK3 on completion of the sale of the business on 6 July 2011. Cash of £2.7m has been offset by Barclays in settlement of amounts due under its merchant services facility
5	No creditors' committee has been established
6	The Administrators' time costs and expenses were approved by HFUK3 and Barclays in accordance with Rule 2.106(5A)(a) on 29 September 2011 and 30 September 2011.  The Administrators have drawn total fees of £428,173 plus VAT in the period of this progress report and £928,173 to date. No expenses and disbursements have been drawn to date
7	The Administrators' pre-appointment costs were approved by the Secured Creditor on 12 April 2012. These costs are yet to be drawn
8	This is not yet applicable
9	This is not yet applicable

10	This is not yet applicable
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Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report



### **3. JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT**

#### **3.1 Introduction**

Attached at Appendix 2 is an abstract Receipts and Payments account covering the period from 6 January 2012 to 15 May 2012 together with cumulative details of the transactions from the date of appointment, in accordance with SIP7 (E&W)

In this section, we have summarised the main asset realisations during the 3 month period and an estimation of those assets yet to be realised, together with details of costs incurred but as yet remain unpaid

#### **3.2 Asset realisations**

The business and assets of the Sharps Division of the Company were sold in a pre-packaged transaction to Sharps Bedrooms that completed on 6 July 2011. The sale realised £7.3m in respect of intellectual property with £100,000 realised for each of stock and pre-Administration debtors. Since completion Sharps Bedrooms has continued to trade in leasehold premises under a license to occupy. We refer to the Administrators' SIP 16 letter of 6 July 2011 providing full details of this transaction.

The sale included a funding agreement between the Company and Sharps Bedrooms to ensure that costs incurred by the Administrators in respect of the transfer of the Sharps Division, handling chargeback claims, assignment of leasehold properties and employee matters are met by Sharps Bedrooms.

In the period of this progress report, the Administrators have received £190,000 (termed "Third Party Funds") from Sharps Bedrooms. This was in addition to £710,000 received by the Administrators prior to the date this report. To the extent that these funds are not required by the Administrators to discharge expenses of the Administration, a balancing repayment will be made from the Administrators to Sharps Bedrooms.

Immediately on appointment GVA was instructed by the Administrators to realise residual stock, fixtures and fittings and other chattel assets of the Company. GVA conducted an online auction of these assets in September 2011 that realised £235,560 plus VAT. Stock subject to retention of title was sold on behalf of the retention of title creditor for £81,975 with a payment of £53,983 being paid to the creditor in settlement of an outstanding liability. A further £5,248 plus VAT was received from Sharps Bedrooms Limited in respect of stock sold in relation to the on-going programme of fit-outs.

Sharps Bedrooms Limited were instructed by the Administrators to assist with customer fit outs and reduce chargeback claims. This has resulted in Barclays releasing funds of £1,473,736 in respect of monies held in its escrow account at the date of appointment. Sharps Bedrooms Limited has been paid £676,190 to date.

The Administrators have continued to pursue refunds of business rates from local councils and refunds have totalled £151,174 to the date of this report. In addition refunds totalling £5,722 have been realised from pre-Administration pension fund overpayments.

Amounts totalling £40,753 have been received in respect of Leasehold Property Assignments. In addition, rent deposits paid by the Company prior to Administration have been recovered totalling £31,460.

Deposits paid by the Company prior to Administration of £79,117 have also been recovered.

Other equipment sold by the Administrators totalled £45,033.

### **3.3 Estimated future realisations**

The remaining brands of the Company (Moben, Dolphin, Kitchens Direct) have been marketed for sale, with a number of firm offers received to date. The Administrators are currently in advanced negotiations with one party with a view to finalising a sale of all remaining brands in due course.

Sharps Bedrooms continue to trade under a license to occupy leasehold premises of the Company and the Administrators continue to seek lease assignments.

At the date of appointment, Barclays held c £4.5m in an escrow account and offset from the Company's accounts. These funds were retained by Barclays in order to cover contingent chargeback liabilities. Thus far, the Administrators have consented to Barclays drawing c £2.7m from the escrow account to cover claims agreed to date. In addition, the Administrators have agreed that Barclays retain a fund of £0.3m to cover potential future claims. Barclays may release further funds (c £1.5m released thus far) once the final chargeback claims are resolved.

### **3.4 Estimated outcome for creditors**

Current indications suggest that there will not be funds available to facilitate a distribution to preferential and unsecured creditors.

## **4. DISTRIBUTIONS TO CREDITORS**

### **4.1 Secured creditors**

The Company's estimated debt to the secured creditors as at the date of appointment was

- Barclays £5.5m
- HFUK3 £60.5m

A notional distribution of £7.3m as detailed in the SIP 16 letter of 6 July 2011 has been made to HFUK3 and any future realisations of Company brand names will be distributed to the Secured Creditor. Barclays has agreed to release £1.5m of cash held in its escrow account in the period of this report. In addition, Barclays offset £2.7m to cover agreed chargeback claims to date and the remaining escrow funds of £0.3m are expected to cover any further chargeback liabilities. Accordingly, Barclays is no longer a secured creditor of the company.

### **4.2 Preferential creditors**

Preferential claims exist in the Company relating to arrears of wages and accrued holiday pay due to employees. The Administrators do not anticipate a dividend will be paid to preferential creditors based on current estimates of realisations from floating charge assets.

### **4.3 Prescribed Part**

The Prescribed Part (section 176A of the Insolvency Act 1986 (Prescribed Part) Order 2003) applies where there are floating charge realisations, net of costs to be set aside for unsecured creditors. This equates to

- 50% of net property up to £10,000,
- Plus, 20% of net property in excess of £10,000
- Subject to a maximum of £600,000

No net floating charge realisations are currently anticipated and therefore no Prescribed Part is currently expected to be available to unsecured creditors of the Company.

### **4.4 Unsecured creditors**

Due to the lack of net property, the Administrators do not envisage that there will be a distribution to unsecured creditors.

## **5. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS**

### **5.1 Extensions to the initial appointment period**

The initial 12 month period of the Administration is due to expire on 5 July 2012. An extension to this initial period is required and as such the Administrators are seeking the consent of the Secured Creditor in this regard.

### **5.2 Investigations**

As part of the Administrators' statutory duties, an investigation into the conduct of the Company Director was completed.

In this regard, a confidential report was submitted to The Insolvency Service on 20 December 2011.

### **5.3 Exit**

The exit route from Administration may include dissolution of the Company, move to Creditors Voluntary Liquidation or Compulsory Liquidation.

The exit route is yet to be finalised and the Administrators will provide a further update in our next progress report to creditors.

### **5.4 SIP13 (E&W) – Transactions with connected parties**

In accordance with the guidance given in SIP13 (E&W), details of the Company's transactions with connected parties during the period of this report and the two years prior to our appointment are provided below.

On 6 July 2011, the business and assets of the Sharps Division of the Company were sold for total consideration of £7.5m to Sharps Bedrooms. Assets sold comprise intellectual property (£7.3m), stock (£0.1m) and pre-Administration book debts (£0.1m). Details of the transaction were set out in detail in the SIP 16 Letter sent to creditors on 6 July 2011 and were appended to the Administrators' proposals of 17 August 2011. We have summarised to include the name of the counterparty and connection below.

Sharps Bedrooms is a wholly owned subsidiary of Sun, who are the ultimate owner of the Company, and as such there is a commonality of ownership between the purchaser and Company.

We have reviewed these transactions and are of the opinion that all parties took appropriate legal advice. The Administrators were advised by DLA Piper LLP. Sharps Bedrooms and Sun were advised by Linklaters LLP, and the Bank was advised by Addleshaw Goddard LLP.

### **5.5 EC Regulations**

As stated in the Administration Order in respect of the Company, Council Regulation (EU) No 1346/2000 applies and these are the main proceedings as defined in Article 3(1) of that regulation.

## 6. PRE-ADMINISTRATION COSTS

Included within the Administrators' Report and Proposals dated 17 August 2011 was a Statement of Pre-Administration Costs, in accordance with rule 2.33(2)(ka) of the Rules

### Joint Administrators

Pre-Administration costs incurred by W K Dawson and P S Bowers in respect of preparation for the Administration, negotiations of the pre-packaged sale of the Sharps Division and liaising with key creditors were finalised and summarised in the Joint Administrators' Progress Report dated 30 January 2012

These costs were approved by the Secured Creditor on 12 April 2012. The resolution approved is below

"The Administrators' pre-Administration Costs, including Administrators' time costs of £271,826.80, Administrators' disbursements of £3,800.26 and legal fees of £100,000.00 are approved. And that the Administrators be authorised to draw their pre-Administration Costs, plus VAT, from the Administration estate."

A summary of these costs is below. Please refer to our previous progress report for detailed analysis and commentary of costs incurred

	Amount (excluding VAT)
Total hours	591.5
Average hourly rate	£656.51
Time Costs (£)	388,324.00
Expenses (£)	3,800.26
<b>TOTAL APPROVED (£)</b>	<b>£392,124.26</b>

### DLA Piper

DLA Piper was instructed by the Administrators to assist with the pre-packaged sale of the business and assets of the Sharps Division of the Company. DLA Piper has incurred costs totalling £100,000 plus VAT in relation to the sale and prior to the appointment of the Administrators. These costs were approved by the Secured Creditors on 12 April 2012.

## **7. JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES**

### **7.1 Joint Administrators' Remuneration**

#### **7.1.1 Basis of Remuneration**

The basis of the Joint Administrators' remuneration was fixed on 29 and 30 September 2011 by HFUK3 and Barclays as follows on a time costs basis

#### **7.1.2 Remuneration**

The Administrators' time costs and expenses were approved by HFUK3 and Barclays in accordance with Rule 2 106(5A)(a) on 29 September 2011 and 30 September 2011. The following resolutions were passed

"That the basis of the Administrators' remuneration be fixed by reference to the time properly given by the Joint Administrators' and their staff in attending to the matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by Deloitte LLP at the time when the work was performed and that the Joint Administrators' be authorised to draw their remuneration, plus VAT, from the Administration estate, together with disbursements incurred which relate specifically to the case "

"That the Joint Administrators' disbursements for mileage be fixed by reference to mileage properly incurred by the Joint Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing rate of up to 45p used by Deloitte LLP at the time when the mileage is incurred and that the Joint Administrators' be authorised to draw their disbursements for mileage from the Administration estate. The reviewed rates are reviewed annually on 1<sup>st</sup> April "

In addition, the Administrators' pre-appointment costs were approved by the HFUK3 on 12 April 2012

During the period from 6 January 2012 to 15 May 2012, the Administrators have charged total time costs of £330,425.00 made up of 656.90 hours at an average charge out rate of £503.01 across all grades of staff. Remuneration drawn in the period totals £428,173 plus VAT as indicated in the Receipts and Payments account at Appendix 2

During the period of the Administration from 6 July 2011 to 15 May 2012 the Administrators have charged total time costs of £1,789,844.25 made up of 3,547.8 hours at an average charge out rate of £504.50 across all grades of staff as detailed at Appendix 3. Total remuneration drawn to date is £928,173 plus VAT as indicated in the Receipts and Payments account at Appendix 2 which includes pre-appointment time costs as detailed above

The work has been categorised into the following task headings and sub categories

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case record, statutory reporting, compliance, cashing and accounting  
  
Reporting includes preparation and finalisation of reports for the Secured Creditors, preferential and unsecured creditors
- **Investigations** includes investigating the Company's affairs and in particular any antecedent transactions and also reporting on the conduct of its directors

- **Realisation of Assets** includes identifying, securing and insuring assets, sale of business, transition of contracts, property issues, disposal of stocks, collection of debts, realisation of other fixed assets and VAT and taxation matters

Time incurred in relation to 'Other Assets' includes progressing the sale of intellectual property and brand names

Significant time has been incurred liaising and negotiating with retention of title creditors in respect of their claims over stock held by the Company at the date of appointment of the Joint Administrators. Respective stock items were sold by GVA at online auction and realised £235,560

In addition, a large amount of time has been incurred liaising with landlords, their solicitors and Sharps Bedrooms in relation to the assignment of leasehold premises

- **Trading** includes planning, identifying strategy, preparation of trading forecasts, monitoring of performance against the forecasts, managing operations, dealing with supplier and landlord issues to ensure continuity of operations, accounting and employees (including pensions and other staff benefits)

Significant time has been spent discussing issues with former customers and suppliers of the Company in respect of incomplete fit-outs as at 6 July 2011

- **Creditors** includes set-up of creditor records, creditor communications, preferential claims, unsecured claims, secured and employee claims  
Significant time has been incurred in respect of discussions with employees regarding their claims, completion of claim forms, pension issues, transfer of employment and payment of wages and deductions

In addition, a large proportion of time has been incurred in handling a considerable volume of unsecured creditor claims in respect of fit-outs undertaken by the Company and deposits paid to the Company prior to Administration

- **Other case specific matters** include taxation and VAT

Total remuneration charged for the period of the Administration is shown at Appendix 3

"A Creditors' Guide to Remuneration" is available for download at [www.deloitte.com/uk/sip-9-england-and-wales](http://www.deloitte.com/uk/sip-9-england-and-wales)

Should you require a paper copy, please send your request in writing to the Administrators at the address on the front of this report and this will be provided to you at no cost

### **Expenses**

The Administrators' direct expenses for the period of this report are set out below. Expenses and disbursements have not yet been drawn by the Administrators

Nature of expenses	Total (£)
Accommodation	5,190 76
Bordereau	420 00
Mileage	5,266 16
Parking	160 77
Photocopying	1,880 85
Printing and postage	11,419 47
Stationery	1,416 19
Storage	2,398 54
Subsistence	1,512 40
Travel Costs	699 75
Telephone Costs	165 32
IT costs	348 45
Skip hire	2,762 62
<b>Total</b>	<b>33,641 28</b>

Mileage is calculated at the prevailing standard mileage rate of up to 45p used by Deloitte at the time when the mileage is incurred

## 7.2 Charge out rates

The range of charge out rates for the separate categories of staff is based on our 2011 and 2012 charge out rates as summarised below. Manager rates include all grades of assistant manager.

	2011	2012
Grade	£	£
<b>Partners /Directors</b>	560 to 895	585 to 920
<b>Managers</b>	280 to 670	295 to 700
<b>Assistants and Support Staff</b>	175 to 280	150 to 295

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Corporate Finance or Drivers Jonas Deloitte may be required on the case. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands.

All partners and technical staff (including cashiers) assigned to the case recorded their time spent working on the case on a computerised time recording system. Time spent by secretarial staff working on the assignment has not been recorded or recovered. The appropriate staff have been assigned to work on each aspect of the case based upon their



seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed

With effect from 1 January 2012, charge out rates were increased by an average 5% and the charge out rate bandings have been amended, where applicable, to reflect this change

### 7.3 Other professional costs

As previously advised, DLA Piper was instructed by the Administrators to advise on appropriate legal matters. In addition, GVA, a firm of chattel agents, was instructed by the Administrators to undertake inventories and valuations of stock, plant and equipment, fixtures and fittings and other chattel assets where appropriate. CAPA and Simon Alexander Consulting Limited were instructed by the Administrators to assist in the recovery of business rate overpayments. Cushman & Wakefield Inc. was instructed to assist with property issues.

Sharps Bedrooms Limited were instructed by the Administrators to assist with fit-outs of items sold by the Company prior to Administration in order to reduce Barclaycard chargeback claims from former customers. The reduction in chargeback claims has resulted in Barclays releasing £1,473,736 thus far of funds held in escrow at the date of appointment.

The professional costs to date are summarised in the table below. All professional costs are reviewed and analysed before payment is approved.

Name of lawyer/agent	NET (£)	VAT (£)	TOTAL (£)
DLA Piper	226,894 45	45,370 88	272,265 33
GVA Grimley	29,102 20	5,820 44	34,922 64
CAPA	20,042 30	4,008 46	24,050 76
Simon Alexander Consulting Limited	9,202 54	1,840 51	11,043 05
Cushman & Wakefield Inc	5,000 00	1,000 00	6,000 00
Sharps Bedrooms Limited	676,189 98	135,238 00	811,427 98
<b>Total</b>	<b>966,431 47</b>	<b>193,278 29</b>	<b>1,159,709 76</b>

### 7.4 Creditors' right to request information

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2 47(1)(fa) and 2 48A of the Rules.

### 7.5 Creditors' right to challenge Remuneration and/or Expenses

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2 109(4) of the Rules), reducing the amount or the basis of remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred.

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2 109 of the Rules.

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports.

**APPENDIX 1****HOMEFORM GROUP LIMITED (IN ADMINISTRATION)****STATUTORY INFORMATION**

Company Name	Homeform Group Limited
Previous Names	HF Group Acquisition Co Ltd
Proceedings	In Administration
Court	Manchester District Registry
Court Reference	1140 of 2011
Date of Appointment	6 July 2011
Joint Administrators	P S Bowers and W K Dawson Deloitte LLP
Registered office Address	c/o Deloitte LLP 2 Hardman Street Manchester M60 2AT
Company Number	06132417
Incorporation Date	01/03/2007
Company Secretary	-
Bankers	Barclays Bank Plc
Auditors	Grant Thornton LLP
Appointment by	Director
Directors at date of Appointment	Christopher John Pavlosky
Directors' Shareholdings	-

# APPENDIX 2

## HOMEFORM GROUP LIMITED - IN ADMINISTRATION

### RECEIPTS & PAYMENTS ACCOUNT FOR THE PERIOD 6 JULY 2011 TO 15 MAY 2012

Statement of Affairs		Fixed		Floating		TOTAL
		Movement	Cumulative	Movement	Cumulative	
		From	From	From	From	
		06/01/12	06/07/11	06/01/12 to	06/07/11	Total Cumulative
		To	To	15/05/12	To	From 06/07/2011
		15/05/12	15/05/12	15/05/12	15/05/12	To 15/05/12
RECEIPTS	£		£	£	£	£
Intellectual Property	8,000,000.00	-	7,300,000.00	-	-	7,300,000.00
Third Party Funds	-	-	-	190,000.00	900,000.00	900,000.00
Licence Fee Received	-	-	-	1,529,706.84	4,669,727.64	4,669,727.64
Lease Assignment Premium	-	-	40,752.89	-	-	40,752.89
Funds Received for Wages	-	-	-	-	33,078.94	33,078.94
Insurance Premium Received	-	-	-	375.18	11,835.73	11,835.73
Rent Deposit Refund	-	-	-	-	31,460.43	31,460.43
Recovered Deposits	-	-	-	-	79,116.54	79,116.54
Fixtures & Fittings	70,000.00	-	-	(24.00)	45,033.00	45,033.00
Stock	200,000.00	-	-	-	322,783.58	322,783.58
Waste paper	-	-	-	893.60	893.60	893.60
Work in progress	-	-	-	-	100,000.00	100,000.00
Book Debts	200,000.00	-	-	94.00	100,094.00	100,094.00
Cash at Bank and In escrow	4,202,000.00	-	-	4,179,473.97	4,189,374.78	4,189,374.78
Rates Refunds	-	-	-	12,485.68	151,174.09	151,174.09
Sundry Refunds	-	-	-	-	5,722.26	5,722.26
VAT Payable	-	-	-	(442,029.46)	78,014.81	78,014.81
Bank Interest Gross	-	-	-	1,364.53	3,818.91	3,818.91
	<b>12,672,000.00</b>	-	<b>7,340,752.89</b>	<b>5,472,340.34</b>	<b>10,722,128.31</b>	<b>18,062,881.20</b>
PAYMENTS						
Wages	-	-	-	-	190,802.56	190,802.56
Subcontractor Payments	-	-	-	-	27,091.84	27,091.84
IT Costs	-	-	-	-	6,090.00	6,090.00
Fork Lift Truck Hire	-	-	-	-	4,600.00	4,600.00
Scissor Lift Hire	-	-	-	-	1,710.00	1,710.00
Gas Bottle Hire	-	-	-	-	305.77	305.77
Waste Paper Destruction	-	-	-	-	680.00	680.00
Telephone	-	-	-	-	1,152.69	1,152.69
Photocopier Hire	-	-	-	-	664.00	664.00
Miscellaneous Trading Expenditure	-	-	-	-	342.00	342.00
Electricity	-	-	-	-	24,387.06	24,387.06
Water	-	-	-	564.90	4,592.67	4,592.67
Legal Fees	-	-	-	146,483.00	262,047.79	262,047.79
Legal Disbursements	-	-	-	412.01	792.17	792.17
Chargeholder	-	-	7,300,000.00	-	-	7,300,000.00
Bank offset costs	-	-	-	2,705,737.97	2,705,737.97	2,705,737.97
Licence Fee Refund	-	-	-	439,827.42	506,366.38	506,366.38
Transfer of Funds to Sharps	-	-	-	-	9,872.33	9,872.33
Transfer of Funds to BSH Bosch	-	-	-	-	53,983.00	53,983.00
Agent fitting costs	-	-	-	676,189.98	676,189.98	676,189.98
Administrators' Fees	-	-	-	428,173.00	928,173.00	928,173.00
Rates Refund Fees	-	-	-	2,479.66	29,244.84	29,244.84
Agents' Fees	-	-	-	-	34,102.20	34,102.20
Security	-	-	-	-	19,427.50	19,427.50
Postage	-	-	-	-	10,469.02	10,469.02
Statutory Advertising	-	-	-	-	76.50	76.50
Other Property Expenses	-	-	-	-	1,563.79	1,563.79
Rents Under Licence	-	-	-	1,585,304.66	3,872,024.92	3,872,024.92
Insurance Under Licence	-	-	-	375.18	11,835.73	11,835.73
VAT Receivable	-	-	-	(318,572.52)	287,997.58	287,997.58
Bank Charges	-	-	-	1,990.60	2,917.40	2,917.40
		-	<b>7,300,000</b>	<b>5,668,965.86</b>	<b>9,675,240.69</b>	<b>16,975,240.69</b>
Balance in Hand			<b>40,752.89</b>		<b>1,046,887.62</b>	<b>1,087,640.51</b>
Represented By:						
VAT control account						21,293.77
Deposit Account for Licence Fee Monies (Escrow)						297,448.46
Interest Bearing Current Accounts						768,898.28
						<b>1,087,640.51</b>
Source: Debit analysis						

**General Notes**

The Receipts and Payments account must be read in conjunction with the attached notes and report

**NOTES TO THE RECEIPTS AND PAYMENTS ACCOUNT AND ESTIMATED OUTCOME STATEMENT**

- 1 Legal fees of £50,000 00 and legal disbursements of £380 16 were shown as fixed charge costs within the progress report sent to creditors on 30 January 2012. These costs are floating charge expenses and are shown as such in the above receipts and payments account.
- 2 "Bank offset costs" of £2,705,737 97 relates to the set off of chargeback claims relating to items sold by the Company prior to Administration against funds held by the Bank in an escrow account at the date of appointment. See the body of this report for further details.

# APPENDIX 3

## HOMEFORM GROUP LIMITED (IN ADMINISTRATION)

### JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 6 JULY 2011 TO 15 MAY 2012

Homeform Group Limited  
(In Administration)

Time costs for the period 6/7/11 to 15/5/12

Appendix 3

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
<b>Administration and Planning</b>									
Cashiering and Statutory Filing	1 45	1 312 00	61 60	33 681 50	128 45	36 621 50	191 50	71 615 00	373 97
Case Supervision Management and Closure	10 50	8 735 00	142 20	71 973 50	28 00	8 106 00	180 70	86 814 50	491 90
Initial Actions (e.g. Notification of Appointment Securing Assets)	60 55	53 122 75	57 80	38 156 00	9 00	2 520 00	127 35	63 798 75	738 54
General Reporting	32 50	26 320 00	51 20	30 910 00	32 00	8 362 50	115 70	65 592 50	566 92
	105 00	89 489 75	312 80	174 721 00	197 45	55 610 00	615 25	319 823 75	519 82
<b>Investigations</b>									
Investigations	2 00	1 600 00					2 00	1 600 00	800 00
Reports on Directors Conduct	2 00	1 790 00	4 00	2 360 00	4 60	1 344 00	10 60	5 494 00	508 70
	4 00	3 390 00	4 00	2 360 00	4 60	1 344 00	12 60	7 094 00	554 22
<b>Trading</b>									
Day 1 Control of Trading			17 90	11 993 00			17 90	11 993 00	670 00
Ongoing Trading			200 10	118 467 00	1 00	190 00	201 10	118 657 00	580 09
Monitoring Trading	19 00	15 200 00					19 00	15 200 00	800 00
	19 00	15 200 00	218 00	128 468 00	1 00	190 00	238 00	143 850 00	604 41
<b>Realisation of Assets</b>									
Book Debts			31 45	19 635 50			31 45	19 635 50	624 34
Other Assets (e.g. Stock)	20 00	16 000 00	17 90	11 993 00			37 90	27 993 00	738 60
Property Freehold and Leasehold	59 50	52 342 50	277 00	174 662 50	118 05	33 564 00	454 55	260 569 00	573 25
Retention of Title	3 00	2 685 00	378 00	200 560 00	46 00	2 300 00	427 00	205 545 00	481 37
Sale of Business / Assets	26 50	23 717 50	28 50	14 295 00	1 00	190 00	56 00	38 202 50	682 19
Third Party Assets			2 00	1 340 00			2 00	1 340 00	670 00
	109 00	84 745 00	734 85	422 468 00	165 05	36 054 00	1 008 90	553 285 00	548 40
<b>Creditors</b>									
Employees			410 60	193 988 50	53 35	14 938 00	463 95	208 926 50	450 32
Secured	10 00	8 000 00	36 00	23 925 00	1 00	280 00	47 00	32 205 00	685 21
Unsecured	233 00	187 235 00	332 90	179 063 00	467 30	93 969 00	1 033 20	460 267 00	445 48
	243 00	195 235 00	779 50	396 976 50	521 65	108 187 00	1 544 15	761 398 50	454 23
<b>Other Matters Include</b>									
Tax and VAT	4 50	3 959 00	72 95	45 406 00	51 20	15 031 00	128 65	64 396 00	500 55
	4 50	3 959 00	72 95	45 406 00	51 20	15 031 00	128 65	64 396 00	500 55
<b>TOTAL HOURS &amp; COST</b>	484 50	402 018 75	2 122 10	1 170 409 50	941 15	217 418 00	3 547 75	1 789 844 25	504 50

TOTAL FEES DRAWN TO DATE

928 173 00

All partners and technical staff (including cashiers) assigned to the case record their time spent working on the case on a computerised time recording system

A summary of time costs incurred is provided above in accordance with Statement of Insolvency Practice number 9 (E&W)

Time spent by secretarial staff working on the assignment has not been recorded or recovered

The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and/or claims agreed

This summary should be read in accordance with the attached report and explanatory notes