

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
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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) 16 May 2012

(b) 31 October 2012

Signed


Joint / Administrator(s)

Dated

21/11/12

Contact Details.

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form

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22/11/2012

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

Court No 1140 of 2011

**PROGRESS REPORT TO COURT
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**

13 November 2012

This report has been prepared in order to request an extension to the period of the Administration and to provide an update to 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 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.

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ABBREVIATIONS

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

"the Act"	Insolvency Act 1986 (as amended)
"the Administrators"	P S Bowers and W K Dawson of Deloitte LLP
"the Bank" or "Barclays"	Barclays Bank Plc
"CAPA"	Consultiam Property Limited
"the Company"	Homeform Group Limited (in Administration)
"the Court"	High Court of Justice, Chancery Division, Manchester District Registry
"Deloitte"	Deloitte LLP
"DLA Piper"	DLA Piper UK LLP
"GVA"	GVA Grimley Limited
"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
"the Rules"	Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010
"SIP7 (E&W)"	Statement of Insolvency Practice 7 (England & Wales)
"SIP9 (E&W)"	Statement of Insolvency Practice 9 (England & Wales)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)
"SIP16 (E&W)"	Statement of Insolvency Practice 16 (England & Wales)
"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 dated 30 May 2012 which covered the period from 5 January 2012 to 15 May 2012, pursuant to Rule R2 47 of the Rules.

Given the information previously provided to creditors 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 as 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 detailed in section 2.1 below.

On the basis that there remain unrealised assets of the Company which were not sold before 5 July 2012, the one year anniversary of the Administration, the Administrators submitted a request to the Secured Creditor seeking to extend the period of the Administration by six 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.

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 three months after being uploaded to the site.

2 JOINT ADMINISTRATORS' PROPOSALS

2.1 Introduction

As previously reported to creditors, 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 dates 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 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 £928,173 plus VAT 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

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 16 May 2012 to 31 October 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 five month and 14 day period and an estimation of the 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 licence 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.

The Administrators received £900,000 (termed "Third Party Funds") from Sharps Bedrooms. 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. Thus far the Administrators have refunded £450,000 to Sharps Bedrooms Limited.

All property leases relating to premises from which Sharps Bedrooms Limited have been trading under a license granted by the Administrators, have now been transferred to Sharps Bedrooms Limited. The license to occupy expired during the period of this report.

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 was instructed by the Administrators to assist with customer fit outs and reduce chargeback claims. This has resulted in Barclays releasing funds of £1,603,736 in respect of monies held in its escrow account at the date of appointment. Sharps Bedrooms Limited has been paid £676,190 to date in respect of their fit out services.

With the assistance of the Administrators and Sharps Bedrooms Limited, Barclays continue to resolve charge back claims. Barclays are yet to release the final balance of pre-appointment escrow monies totalling £120,000 to the Company that we expect to be paid in the next six months.

The Administrators have continued to pursue refunds of business rates from local councils and refunds have totalled £157,309 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 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.

At the date of appointment, Barclays held c £4.5m in an escrow account and these funds were retained by Barclays in order to cover contingent chargeback liabilities. Thus far, Barclays have drawn 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 £120k to cover potential future claims. Barclays should release this balance once the final chargeback claims are resolved.

A number of business rates refund claims are yet to be resolved. We have instructed CAPA to assist with collected outstanding business rate refunds. CAPA are currently in negotiations with a number of councils and hope to agree refunds over the next six months.

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

As previously reported, a notional distribution of £7.3m as detailed in the SIP 16 letter of six July 2011 was made to HFUK3 and any future realisations of Company brand names will be distributed to the Secured Creditor. Barclays released £1.6m of cash held in its escrow account. In addition, Barclays offset £2.7m to cover agreed chargeback claims to date and the remaining escrow funds of £120k 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

On 30 May 2012 there remained unrealised assets of the Company which would not have been sold before 5 July 2012, the one year anniversary of the Administration. The Administrators therefore requested consent from the Secured Creditor for an extension of 6 months to the initial period of the Administration in accordance with Paragraph 76(2)(b) of Schedule B1 of the Act. The Secured Creditor consented to extending the end date of the Administration to 5 January 2013.

The Administrators are seeking a further extension of the period of the Administration for an additional 12 months to 5 January 2014 with the consent of the Court in terms of Paragraph 76(2)(a) of Schedule B1 of the Act. The extension will allow

- the realisation of the remaining Company's brand names and subsequent distribution to the Secured Creditor,
- assist Barclays in reducing and finalising residual chargeback claims,
- agree a final release of funds from the Company's escrow account with Barclays,
- agree the final balance to be remitted to Sharps Bedrooms Limited in respect of the funding agreement,
- continue to collect business rate refunds in respect of leasehold premises,
- the finalisation of the Company's tax affairs for the Administration period, and
- the conclusion of all other matters required to draw the Administration to a close.

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 SIP2 – Initial Assessment of Potential Recoveries

As part of our duties as Administrators, we are obliged shortly after our appointment to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors. This initial assessment included enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Company.

Having completed this review, we identified no avenues of recovery.

SIP 2, "Investigations by office holders in Administrations and insolvent liquidations" is available for download at
http://www.r3.org.uk/media/documents/technical_library/SIPS/SIP2_020511.pdf

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

If you have any information that you feel we should be made aware of in relation to the above, please contact us as a matter of urgency

5.4 Exit

The exit route from Administration may include dissolution of the Company or Compulsory Liquidation. Confirmation of the appropriate exit route will be provided in due course when all matters have been finalised

5.5 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 is 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

5.6 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 JOINT ADMINISTRATORS' REMUNERATION AND EXPENSES

6.1 Joint Administrators' Remuneration

7.1.1 Basis of Remuneration

The basis of the 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 1st April "

During the period from 16 May 2012 to 31 October 2012, the Administrators have charged total time costs of £154,237 made up of 367.2 hours at an average charge out rate of £420 across all grades of staff as detailed at Appendix 3. No remuneration has been drawn in the period.

During the period of the Administration from 6 July 2011 to 31 October 2012 the Administrators have charged total time costs of £1,410,795.00 made up of 3,915.10 hours at an average charge out rate of £360 across all grades of staff as detailed at Appendix 4. Total remuneration drawn to date is £928,173.00 plus VAT as indicated in the Receipts and Payments account at Appendix 2 which includes pre-appointment time costs as detailed above.

In addition, the Administrators' pre-appointment costs were approved by the HFUK3 on 12 April 2012. Pre-Administration costs totalled £392,142.26 in respect of Administrators' time costs and disbursements and £100,000.00 plus VAT of legal fees. The basis was approved by the Secured Creditor on 12 April 2012 as 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 "

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 4

"A Creditors' Guide to Remuneration" is available for download at 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	06/07/2011 to 05/01/2012 (£)	06/01/2012 to 15/05/2012 (£)	16/05/2012 to 31/10/2012 (£)	Total (£)
Accommodation	4,934 10	256 66	0 00	5,190 76
Bordereau	420 00	0 00	0 00	420 00
Mileage	5,266 16	0 00	0 00	5,266 16
Parking	160 77	0 00	0 00	160 77
Photocopying	1,242 00	638 85	0 00	1,880 85
Printing and postage	8,822 67	2,596 80	71 53	11,491 00
Stationery	1,416 19	0 00	0 00	1,416 19
Storage	2,398 54	0 00	357 44	2,755 98
Subsistence	1,486 25	26 15	0 00	1,512 40
Travel Costs	512 55	187 20	0 00	699 75
Telephone Costs	165 32	0 00	0 00	165 32
IT costs	348 45	0 00	0 00	348 45
Skip hire	2,762 62	0 00	0 00	2,762 62
Total	29,935 62	3,705 66	428 97	34,070 25

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

6.2 Charge out rates

The range of charge out rates for the separate categories of staff is based on our 2011, 2012 and 2012/2013 charge out rates as summarised below. Manager rates include all grades of assistant manager.

	2011	2012 (Jan - Aug)	2012/2013 (Sept - Aug)
Grade	£	£	£
Partners /Directors	560 to 895	585 to 920	605 to 950
Managers	280 to 670	295 to 700	305 to 720
Assistants and Support Staff	175 to 280	150 to 295	155 to 305

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 were amended, where applicable, to reflect this change.

With effect from 1 September 2012, charge out rates were increased by an average 3% and the charge out rate bandings have been amended, where applicable, to reflect this change.

6.3 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 was 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 £1,603,736 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	287,513.81	57,492.76	345,006.57
GVA Grimley	29,102.20	5,820.44	34,922.64
CAPA	20,956.36	4,191.27	25,147.63
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
Total	1,027,964.89	205,582.98	1,233,547.87

6.4 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.

6.5 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	-

HOMEFORM GROUP LIMITED IN ADMINISTRATION					
RECEIPTS & PAYMENTS ACCOUNT FOR THE PERIOD 6 JULY 2011 TO 31 OCTOBER 2012					
Statement of Affairs	Fixed		Floating		TOTAL
	Movement	Cumulative	Movement	Cumulative	
	From 16/05/12 To 31/10/12	From 06/07/11 To 31/10/12	From 16/05/12 to 31/10/12	From 06/07/11 To 31/10/12	Total Cumulative From 06/07/2011 To 31/10/12
RECEIPTS					
	£	£	£	£	£
Intellectual Property	8 000 000 00	-	7 300 000 00	-	7 300,000 00
Third Party Funds				900,000 00	900 000 00
Licence Fee Received			354 732 13	5,024,459 77	5,024,459 77
Lease Assignment Premium		40 752 89			40 752 89
Funds Received for Wages		-		33 078 94	33,078 94
Insurance Premium Received		-		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	-		45 033 00	45,033 00
Stock	200 000 00	-		322,783 58	322 783 58
Waste paper		-		893 60	893 60
Work in progress		-		100,000 00	100 000 00
Book Debts	200,000 00			100,094 00	100,094 00
Cash at Bank and in escrow	4,202,000 00		130,000 00	4,319,374 78	4 319 374 78
Rates Refunds			6,135 25	157,309 34	157 309 34
Sundry Refunds				5 722 26	5,722 26
Pre Administration legal fee refund			107 74	107 74	107 74
VAT Payable			(78,014 81)	(0 00)	(0 00)
Bank Interest Gross		47 04	1,643 28	5,462 19	5 509 23
	12,672 000 00	7 340,799 93	414,603 59	11 136 731 90	18,477,531 83
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			112 42	418 19	418 19
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				4 592 67	4 592 67
Legal Fees			24,633 85	286,681 64	286 681 64
Legal Disbursements			40 00	832 17	832 17
Chargeholder		7 300,000 00			7 300,000 00
Bank offset costs		-	-	2 705,737 97	2,705 737 97
Licence Fee Refund		-	132,245 18	638,611 56	638 611 56
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
Repayment of funding agreement		-	450,000 00	450,000 00	450 000 00
Administrators' Fees		-	-	928,173 00	928,173 00
Rates Refund Fees		-	914 06	30,158 90	30 158 90
Agents' Fees				34 102 20	34,102 20
Security				19,427 50	19 427 50
Postage			917 00	11 386 02	11 386 02
Statutory Advertising				76 50	76 50
Other Property Expenses				1 563 79	1 563 79
Insurance			8,068 43	8,068 43	8,068 43
Rents Under Licence			393 578 07	4,265 602 99	4,265,602 99
Insurance Under Licence			275 00	12,110 73	12,110 73
VAT Receivable			(285 604 19)	2 393 38	2 393 38
Bank Charges		-	550 00	3,467 40	3 467 40
		7,300 000	725 729 82	10,400,970 50	17,700,970 50
Balance in Hand		40 799 93		735,761 39	776 561 32
Represented By					
VAT control account					3 132 90
Floating Charge Deposit Account for Licence Fee Monies (Escrow)					57,496 32
Floating Charge Interest Bearing Current Accounts					675,132 17
Fixed Charge Interest Bearing Current Accounts					40 799 93
					776 561 32
Source Deloitte analysis					

HOMEFORM GROUP LIMITED
(IN ADMINISTRATION)

JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 16 MAY 2012 TO 31 OCTOBER 2012

Homeform Group Limited
(In Administration)

Time costs for the period 16/05/2012 to 31/10/2012

Appendix 3

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hourly Rate
Administration and Planning									
Cashiering and Statutory Filing	0 65	536 25	13 80	6 043 50	9 40	2 666 50	23 85	9 246 25	387 68
Case Supervision, Management and Closure	10 00	6 215 00	0 50	240 00	12 45	2 514 25	22 95	8 969 25	390 82
General Reporting	21 50	13 940 00	7 00	2 750 00	3 00	585 00	31 50	17 275 00	548 41
Liaison with Other Insolvency Practitioners									
	31 15	20 691 25	21 30	9 033 50	24 85	5 765 75	78 30	35 490 50	453 26
Realisation of Assets									
Property Freehold and Leasehold	13 00	9 050 00	93 50	36 407 50	2 50	487 50	109 00	45 945 00	421 51
	13 00	9 050 00	93 50	36 407 50	2 50	487 50	109 00	45 945 00	421 51
Creditors									
Employees			18 50	4 995 50			18 50	4 995 50	302 76
Secured	5 00	4 600 00	1 00	390 00			6 00	4 990 00	831 67
Unsecured	53 00	31 185 00			38 75	7 311 25	91 75	38 496 25	419 58
	58 00	35 785 00	17 50	5 385 50	38 75	7 311 25	114 25	48 481 75	424 35
Other Matters Include									
Tax and VAT	1 00	880 00	40 05	18 690 25	24 60	4 744 40	65 65	24 314 65	370 37
	1 00	880 00	40 05	18 690 25	24 60	4 744 40	65 65	24 314 65	370 37
TOTAL HOURS & COST	104 15	66 406 25	172 35	69 516 75	90 70	18 308 90	367 20	154 231 90	420 02
TOTAL FEES DRAWN TO DATE								0 00	

HOMEFORM GROUP LIMITED
(IN ADMINISTRATION)

JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 6 JULY 2011 TO 31 OCTOBER 2012

Homeform Group Limited
(In Administration)

Time costs for the period 06/07/11 to 31/10/12

Appendix 3

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning									
Cashiering and Statutory Filing	2 10	1 717 50	75 50	32 507 00	138 15	30 058 00	215 75	64 282 50	297 85
Case Supervision, Management and Closure	20 50	12 020 00	142 70	45 573 50	40 65	8 184 75	203 85	96 878 25	327 09
Initial Actions (e.g. Notification of Appointment, Securing Assets)	60 55	49 477 75	57 80	28 863 00	9 00	1 731 00	127 35	78 071 75	613 05
General Reporting	54 00	34 747 50	58 20	23 830 00	35 00	6 732 50	147 20	65 310 00	443 58
	137 15	98 962 75	334 20	128 773 50	222 80	46 706 25	694 15	274 342 50	395 22
Investigations									
Investigations	2 00	1 120 00					2 00	1 120 00	560 00
Reports on Directors Conduct	2 00	1 555 00	4 00	1 480 00	4 80	912 00	10 80	3 947 00	365 48
	4 00	2 675 00	4 00	1 480 00	4 80	912 00	12 80	5 067 00	395 86
Trading									
Day 1 Control of Trading			17 90	8 771 00			17 90	8 771 00	490 00
Ongoing Trading			200 10	80 449 00	1 00	190 00	201 10	80 639 00	400 99
Monitoring Trading	19 00	10 640 00					19 00	10 640 00	560 00
	19 00	10 640 00	218 00	89 220 00	1 00	190 00	238 00	100 050 00	420 38
Realisation of Assets									
Book Debts			31 45	12 956 50			31 45	12 956 50	411 97
Other Assets (e.g. Stock)	20 00	11 200 00	17 90	8 561 00			37 90	19 761 00	521 40
Property Freehold and Leasehold	72 50	52 272 50	370 50	152 037 50	120 55	23 219 50	563 55	227 529 50	403 74
Retention of Title	3 00	2 685 00	378 00	130 800 00	46 00	2 300 00	427 00	135 585 00	317 53
Sale of Business / Assets	26 50	27 030 00	28 50	13 575 00	1 00	190 00	56 00	40 795 00	728 48
Third Party Assets			2 00	860 00			2 00	860 00	430 00
	122 00	93 187 50	825 35	318 360 00	167 55	25 709 50	1 114 90	437 287 00	391 35
Creditors									
Employees			427 10	121 852 00	53 35	10 136 50	480 45	131 988 50	274 30
Secured	15 00	10 200 00	37 00	15 840 00	1 00	190 00	53 00	26 230 00	494 91
Unsecured	286 00	163 540 00	332 90	112 126 00	506 05	74 050 75	1 124 95	349 716 75	310 87
	301 00	173 740 00	797 00	249 818 00	560 40	84 377 25	1 658 40	507 733 25	308 18
Other Matters Include									
Tax and VAT	5 50	5 500 00	112 50	82 182 00	75 80	18 401 40	193 80	86 083 40	444 19
	5 50	5 500 00	112 50	82 182 00	75 80	18 401 40	193 80	86 083 40	444 19
TOTAL HOURS & COST	588 65	384 803 25	2 294 05	848 863 50	1 032 35	178 296 40	3 915 05	1 410 765 15	360 34
TOTAL FEES DRAWN TO DATE								928 173 00	