

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
PO Box 500
2 Hardman Street
Manchester
M60 2ATWilliam Kenneth Dawson
Deloitte LLP
PO Box 500
2 Hardman Street
Manchester
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administrator(s) of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 1 November 2012

(b) 30 April 2013

Signed

PSB
Joint / Administrator(s)

Dated

*30/05/2013***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
formThe contact information that you give
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COMPANIES HOUSE

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

Court No. 1140 of 2011

**SIX MONTHLY PROGRESS REPORT TO CREDITORS
PURSUANT TO RULE 2.47 OF THE INSOLVENCY RULES 1986 AND THE INSOLVENCY
(AMENDMENT) RULES 2010**

24 May 2013

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The report is private and confidential and may not be relied upon, referred to, reproduced or quoted from,
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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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- 4. Administrators' time costs for the period 6 July 2011 to 30 April 2013**

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 2.47 of the Rules to provide creditors with an update on the progress of the Administration of the Company since our last report to creditors dated 13 November 2012

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 focused 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

As previously reported, the Administration was extended by the Administrators for a period of six months with the consent of the Secured Creditor pursuant to Paragraph 76(2)(b) of Schedule B1 of the Act

On the basis that there remained unrealised assets of the Company which were not sold before 5 January 2013, the extended expiry date of the Administration, the Administrators submitted an application to the Court seeking to extend the period of the Administration by 12 months, in terms of Paragraph 76(2)(a) 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 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 £1,108,173 plus VAT to date Administrators' expenses and disbursements of £38,448 51 plus VAT (where applicable) have been drawn to date
7	The Administrators' pre-appointment costs were approved by the Secured Creditor on 12 April 2012. The Administrators have drawn £37,025 plus VAT relating to pre-appointment fees and £3,800 relating to pre-appointment Administrators' expenses and disbursements to date
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 1 November 2012 to 30 April 2013 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 six 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. Following completion, Sharps Bedrooms 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 £719,000 to Sharps Bedrooms Limited.

All property leases relating to premises from which Sharps Bedrooms Limited have been trading under a licence granted by the Administrators, have now been transferred to Sharps Bedrooms Limited. The licence to occupy expired prior to the period covered by 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 Barclays has indicated that this figure now stands at £38,000 due to additional chargeback claims of £82,000 being resolved in the period covered by this report. We are currently awaiting both the analysis behind these resolved claims and the transfer of the balance of the residual funds.

The Administrators have continued to pursue refunds of business rates from local councils and refunds have totalled £163,228 to the date of this report. In addition, refunds totalling £4,503 and £5,722 have been realised from pre-Appointment pension fund overpayments and various pre-Administration sundry overpayments respectively.

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 realised £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 continue 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. As previously reported, Barclays have drawn c £2.7m from the escrow account to cover claims agreed. It was previously reported that the Administrators had agreed that Barclays retain a fund of £120k to cover potential future claims. It was anticipated that this balance would be released once final claims were agreed.

Barclays has since indicated that further claims totalling £82k have been received. Barclays are preparing analysis for the Administrators to confirm this balance. Once this has been finalised, the balance on £38k should be released.

A small number of business rates refund claims are yet to be resolved. We have instructed CAPA to assist with collected outstanding business rate refunds. CAPA continue to negotiate with a small number of councils and hope to agree final 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 £2.7m
- 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 and offset £2.7m to cover agreed chargeback claims. 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

The initial 12 month period of the Administration was due to expire on 5 July 2012. The Administrators requested consent from the Secured Creditor on 30 May 2012 to extend this period by six months in accordance with Paragraph 76(2)(b) of Schedule B1 of the Act, in order to continue realisations of assets of the Company.

On 13 November 2012, there remained unrealised assets of the Company which would not have been sold before 5 January 2013, the extended expiry date of the Administration. The Administrators therefore requested consent from the Court for an extension of an additional 12 months to the period of the Administration in accordance with Paragraph 76(2)(a) of Schedule B1 of the Act in order to 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.

The Court granted consent to the extension of the period of the Administration to 5 January 2014 on 16 November 2012.

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 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 1 November 2012 to 30 April 2013, the Administrators have charged total time costs of £109,689 made up of 304.7 hours at an average charge out rate of £360 across all grades of staff as detailed at Appendix 3. Remuneration of £217,025 plus VAT 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 £1,522,237 made up of 4,221.8 hours at an average charge out rate of £361 across all grades of staff as detailed at Appendix 4. Total remuneration drawn to date is £1,145,198 plus VAT as indicated in the Receipts and Payments account at Appendix 2 which includes pre-appointment time costs as detailed below.

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 "

Remuneration of £37,025 plus VAT in respect of the Administrator's pre-appointment costs has been drawn in the period

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, cashiering 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 of £12,995 16 have been drawn in the period of this report

Nature of expenses	06/07/2011 to 05/01/2012 (£)	06/01/2012 to 15/05/2012 (£)	16/05/2012 to 31/10/2012 (£)	01/11/2012 to 30/04/2013 (£)	Total (£)
Accommodation	4,934 10	256 66	0 00	0 00	5,190 76
Bordereau	17 10	0 00	0 00	0 00	17 10
Mileage	5,266 16	0 00	0 00	0 00	5 266 16
Parking	160 77	0 00	0 00	0 00	160 77
Photocopying	1 940 00	9 22	0 00	0 00	1 949 22
Printing and postage	16,188 23	2 924 34	71 53	16 16	19 200 26
Stationery	120 42	0 00	0 00	0 00	120 42
Storage	631 01	0 00	357 44	626 84	1,615 29
Subsistence	1,569 24	26 15	0 00	0 00	1,595 39
Travel Costs	512 55	187 20	0 00	0 00	699 75
Telephone Costs	165 32	0 00	0 00	0 00	165 32
IT costs	348 45	0 00	0 00	0 00	348 45
Skip hire	2,762 62	0 00	0 00	0 00	2,762 62
Total	34,615 97	3 403 57	428 97	643 00	39,091 51

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

Pre-appointment Expenses

The Administrators' direct pre-appointment expenses are set out below Pre-appointment expenses and disbursements of £3,800 26 have been drawn in the period of this report

Pre-appointment expenses	(£)
Travel costs	1,522 40
Accommodation	1,307 49
Mileage	680 73
Telephone Costs	19 22
Parking	22 82
Subsistence	247 60
Total	3,800 26

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 Deloitte Real Estate 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	305,998 68	59,128 06	365,126 74
GVA Grimley	29,102 20	5,820 44	34,922 64
CAPA	21,596 90	4,319 38	25,916 28
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	1,047,090 30	207,346 39	1,254,436 69

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.

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 30 APRIL 2013					
Statement of Affairs	Fixed		Floating		TOTAL
	Movement From 01/11/12 To 30/04/13	Cumulative From 06/07/11 To 30/04/13	Movement From 01/11/12 To 30/04/13	Cumulative From 06/07/11 To 30/04/13	Total Cumulative From 06/07/11 To 30/04/13
RECEIPTS	£	£	£	£	£
Intellectual Property	8,000,000 00	7 300 000 00	-	900 000 00	7,300,000 00
Third Party Funds	-	-	-	-	900,000 00
Licence Fee Received*	-	-	(12 499 06)	5 011,960 71	5 011,960 71
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	-	-	4 319 374 78	4,319 374 78
Rates Refunds	-	-	5 918 74	163 228 08	163 228 08
Sundry Refunds	-	-	-	5 722 26	5 722 26
Pre Administration legal fee refund	-	-	-	107 74	107 74
Pension Refund	-	-	4 502 50	4 502 50	4 502 50
VAT Payable	-	-	0 00	-	-
Bank Interest Gross	-	42 28	943 33	6 405 52	6 494 84
	12 672 000 00	42 28	(1 134 49)	11 135 597 41	18 476,439 62
PAYMENTS					
Wages	-	-	-	190 802 56	190 802 56
Subcontractor Payments	-	-	-	27 091 84	27 091 84
IT Costs	-	-	348 45	6 438 45	6 438 45
Fork Lift Truck Hire	-	-	-	4 600 00	4,600 00
Scissor Lift Hire	-	-	-	1 710 00	1,710 00
Gas Bottle Hire	-	-	-	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	-	-	317 33	24 704 39	24,704 39
Water	-	-	-	4 592 67	4 592 67
Administrators pre appointment timecosts	37 025 00	37 025 00	-	-	37 025 00
Administrators pre appointment expenses	3 800 26	3 800 26	-	-	3 800 26
Legal Fees	-	-	18 425 50	305 107 14	305 107 14
Legal Disbursements	-	-	59 37	891 54	891 54
Chargeholder	-	7 300 000 00	-	-	7 300 000 00
Bank offset costs	-	-	-	2 705,737 97	2 705,737 97
Licence Fee Refund	-	-	56,771 32	695 382 88	695 382 88
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	-	-	269 000 00	719 000 00	719 000 00
Specific Bond	-	-	420 00	420 00	420 00
Skip Hire	-	-	2 762 62	2 762 62	2 762 62
Photocopying	-	-	1 880 85	1 880 85	1 880 85
Administrators Fees	-	-	180 000 00	1 108,173 00	1,108 173 00
Administrators Expenses and disbursements	-	-	12,995 16	12,995 16	12,995 16
Rates Refund Fees	-	-	640 54	30,799 44	30 799 44
Agents Fees	-	-	-	34 102 20	34 102 20
Corporation Tax	-	-	515 32	515 32	515 32
Stationery	-	-	1 416 19	1,416 19	1 416 19
Security	-	-	-	19 427 50	19 427 50
Storage Costs	-	-	3 059 72	3 059 72	3 059 72
Postage	-	-	15,565 52	26 951 54	26 951 54
Statutory Advertising	-	-	-	76 50	76 50
Other Property Expenses	-	-	-	1 563 79	1,563 79
Insurance	-	-	19 201 73	27 270 16	27 270 16
Rents Under Licence	-	-	50,528 48	4 316 131 47	4 316 131 47
Insurance Under Licence	-	-	-	12,110 73	12 110 73
VAT Receivable	8 165 05	8 165 05	41 296 32	43 689 70	51 854 75
Bank Charges	-	-	150 00	3 617 40	3 617 40
	48 990 31	7 348 990	675 354 42	11 076 324 92	18 425 315 23
Balance in Hand	-	(8,148 10)	-	59,272 49	51 124 39
Represented By					
VAT control account					578 33
Floating Charge Deposit Account for Licence Fee Monies (Escrow)					703 76
Floating Charge Interest Bearing Current Accounts					49 825 35
Fixed Charge Interest Bearing Current Accounts					16 95
					51,124 39
Source: Deloitte 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

- * Licence Fee Received as reported in the last report to creditors included £12,499 06 received in respect of VAT payable on rents under licence

HOMEFORM GROUP LIMITED
(IN ADMINISTRATION)

JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 1 NOVEMBER 2012 TO 30 APRIL 2013

Homeform Group Limited
(In Administration)

Time costs for the period 01/11/12 to 30/04/13

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	24.00	14,865.00	5.70	2,821.50	4.40	1,298.00	10.10	4,119.50	407.87
Case Supervision, Management and Closure	30.50	18,940.00	10.80	4,288.00	23.45	4,611.25	58.05	23,764.25	409.38
General Reporting			7.20	2,958.00	4.00	780.00	41.70	22,678.00	543.84
	54.50	33,805.00	23.50	10,067.50	31.85	8,689.25	109.85	50,561.75	460.28
Realisation of Assets									
Property: Freehold and Leasehold			23.00	9,200.00	9.40	1,806.00	32.40	11,006.00	339.69
			23.00	9,200.00	9.40	1,806.00	32.40	11,006.00	339.69
Creditors									
Employees			7.70	2,425.50			7.70	2,425.50	315.00
Secured			8.40	3,386.00	16.50	3,607.50	26.90	6,993.50	259.98
Unsecured	6.00	3,630.00			54.90	10,683.50	60.90	14,313.50	235.03
	6.00	3,630.00	16.10	5,811.50	71.40	14,291.00	95.50	23,732.50	248.51
Other Matters Include									
Tax and VAT	2.00	2,072.50	31.20	15,685.50	33.70	6,630.50	66.90	24,388.50	364.55
	2.00	2,072.50	31.20	15,685.50	33.70	6,630.50	66.90	24,388.50	364.55
TOTAL HOURS & COST	62.50	39,507.50	93.80	40,784.50	148.35	28,416.75	304.65	109,688.75	360.05
TOTAL FEES DRAWN TO DATE								1,108,173.00	

HOMEFORM GROUP LIMITED
(IN ADMINISTRATION)

JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 6 JULY 2011 TO 30 APRIL 2013

Homeform Group Limited
(In Administration)

Time costs for the period 06/07/11 to 30/04/13

Appendix 4

	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	78 30	34 282 00	142 15	31 356 00	222 55	67 355 50	302 65
Case Supervision, Management and Closure	44 50	27 785 00	155 30	50 661 50	63 90	12 796 00	263 70	91 242 50	346 01
Initial Actions (e.g. Notification of Appointment, Securing Assets)	60 55	49 477 75	57 80	26 863 00	9 00	1 731 00	127 35	78 071 75	613 05
General Reporting	84 50	53 687 50	63 40	25 988 00	39 00	7 512 50	186 90	87 188 00	466 50
	191 65	132 667 75	354 80	137 794 50	254 05	53 395 50	800 50	323 857 75	404 57
Investigations									
Reports on Directors' Conduct	2 00	1 555 00			4 80	912 00	6 80	2 467 00	362 79
	2 00	1 555 00			4 80	912 00	6 80	2 467 00	362 79
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	12 958 50			31 45	12 958 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	400 50	163 827 50	129 95	25 025 50	602 95	241 125 50	399 91
Retention of Title	3 00	2 685 00	378 00	130 600 00	48 00	2 300 00	427 00	135 685 00	317 53
Sale of Business / Assets	26 50	27 030 00	28 50	13 575 00	1 00	190 00	66 00	40 795 00	728 48
Third Party Assets			2 00	860 00			2 00	860 00	430 00
	122 00	93 187 50	858 35	330 386 00	176 95	27 615 50	1 157 30	461 083 00	389 77
Creditors									
Employees			434 80	124 077 50	53 35	10 136 50	488 15	134 214 00	274 94
Secured	15 00	10 200 00	45 40	19 226 00	19 50	3 797 50	79 90	33 223 50	418 81
Unsecured	294 00	168 290 00	332 90	112 126 00	560 95	84 734 25	1 187 85	365 150 25	307 40
	309 00	178 490 00	813 10	255 429 50	633 80	98 668 25	1 755 90	632 687 75	303 31
Other Matters Include									
Tax and VAT	8 00	8 140 00	145 80	79 019 50	109 50	25 031 90	263 30	112 191 40	426 10
	8 00	8 140 00	145 80	79 019 50	109 50	25 031 90	263 30	112 191 40	426 10
TOTAL HOURS & COST	651 65	424 680 25	2,390 05	891 843 50	1,180 10	205 713 15	4 221 80	1 622 236 90	380 57

TOTAL FEES DRAWN TO DATE

1,108 173 00