

The Insolvency Act 1986

Administrator's progress report

Name of Company

Homeform Group Limited

Company number

6132417

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

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

From

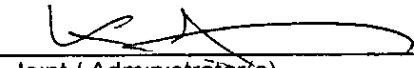
To

(b) Insert date

(b) 1 November 2013

(b) 30 December 2013

Signed


Joint / Administrator(s)

Dated

31/12/2013

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
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Registrar of Companies at -
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COMPANIES HOUSE

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

Court No. 1140 of 2011

**FINAL PROGRESS REPORT TO CREDITORS
FOR THE PERIOD TO 30 DECEMBER 2013
PURSUANT TO RULE 2.110 OF THE INSOLVENCY RULES 1986 AND THE
INSOLVENCY (AMENDMENT) RULES 2010**

30 December 2013

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The report 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 Creditors"	HFUK3 and Barclays

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.110 of the Rules to provide creditors with a summary of the Administration of the Company

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. In accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, as no meeting of creditors was held, the Administrators' remuneration and expenses have been approved by the Secured Creditors

As previously reported, the Administration was extended by the Administrators for a period of six months with the consent of the Secured Creditors 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 communications with creditors, including updates and progress reports have been posted onto a website, which was set up specifically for this purpose. The web address is www.deloitte.com/uk/homeform

A letter was issued to all creditors each time the website was 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. 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(1)(b) 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 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 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 have completed managing the business, property and affairs of the Company
2	The Administrators submitted their confidential report to the Insolvency Service on 20 December 2011
3	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	<p>The basis of the Administrators' remuneration and the Administrators' expenses were approved by HFUK3 and Barclays in accordance with Rule 2.106(5A)(a) on 29 September 2011 and 30 September 2011</p> <p>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</p>

7	The Administrators' pre-appointment costs were approved by the Secured Creditors 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.
8	The Administrators have finalised matters in the Administration, have distributed funds to HFUK3 and propose to dissolve the Company following ceasing to act.
9	This is not applicable.
10	Per Paragraphs 98 and 99 of Schedule B1 of the Act, the Secured Creditors have agreed that the Administrators will be discharged from liability immediately upon the Administrators' filing this report to creditors and vacating office.

Further information in respect of the final outcome of the Administration is contained in the following sections of this report:

3. STEPS TAKEN DURING THE ADMINISTRATION

3.1 Securing assets

Immediately following appointment, the Administrators and their staff took steps to secure the Company's assets including a significant amount of stock

3.2 Trading

The non-Sharps divisions of the Company had ceased trading prior to the Administrators' appointment. The Sharps divisions which formed part of the pre-packaged transaction continued to trade under their new ownership from a number of leasehold premises where they had been granted a licence to occupy.

3.3 Sale of business and realisation of assets

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 has been made from the Administrators to Sharps Bedrooms. The Administrators have refunded £850,811.91 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.

As previously reported, with the assistance of the Administrators and Sharps Bedrooms Limited, Barclays had been dealing with charge back claims. As stated in our last report to

creditors, Barclays has released the final balance of pre-appointment escrow monies

The Administrators have continued to pursue refunds of business rates from local councils and refunds have totalled £163,228. 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 £44,887.

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

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

3.4 Meeting of creditors

In accordance with Paragraph 52(1)(b) of Schedule B1 of the Act no meeting of creditors was held.

3.5 Distributions to creditors

As previously reported, a notional distribution of £7.3m as detailed in the SIP 16 letter of 6 July 2011 was made to HFUK3, the Secured Creditor of the Company. During the period of this report, a further distribution of £40k representing net realisation from the sale of Company brand names was distributed to HFUK3.

Barclays was a secured creditor at the date of appointment. The Company's estimated debt due to Barclays at 6 July 2011 was £2.7m. Barclays released £1.6m of cash held in its escrow account and offset £2.7m to cover agreed chargeback claims and accordingly is no longer a secured creditor.

Due to the level of realisations from floating charge assets, there were no funds to enable a distribution to preferential or unsecured creditors.

3.6 Exit

The exit route from Administration is via dissolution of the Company upon the filing of this report to creditors at Companies House, as per Paragraph 84 of Schedule B1 of the Act.

3.7 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.

3.8 EU 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.

4. ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

4.1 Introduction

Attached at Appendix 2 is an abstract Receipts and Payments account covering the period from 1 November 2013 to 30 December 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 period since our last progress report to creditors and the realisations during the Administration

4.2 Asset realisations

During the period of this report, the Administrators completed a sale of the Company's intellectual property for £50k. This is included under Intellectual Property in the Receipts and Payments account at Appendix 2

4.3 Unrealised assets

There are no unrealised assets remaining in the Administration

4.4 Outcome for creditors

There will not be funds available to facilitate a distribution to preferential and unsecured creditors

The purpose of the Administration, to achieve a better outcome for creditors than would be obtained in an immediate Liquidation of the Company, has been achieved

5. DISTRIBUTIONS TO CREDITORS

5.1 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 6 July 2011 was made to HFUK3. A further £40k realised by the sale of Company brand names during the period of this report has been distributed to HFUK3.

Barclays released £1 6m of cash held in its escrow account and offset £2 7m to cover agreed chargeback claims. Accordingly, Barclays is no longer a secured creditor of the company.

5.2 Preferential creditors

Preferential claims exist in the Company relating to arrears of wages and accrued holiday pay due to employees. There are insufficient funds to enable a distribution to preferential creditors.

5.3 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

There are insufficient floating charge realisations to enable to Prescribed Part distribution to the unsecured creditors.

5.4 Unsecured creditors

There are insufficient funds available to enable a distribution to the unsecured creditors of the Company.

6. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

6.1 Extensions to original period of appointment

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.

6.2 Administrators' discharge

The proposed exit route will be pursuant to Paragraph 84 of Schedule B1 of the Act, which will see the Administrators cease to act and the Company dissolved three months after.

The Administrators will be discharged from liability upon the filing of this report with creditors at Companies House as per Paragraph 98 of Schedule B1 of the Act.

6.3 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

On 23 December 2013, the Company's remaining intellectual property rights were transferred to HF GROUP LUX S ÀRL, a majority owned subsidiary of Sun. As such there is commonality of ownership between HF GROUP LUX S ÀRL and the 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.

7. PRE-ADMINISTRATION COSTS

Pre-Administration costs are defined as the remuneration charged and expenses incurred by the Administrators (or other person qualified to act as such) before the company entered into Administration but with a view to its doing so

Pre-Administration costs incurred by W K Dawson and P S Bowers related to preparation for the Administration, negotiations of the pre-packaged sale of the Sharps Division and liaising with key creditors

	Amount (excluding VAT)
Total hours	591 5
Average hourly rate	£656 51
Time Costs (£)	388,324 00
Expenses (£)	3,800 26
TOTAL (£)	£392,124.26

Approval of costs

There were be no funds available to the unsecured creditors, therefore, approval of the unpaid Pre-Administration costs were sought from the Secured Creditor in accordance with Rule 2 67A(3)(b) of the Rules

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 ”

Pre-Administration costs and expenses of £37,025 plus VAT and £3,800 respectively have been drawn

8. ADMINISTRATORS REMUNERATION AND EXPENSES

8.1 Administrators' Remuneration and Expenses

8.1.1 Basis of Remuneration

The basis of the Administrators' remuneration was fixed on 29 and 30 September 2011 by HFUK3 and Barclays in accordance with Rule 2 106(5A)(a) The following resolutions were passed

- (i) "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 "
- (ii) "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 "

8 1.2 Remuneration

During the final period of their administration commencing on 1 November 2013 the Administrators have charged total remuneration of £34,645 75 made up of 92 50 hours at an average charge out rate of £374 55 across all grades of staff (this time is charged at six minute increments) No remuneration has been drawn in the period

The total charge for remuneration over the period of the Administrators' appointment is £1,594,154 as detailed at Appendix 4

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
- **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

- **Case specific matters** includes taxation and VAT

Total remuneration charged for the period of the appointment is shown at Appendix 5

"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

8.1 3 Expenses

During the period covered by this report the Administrators have not incurred any expenses
Total expenses incurred since the date of appointment are summarised in the table below

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 (£)	01/05/2013 to 31/10/2013 (£)	1/11/2013 to 30/12/2013 (£)	Total (£)
Accommodation	4 934 10	256 66	0 00	0 00	0 00	0 00	5 190 76
Bordereau	17 10	0 00	0 00	0 00	0 00	0 00	17 10
Mileage	5 266 16	0 00	0 00	0 00	0 00	0 00	5 266 16
Parking	160 77	0 00	0 00	0 00	0 00	0 00	160 77
Photocopying	1 940 00	9 22	0 00	0 00	0 00	0 00	1 949 22
Printing and postage	16 188 23	2 924 34	71 53	16 16	3 004 32	0 00	22 204 58
Stationery	120 42	0 00	0 00	0 00	514 89	0 00	635 31
Storage	631 01	0 00	357 44	626 84	28 68	0 00	1 643 97
Subsistence	1 569 24	26 15	0 00	0 00	0 00	0 00	1 595 39
Travel Costs	512 55	187 20	0 00	0 00	0 00	0 00	699 75
Telephone Costs	165 32	0 00	0 00	0 00	0 00	0 00	165 32
IT costs	348 45	0 00	0 00	0 00	0 00	0 00	348 45
Skup hire	2 762 62	0 00	0 00	0 00	0 00	0 00	2 762 62
Total	34 615 97	3 403 57	428 97	643 00	3 547 89	0 00	42 639 40

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

A summary of expenses paid is provided at Appendix 2

8.2 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.

Charge out rates have not changed since those advised as at 1 September 2012. These will be subject to review from 1 September 2014.

8.3 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 £1,639,470 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	317,242 68	61,376 86	378,619 54
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	1,058,334 30	209,595 19	1,267,929 49

8.4 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.

8.5 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)

JOINT ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD 6 JULY 2011 TO 30 DECEMBER 2013

HOMEFORM GROUP LIMITED - IN ADMINISTRATION RECEIPTS & PAYMENTS ACCOUNT FOR THE PERIOD 6 JULY 2011 TO 30 DECEMBER 2013						
Statement of Affairs	Fixed		Floating		TOTAL	
	Movement From 01/11/13 To 30/12/13	Cumulative From 06/07/11 To 30/12/13	Movement From 01/11/13 To 30/12/13	Cumulative From 06/07/11 To 30/12/13	Total Cumulative From 06/07/11 To 30/12/13	
RECEIPTS	£	£	£	£	£	£
Intellectual Property	8 000 000 00	50 000 00	-	-	7 350 000 00	7 350 000 00
Third Party Funds	-	-	-	900 000 00	900 000 00	900 000 00
Licence Fee Received*	-	-	-	5,011,960 71	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	33 078 94
Insurance Premium Received	-	-	-	11 835 73	11 835 73	11 835 73
Rent Deposit Refund	-	-	-	44 887 32	44 887 32	44 887 32
Recovered Deposits	-	-	-	79 116 54	79 116 54	79 116 54
Leasehold Property	-	-	-	-	-	-
Fixtures & Fittings	70 000 00	-	-	45 033 00	45 033 00	45 033 00
Stock	200 000 00	-	-	322,783 58	322,783 58	322,783 58
Waste paper	-	-	-	893 60	893 60	893 60
Work in progress	-	-	-	100 000 00	100 000 00	100 000 00
Book Debts	200 000 00	-	-	100 094 00	100 094 00	100 094 00
Cash at Bank and in escrow	4,202,000 00	-	-	4 356,108 84	4 356 108 84	4 356 108 84
Rates Refunds	-	-	-	163 228 08	163 228 08	163 228 08
Sundry Refunds	-	-	-	5 722 26	5,722 26	5,722 26
Pre Administration legal fee refund	-	-	-	107 74	107 74	107 74
Pension Refund	-	-	-	4 502 50	4,502 50	4,502 50
VAT Payable	-	-	-	-	-	-
Bank Interest Gross	-	-	97 75	6,778 74	6,870 02	6,870 02
	12,672,000 00	50 000 00	97 75	11,186,131 58	18 576 975 75	18 576 975 75
PAYMENTS						
Wages	-	-	-	190 802 56	190 802 56	190 802 56
Subcontractor Payments	-	-	-	27 091 84	27 091 84	27 091 84
IT Costs	-	-	-	6 438 45	6 438 45	6 438 45
Fork Lift Truck Hire	-	-	-	4 600 00	4 600 00	4 600 00
Scissor Lift Hire	-	-	-	1,710 00	1 710 00	1 710 00
Gas Bottle Hire	-	-	-	418 19	418 19	418 19
Waste Paper Destruction	-	-	-	680 00	680 00	680 00
Telephone	-	-	-	1 152 69	1 152 69	1 152 69
Photocopier Hire	-	-	-	664 00	664 00	664 00
Miscellaneous Trading Expenditure	-	-	-	342 00	342 00	342 00
Electricity	-	-	-	24 704 39	24 704 39	24 704 39
Water	-	-	-	4 592 67	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	10 000 00	10 000 00	-	306 351 14	316 351 14	316 351 14
Legal Disbursements	-	-	-	891 54	891 54	891 54
Chargeholder	40 000 00	7 340 000 00	-	-	7 340 000 00	7 340 000 00
Bank offset costs	-	-	-	2 705 737 97	2 705 737 97	2 705 737 97
Licence Fee Refund	-	-	-	695 382 88	695 382 88	695 382 88
Transfer of Funds to Sharps	-	-	-	9 872 33	9 872 33	9 872 33
Transfer of Funds to BSH Bosch	-	-	-	53 983 00	53 983 00	53 983 00
Agent fitting costs	-	-	-	676 189 98	676 189 98	676 189 98
Repayment of funding agreement	-	-	131 811 91	850 811 91	850 811 91	850 811 91
Specific Bond	-	-	-	420 00	420 00	420 00
Skip Hire	-	-	-	2,762 62	2 762 62	2 762 62
Photocopying	-	-	1 756 00	4 302 55	4 302 55	4 302 55
Administrators Fees	-	-	-	1,108 173 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	-	-	-	30 799 44	30 799 44	30 799 44
Agents Fees	-	-	-	34 102 20	34 102 20	34 102 20
Corporation Tax	-	-	1 017 91	954 93	954 93	954 93
Stationery	-	-	-	1 416 19	1 416 19	1 416 19
Security	-	-	-	19 427 50	19 427 50	19 427 50
Storage Costs	-	-	8 191 61	11 251 33	11 251 33	11 251 33
Postage	-	-	4 317 92	31 269 46	31 269 46	31 269 46
Statutory Advertising	-	-	-	76 50	76 50	76 50
Other Property Expenses	-	-	-	1 563 79	1 563 79	1 563 79
Insurance	-	-	5 008 50	32 278 66	32 278 66	32 278 66
Rents Under Licence	-	-	-	4 316 131 47	4 316 131 47	4 316 131 47
Insurance Under Licence	-	-	-	12,110 73	12 110 73	12 110 73
VAT Receivable	(8,165 05)	-	(44 071 64)	0 02	0 02	0 02
Bank Charges	-	-	80 00	3,697 40	3,697 40	3,697 40
	41,834 95	7,390,825 26	108,112 21	11,186,150 49	18,576,975 75	18,576,975 75
Balance in Hand	-	18 91	-	(18 91)	-	-
Represented By						
VAT control account	-	-	-	-	-	-
Floating Charge Deposit Account for Licence Fee Monies (Escrow)	-	-	-	-	-	-
Floating Charge Interest Bearing Current Accounts	-	-	-	-	-	-
Fixed Charge Interest Bearing Current Accounts	-	-	-	-	-	-
Source Deloitte analysis						

**HOMEFORM GROUP LIMITED
(IN ADMINISTRATION)**

**JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 1 NOVEMBER 2013 TO 30
DECEMBER 2013**

Homeform Group Limited
(In Administration)

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

Appendix 3

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning									
Cashiering and Statutory Filing		-	1 80	819 00	1 80	531 00	3 60	1 350 00	375 00
Case Supervision, Management and Closure	1 00	710 00	26 50	9 062 50	4 20	839 00	31 70	10 611 50	334 75
General Reporting	2 00	1 210 00	29 20	10 060 00	-	-	31 20	11 270 00	361 22
	3 00	1 920 00	57 50	19 941 50	6 00	1 370 00	66 50	23 231 50	349 33
Realisation of Assets									
Other Assets (e.g. Stock)		-	5 50	2 557 50	-	-	5 50	2 557 50	465 00
		-	5 50	2 557 50	-	-	5 50	2 557 50	465 00
Creditors									
Employees			1 20	378 00	-	-	1 20	378 00	315 00
Unsecured			5 50	1 677 50	-	-	5 50	1 677 50	305 00
			6 70	2 055 50	-	-	6 70	2 055 50	306 79
Other Matters Include									
Tax and VAT	0 45	423 50	7 70	5 136 00	5 65	1 241 75	13 80	6 801 25	492 64
	0 45	423 50	7 70	5 136 00	5 65	1 241 75	13 80	6 801 25	492 64
TOTAL HOURS & COST	3 45	2 343 50	77 40	29 690 50	11 65	2 611 75	92 50	34 645 75	374 55
TOTAL FEES DRAWN TO DATE									

1 145 198 00

HOMEFORM GROUP LIMITED
(IN ADMINISTRATION)

JOINT ADMINISTRATORS' TIME COSTS FOR THE PERIOD 6 JULY 2012 TO 30 DECEMBER 2013

Homeform Group Limited
(In Administration)

Time costs for the period 06/07/11 to 31/12/13

Appendix 4

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning									
Cashiering and Statutory Filing	2 10	1 717 50	81 80	36 024 50	146 95	32 649 50	230 85	70 391 50	304 92
Case Supervision, Management and Closure	45 50	28 495 00	183 90	80 512 50	84 20	16 501 00	313 60	105 508 50	336 44
Initial Actions (e.g. Notification of Appointment, Securing Assets)	80 55	49 477 75	57 80	26 863 00	9 00	1 731 00	127 35	78 071 75	613 05
General Reporting	98 00	60 817 50	95 60	37 443 00	56 00	10 857 50	249 60	109 118 00	440 70
	204 15	140 507 75	419 10	160 843 00	296 15	61 739 00	919 40	363 063 75	394 92
Investigations									
Reports on Directors' Conduct	2 00	1 555 00	-	-	4 80	912 00	6 80	2 467 00	362 78
	2 00	1 555 00	-	-	4 80	912 00	6 80	2 467 00	362 78
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	24 90	11 816 00	-	-	44 90	23 016 00	612 61
Property - Freehold and Leasehold	72 50	52 272 50	400 50	183 827 50	131 95	25 405 50	604 95	241 505 50	399 22
Retention of Title	3 00	2 685 00	378 00	130 600 00	48 00	2 300 00	429 00	135 585 00	317 63
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	865 35	333 635 00	179 95	27 895 50	1 166 30	454 718 00	389 88
Creditors									
Employees	-	-	440 80	125 967 50	54 35	10 331 50	495 15	136 299 00	275 27
Secured	15 00	10 200 00	45 40	19 226 00	19 50	3 797 50	79 90	33 223 50	415 81
Unsecured	297 00	170 105 00	360 40	121 713 50	593 45	91 029 25	1 250 85	382 847 75	306 07
	312 00	180 305 00	846 60	266 907 00	667 30	105 158 25	1 825 90	552 370 25	302 52
Other Matters Include									
Tax and VAT	8 45	8 563 50	155 75	85 909 25	118 65	26 986 15	282 85	121 458 90	429 41
	8 45	8 563 50	155 75	85 909 25	118 65	26 986 15	282 85	121 458 90	429 41
TOTAL HOURS & COST	667 60	434 758 75	2 504 80	936 514 25	1 266 85	222 880 90	4 439 25	1 594 153 90	359 10

TOTAL FEES DRAWN TO DATE

1 145 198 00