

The Insolvency Act 1986

2.22B**Statement of administrator's
revised proposals**

Name of Company

Mark Elliot Furniture Limited

Company number

02568700

In the

High Court Birmingham District Registry

(full name of court)

Court case number

8306 of 2010

We

William James Wright

KPMG LLP

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

United Kingdom

Mark Jeremy Orton

KPMG LLP

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

United Kingdom

attach as a schedule to this form a copy of our revised proposals in respect of the administration of the above company

A copy of these revised proposals was sent to all known creditors on

4 February 2011

Signed


 Joint Administrator

Dated

4 February 2011

Contact Details:

You do not have to give any contact information in the box opposite but if you do, it will help Companies House to contact you if there is a query on the form. The contact information that you give will be visible to searchers of the public record.

Vanessa Ting
KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

DX Number DX 709850 Birmingham 26

Tel 0121 609 5891

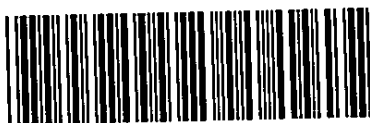
DX Exchange

When you have completed and signed this form, please send it to the Registrar of Companies at:

Companies House, Crown Way, Cardiff CF14 3UZ

DX 33050 Cardiff

THURSDAY



A36

A79B3RQL

17/02/2011

63

COMPANIES HOUSE



**Mark Elliot Furniture Limited
(in administration and under a
company voluntary arrangement)**

Report to Creditors

Pursuant to Rules 2.45 and 2.47 of the Insolvency
Rules 1986 (as Amended)

4 February 2011

KPMG LLP

This report contains 21 Pages

www/bab/vt/1f Report to Creditors



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

Notice: About these Proposals

- This Report has been prepared by William Wright and Mark Orton, the Joint Administrators of Mark Elliot Furniture Limited, to comply with their statutory duty to report to creditors under the Insolvency Rules 1986 on the progress of the administration and to consider the revision to the Joint Administrators' proposals, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- This Report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in Mark Elliot Furniture Limited.
- Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on this Report for any purpose or in any context other than under the Insolvency Rules 1986 does so at its own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Report to any such person.
- William Wright is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.
- Mark Orton is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association.
- The Joint Administrators act as agents for Mark Elliot Furniture Limited and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this Report or the conduct of the administration.



Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)

Report to Creditors

KPMG LLP
4 February 2011

Contents

1	Glossary	1
2	Executive summary	2
3	Introduction	3
4	Joint Administrators' Original Proposals	3
5	Purpose and progress of the administration	4
6	Joint Administrators' time costs	7
7	Revision of Administrators' Proposals and Meeting by Correspondence	8
8	Ongoing strategy	10

Appendices

1	Statutory Information
2	Joint Administrators' Receipts and Payments Account
3	Joint Administrators' Original Proposals
4	Analysis of Joint Administrators' Time Costs



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

1 Glossary

Administration Order	The Administration Order granted in the High Court of Justice, Chancery Division, Birmingham District Registry, Court No 8306 of 2010
Administrators	William Wright and Mark Orton of KPMG LLP
Company	Mark Elliot Furniture Limited, previously known as Broadblue Limited
SKG	SKG Capital Limited
Directors	Emma Elliot Mark Elliot Jennifer Love
Act	The Insolvency Act 1986 (as amended by The Enterprise Act 2002)
Rules	The Insolvency Rules 1986 (as amended by The Enterprise Act 2002)
CVA	Company Voluntary Arrangement
IPR	Intellectual Property Rights
Bank	Barclays Bank plc
Barclays Mercantile	Barclays Mercantile Limited
Pension Trustees	Trustees of Broadblue Limited Pension Scheme

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



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

2 Executive summary

- This Report is provided with the dual purpose of reporting on the progress of the administration for the period from 6 July 2010 to 5 January 2011, and to provide a statement of revised proposals for the administration. The Joint Administrators have elected to combine the purpose of this Report so as to keep costs to a minimum.
- The Joint Administrators' original Proposals were approved on 13 September 2010.
- Based on the expected level of net realisations and amounts owed to the secured creditors, it is anticipated that a dividend will become available to unsecured creditors, but we are unable to currently estimate the likely quantum of these funds.
- The Joint Administrators are now seeking a minor modification to their proposals and as such, a revised list of proposals for approval follows at section 8 of this Report. To consider these proposals, a meeting of creditors by correspondence will be held in accordance with Paragraph 58 of Schedule B1 of the Act. A formal notice of conduct of business by correspondence is enclosed with this Report. A full explanation of the process is set out in section 7 of this Report.
- The most likely exit route for the administration is to place the Company into liquidation under Paragraph 100 of the Act, as explained in section 8 of this Report.
- Full details of the Joint Administrators' Progress Report are attached together with all the relevant statutory information included by way of Appendices.

William Wright
Joint Administrator



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

3 Introduction

As previously advised in our Proposals of 27 August 2010, following the request of the Company, acting by its directors, William Wright and Mark Orton, both of KPMG LLP, were appointed Joint Administrators of Mark Elliot Furniture Limited on 6 July 2010 in the High Court of Justice, Chancery Division, Birmingham District Registry. The Court Administration Order number is 8306 of 2010.

In accordance with Paragraph 100(2), Schedule B1 of the Insolvency Act 1986 the functions of the Joint Administrators can be exercised by any or both of the Joint Administrators.

In accordance with Rule 2.47 of the Insolvency Rules 1986 (as amended) we are writing to provide an update on the progress of the first six months of the administration covering the period 6 July 2010 to 5 January 2011. We enclose Form 2.24B providing formal notice to that effect.

In addition, this report also covers the requirements of Rule 2.45 of the Insolvency Rules 1986 (as amended), being a revision to the Joint Administrators' Proposals.

An abstract receipts and payments account for the period 6 July 2010 to 5 January 2011 is attached at Appendix 2. Other information required by Rule 2.47 of the Insolvency (Amendment) Rules 2003 is attached at Appendix 1 and a schedule of the Administrators' time costs is attached at Appendix 4.

4 Joint Administrators' Original Proposals

The Joint Administrators' Proposals were sent to all known creditors on 27 August 2010 and a summary is attached at Appendix 3.

In accordance with Paragraph 58, Schedule B1 of the Insolvency Act 1986, the Administrators chose to hold a meeting of creditors by correspondence.

Over 50% of creditors who exercised their right to vote voted in favour of all of the Administrators' Proposals.

The Administrators would have been duty bound to summon an initial creditors' meeting if it was requested by creditors of the company whose debts amount to at least 10% of the total debts of the company in the prescribed manner and within the prescribed period under Paragraph 52(2), Schedule B1 of the Insolvency Act 1986. No creditors requested a meeting, and as such, the result of the meeting by correspondence is deemed to have been approved by the creditors.



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

5 Purpose and progress of the administration

5.1.1 Purpose of the administration

In accordance with paragraph 3(1) of Schedule B1 of the Act the Administrators have the following hierarchy of objectives. In order these are

- a) rescuing the company as a going concern, or
- b) achieving a better result for the company's creditors as a whole than would be likely if the company were wound up, or
- c) realising property in order to make a distribution to one or more secured or preferential creditors

As previously advised, the Joint Administrators concluded that objective (b) was the most viable for the following reasons

- It was not possible to trade the Company in administration due to a lack of funding and a number of other issues as highlighted in our initial report to creditors
- In addition to the above, due to the fact that a thorough sales process had been undertaken to test the market, it was unlikely that extending the process through the administration would have resulted in increased value being realised

As a result, the business was sold immediately following appointment, achieving a better result than would have been likely if the Company were wound up

As previously advised, the Joint Administrators have sold the business and assets for the benefit of the creditors and are in the process of determining the available funds for creditors



Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)

Report to Creditors

KPMG LLP
4 February 2011

5.2 Progress of the administration

5.2.1 Sale of business

As previously advised, a sale of the business and assets of the Company was completed immediately following our appointment to subsidiaries of SKG, a third party company

The sale consideration achieved was as follows

	Stock	Plant & equipment	Intellectual property	Goodwill	Total
	£	£	£	£	£
Statley Properties Limited (now MEF Retail Limited) (retail business)	109,997	1	1	1	110,000
HSB Construction (Eastern) Limited (now MEF Manufacturing Limited) (manufacturing business)		39,998	1	1	40,000

All consideration was paid immediately on completion and has been received

5.3 Asset realisations

5.3.1 Debtors

At present, the Joint Administrators do not anticipate any book debts will be realisable for the benefit of creditors in the administration, however we continue to await the directors' statement of affairs which will further clarify the position

5.3.2 Bond

The Joint Administrators understand that Barclays Mercantile hold a bond of £40,000 in relation to merchant acquiring services provided to the retail outlets. As the sale of business agreement stipulated that all outstanding orders must be completed by the purchaser, the Joint Administrators do not anticipate any claims under this facility. However we are currently unable to confirm whether the full amount of the bond will be returned, or the timing thereof, and we are continuing to liaise with Barclays Mercantile accordingly. We hope to finalise matters in respect of this bond imminently.



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

5.3.3 Investigations

The Administrators have a duty to investigate whether potential courses of action exist against third parties which would increase recoveries for creditors. If creditors wish to bring any matters they believe to be relevant to the attention of the Administrators, they are invited to do so in writing to William Wright and Mark Orton at KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH

5.3.4 Rent deposit deeds and leasehold properties

The Joint Administrators are aware of rent deposit deeds secured as charges against the Company by A J Poulton Epping Limited and Adnams Plc, on the dates of 9 July 2002 and 27 January 2009 respectively. These deeds were registered in respect of deposits paid by the Company for leasehold premises.

It is not expected for realisations to be achieved in relation to the above deeds, following our investigations to date.

The Joint Administrators have been liaising with landlords of leasehold premises in conjunction with the purchasers to secure assignments or surrenders of the various leases held by the Company. This work is ongoing, with five assignments completed to date – all serving to reduce claims by the landlords against the Company.

5.4 Summary position for creditors

5.4.1 Secured creditors

As previously advised, Barclays Bank plc hold a debenture dated 12 March 2002. At appointment, we understood a modest amount was owed to the Bank, relating to the most recent outstanding company credit card bills.

We can confirm that debenture was found to be valid following a legal review and the full amount due was transferred to Barclays Bank plc on 26 October 2010, being £5,185.38. As this represented a full repayment, no consideration of the prescribed part was required in doing so.

5.4.2 Preferential creditors

As previously reported, all employees were transferred as part of the sale purchase agreement under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE). As such, the Joint Administrators do not anticipate any preferential creditor claims in the administration.



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

5 4 3 Unsecured creditors

As previously reported, the Joint Administrators anticipate that a surplus of funds will be available for the unsecured creditors, following the repayment of the secured creditor. However, we cannot confirm the quantum or timing of the distribution.

The approximate quantum of unsecured creditors also remains uncertain whilst the CVA is finalised. Further updates will follow in our future reports as the position is clarified.

5 4 4 Pre-administration costs

Pre-administration costs of £2,138 and £1,997 (both net of VAT) were incurred by the CVA supervisor, Andrew McTear and McTear, Williams and Wood LLP respectively. These costs were incurred in respect of preparations for the appointment of administrators, with the CVA supervisor carrying out his required duty following the failure of the arrangement.

These costs were approved pursuant to Rule 2.67A of the Rules on 13 September 2010 by over 50% of creditors who exercised their right to vote.

We can confirm that payment of Andrew McTear's costs has been made on 29 December 2010. We are currently awaiting an invoice for the remaining costs due to McTear, Williams and Wood LLP.

6 Joint Administrators' time costs

KPMG LLP time costs to 5 January 2011 are £82,482.75, representing 335.43 hours at an average rate of £245.90 per hour. Key areas where costs have been incurred are as follows:

- Finalising the sale of business and assets,
- Progressing the assignment of leasehold properties,
- Dealing with creditor queries, and
- Attending to all statutory duties that are associated with this type of insolvency.

A detailed analysis of the Joint Administrators' time costs to 5 January 2011 is attached at Appendix 4.

We can confirm that the Joint Administrators have not drawn any fees or disbursements to date.



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

Further information is given in the Association of Business Recovery Professionals' publication *A Creditors' Guide to Administrators' Fees*, a copy of which can be obtained at <https://www.r3.org.uk/uploads/sip/INTERIM%20SIP9%20April%202010.pdf>. However, if you are unable to access this guide and would like a copy, please contact Vanessa Ting on 0121 609 5891.

6.1.1 EC Regulations

The EC regulations will apply to these proceedings which constitute main proceedings as defined in Article 13 of the EC Regulations. The centre of main interest of the Company is in England within the EC.

7 Revision of Administrators' Proposals and Meeting by Correspondence

Minor modifications are proposed to the Joint Administrators' Proposals. These Proposals were documented by our full initial report to creditors dated 27 August 2010.

The sole material adjustment to this document is a replacement of William Wright with Richard Philpott, also of KPMG LLP, as one of the proposed liquidators of the Company. The revised itemised proposal therefore reads:

- If distribution of funds within the administration are deemed inappropriate, one of the Joint Administrators, Mark Orton, together with Richard Philpott, also of KPMG LLP, are appointed as Joint Liquidators of the Company which will subsequently be placed into creditors' voluntary liquidation or compulsory liquidation. In accordance with paragraph 83(7) and Rule 2.117(3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the revised proposals and before the revised proposals are approved.

In addition, the following wording has also been removed:

- If the Administrators think funds will become available for unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator, should one be appointed, and that the cost of so doing be met as a cost of the Administration as part of the Administrators' remuneration.

In accordance with Paragraph 54(2) of Schedule B1 of the Insolvency Act 1986, the Joint Administrators are required to hold a meeting of creditors to consider this revision. In the interests of restricting unnecessary costs, we propose to hold a meeting of creditors by correspondence, in accordance with Paragraph 58 of Schedule B1 of the Act. In accordance with Rule 2.48 (1) of the Insolvency Act 1986 please find appended to this report Form 2.25B, being formal notice of conduct of business by correspondence.



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

For voting purposes the completed Form 2 25B should be completed and returned to the administrators by no later than 12 00 noon on 22 February 2011 together with a statement of claim

Please note that in accordance with Rule 2 48(7) of the Insolvency Act 1986 any single creditor, or a group of creditors, of the Company whose debt(s) amount to at least 10% of the total debts of the Company may, within 5 business days from the administrators sending out the resolution or proposals, require him to summon a meeting of creditors to consider the matters raised herein in accordance with Rule 2 37 of the Insolvency Act 1986

Section 5 6 of our initial report detailed the specific itemised proposals. No other aspects to the original report have been modified. A full list of these revised itemised proposals is therefore as follows

- To continue to do all such things reasonably expedient and generally exercise all their powers as Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company in accordance with the objective as set out above
- To investigate and, if appropriate, pursue any claims the Company may have
- To seek an extension to the administration period if deemed necessary by the Administrators
- That the Administrators be permitted to pay any realisations to secured and preferential creditors
- That the Administrators will be discharged from liability in respect of any action of their as Administrators pursuant to paragraph 98(1) of Schedule B1 of the Act, upon the filing of the final Receipts and Payments account in accordance with Rule 2 110 of the Rules
- The Administrators may, at their discretion, adjudicate the claims of unsecured creditors and seek the permission of the court for a distribution to be made to the unsecured creditors by the Administrators pursuant to Paragraph 65(3) Sch B1 of the Act
- If distribution of funds within the administration are deemed inappropriate, one of the Joint Administrators, Mark Orton, together with Richard Philpott, also of KPMG LLP, are appointed as Joint Liquidators of the Company which will subsequently be placed into creditors' voluntary liquidation or compulsory liquidation. In accordance with paragraph 83(7) and Rule 2 117(3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved



Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)

Report to Creditors

KPMG LLP
4 February 2011

- If creditors' voluntary liquidation and compulsory liquidation are deemed inappropriate, the Joint Administrators take the necessary steps to move the Company straight into dissolution under Paragraph 84 of Schedule B1 of the Act
- That pursuant to Rules 2.67A and 2.33(2B), the costs incurred by Andrew McTear and McTear, Williams and Wood LLP in respect of preparations made for the appointment of the Joint Administrators outlined in section 5.4.4 of this report be approved based upon time costs and shall be paid out of the assets of the Company
- That the Administrators be authorised to draw fees on account from the assets of the Company from time to time during the period of the administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment. Also, that the Administrators be authorised to draw disbursements from time to time to include category two disbursements
- That the costs of KPMG LLP in respect of forensic, tax, VAT and pension advice provided to the Administrators be based upon time costs and shall be paid out of the assets of the Company

As required by Rule 2.45(2) of the Insolvency Rules 1986, the Joint Administrators have a duty to detail any expected impact of the revision on creditors. As the sole revision is purely an administrative change to a different experienced individual of KPMG LLP being appointed as liquidator of the Company, no such impact is expected and the overall strategy and expected outcome for the administration remains unchanged.

8 Ongoing strategy

The Joint Administrators are currently in the process of finalising the remaining assignment and surrender of the Company's leasehold properties which were licensed to the purchaser following the sale of the business and continue to maximise realisations from the assets of the Company.

It is expected that the administration will be brought to a conclusion following a decision over the revised proposals as detailed above.

The Joint Administrators will seek to move the Company into Creditors' Voluntary Liquidation before the anniversary of the administration, if there will be sufficient funds available to make a distribution to the unsecured creditors. The claims of unsecured creditors will then be reviewed and agreed in the liquidation.

This concludes the Joint Administrator's first progress report to creditors. In accordance with Rule 2.47 of the Insolvency Rules 1986 (as amended), the next progress report is due at the anniversary of the administration or at its conclusion, whichever is sooner.



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

Appendix 1 Statutory Information

Company name and Trading style	Mark Elliot Furniture Limited		
Administration Order	The Administration Order was granted in the High Court of Justice, Chancery Division, Birmingham District Registry, Court No 8306 of 2010		
Date of appointment	6 July 2010		
Present Administrators' details	William Wright is authorised to act as an insolvency practitioner by the Institute of Chartered Accountants of England and Wales		
	Mark Orton is authorised to act as an insolvency practitioner by the Insolvency Practitioners Association		
Functions	The functions of the Administrators are being exercised by either or both of them in accordance with Paragraph 100(2) of Schedule B1 of the Act		
Application of EC regulations	EC regulations apply and these proceedings will be the Main Proceedings as defined in Article 3 of the EC regulations		
Company Directors	<i>From</i>	<i>To</i>	
	Mark Elliot	14/12/1992	N/A
	Emma Elliot	14/09/1994	N/A
	Jennifer Love	01/08/2001	N/A
	John Elliot	01/08/2001	04/08/2010
	June Elliot	01/08/2001	04/08/2010
	Peter Dean	01/08/2001	09/08/2010
Company Secretary	Robert Collins		
Date of incorporation	14 December 1990		
Company registration number	02568700		
Previous registered office	Colonial House, Anson Way, Beccles Business Park, Beccles, NR34 7TL		
Present registered office	c/o KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH		
Trading address	31 Timberhill, Norwich, Norfolk, NR1 3LA		

No audited details of the Company's prior year trading results are available as the Company produced abbreviated unaudited accounts



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

Details of the Company's share capital and holdings

Authorised share capital	1,098 Ordinary Shares of £1 each
Issued share capital	1,098
Shareholders	Mark Elliot – 560 shares Emma Elliot – 300 shares Andrew Hall – 50 shares Janet Hall – 50 shares Jennifer Love – 49 shares Peter Dean – 49 shares Cheryl Elliot – 40 shares



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

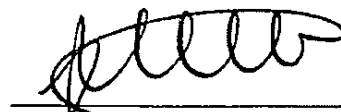
*KPMG LLP
4 February 2011*

Appendix 2

Joint Administrators' Receipts and Payments Account

Mark Elliot Furniture Limited
(In Administration)
Administrators' Abstract of Receipts & Payments

Statement of Affairs	From 06/07/2010 To 05/01/2011	From 06/07/2010 To 05/01/2011
FIXED CHARGE ASSETS		
Property rights/Patents	2 00	2 00
Goodwill	2 00	2 00
	<u>4 00</u>	<u>4 00</u>
ASSET REALISATIONS		
Plant & machinery	39,999 00	39,999 00
Stock	109,997 00	109,997 00
	<u>149,996 00</u>	<u>149,996 00</u>
OTHER REALISATIONS		
Bank interest, gross	19 92	19 92
Sundry refunds	1 393 23	1,393 23
	<u>1,413 15</u>	<u>1,413 15</u>
COST OF REALISATIONS		
Other IP approved pre-appointment costs	2,138 00	2,138 00
Agents'/Valuers' fees	3,811 54	3,811 54
Legal fees	20,282 80	20,282 80
Storage costs	1,303 67	1,303 67
Statutory advertising	235 06	235 06
Other property expenses	12 00	12 00
Bank charges	20 00	20 00
	<u>(27,803 07)</u>	<u>(27,803 07)</u>
FLOATING CHARGE CREDITORS		
Floating charge	5,185 38	5,185 38
	<u>(5,185 38)</u>	<u>(5,185 38)</u>
	<u><u>118,424.70</u></u>	<u><u>118,424.70</u></u>
REPRESENTED BY		
Floating ch. VAT rec'able		4,977 27
Floating charge current		113,570 02
Floating ch. VAT payable		(122 59)
		<u><u>118,424.70</u></u>



William James Wright
Administrator



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

Appendix 3

Joint Administrators' Original Proposals

The full report to creditors dated 27 August 2010 represented the Joint Administrators' proposals in accordance with paragraph 49 of Schedule B1 to the Act. A further copy of the full report is available on request – please contact Vanessa Ting via 0121 609 5891 if required

The original itemised proposals, which are the only item from the full report subject to modification, are reproduced below

- To continue to do all such things reasonably expedient and generally exercise all their powers as Administrators as they, in their discretion, consider desirable in order to maximise realisations from the assets of the Company in accordance with the objective as set out above
- To investigate and, if appropriate, pursue any claims the Company may have
- To seek an extension to the administration period if deemed necessary by the Administrators
- That the Administrators be permitted to pay any realisations to secured and preferential creditors
- That the Administrators will be discharged from liability in respect of any action of theirs as Administrators pursuant to paragraph 98(1) of Schedule B1 of the Act, upon the filing of the final Receipts and Payments account in accordance with Rule 2.110 of the Rules
- If the Administrators think funds will become available for unsecured creditors, the Administrators may at their discretion establish in principle the claims of unsecured creditors for adjudication by a subsequent liquidator, should one be appointed, and that the cost of so doing be met as a cost of the Administration as part of the Administrators' remuneration. The Administrators may, at their discretion, adjudicate the claims of unsecured creditors and seek the permission of the court for a distribution to be made to the unsecured creditors by the Administrators pursuant to Paragraph 65(3) Sch B1 of the Act
- If distribution of funds within the administration are deemed inappropriate, the Joint Administrators, William Wright and Mark Orton, are appointed as Joint Liquidators of the Company which will subsequently be placed into creditors' voluntary liquidation or compulsory liquidation. In accordance with paragraph 83(7) and Rule 2.117(3), creditors may nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of the proposals and before the proposals are approved



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

- If creditors' voluntary liquidation and compulsory liquidation are deemed inappropriate, the Joint Administrators take the necessary steps to move the Company straight into dissolution under Paragraph 84 of Schedule B1 of the Act
- That pursuant to Rules 2.67A and 2.33(2B), the costs incurred by Andrew McTear and McTear, Williams and Wood LLP in respect of preparations made for the appointment of the Joint Administrators outlined in section 5.4.4 of this report be approved based upon time costs and shall be paid out of the assets of the Company
- That the Administrators be authorised to draw fees on account from the assets of the Company from time to time during the period of the administration based on time properly spent at KPMG LLP charge out rates that reflect the complexity of the assignment. Also, that the Administrators be authorised to draw disbursements from time to time to include category two disbursements
- That the costs of KPMG LLP in respect of forensic, tax, VAT and pension advice provided to the Administrators be based upon time costs and shall be paid out of the assets of the Company



*Mark Elliot Furniture Limited
(in administration and under a company voluntary arrangement)*

Report to Creditors

*KPMG LLP
4 February 2011*

Appendix 4

Analysis of Joint Administrators' time costs

Scale rates

The table below details the relevant rates and increase per grade since the date of administration

	2009/10	2010/11
	£	£
Administrator	165	175
Senior Administrator	225	240
Manager	320	345
Senior Manager	405	425
Director	440	460
Partner	515	535

Mark Elliot Furniture Limited in administration

Time Cost Analysis from 6 July 2009 to 5 January 2011

	Partner / Director	Manager	Administrator	Support	Total hours	Time cost	Average hourly rate
Administration & planning							
Cashiering							
Fund management			0 10		0 10	£17 50	£175 00
General (Cashiering)	0 40		5 10	4 00	9 50	£1,714 00	£180 42
Reconciliations (& IPS accounting reviews)			1 10	1 20	2 30	£365 50	£158 91
General							
Books and records			7 90		7 90	£1,342 50	£169 94
Fees and WIP		0 10			0 10	£42 50	£425 00
Statutory and compliance							
Appointment and related formalities		12 40	30 90		43 30	£10,275 50	£237 31
Bonding and bordereau			1 20		1 20	£270 00	£225 00
Checklist & reviews	2 00	11 00	6 90		19 90	£5,892 50	£296 11
Reports to debenture holders		8 00			8 00	£2,560 00	£320 00
Statutory advertising			2 00		2 00	£330 00	£165 00
Strategy documents	1 20			0 20	1 40	£639 00	£456 43
Tax							
Initial reviews - CT and VAT			7 70		7 70	£1,397 50	£181 49
Post appointment corporation tax	0 10	4 10	8 10		12 30	£3,161 00	£256 99
Post appointment VAT		1 20	1 15		2 35	£622 75	£265 00
Creditors							
Creditors and claims							
Agreement of preferential claims	7 00				7 00	£3,080 00	£440 00
General correspondence	1 00	2 95	49 85	0 40	54 20	£10,065 00	£185 70
Notification of appointment			1 00		1 00	£175 00	£175 00
Pre-appointment VAT / PAYE / CT		0 20	1 00		1 20	£229 00	£190 83
Secured creditors	3 00				3 00	£1,380 00	£460 00
Statutory reports	0 10	6 00	33 80	0 70	40 60	£7,634 00	£188 03
Employees							
Pensions reviews		1 00	5 40		6 40	£1,562 00	£244 06
Investigation							
Directors							
Correspondence with directors			1 90		1 90	£323 50	£170 26
D form drafting and submission		1 20	22 00		23 20	£5,694 00	£245 43
Directors' questionnaire / checklist	0 20		4 88		5 08	£963 50	£189 67
Statement of affairs			5 00		5 00	£835 00	£167 00
Investigations							
Correspondence re investigations			1 00		1 00	£240 00	£240 00
Realisation of assets							
Asset Realisation							
Freehold property		0 10			0 10	£32 00	£320 00
Health & safety			0 20		0 20	£45 00	£225 00
Leasehold property		32 00	16 50		48 50	£13,294 50	£274 11
Other assets	6 00				6 00	£2,640 00	£440 00
Sale of business	7 00	6 00			13 00	£5,660 00	£435 38
Total in period					335 43	£82,482 75	£245 90