

The Insolvency Act 1986

Statement of administrator's proposals 2.17B

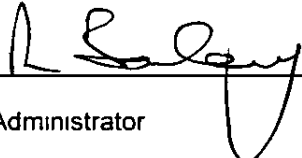
Name of Company Myhome International Plc	Company number 04068016
In the High Court of Justice, Chancery Division Companies Court	Court case number 7468 of 2008

(a) Insert full name(s) and address(es) of administrator(s)
 We (a) Roy Bailey and Angela Swarbrick
Ernst & Young LLP, 1 More London Place, London, SE1 2AF

*Delete as applicable attach a copy of ~~my~~ our proposals in respect of the administration of the above company

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

(b) Insert date (b) 28 October 2008

Signed 
 Joint Administrator

Dated 28 October 2008

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

Jamshed Zia	
Ernst & Young LLP, 1 More London Place, London, SE1 2AF	
	Tel 0207 951 7166
DX Number	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 3305 Cardiff



TO ALL KNOWN MEMBERS AND CREDITORS

28 October 2008

Ref RB/LS/LO3432/PF 10
Direct line 0207 951 1145
Direct Fax 0207 951 9998
Lisa Smallman
email lsmallman@uk.ey.com

Dear Sirs

Myhome International Plc (in Administration) ("the Company")

I was appointed Joint Administrator of the Company on 3 September 2008. I enclose for your information a copy of the report pursuant to paragraph 49 of Schedule B1 to the Insolvency Act 1986, which outlines the progress made to date together with the Administrators' proposals.

As a result of there being insufficient assets available to make a distribution to unsecured creditors except from the Prescribed Part, the Administrators have decided, in accordance with Paragraph 52(1)(b) of Schedule B1 to the Insolvency Act 1986, not to call a meeting of creditors.

Pursuant to paragraph 52(2) of Schedule B of the Insolvency Act 1986, the Administrators shall convene a meeting of creditors if so requested by creditors of the Company whose debts amount to at least 10% of the total debts of the Company. Such request must be submitted in writing to the Administrators on Form 2 21B within 12 days from the date of these proposals.

Should you have any queries please do not hesitate to contact Lisa Smallman.

Yours faithfully
for Myhome International Plc

R Bailey
Joint Administrator

Enc Copy of paragraph 49 report
Form 2 21B- Creditors request for a meeting

The Association of Chartered Certified Accountants authorises R Bailey to act as Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986 and The Institute of Chartered Accountants in England and Wales authorises A Swarbrick to act as Insolvency Practitioner under section 390(2)(a) of the Insolvency Act 1986.

The affairs, business and property of the Company are being managed by the Joint Administrators, R Bailey and A Swarbrick, who act as agents of the Company only and without personal liability.



Myhome International Plc

Administrators' statement of proposals

Pursuant to paragraph 49 of schedule B1 to the
Insolvency Act 1986

28 October 2008

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The group generated revenue through franchise sales, royalty income and material sales

The recent financial results of the group are summarised below

30 Sep 2007	Audited	5 073	4 615	91%	206	1 388	9 743
30 Sep 2006	Audited	1 065	686	64%	101	465	3 321
30 Sep 2005	Audited	355	143	40%	48	359	258

Circumstances Giving Rise to the Appointment of the Administrators

In November 2007 the group acquired the Auto Care division. In order to fund this acquisition the Company obtained £8 million of secured debt from Lloyds TSB Bank plc (the Bank) and raised approximately an equivalent amount in equity. The facility from the Bank was secured by way of Fixed and Floating Charges over the assets of the Company and cross-guaranteed by its subsidiaries.

The enlarged group's trading performance was not as expected and it was unable to support the level of debt (either interest or the proposed capital repayments).

During 2008 discussions were held between the group and the Bank to restructure and/or re-schedule the debt but these proved unsuccessful.

The freehold property had been valued by an independent firm of valuers and was estimated to be worth between £800 000 and £1 million. This is less than the indebtedness to Clydesdale of approximately £1 059m. Accordingly, any realisations from the freehold property would only be sufficient to partially repay the First Fixed charge of Clydesdale, with no surplus available to any other creditors.

This sale of the freehold property is yet to complete but, given this is a matter between the buyer and Clydesdale, we will deal directly with these parties on this matter.

Auto Care

This division was less distressed than the Residential Cleaning division, operated under normal trading conditions, was profitable and with funds in hand at the time of our appointment. Accordingly, we were able to conduct a fuller sales process for this business.

The sale of the shares in the Auto Care businesses (based in Kidderminster) completed on 25 September 2008.

The proceeds from both sales will be available to the Bank under its Fixed Charge, subject to the costs of realisation and, in the case of the freehold property, Clydesdale's prior ranking charge.

Future Conduct of the Administration

We are undertaking a full review of the affairs of the Company so as to determine whether or not there are any further realisable assets available in addition to the operating subsidiaries.

In addition, there are a number of statutory and other matters that we must now attend to before we can close the Administration.

The End of the Administration

The Administrations are likely to yield insufficient realisations to discharge the debts of the secured lenders, as fixed and floating charge holders, in full. As a result, it is currently unlikely that there will be any amounts available to the unsecured creditors of the Companies, apart from a distribution under the Prescribed Part (if any).

The process for ending an Administration is governed by Schedule B1 of the Insolvency Act 1986. Under Paragraph 80(1) of Schedule B1 to the Act, where an Administrator thinks that the purpose of an Administration has been sufficiently achieved, he may file the relevant notices with the Court and the Registrar of Companies, with a copy of the Notice being sent to all known creditors. An Administrator's appointment ceases when these obligations have been fulfilled. Otherwise, an Administration will automatically end at the end of the period of one year. In the event that the purpose of an Administration cannot be completed within 12 months, it is possible for an Administrator to seek an extension of time to complete an Administration.

In view of the level of indebtedness of the secured creditors and the lack of available funds to distribute to the Company's unsecured creditors, it is considered that the most appropriate exit mechanism (as in the most cost effective and practical), would be for the Administrators to apply for the dissolution of the Company and send a notice to that effect to the Registrar of Companies. On registration of the notice, the Joint Administrators' appointment will come to an end. In accordance with the provisions of paragraph 84(6) of Schedule B1 to the Insolvency Act 1986, the Company will be deemed to be dissolved three months after the registration of the notice.

On 25 September 2008 the Directors submitted their Statement of Affairs as at 3 September 2008. A copy is attached at Appendix 2.

We would comment that the assets including property and shares will not realise the amount indicated by the Directors. The Director has also calculated the Prescribed Part as detailed more fully in Section 4 from the funds available to the Floating Chargeholder. However this will not be the case as we expect H M Revenue & Customs to exercise Crown Set-Off in respect of any VAT refund to cover the PAYE/NIC liability.

In addition the unsecured creditors of £11.4 million indicated includes the deferred consideration for certain subsidiaries which was contingent on those subsidiaries achieving defined performance targets. These liabilities may be overstated.

We provide below for information an indication of the current position with regard to creditors' claims. The figures have been compiled by Company management and have not been subject to independent review or statutory audit.

Secured Creditors

Lloyds TSB Bank plc the Company's principal secured lender has total indebtedness at £8.5 million. The realisations from the sale of shares will be covered by the Bank's Fixed Charge. It is estimated that the Bank will suffer a shortfall under its security.

The Esher based property is also subject to a First Fixed Charge in favour of Clydesdale who have an estimated indebtedness of £1.059 million. The valuation of the property is below the indebtedness to Clydesdale and accordingly we do not consider there is any equity in the property.

Preferential Creditors

As there are no employees of the Company there are unlikely to be any preferential claims against the Group.

Non-preferential Creditors

The creditor claims continue to be submitted. It is estimated that total non-preferential claims will be in the region of £750,000.

As it is estimated that there will be a shortfall to the Secured Creditors it is unlikely that there will be any funds available for distribution to the non-preferential Creditors.

Initial Meeting of Creditors

The Administration is likely to yield insufficient realisations to discharge the debts of the secured creditors in full. The Joint Administrators are therefore of the opinion that there are unlikely to be any monies available to enable a distribution to be made to the unsecured creditors apart from out of the Prescribed Part (if any). Consequently in accordance with the provisions of paragraph 52(1) of Schedule B1 to the Act they do not intend to call an initial creditors meeting.

The Joint Administrators will be obliged to call an initial meeting of creditors if it is requested by creditors of the Company whose debts amount to at least 10% of the total debts of the Company. The request must be made within 12 days of the date on which these proposals are sent out (or such longer period as the court may allow) and must be in the prescribed form. The creditor summoning the meeting must lodge with the Joint Administrators a deposit as security for the expenses of summoning and holding the meeting.

Remuneration

The statutory provisions relating to remuneration are set out in Rule 2.106 of The Insolvency Rules 1986. Further information is given in the Association of Business Recovery Professionals publication *A Creditors Guide to Administrators Fees*, a copy of which is enclosed as Appendix E to this statement of proposals.

In the event that a creditors' meeting is not requisitioned and a Creditors' Committee is not formed, the Joint Administrators will seek to have their remuneration fixed by the secured creditor in accordance with Rule 2.106(5A) of the Rules. The Joint Administrators will ask for their remuneration to be fixed on the basis of time properly given by them and their staff in dealing with matters arising in the Administration. Details of time spent and charge out rates will be provided to the secured creditor and will be made available to any other creditor upon written request to the Joint Administrators.

Attached as Appendix C is a detailed analysis of time spent and charge out rates for each grade of staff for the various areas of work carried out to 3 October 2008, as required by the Association of Business Recovery Professionals Statement of Insolvency Practice No. 9.

Disbursements

Statement of Insolvency Practice No. 9 (SIP 9) published by the Association of Business Recovery Professionals divides disbursements into two categories.

Category 1 disbursements are defined as specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. Such disbursements can be paid from the insolvent's assets without approval from the Creditors' Committee or the general body of creditors. It is our policy to disclose Category 1 disbursements drawn but not to seek approval for their payment.

The Joint Administrators are prepared to provide such additional information as may reasonably be required to support the disbursements drawn.

Category 2 disbursements are charges made by the Joint Administrators' firm that include elements of shared or overhead costs. SIP 9 provides that such disbursements are subject to approval as if they were remuneration.

In the event that a Creditors' Committee is not formed, the Joint Administrators will seek the approval of the secured creditor to charge Category 2 disbursements. Details of the disbursements and the basis of calculation will be provided to the secured creditor and will be made available to any other creditor upon written request to the Joint Administrators.

Appendix C also includes a statement of the Joint Administrators' policy for charging disbursements.

Company Name Myhome International Plc
 Registered Office Address 1 More London Place
 London
 SE1 2AF
 Registered Number 04068016
 Trading Name(s) Myhome International
 Trading Address(es) Churston House
 Portsmouth Road
 Esher
 Surrey
 KT10 9AD

Details of the Administrators and of their appointment

Administrators R Bailey and A Swarbrick
 Date of Appointment 03 September 2008
 By Whom Appointed The appointment was made by Lloyds TSB Bank plc
 Court Reference High Court of Justice 7468 of 2008

Any of the functions to be performed or powers exercisable by the administrators may be carried out/exercised by any one of them acting alone or by any or all of them acting severally

Statement concerning the EC regulation

The EC Council Regulation on Insolvency Proceedings does apply to this Administration and the proceedings are main proceedings. This means that this Administration is conducted according to UK insolvency legislation and is not governed by the insolvency law of any other European Union Member State

Share Capital

Ordinary	50 688 020	2 534 401	50 688 020	2 534 401

Directors and secretary and their shareholdings

Russell O Connell	Director	14 11 00		5 494 052
George R Boot	Director	20 05 03		-
Neal T Gossage	Director	04 02 08		-
Jon P Pither	Director	22 02 08		-
Arif B Virani	Director	05 04 05		-
David A Venus	Company Secretary	10 10 06	03 10 08	

Statement of affairs

Name of Company MyHome International Plc

Company number 04068016

In the High Court of Justice <small>(full name of court)</small>
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Court case number 7468 of 2008

(a) Insert name and address of registered office of the company

Statement as to the affairs of (a) MyHome International Plc
1 More London Place, London, SE1 2AF

(b) Insert date on the (b) 03 September 2008, the date that the company entered administration

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the affairs

of the above named company as at (b) 03 September 2008 the date that the company entered administration *except for the list of members*

Full name NEAL TREVOR GOSSAGE

Signed *NT*

Dated 25/9/08

A - Summary of Assets

Assets	Book Value (£)	Estimated to Realise (£)
Assets subject to fixed charge		
FREEHOLD PROPERTY AT ESHER	1,674,303	1,450,000
Less: MORTGAGE - CLYDESDALE BANK plc	(1,062,000)	(1,062,000)
INTANGIBLE ASSETS AND INTELLECTUAL PROPERTY	792,669	0
SHARES IN SUBSIDIARY COMPANIES	28,121,029	7,050,000
SHARES IN EQUITY RESOURCES plc	100,000	100,000
Assets subject to floating charge		
COMPUTER EQUIPMENT & FURNITURE	112,928	0
TRADE DEBTORS	5	0
INTER-COMPANY NET DEBTORS	5,179,549	0
PREPAYMENTS AND ADVERTISING FUND	51,129	0
HMRC	138,940	138,940
Uncharged assets		
Estimated total assets available for preferential creditors	5,482,551	138,940

Signature

NT [Signature]

Date

25/9/08

A1 – Summary of Liabilities

		Estimated to realise (£)
Estimated total assets available for preferential creditors (carried from page A)	£	138,940
Liabilities	£	0
Preferential creditors -		
Estimated (deficiency) surplus as regards preferential creditors	£	138,940
Estimated prescribed part of net property where applicable (to carry forward)	£	30,788
Estimated total assets available for floating charge holders	£	108,152
Debts secured by floating charges	£	905,207
Estimated (deficiency) surplus of assets after floating charges	£	(797,055)
Estimated prescribed part of net property where applicable (brought down)	£	30,788
Total assets available to unsecured creditors	£	(766,267)
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£	11,421,658
Estimated (deficiency) surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£	(12,187,925)
Shortfall to floating charge holders (brought down)	£	(797,055)
Estimated (deficiency) surplus as regards creditors	£	(12,984,980)
Issued and called up capital	£	3,177,300
Estimated total (deficiency) surplus as regards members	£	(16,162,280)

Signature NT [Signature]

Date 25/9/08

Charging and disbursement policy

Joint Administrators' charging policy for fees

The Joint Administrators have engaged a manager and other staff to work on the Administration. The work required is delegated to the most appropriate level of staff taking account of the nature of the work and the individual's experience. Additional assistance is provided by accounting and treasury executives dealing with the company's bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Administrators.

All time spent by staff working directly on case-related matters is charged to a time code established for the case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown below, as are the current hourly rates used. The current hourly rates are higher than the average rates since hourly rates have increased over the period covered by this fee request.

Consolidated time costs analysis – 3 September 2008 to 3 October 2008

	Partner / Director	Manager	Other Senior Professionals	Assistants & Support	Totals
Total Hours	103.00	201.90	195.30	121.60	621.80
Total time costs (£)	72,100.00	83,851.00	40,666.50	20,637.00	217,254.50
Average Hourly Rate (£)	700.00	415.31	208.23	169.71	349.40

Analysis of time spent- 3 September 2008 to 3 October 2008

Classification of work function	Hours				Total Hours	Total Time Costs (£)	Total Average hourly rate (£)	
	Partner / Director	Manager	Other Senior Professionals	Assistants & Support				
Accounting & Administration				26	26	407	156.54	
Bank & Statutory Reporting	5	11.2			16.2	8,988	554.81	
Creditors		6			65	71	13,210	186.06
General		11		49	60	12,290	204.83	
Immediate Tasks	12	25.5	18		55.5	23,480	423.06	
Other Assets	86	146.6	169.5		402.1	154,705	384.74	
Other Matters				5	5	850	170.00	
Statutory Duties			5		5	1,025	205.00	
VAT & Taxation		1.6	2.8		4.4	2,300	522.73	
Total	103	201.9	195.3	121.6	621.8	217,255	349.40	

	Note	
RECEIPTS	1	€
Share Sale Proceeds		4 999 994
Book Debts		2
Other		2
Intellectual Property		2
Bank Interest		5 120
PAYMENTS	1	
Administrators remuneration		
Administrators disbursements		
Agents Fees		3 000
Secured creditor (Fixed Charge)		3 750 000
		<hr/>
		1 252 120
		<hr/>
Represented by		
Current account		4 351
Interest Bearing Account		1 247 244
Net VAT receivable		525
		<hr/>
		1 252 120
		<hr/>

Notes

1 Receipts and payments are stated net of VAT

A CREDITORS' GUIDE TO ADMINISTRATORS' FEES

Where Petition Presented or Appointment Made On or After 15 September 2003

ENGLAND AND WALES

1 Introduction

- 1.1 When a company goes into administration the costs of the proceedings are paid out of its assets. The creditors who hope eventually to recover some of their debts out of the assets, therefore have a direct interest in the level of costs and in particular the remuneration of the insolvency practitioner appointed to act as administrator. The insolvency legislation recognises this interest by providing mechanisms for creditors to determine the basis of the administrator's fees. This guide is intended to help creditors be aware of their rights under the legislation to approve and monitor fees and explains the basis on which fees are fixed.

2 The nature of administration

- 2.1 Administration is a procedure which places a company under the control of an insolvency practitioner and the protection of the court with the following objective

- rescuing the company as a going concern or
- achieving a better result for the creditors as a whole than would be likely if the company were wound up without first being in administration,

or, if the administrator thinks neither of these objectives is reasonably practicable

- realising property in order to make a distribution to secured or preferential creditors

3 The creditors' committee

- 3.1 The creditors have the right to appoint a committee with a minimum of 3 and a maximum of 5 members. One of the functions of the committee is to determine the basis of the administrator's remuneration. The committee is normally established at the meeting of creditors which the administrator is required to hold within a maximum of 10 weeks from the beginning of the administration to consider his proposals. The administrator must call the first meeting of the committee within 6 weeks of its establishment, and subsequent meetings must be held either at specified dates agreed by the committee, or when a member of the committee asks for one, or when the administrator decides he needs to hold one. The committee has power to summon the administrator to attend before it and provide information about the exercise of his functions.

4 Fixing the administrator's fees

- 4.1 The basis for fixing the administrator's remuneration is set out in Rule 2.106 of the Insolvency Rules 1986, which states that it shall be fixed either

- as a percentage of the value of the property which the administrator has to deal with, or
- by reference to the time properly given by the administrator and his staff in attending to matters arising in the administration

It is for the creditors' committee (if there is one) to determine on which of these bases the remuneration is to be fixed, and if it is fixed as a percentage fix the percentage to be applied. Rule 2.106 says that in arriving at its decision the committee shall have regard to the following matters

- the complexity (or otherwise) of the case,
- any responsibility of an exceptional kind or degree which falls on the administrator,

administrator has achieved and how it was achieved to enable the value of the exercise to be assessed (whilst recognising that the administrator must fulfil certain statutory obligations that might be seen to bring no added value for creditors) and to establish that the time has been properly spent on the case. That assessment will need to be made having regard to the time spent and the rates at which that time was charged bearing in mind the factors set out in paragraph 4.1 above. To enable this assessment to be carried out it may be necessary for the administrator to provide an analysis of the time spent on the case by type of activity and grade of staff. The degree of detail will depend on the circumstances of the case, but it will be helpful to be aware of the professional guidance which has been given to insolvency practitioners on this subject. The guidance suggests the following areas of activity as a basis for the analysis of time spent:

- Administration and planning
- Investigations
- Realisation of assets
- Trading
- Creditors
- Any other case-specific matters

The following categories are suggested as a basis for analysis by grade of staff:

- Partner
- Manager
- Other senior professionals
- Assistants and support staff

The explanation of what has been done can be expected to include an outline of the nature of the assignment and the administrator's own initial assessment, including the anticipated return to creditors. To the extent applicable it should also explain:

- Any significant aspects of the case, particularly those that affect the amount of time spent
- The reasons for subsequent changes in strategy
- Any comments on any figures in the summary of time spent accompanying the request the administrator wishes to make
- The steps taken to establish the views of creditors, particularly in relation to agreeing the strategy for the assignment, budgeting, time recording, fee drawing or fee agreement
- Any existing agreement about fees
- Details of how other professionals, including subcontractors, were chosen, how they were contracted to be paid, and what steps have been taken to review their fees

It should be borne in mind that the degree of analysis and form of presentation should be proportionate to the size and complexity of the case. In smaller cases not all categories of activity will always be relevant, whilst further analysis may be necessary in larger cases.

- 5.1.4 Where the fee is charged on a percentage basis the administrator should provide details of any work which has been or is intended to be sub-contracted out which would normally be undertaken directly by an administrator or his staff.

5.2 After fee approval

Where a resolution fixing the basis of fees is passed at any creditors' meeting held before he has substantially completed his functions, the administrator should notify the creditors of the details of the resolution in his next report or circular to them. In all subsequent reports to creditors the administrator should specify the amount of remuneration he has drawn in accordance with the resolution. Where the fee is based on time costs he should also provide details of the time spent and charge-out value to date and any material changes in the rates charged for the various grades since the resolution was first passed. He should also provide such additional information

- the number of hours spent by each grade of staff in the relevant period

The period for which the information must be provided is the period from appointment to the end of the most recent period of six months reckoned from the date of the administrator's appointment, or where he has vacated office, the date that he vacated office

The information must be provided within 28 days of receipt of the request by the administrator, and requests must be made within two years from vacation of office