

The Insolvency Act 1986

Administrator's progress report

Name of Company T J Hughes Limited (in Administration)	Company number 00224422
In the High Court of Justice, Chancery Division Leeds Direct Registry	Court case number 935 of 2011

(a) Insert full name(s)
and address(es) of
administrator(s)

I / We (a) Thomas Andrew Jack and Simon Allport

Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY

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

from

to

(b) Insert date

(b) 30 December 2011

(b) 11 May 2012

Signed

Joint / Administrator(s)

Dated

18/06/12

Contact Details:

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

Zoe Wanley

Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY

Tel 0161 333 2697

DX Number

DX Exchange



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A09 20/06/2012 #361
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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

TO ALL KNOWN CREDITORS

1 June 2012

Ref R/TJ/PT/ZW/NWM1082/D16 1

Please ask for Zoe Wanley

Direct line 0161 333 2697
Direct fax 0161 333 3008

Dear Sirs

**T J Hughes Limited ('TJH')
T J Hughes (Holdings) Company Limited ('Holdings')
T J Hughes (Investments) Limited ('Investments')
T J Hughes (Properties) Company Limited ('Properties')
(All in Administration) (together 'the Group')**

I write, in accordance with Rule 2 47 of the Insolvency Rules 1986 ('the Rules'), to provide creditors with a further update report on the progress of the Administrations of the Group

This report covers the period from 30 December 2011 to 11 May 2012 ('the Period') and should be read in conjunction with the Joint Administrators' previous progress report dated 20 January 2012 and the Joint Administrators' statement of proposals dated 16 August 2011 ('the Proposals')

The Group entered Administration on 30 June 2011 and Thomas Andrew Jack and Simon Allport of Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY were appointed to act as Joint Administrators. The appointments were made by the Group's secured creditor under the provisions of Paragraph 14 of Schedule B1 to the Act. Under the terms of the appointments, any act required or authorised to be done by the Joint Administrators can be done by either or both of them acting jointly or alone

A summary of statutory information relating to the Group and the appointments of the Joint Administrators is provided at Appendix 1

Summary of progress

Trading

TJH was the Group's only trading entity, as contractual employer, owner of the stock and operator of the stores



INVESTOR IN PEOPLE



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The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place London SE1 2AF, the firm's principal place of business and registered office

Trading sales

As previously reported, total realisations in respect of trading sales were £40.5m including net concession income. No further realisations have been achieved during the Period and no more are expected.

Trading costs

General trading costs

The majority of general trading costs (including retail agents' fees, employee costs and other trading costs) have now been settled. We continue to work with a small number of suppliers to finalise remaining costs relating to the period of Administration trading.

Retention of title

Further to my previous progress report, we have now settled a total of 42 retention of title claims with associated settlement payments of £2.8m (claim value £5.5m). A further eight suppliers have confirmed they do not wish to pursue their retention of title claim (claim value £6.1m). We are continuing to work to resolve the remaining outstanding retention of title claims from 57 suppliers, with a claim value of £2.2m.

Sale of business

As previously reported, the Joint Administrators entered into an agreement to sell the business, assets and leasehold interests of the Sheffield, Glasgow, Eastbourne, Liverpool, Newcastle and Widnes stores to Lewis' Home Retail Limited ('LHR'). This was completed via two sale and purchase agreements, and included the transfer of all employees attributable to these stores.

Total consideration for these transactions was £1.9m of which £1.2m was received on completion and the balance of £0.7m deferred. The deferred consideration has now been received in full.

Property

As previously reported, at the date of the Joint Administrators' appointment, the Group held leasehold interests in 59 properties, a long leasehold interest in a small car park in Liverpool and a freehold interest in the annex to the Bradford store. The majority of the leases were held by TJH with two being held by Properties.

As previously reported, the Joint Administrators' realised premiums for the leasehold interests in ten of the Group's properties. Six of these formed part of the agreement for the sale of certain of the Group's assets to LHR.

To date, of the portfolio of 59 leases, we have agreed the release of 22 stores through a combination of assignments to new tenants and lease surrenders. We remain in active dialogue with the Group's landlords with a view to surrendering or otherwise disposing of the remaining leases.

To date, £1.1m has been paid in respect of rent, service charges and insurance and £1.0m has been paid in respect of business rates.

I am pleased to report that a sale of the freehold car park in Liverpool was agreed in April 2012 for total consideration of £45k, which has now been received in full.

Further to my previous progress report, we withdrew the Bradford freehold annex from auction and appointed a new property agent to market the property with a view to achieving a sale within six months

Other asset realisations

Credit card retentions

As previously reported, following the appointment of the Joint Administrators, the Group's credit card processing agents (Barclays Merchant Services, American Express and Duet) retained approximately £1.0m of pre-appointment cash in transit to seek to mitigate chargeback risk, principally arising from undelivered pre-appointment customer orders and potentially faulty goods

The Joint Administrators continue to seek further releases of funds from the processing agents and have realised £78k since my previous progress report bringing total releases to £0.8m after the application of chargeback claims and service charges

The processing agents retain approximately £17k which we will continue to pursue

Debtors and prepayments

Since my last progress report, a further £9k of realisations have been achieved in respect of business rates recoveries. We continue to pursue the recovery of business rate prepayments and any appropriate rating appeals

Other assets not subject to fixed charge

Other assets not subject to fixed charges largely comprise fixtures and fittings, IT equipment and plant and machinery

Since my last report, we have concluded the sale of other assets, generating a further £4k in realisations. No further realisations are expected in this regard

Other matters

Tax

The pre-appointment corporation tax affairs of the Group have now been brought up to date, including agreeing any brought forward tax losses which may be available to mitigate any trading profits generated in the Administrations

Furthermore, work continues to finalise the corporation tax affairs of the Group after the cessation of trade

Customer orders and claims

The Joint Administrators continue to receive claims from customers in respect of orders placed pre-appointment that have not subsequently been fulfilled by the Group. These customers have been advised in writing of the position relating to their goods

In respect of goods purchased by customers post appointment, the Joint Administrators maintained the Company's existing 28 day refund or exchange policy, which has now expired, and therefore no refunds

or exchanges will be offered with the exception of certain instances of the supply of faulty goods which fall outside of this refund or exchange policy. We therefore continue to deal with claims for refunds for faulty goods purchased during the trading period of the Administrations under the Sale of Goods Act 1979 (as amended).

Receipts and payments account

A summary of the Joint Administrators' receipts and payments accounts for the Group, for the period from 30 June 2011 to 11 May 2012, is attached at Appendix 2. Please note that the receipts and payments accounts presented do not reflect estimated future realisations or costs.

Outcome to creditors

Secured creditors

Further to my previous progress report, £7.9m has now been distributed to the Group's second ranked secured creditor, GA Europe Investments 300 Limited ('GAE') in respect of its secured indebtedness. At this time it remains uncertain whether GAE's secured debt will be repaid in full.

Preferential creditors

Preferential creditor claims of £101k have been received in respect of former employees' salaries and holiday pay. As the sole employer in the Group, these claims are against TJH.

I am pleased to report that a distribution to preferential creditors was made on 18 May 2012 totalling £96k. We expect that all preferential creditors will be repaid in full, with the balance of £5k of preferential claims received currently in the process of being reviewed.

Non-preferential creditors

Non-preferential creditor claims continue to be received. The directors' Statement of Affairs included an estimate of non-preferential claims across the Group in the region of £409m. However, this includes an estimate of landlord creditors based on the unexpired term of all leases at full rent. In practice, we would expect landlord creditors to mitigate such claims through re-letting properties and other steps.

The directors' estimate may be summarised as follows:

£m	Total	TJH	Holdings	Investments	Properties
Landlord creditors	321.7	293.0	-	-	28.7
Trade and other creditors	33.4	33.4	-	-	-
Crown creditors	5.0	5.0	-	-	-
Intercompany creditors	48.9	0.5	1.2	47.2	-
Total	409.0	331.9	1.2	47.2	28.7

As previously reported, we currently do not anticipate that there will be sufficient funds to enable any distribution to be made to non-preferential creditors other than by virtue of the Prescribed Part.

The Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for non-preferential creditors pursuant to Section 176A of the Act. The Prescribed Part applies to floating charges created on or after 15 September 2003.

The Joint Administrators, to the best of their knowledge and belief, estimate that the value of the Prescribed Part set aside in TJH will be the maximum of £600k. This figure is stated before the costs of distributing the Prescribed Part.

The value of the Prescribed Part for the remaining three companies is currently estimated to be nil.

Joint Administrators' remuneration and expenses

In accordance with Rule 2.106 of the Rules, the Joint Administrators' remuneration was fixed by the Group's secured creditors and TJH's preferential creditors, on the basis of time properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administrations.

As at 11 May 2012 total time costs and disbursements incurred across the Group totalled £3,518,449 and £68,479 respectively. As at 11 May 2012, £2,140,465 and £67,948 had been drawn in respect of fees and disbursements respectively.

An analysis of the time spent by the Joint Administrators and their staff is attached at Appendix 3 to this report. At Appendix 4 there is a statement of the Joint Administrators' policy in relation to charging fees and disbursements.

An analysis of Category 2 disbursements (i.e. those disbursements incurred by the Joint Administrators' firm which include an element of shared overhead) is included within Appendix 3 to this report.

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 may be accessed from the website of the Insolvency Practitioners Association at <http://www.insolvency-practitioners.org.uk> (follow 'Regulation and Guidance' then 'Creditors' Guides to Fees'), or is available in hard copy upon written request to the Joint Administrators.

In certain circumstances, creditors are entitled to request further information regarding the Joint Administrators' remuneration or disbursements, or to apply to court on the grounds that the costs are considered to be excessive (Rules 2.48A and 2.109 of the Insolvency Rules 1986). Further information is provided at Appendix 5.

Payments to other professionals

The Joint Administrators have engaged the following other professionals to assist them in the Administrations. They have been chosen on the basis of their extensive retained knowledge of the Company and/or experience in similar assignments.

Name of firm	Nature of service	How contracted to be paid
Addleshaw Goddard LLP	Administration legal services	Time cost basis
CBRE Limited	Building surveyor	Fixed fee
Corporate Auctions Limited	Asset agents	Percentage of realisations
Eversheds LLP	Pre-Administration legal services	Time cost basis
GA Europe	Retail agents	Fixed fee
GCW	Property agents	Percentage of realisations
Hill Dickinson LLP	Administration legal services	Time cost basis
Jones Lang LaSalle	Property agents	Percentage of realisations
WIS International	Stock take	Fixed fee

Details of the fees paid to date are included in the receipts and payments accounts attached at Appendix 2

Future conduct of the Administrations

There remain a number of matters to be completed in order to allow the Joint Administrators to successfully achieve the purposes of the Administrations. These matters include but are not limited to, dealing with outstanding retention of title claims, the portfolio of property leases, a continuing licence to occupy granted to LHR, and the settlement of outstanding trading liabilities

In order that these matters may be resolved, we are seeking an extension to the Administrations by a further six months pursuant to Paragraph 76(2)(b) of Schedule B1 to the Act, and have written separately to the Group's secured creditors and the Group's preferential creditors in this regard

Following the conclusion of these matters, it is anticipated that the Administrations will be concluded either through a Creditors' Voluntary Liquidation or dissolution, whichever is more appropriate

I will report to you again at the conclusion of the Administrations or in six months' time, whichever is the sooner

Yours faithfully
for the Group



T A Jack
Joint Administrator

Enc	Appendix 1	Statutory information
	Appendix 2	Joint Administrators' abstracts of receipts and payments for the period 30 June 2011 to 11 May 2012
	Appendix 3	Joint Administrators' summary of time costs and disbursements for the period 30 June 2011 to 11 May 2012
	Appendix 4	Joint Administrators' policy for fees and disbursements
	Appendix 5	Information for creditors regarding Joint Administrators' remuneration and disbursements

T A Jack and S Allport are licensed in the United Kingdom to act as Insolvency Practitioners by The Institute of Chartered Accountants in England and Wales

The affairs, business and property of the Group is being managed by the Joint Administrators T A Jack and S Allport who act as agents of the Group only and without personal liability

We may collect, use, transfer, store or otherwise process (collectively, "Process") information that can be linked to specific individuals ("Personal Data"). We may Process Personal Data in various jurisdictions in accordance with applicable law and professional regulations including (without limitation) the Data Protection Act 1998

T J Hughes Limited (In Administration)

Summary of statutory information

Company Information

Company Name	TJ Hughes Limited
Registered Office Address	100 Barbirolli Square Manchester M2 3EY
Registered Number	00224422
Trading Name(s)	None
Trading Address(es)	Hughes House London Road Liverpool Merseyside L3 8JA

Details of the Administrators and of their appointment

Administrators	T A Jack and S Allport
Date of Appointment	30 June 2011
By Whom Appointed	Endless LLP, 3 Whitehall Quay, Leeds, LS1 4BF as qualifying floating charge holder
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 935 of 2011

Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by either of them acting alone or by both of them acting jointly

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

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary	47,900,000	4,790,000	30,351,901	3,035,190

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Robert Lister	Director	24 June 2011	n/a	Nil
T J Hughes (Company Secretary) Limited	Secretary	31 January 2007	n/a	Nil

T J Hughes (Holdings) Company Limited (In Administration)

Summary of statutory information

Company Information

Company Name	TJ Hughes (Holdings) Company Limited
Registered Office Address	100 Barbirolli Square Manchester M2 3EY
Registered Number	04984399
Trading Name(s)	None
Trading Address(es)	Hughes House London Road Liverpool Merseyside L3 8JA

Details of the Administrators and of their appointment

Administrators	T A Jack and S Allport
Date of Appointment	30 June 2011
By Whom Appointed	Endless LLP, 3 Whitehall Quay, Leeds, LS1 4BF as qualifying floating charge holder
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 951 of 2011

Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by either of them acting alone or by both of them acting jointly

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

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary A	150,000	15,000	150,000	15,000
Ordinary B	850,101	8,601	850,000	8,500

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Robert Lister	Director	24 June 2011	n/a	Nil
T J Hughes (Company Secretary) Limited	Secretary	31 January 2007	n/a	Nil
Neil William McCausland	Director	21 April 2004	22 March 2011	9% of Ordinary A shares
Susan Tennant	Director	16 July 2007	10 January 2011	33% of Ordinary A shares
David Williams	Director	14 July 2008	12 January 2011	12% of Ordinary A shares

T J Hughes (Investments) Limited (In Administration)

Summary of statutory information

Company Information

Company Name	TJ Hughes (Investments) Limited
Registered Office Address	100 Barbirolli Square Manchester M2 3EY
Registered Number	04958759
Trading Name(s)	None
Trading Address(es)	Hughes House London Road Liverpool Merseyside L3 8JA

Details of the Administrators and of their appointment

Administrators	T A Jack and S Allport
Date of Appointment	30 June 2011
By Whom Appointed	Endless LLP, 3 Whitehall Quay, Leeds, LS1 4BF as qualifying floating charge holder
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 950 of 2011

Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by either of them acting alone or by both of them acting jointly

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

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary A	150,000	15,000	106,000	10,600
Ordinary B	860,101	8,601	850,000	8,500

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Robert Lister	Director	24 June 2011	n/a	Nil
T J Hughes (Company Secretary) Limited	Secretary	31 January 2007	n/a	Nil

T J Hughes (Properties) Company Limited (In Administration)

Summary of statutory information

Company Information

Company Name	TJ Hughes (Properties) Company Limited
Registered Office Address	100 Barbirolli Square Manchester M2 3EY
Registered Number	04984416
Trading Name(s)	None
Trading Address(es)	Hughes House London Road Liverpool Merseyside L3 8JA

Details of the Administrators and of their appointment

Administrators	T A Jack and S Allport
Date of Appointment	30 June 2011
By Whom Appointed	Endless LLP, 3 Whitehall Quay, Leeds, LS1 4BF as qualifying floating charge holder
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 949 of 2011

Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by either of them acting alone or by both of them acting jointly

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

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary	1	1	1	1

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Robert Lister	Director	24 June 2011	n/a	Nil
T J Hughes (Company Secretary) Limited	Secretary	31 January 2007	n/a	Nil

T J Hughes Limited (In Administration)

**Joint Administrators' abstract of receipts and payments
from 30 June 2011 to 11 May 2012**

[illegible]

Note	Statement of Affairs as at 30 June 2011	Receipts and payments account	€	€	€	€
			30 June 2011 to 22 July 2011	23 July 2011 to 28 December 2011	30 December 2011 to 11 May 2012	Total
1, 2	Receipts					
	Trading receipts					
	Non trading receipts					
	Loans from T.J. Hughes Limited (in Administration)			78.50		78.50
	Total receipts			78.50		78.50
1, 2	Payments					
	Trading payments					
	Non trading payments					
	Public notices			78.50		78.50
	Total payments			78.50		78.50
	Balances in hand					
	Represented by					

Notes:

- The receipts and payments account is shown net of VAT
- The receipts and payments account has been prepared on a cash basis and does not reflect debts not collected or liabilities not paid

Notes	Statement of Affairs estimated to realise	Receipts and payments account	£	£	£	£
			30 June 2011 to 22 July 2011	23 July 2011 to 29 December 2011	30 December 2011 to 11 May 2012	Total
1 2		Receipts				
		Trading receipts				
		Non trading receipts				
		Loan from T J Hughes Limited (on Administration)		76.50		76.50
		Total receipts		76.50		76.50
1 2		Payments				
		Trading payments				
		Non trading payments				
		Public notices		76.50		76.50
		Total payments		76.50		76.50
		Balances in hand				
		Represented by				

Notes:

1 This receipts and payments account is shown net of VAT

2 This receipts and payments account has been prepared on a cash basis and does not reflect debts not collected or liabilities not paid

T J Hughes (Properties) Company Limited (In Administration)

**Joint Administrators' abstract of receipts and payments
from 30 June 2011 to 11 May 2012**

Notes	Statement of Affairs estimated to realise	Receipts and payments account	€	€	€	€
			30 June 2011 to 22 July 2011	22 July 2011 to 29 December 2011	30 December 2011 to 11 May 2012	Total
1 2		Receipts				
		Trading receipts				
		Non trading receipts				
		Loan from T J Hughes Limited (in Administration)				
		Total receipts		76.50		76.50
				76.50		76.50
1 2		Payments				
		Trading payments				
		Non trading payments				
		Public notices				
		Total payments		76.50		76.50
				76.50		76.50
		Balance in hand				
		Represented by				

Notes

1 The receipts and payments accounts are shown net of VAT

2 The receipts and payments account has been prepared on a cash basis and does not reflect debts not collected or liabilities not paid

Appendix 3

T J Hughes Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 11 May 2012

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Job Acceptance & Strategy	7.0	0.9					7.9	4,097.50	519
Day 1 Visits		4.5	67.2	118.0	326.6	44.9	561.2	169,200.00	301
Immediate Tasks	1.5		14.5	19.0		37.5	72.5	20,157.50	278
Bank & Statutory Reporting	48.5	14.5	74.5	6.8	184.0		328.3	103,944.00	317
Property	152.0	71.9	96.5	350.8	300.8	149.5	1,121.5	350,783.00	313
Debtors				13.5	198.2	15.0	226.7	55,071.50	243
Other Assets	87.0	8.5	23.0	100.5	101.2		320.2	114,234.00	357
Trading	95.5	281.3	807.3	712.1	746.9	483.0	3,126.1	943,623.50	302
Retention of Title	31.0	34.5	455.0	172.1	434.2	589.0	1,715.8	547,754.00	319
Creditors	22.5	20.5	8.4	121.5	518.0	683.5	1,374.4	300,011.00	218
Investigations	3.0		8.5	49.5	82.5	22.0	165.5	43,082.50	260
Legal Issues			3.5		3.8	3.0	10.3	3,048.50	296
Employee Matters	2.0	0.5	326.3	1.4	597.0	57.7	984.9	309,404.50	314
Accounting & Administration	15.0	33.7	73.5	188.6	525.5	224.2	1,060.5	255,475.24	241
Statutory Duties	26.0	13.5	11.5	43.7	79.5	4.0	178.2	55,561.00	312
VAT & Taxation	16.1	9.4	107.2	47.9	236.6	170.5	587.7	187,698.36	319
Other Matters	10.0		5.0	2.5	62.0	79.4	158.9	37,917.50	239
Total Hours	517.1	493.7	2,081.9	1,947.9	4,396.8	2,563.2	12,000.6		
Time Cost (£)	287,026.00	221,577.00	907,063.50	606,945.00	1,104,174.53	374,277.57		3,501,063.60	
Average Hourly Rate (£)	555	449	436	312	251	146		292	
£									
Category 1 disbursements	41,972.84								
Category 2 disbursements	26,501.02								
	68,473.86								

Category 2 Disbursements

Of the disbursements of £68,473.86 detailed above, £26,501.02 relates to Category 2 disbursements (as defined at Appendix 4). The Category 2 disbursements are analysed as follows:

Type and purpose	£
Mileage	14,327.18
Postage and printing	12,173.84
Total	26,501.02

Appendix 3

T J Hughes (Holdings) Company Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 11 May 2012

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Job Acceptance & Strategy	5.0	0.7			1.5		7.2	3,352.50	466
Bank & Statutory Reporting			1.0				1.0	390.00	390
Investigations					1.0		1.0	220.00	220
Accounting & Administration	-		-		2.5	0.1	2.6	562.50	216
Statutory Duties				0.1	4.5		4.6	990.50	215
Total Hours	5.0	0.7	1.0	0.1	9.5	0.1	16.4		
Time Cost (£)	2,725.00	297.50	390.00	30.50	2,060.00	12.50		5,515.50	
Average Hourly Rate (£)	545	425	390	305	217	125		336	

Appendix 3

T J Hughes (Investments) Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 11 May 2012

	Staff Grade						Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst	
Job Acceptance & Strategy	5.0	0.7			1.5		3,352.50
Bank & Statutory Reporting			1.0				390.00
Investigations					1.0		220.00
Accounting & Administration					2.5	0.1	562.50
Statutory Duties				0.1	4.5		975.50
VAT & Taxation			0.4				198.00
Total Hours	5.0	0.7	1.4	0.1	9.5	0.1	16.8
Time Cost (£)	2,725.00	297.50	588.00	30.50	2,045.00	12.50	5,698.50
Average Hourly Rate (£)	545	425	420	305	215	125	339

Appendix 3

T J Hughes (Properties) Company Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 11 May 2012

	Staff Grade						Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst		
Job Acceptance & Strategy	5.0	0.7	-		1.5		3,352.50	466
Bank & Statutory Reporting			1.0				390.00	390
Property				2.0			610.00	305
Investigations					1.0		220.00	220
Accounting & Administration				-	2.5	0.1	562.50	216
Statutory Duties				0.3	4.5		1,036.50	216
Total Hours	5.0	0.7	1.0	2.3	9.5	0.1	18.6	
Time Cost (£)	2,725.00	297.50	390.00	701.50	2,045.00	12.50	6,171.50	
Average Hourly Rate (£)	545	425	390	305	215	125	332	
Category 1 disbursements	£ 5.00							
Category 2 disbursements	5.00							

Appendix 3

Summary of hourly charge out rates

	Grade	Current charge out rates effective from 1 July 2011	Previous charge out rates effective to 30 June 2011
Restructuring	Partner	545	520
	Director	445	425
	Assistant Director	390	370
	Senior Executive	305 - 400	290 - 380
	Executive	220 - 295	210 - 280
	Analyst	125 - 265	90 - 215
Other transaction advisory services	Assistant Director	540 - 700	515 - 620
	Senior Executive	305 - 465	290 - 445
	Executive	195 - 335	185 - 320
Tax	Partner	1060	990
	Director	610 - 920	580 - 875
	Assistant Director	585	495
	Senior Executive	400	380
	Executive	315	315
	Analyst	60 - 275	60 - 275
	Intern	25	25
Advisory	Assistant Director	465	445
	Senior Executive	300	285
	Executive	360	345
	Analyst	190	180
Assurance	Assistant Director	330	315
	Senior Executive	220	210
	Executive	115 - 205	115 - 205
	Analyst	105 - 110	105

Appendix 4

**T J Hughes Limited
T J Hughes (Holdings) Company Limited
T J Hughes (Investments) Limited
T J Hughes (Properties) Company Limited
(All in Administration) (together 'the Group')**

Joint Administrators' policy for fees and disbursements

Office Holders' Charging Policy for Fees

The Group's secured and preferential creditors have determined that the Joint Administrators' remuneration should be fixed on the basis of time properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administrations

The Joint Administrators have engaged a manager and other staff to work on the cases. 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 Group'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 separate time code established for each 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 in Appendix 3, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

Office Holders' Charging Policy for Disbursements

Statement of Insolvency Practice No. 9 ('SIP 9') published by R3 (The Association of Business Recovery Professionals) divides disbursements into two categories.

Category 1 disbursements comprise payments made by the Office Holders' firm, which comprise specific expenditure relating to the administration of the insolvent's affairs and referable to payment to an independent third party. These disbursements can be paid from the insolvent's assets without further approval from the secured and preferential creditors. In line with SIP 9, it is our policy to disclose such disbursements drawn but not to seek approval for their payment.

Category 2 disbursements comprise payments made by the Office Holders' firm which include elements of shared or overhead costs. Such disbursements are subject to approval from the secured and preferential creditors as if they were remuneration. It is our policy, in line with SIP 9, to seek approval for this category of disbursement before they are drawn.

Appendix 5

Creditors' request for further information regarding an administrators' remuneration or expenses – Rule 2.48A, Insolvency Rules 1986

- 1) If-
 - (a) within 21 days of receipt of a progress report under Rule 2 47-
 - (i) a secured creditor, or
 - (ii) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question), or
 - (b) with the permission of the court upon an application made within that period of 21 days, any unsecured creditor,
makes a request in writing to the administrator for further information about remuneration or expenses (other than pre-administration costs) set out in a statement required by Rule 2 47(1)(db) or (dc), the administrator must, within 14 days of receipt of the request, comply with paragraph (2)
- (2) The administrator complies with this paragraph by either-
 - (a) providing all of the information asked for, or
 - (b) so far as the administrator considers that-
 - (i) the time or cost of preparation of the information would be excessive, or
 - (ii) disclosure of the information would be prejudicial to the conduct of the administration or might reasonably be expected to lead to violence against any person, or
 - (iii) the administrator is subject to an obligation of confidentiality in respect of the information,giving reasons for not providing all of the information
- (3) Any creditor, who need not be the same as the creditor who requested further information under paragraph (1), may apply to the court within 21 days of-
 - (a) the giving by the administrator of reasons for not providing all of the information asked for, or
 - (b) the expiry of the 14 days provided for in paragraph (1),and the court may make such order as it thinks just
- (4) Without prejudice to the generality of paragraph (3), the order of the court under that paragraph may extend the period of 8 weeks provided for in Rule 2 109(1B) by such further period as the court thinks just "

Creditors' claim that remuneration is excessive – extract from Rule 2.109 of the Insolvency Rules 1986

- "(1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the unsecured creditors (including that creditor) or the permission of the court, may apply to the court for one or more of the orders in paragraph (4)
- (1A) Application may be made on the grounds that—
 - (a) the remuneration charged by the administrator,
 - (b) the basis fixed for the administrator's remuneration under Rule 2 106, or
 - (c) expenses incurred by the administrator,is or are, in all the circumstances, excessive or, in the case of an application under sub-paragraph (b), inappropriate
- (1B) The application must, subject to any order of the court under Rule 2 48A(4), be made no later than 8 weeks after receipt by the applicant of the progress report which first reports the charging of the remuneration or the incurring of the expenses in question ("the relevant report") "