

The Insolvency Act 1986

**Administrator's progress report**

Name of Company

T J Hughes Limited (in Creditors' Voluntary Liquidation)

Company number

00224422

In the

High Court of Justice, Chancery Division  
Leeds District 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 AllportErnst & 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) 12 May 2012(b) 17 January 2013

Signed

  
Joint Liquidator(s)

Dated

17 January 2013

SATURDAY

\*Q20CRSHT\*  
QIQ 19/01/2013 #17  
COMPANIES HOUSE

TO MEMBERS AND ALL KNOWN CREDITORS

17 January 2013

Ref CR/TJ/PT/AB/NWM1082/PCF/D21 1

Direct line 0161 333 2826  
Direct fax 0161 333 3008

Please ask for Alex Bostock

Dear Sirs

**T J Hughes Limited ('TJH')  
T J Hughes (Properties) Company Limited ('Properties')  
(Both in Creditors' Voluntary Liquidation) (formerly in Administration)  
(together 'the Companies')**

I write in accordance with Rule 2.117 of The Insolvency Rules 1986 ('the Rules') to provide creditors with a final report on the progress of the above Administrations. On 19 December 2012, the Companies moved from Administration to Creditors' Voluntary Liquidation and Simon Allport and I were appointed to act as Joint Liquidators.

This report covers the period from 12 May 2012 to 19 December 2012 and should be read in conjunction with the Joint Administrators' previous reports dated 20 January 2012 and 1 June 2012 and the Joint Administrators' Statement of Proposals dated 16 August 2011 ('the Proposals').

The Companies entered Administration on 30 June 2011 and Simon Allport and I of Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY, were appointed to act as Joint Administrators. The appointments were made by the Companies' secured creditor under the provisions of Paragraph 14 of Schedule B1 to the Insolvency Act 1986 ('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 of them, acting jointly or alone.

This report covers the above Companies only. Previously, the Joint Administrators' progress reports have included T J Hughes (Holdings) Company Limited ('Holdings'), T J Hughes (Investments) Limited ('Investments') and the Companies (together 'the Group'). An application to dissolve Holdings and Investments was submitted on 17 December 2012.

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

## **Summary of the Joint Administrators' Proposals**

### **Background**

The Companies were part of the T J Hughes Group of Companies which traded as one of the largest department store chains in the UK, trading from 56 stores nationally with c. 3,500 employees in total.

The original business was founded in 1912 in Liverpool. The Group floated on the London Stock Exchange in 1992, was taken private in 2000 by JJB Limited and acquired by PPM Capital in 2003. The Group refinanced with Burdale Financial Limited ('Burdale') via a £20m stock and loan facility in early



March 2011. Following this refinance, the Group was subsequently acquired by Endless LLP, a turnaround investor. The Group had several senior management changes in the months preceding the appointment of the Joint Administrators in an attempt to turnaround the business.

Prior to Endless LLP's ('Endless') investment, trade credit insurance cover for suppliers was significantly reduced which, together with continued poor trading performance and increased cash requirements, resulted in the Group seeking additional funding. In April 2011, additional funding of £10m was provided to the Group by Endless to support the business whilst a turnaround plan was developed. Trading continued to be challenging and like for like retail sales were significantly below prior year levels. This resulted in an extensive cost reduction programme as part of a long term turnaround plan.

### **Circumstances giving rise to the appointments**

Trading conditions in the 12 months prior to the appointment of the Joint Administrators were extremely difficult for the Group. Christmas 2010 trading results were extremely poor and the Group suffered large losses for the year ended January 2011 (£6.3m). This was compounded by the adverse cash flow impact of large stock holdings, the profit impact of subsequent stock reduction initiatives and ultimately the withdrawal of supplier credit.

Despite the implementation of a turnaround plan and the receipt of additional funding from Endless to address the above issues, the Group continued to experience poor trading results and significant cash flow and creditor pressure. On 24 June 2011, a winding up petition was lodged against TJH by a trade creditor and the Group's bank accounts were frozen. At this stage the Group needed substantial additional working capital funding to carry on trading and was adversely impacted by the withdrawal of credit insurance cover to a number of the Group's suppliers. An estimated additional funding requirement of up to £20m was identified to be able to trade to 31 December 2011.

As a result, the Group concluded that a turnaround of the business was not viable as the level of funding needed was not supportable. As a consequence, the Director of the Group decided that to protect the interests of all creditors it was necessary to place the Group into Administration.

Due to the winding up petition, the Director was unable to formally file a Notice of Intention to Appoint Administrators at Court and accordingly invited the qualifying floating charge holder to do so.

At the date of appointment, Burdale, the first ranking secured creditor of the Group, had total secured debt of £13.6m, and Endless had second ranking secured debt of £10.2m. Following the appointments of the Joint Administrators, on 6 July 2011 Endless assigned its rights and security to second ranking secured debt for an undisclosed sum to GA Europe Investments 300 Limited ('GAE'), a company associated with Great American Group ('GAG'), a retail turnaround investor and stock realisation specialist.

### **Purpose of the Administrations**

Following our appointments on 30 June 2011, the Joint Administrators took control of the business and assets of the Companies with a view to establishing a strategy to meet the prioritised objectives of the Administration process

- a rescue the company as a going concern, or
- b achieve a better result for creditors as a whole than would be likely if the company was wound up (without first being in Administration), or
- c realise property in order to make a distribution to one of more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or, objective (b) if it would achieve a better result for the Companies' creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the Companies as a whole

Objective (a) could not be achieved for the following reasons

- ▶ The Group was heavily loss making and it was unlikely that it could return to profitability in the short to medium term, particularly given the high fixed cost base of the business associated with its current store portfolio and the challenging state of the retail market, and
- ▶ A significant proportion of the stock was subject to Retention of Title ('ROT') claims, and the support of the suppliers (including credit terms) was likely to be severely restricted post insolvency, giving a substantial funding requirement for the Group to continue to trade as a going concern

The Joint Administrators therefore pursued objective (b), the reasons for this are outlined below

- ▶ If the Group was to be wound up, realisations from stock would have been significantly reduced due to the restricted trading conditions with stock subject to valid ROT claims being returned to suppliers and any recoveries from the remaining unencumbered stock being disposed of in bulk at very low realisable values,
- ▶ Realisations from the Group's property portfolio could be enhanced if they were disposed of whilst the Group was still trading and the premises still occupied and in use as retail outlets, and
- ▶ The possibility to successfully transfer employment contracts and leasehold interests to potential purchasers in order to reduce both preferential and non-preferential claims

### **Extension to the initial period of appointment**

An extension of the Administrations was sought, pursuant to Paragraph 76(2)(b) of Schedule B1 to the Act. This was granted by the secured creditors on 1 June 2012 and filed at the Registrar of Companies on 18 June 2012, extending the Administration to 29 December 2012

The Administrations were extended to enable the Joint Administrators to finalise a number of matters to successfully achieve the purpose of the Administrations. These matters included but were not limited to, dealing with outstanding retention of title claims, dealing with the portfolio of property leases, an

extension of the licence to occupy certain of the Group's leasehold premises provided to Lewis's Home Retail Limited ('LHR') and the settlement of outstanding trading liabilities

I outline below a detailed update on these matters

## **Summary of progress**

### **Trading**

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

#### ***Trading sales***

Immediately following appointment we enabled the Companies to continue to trade

As previously reported, total realisations in respect of trading sales were c £40.9m including net concession income. No further realisations have been achieved since my previous report and no more are expected

#### ***Trading costs***

##### *General trading costs*

The majority of general trading costs (including retail agent's 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*

I previously reported there were outstanding retention of title claims from 57 of 382 potential ROT claimants, with a claim value of £2.2m

I am pleased to report that we have now concluded a further 47 retention of title claims with associated settlement payments of c £0.3m. We are continuing to work to resolve the remaining retention of title claims from 10 suppliers, with a potential claim value of c £0.5m

### **Sale of business**

As I previously reported, the Joint Administrators entered into an agreement to sell the business, assets and leasehold interests of six stores to LHR which included the transfer of all employees attributable to these stores

Total consideration for these transactions was £1.8m of which £1.2m was received on completion and the balance of £0.6m deferred but fully received by 30 January 2012

### **Property**

As previously reported, at the date of the Joint Administrators' appointment, the Companies 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 leased Bradford store. The majority of the leases were held by TJH with two being held by Properties

At the date of my last report, the Joint Administrators had realised premiums for the leasehold interests in 10 of the Companies' properties including the six properties transferred to LHR, generating realisations of £1.1m

Since my last report, we have continued to work with our agents to secure a sale of the freehold property adjacent to the former Bradford leasehold store. We are pleased to report that a sale completed on 30 November 2012, generating realisations of £0.5m, significantly higher than original expectations.

To date, from the portfolio of 59 leases, we have agreed the release of 33 stores through a combination of assignments to new tenants and lease surrenders. We remain in active dialogue with the Companies' landlords with a view to surrendering or otherwise disposing of the remaining leases.

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

### **Other asset realisations**

#### ***Credit card retentions and cash at the date of appointment***

As previously reported, following the appointment of the Joint Administrators, the Companies' credit card processing agents retained approximately £1.0m of pre-appointment cash in transit to seek to mitigate their chargeback risk. After deduction of valid fees and charges, we are pleased to report that these funds have now been realised.

#### ***Debtors and prepayments***

Since my last report, further realisations have been achieved in respect of business rate prepayment recoveries or refunds following rating appeals. Total realisations of £531k have been achieved to date and we continue to work with specialist surveyors to pursue a small number of further appeals.

Since my last report a further £4k of debtors have been received in respect of collections from County Court Judgements. We do not expect any further realisations from this source.

### **Bank interest**

Bank interest totalled c. £31k during the period. The Joint Administrators continue to invest funds in interest bearing accounts where appropriate.

### **Insurance claim receipts**

During the period the Joint Administrators recovered c. £44k of insurance claim receipts, largely due to damage at the Salford store.

We do not have any further outstanding insurance claims and therefore do not expect any further realisations from this source.

### **Other matters**

#### ***Tax***

As previously advised, the pre-appointment corporation tax affairs of the Companies have 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. Since my last report, we have also concluded the Corporation tax position in respect of the period of Administration trading, with no corporation tax being payable.

Work continues to finalise the corporation tax affairs of the Companies after the cessation of trade.

### **Customer orders and claims**

The Joint Administrators continue to receive a small number of claims from customers in respect of orders placed pre-appointment that have not subsequently been fulfilled by the Companies. We continue to advise them in writing of their position as unsecured creditors.

Since my previous report, we continued to offer customers refunds where we were required under our obligations under the Sale of Goods Act 1979. However, given the length of time that has now passed since the Companies ceased to trade at the end of August 2011, we are no longer offering refunds unless customers are able to evidence their purchase was faulty at the date of purchase.

### **Outcome to creditors**

#### **Secured creditors**

Further to my previous progress report, a total of £11.2m has now been distributed to the Group's second ranked secured creditor, GAE in respect of its secured indebtedness and post appointment interest and charges. Both secured lenders have now been repaid in full including contractual post appointment interest and charges.

#### **Preferential creditors**

Since my last progress report we have reviewed and paid £102k of preferential claims representing settlement in full of all such claims received.

As contractual employer of the Group, these claims are against TJH.

#### **Non-preferential creditors**

Non-preferential creditor claims continue to be received. The Director's Statement of Affairs included an estimate of non-preferential claims across the Companies in the region of £360.6m. However, this included an estimate of landlord claims based on the unexpired term of all leases at full rent. In practice, we would expect landlord creditors to take actions to mitigate such claims, such as through re-letting properties. Given that 33 leases have already been surrendered, we would expect final claims to be significantly below this estimate.

The Director's estimate may be summarised as follows:

£m	Total	TJH	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	0.5	0.5	-
<b>Total</b>	<b>360.6</b>	<b>331.9</b>	<b>28.7</b>

We are pleased to report that the net surplus generated in this matter is significantly above original estimated levels. As a result, we now expect to be able in due course to make a distribution to non-preferential creditors. Further information in this matter will be circulated in the subsequent Creditors' Voluntary Liquidation ('CVL').

### **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. However, as reported above we expect a distribution will be made to the non-preferential creditors over and above the maximum value of the Prescribed Part.

The value of the Prescribed Part for Properties is currently estimated to be nil as there will be nil net realisations in this Company.

### **Details of assets which remain to be realised**

The Joint Administrators are not aware of other material assets of the Companies which remain to be realised.

### **Receipts and payments account**

I enclose at Appendix 2 to this report receipts and payments accounts for the Companies for the period from 30 June 2011 to 19 December 2012. Please note that the receipts and payments accounts presented do not reflect estimated future realisations or costs.

### **Joint Administrators' remuneration and disbursements**

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.

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.

As at 19 December 2012 total time costs and disbursements incurred across the Companies totalled £3,851,440 and £69,344 respectively which are summarised below.

	Time cost (£)	Expenses (£)	Total (£)
TJH	3,842,085	69,339	3,911,424
Properties	9,355	5	9,340
Total	3,851,440	69,344	3,920,764

In completing final matters in the Administrations, a further £16,513 of time costs have been incurred since the end of the Administrations.



As at 17 January 2013, £2,920,500 and £69,174 had been drawn in respect of fees and disbursements respectively

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 Rules. 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 Rules). Further information is provided at Appendix 5

## **Joint Administrators' discharge from liability**

The Joint Administrators have requested and received their discharge from liability from the secured and preferential creditors of the Companies in accordance with Section 98 of Schedule B1 to the Act

## **Exit from Administration**

In accordance with the Proposals, the Companies moved from Administration to a CVL on 19 December 2012 and S Allport and I were appointed to act as Joint Liquidators

The movement to CVL was necessary for the following principal reasons

- ▶ The Administrations ended automatically on 29 December 2012,
- ▶ There remain retention of title claims to resolve,
- ▶ There remain leases that have not been surrendered or assigned,
- ▶ We expect a distribution to the non-preferential creditors of both TJH and Properties which can only be dealt with in the CVL, and
- ▶ There remain a number of outstanding liabilities from the Administration to agree and settle

I hope that this report is sufficient for your purposes. If you have any queries in this matter please contact my colleague Alex Bostock on 0161 333 2826

Yours faithfully  
for the Companies (in Creditors' Voluntary Liquidation)



T A Jack  
Joint Liquidator

Enc    Appendix 1 – Statutory information  
      Appendix 2 – Joint Administrators' abstract of receipts and payments from  
                      30 June 2011 to 19 December 2012  
      Appendix 3 – Summary of Joint Administrators' time-costs and disbursements from  
                      30 June 2011 to 19 December 2012  
      Appendix 4 – Joint Administrators' policy for fees and disbursements  
      Appendix 5 – Further information for creditors regarding 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

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 Creditors' Voluntary Liquidation)  
(formerly 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 (Properties) Company Limited**  
**(in Creditors' Voluntary Liquidation) (formerly 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

## Appendix 2

# T J Hughes Limited (in Creditors' Voluntary Liquidation) (formerly in Administration)

## Joint Administrators' abstract of receipts and payments from 30 June 2011 to 19 December 2012

Notes	Statement of Affairs estimated to realise	Receipts and payments account					Total
		£	£	£	£	£	
		30 June 2011 to 22 July 2011	23 July 2011 to 29 December 2011	30 December 2011 to 11 May 2012	12 May 2012 to 19 December 2012		
1 2	Receipts						
6	15 900 000						
	Trading receipts						
	Share receipts	19 200 228 84	18 355 129 84			37 555 358 68	
	Licence fee received		2 088 491 78			2 088 491 78	
	Augmented stock income		1 070 834 42	(82 470 32)		1 070 834 42	
	Concession commission income	182 807 43	562 453 71		24 884 47	769 755 61	
	Rental income	440 00	868 00			1 308 00	
	Other commission income	71 18	288 00			359 18	
	Receipts due to third parties	823 026 00	(823 026 00)				
	Total	20,611 471 26	21,466,887 88	(82,470 32)	742,867 78	62,138,848 32	
4	5,900 000						
	Non trading receipts						
	Cash at the date of appointment	4 287 782 32	1 021 710 01	339 880 02	7 074 36	5 858 536 70	
	Stock		782 442 72	341 054 18		1 123 496 91	
	Property		1 022 002 00	63 500 00		1 085 502 00	
	Fixtures and fittings		467 646 32		536 333 37	1 003 979 69	
	Business rate prepayments	2 951 51	453 748 36	9 213 51	115 536 17	531 459 55	
	Debtors not subject to fixed charge	5 317 55	112 686 25		1 544 70	123 548 50	
	Bank interest		18 886 71	78 742 80	31 412 87	128 326 38	
	Intellectual property rights and goodwill		40 007 00			40 007 00	
	Computer equipment		30 000 00	4 250 00		34 250 00	
	Plant and machinery		25 000 00			25 000 00	
	Prepayments and other debts	653 80	17 732 22	875 34		19 261 36	
	Sundry income	1 325 78	5 562 09	1 740 88	872 38	9 401 15	
	Pre appointment duty recoveries		6 008 39			6 008 39	
	Insurance claims receipts		200 00		43 836 03	44 036 03	
	Holiday pay - checks not cashed				3 426 15	3 426 15	
	Other equipment						
	Total	4,286,620 78	3,897 434 27	827 968 85	742,116 83	9,846 930 41	
	Total receipts	24,910,482 02	25,444,411 98	784,888 03	1,484,973 62	61,984,778 63	
1 2	Payments						
	Trading payments						
	Employee costs	(5 858 53)	(4 504 081 83)	24 356 06	(102 079 78)	(4 547 481 51)	
	Retail agents fees		(3 560 000 00)			(3 560 000 00)	
	Retention of title settlements		(2 448 941 85)	148,055 35	(302 800 00)	(2 303 787 50)	
	Licence fee paid		(1 203 291 85)	(856 472 35)	(854 277 88)	(2 711 041 88)	
	Rates		(1 020 775 14)	(4 328 40)		(1 025 103 54)	
	Rent		(803 155 48)	(220 888 34)		(1 024 043 82)	
	Augmented stock supplier payments		(803 053 12)			(803 053 12)	
	Electricity		(234 708 72)	(138 191 28)		(372 899 00)	
	Stock purchases		(192 346 67)			(192 346 67)	
	Retail agents commission		(191 863 82)			(191 863 82)	
	Insurance		(185 138 28)	555 00	(11 802 31)	(185 586 31)	
	Cleaning		(151 208 48)	(136 30)		(151 344 78)	
	Distribution costs	(6 500 00)	(108 513 02)			(115 013 02)	
	IT expenses	(23 423 11)	(48 892 14)	(2 100 00)		(74 415 25)	
	Hire of equipment		(72 717 74)	(1 646 12)		(74 363 86)	
	Consumables		(89 208 20)			(89 208 20)	
	Inducement to trade payments	(88 188 33)	28 888 67			(59 299 66)	
	Duty settlement		(54 046 41)			(54 046 41)	
	Repairs and renewals		(46 735 40)	(2 806 07)	(120 00)	(50,061 47)	
	Professional fees	(17 350 00)	(28 535 16)	(4 045 00)	(1 700 00)	(51 630 16)	
	Service charge		(33 946 38)	(5 380 33)		(39 326 71)	
	Sundry expenses		(37 171 60)	(408 00)		(37 579 60)	
	Motor expenses		(36,272 02)	1 846 12		(34 425 90)	
	Telephone		(870 31)	(25 870 31)		(26 740 62)	
	Temporary labour		(22 722 00)			(22 722 00)	
	Stationery and printing		(22 886 80)	(164 00)		(23 050 80)	
	Cash processing costs		(21 680 88)			(21 680 88)	
	Collection agents commission		(10 101 36)	(868 36)	(182 00)	(10 951 72)	
	Property insurance		(6 911 52)	(4,951 58)		(11 863 10)	
	Merchant services commission	(187 75)	(7 270 83)			(7 458 58)	
	Customer refunds		(3 854 58)	(3,210 12)	(2,024 47)	(9 104 15)	
	Water			(8,300 85)	(2,783 54)	(11 084 39)	
	Security		(4 202 50)			(4 202 50)	
	Total	(141,237 28)	(18,838,182 88)	(1,484,864 81)	(1,277 634 38)	(19,841,919 35)	
	Non trading payments						
	Administrators' fees			(2 140 495 13)	(780 036 00)	(2 920 531 13)	
	Legal fees		(556 150 00)	(19 800 00)		(575 950 00)	
	Agents fees		(180 320 04)	(42 228 70)	(30 000 00)	(252 548 74)	
	Administrative disbursements		(37 947 71)		(1 226 21)	(39 173 92)	
	Bank charges and interest	(13 116 70)	(12,811 17)	(154 08)	(81 10)	(26 162 05)	
	Legal disbursements		(18 523 48)	(80 82)	(2,116 15)	(20 720 45)	
	Storage charges		(10 788 08)	(3,150 47)		(13 938 55)	
	VAT creditor payment		(5 338 44)			(5 338 44)	
	Public notices		(888 30)			(888 30)	
	Postage		(328 88)			(328 88)	
	T.J.Hughes (Holdings) Company Limited loan account		(78 50)			(78 50)	
	T.J.Hughes (Investments) Limited loan account		(78 50)			(78 50)	
	T.J.Hughes (Properties) Company Limited loan account		(78 50)			(78 50)	
	Total	(18,116 70)	(764,188 88)	(2,273,804 88)	(868,633 88)	(3,944,412 88)	
	Distributions						
	Secured creditors	(1 848 576 83)	(13 984 884 00)	(5 800 000 00)	(3 312 354 59)	(25 053 815 52)	
	Total	(1 848 576 83)	(13,984,884 00)	(5,800,000 00)	(3,312,354 59)	(25,053,815 52)	
	Total payments	(2,500,854 12)	(20,823 066 88)	(8,083,864 88)	(4,478,813 79)	(47,895,599 57)	
	Balances in hand	22,308,567 90	(1,382,654 83)	(8,803,566 16)	(2,993,836 14)	4,169,508 77	
5	Represented by						
	Cash at bank					4 052 014 02	
	VAT receivable / payable					4 169 508 77	

## 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.
- All funds are held in interest bearing accounts.
- Cash at date of appointment is stated net of chargeback reserves retained by Barclays Merchant Services and American Express.
- The Statement of Affairs estimated to realise figure in respect of share receipts is the Directors' estimated realisable value of the Company's stock balance at the date of appointment.

**T J Hughes (Properties) Company Limited**  
**(in Creditors' Voluntary Liquidation) (formerly in Administration)**

Note	Statement of Affairs estimated to realise	€	€	€	€	€
	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	12 May 2012 to 18 December 2012	Total
12	Receipts					
	Trading receipts					
	Non trading receipts					
	Loan from T.J. Hughes Limited (in Administration)					
	Total receipts		76.50 76.60			76.50 76.60
12	Payments					
	Trading payments					
	Non trading payments					
	Public notices					
	Total payments		76.50 76.60			76.50 76.60
	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.

## Appendix 3

### T J Hughes Limited (in Creditors' Voluntary Liquidation) (formerly in Administration)

#### Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 19 December 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	64.5	14.5	94.5	6.8	236.0	6.0	422.3	133,473.98	316
Property	162.0	105.9	165.0	350.8	301.8	188.3	1,273.8	408,775.83	321
Debtors	4.0			13.5	198.2	15.0	230.7	57,327.92	248
Other Assets	107.0	8.5	23.0	100.5	107.7		346.7	127,070.59	367
Trading	97.5	282.3	836.8	712.1	746.9	483.0	3,158.6	956,941.71	303
Retention of Title	49.0	35.5	508.5	173.1	434.2	738.5	1,938.8	601,525.40	310
Creditors	27.5	46.5	12.9	121.5	532.0	728.5	1,468.9	325,769.03	222
Investigations	7.0		8.5	49.5	82.5	22.0	169.5	45,338.92	267
Legal Issues	4.0		3.5		3.8	3.0	14.3	5,304.92	371
Employee Matters	2.0	1.0	331.3	2.8	686.7	59.6	1,083.4	340,088.00	314
Accounting & Administration	25.0	38.2	87.5	223.2	583.7	344.8	1,302.4	310,818.30	239
Statutory Duties	34.0	20.5	34.0	43.7	89.5	28.5	250.2	79,322.77	317
VAT & Taxation	23.6	9.4	122.8	49.6	253.9	202.2	661.5	214,091.79	324
Other Matters	18.0		5.0	2.5	62.0	81.9	169.4	42,780.35	253
<b>Total Hours</b>	<b>633.6</b>	<b>567.7</b>	<b>2,315.0</b>	<b>1,986.6</b>	<b>4,645.5</b>	<b>2,983.7</b>	<b>13,132.1</b>		
<b>Time Cost (£)</b>	<b>385,901.50</b>	<b>226,554.50</b>	<b>1,005,577.50</b>	<b>620,221.00</b>	<b>1,167,541.03</b>	<b>436,288.97</b>		<b>3,842,084.50</b>	
<b>Average Hourly Rate (£)</b>	<b>609</b>	<b>399</b>	<b>434</b>	<b>312</b>	<b>251</b>	<b>146</b>		<b>293</b>	
£									
Category 1 disbursements	42,146.34								
Category 2 disbursements	27,192.61								
	69,338.95								

### Category 2 Disbursements

Of the disbursements of £69,338.95 detailed above, £27,192.61 relates to Category 2 disbursements (as defined at Appendix 4). The Category 2 disbursements are analysed as follows:

Type and purpose	£
Mileage	14,610.23
Postage and printing	12,582.38
<b>Total</b>	<b>27,192.61</b>

## Appendix 3

### T J Hughes (Properties) Company Limited (in Creditors' Voluntary Liquidation) (formerly in Administration)

#### Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 19 December 2012

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Job Acceptance & Strategy	6.0	0.7			1.5		8.2	3,922.50	478
Bank & Statutory Reporting			2.0				2.0	800.00	400
Property				2.0			2.0	610.00	305
Investigations					1.0		1.0	220.00	220
Accounting & Administration					3.5	0.1	3.6	782.50	217
Statutory Duties			1.0	0.3	7.8	4.0	13.1	2,945.50	225
VAT & Taxation			0.1				0.1	54.50	545
<b>Total Hours</b>	<b>6.0</b>	<b>0.7</b>	<b>3.1</b>	<b>2.3</b>	<b>13.8</b>	<b>4.1</b>	<b>30.0</b>		
<b>Time Cost (£)</b>	<b>2,725.00</b>	<b>297.50</b>	<b>444.50</b>	<b>701.50</b>	<b>2,334.00</b>	<b>752.50</b>		<b>9,335.00</b>	
<b>Average Hourly Rate (£)</b>	<b>454</b>	<b>425</b>	<b>143</b>	<b>305</b>	<b>169</b>	<b>184</b>		<b>311</b>	
<b>Category 1 disbursements</b>	<b>£</b>								
<b>Category 2 disbursements</b>	<b>5.00</b>								
	<b>5.00</b>								



## Appendix 3

### Summary of hourly charge out rates

Where time has been charged to the Companies', the corresponding charge out rate by service line and grade is presented in the table below

Current charge out rates	Grade	Effective rate from 1 July 2012	1 July 2011 to 30 June 2012	1 July 2010 to 30 June 2011
<b>Restructuring</b>	Partner	570 - 810	545 - 770	520 - 735
	Director	465 - 775	445 - 770	425
	Assistant Director	410 - 610	390 - 630	370 - 515
	Senior Executive	320 - 420	305 - 400	290 - 380
	Executive	230 - 310	220 - 295	210 - 280
	Analyst	130 - 280	110 - 175	90 - 180
	Intern	20 - 95	20 - 90	-
<b>Other transaction advisory services</b>	Partner	-	1040	-
	Director	-	-	720
	Assistant Director	-	620	515 - 620
	Senior Executive	-	-	340 - 445
	Executive	-	195	185 - 360
	Analyst	-	-	180 - 205
<b>Financial Services</b>	Executive	-	-	200
	Analyst	-	-	125
<b>Global shared services</b>	Executive	-	-	80
	Analyst	-	-	80
<b>Advisory</b>	Executive	-	-	295
<b>Assurance</b>	Assistant Director	-	465	315 - 465
	Senior Executive	-	300	210 - 270
	Executive	255 - 380	360	105 - 330
	Analyst	-	-	60 - 180
<b>Central business services</b>	Assistant Director	-	-	100
<b>Tax</b>	Partner	925 - 1115	990	990
	Director	650 - 1115	875 - 920	830 - 940
	Assistant Director	545 - 900	555 - 585	495 - 720
	Senior Executive	420 - 670	380 - 640	380 - 610
	Executive	345 - 495	315	315 - 360
	Analyst	65 - 395	60	60 - 275
	Intern	25	25	-

## **Appendix 4**

### **T J Hughes Limited T J Hughes (Properties) Company Limited (Both in Creditors' Voluntary Liquidation) (formerly in Administration) (together 'the Companies')**

#### **Joint Administrators' policy for fees and disbursements**

##### **Office Holders' Charging Policy for Fees**

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

The Joint Liquidators 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 Companies bank accounts and statutory compliance diaries. Work carried out by all staff is subject to the overall supervision of the Joint Liquidators.

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.

The above time costs are shown in units of pounds and time is recovered to the nearest six minutes.

##### **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. We are prepared to provide such additional information as required to support the disbursements drawn.

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") "