

The Insolvency Act 1986
**Liquidator's Statement of
Receipts and Payments
Pursuant to section 192 of the
Insolvency Act 1986**

S.192

To the Registrar of Companies

For official use



Company Number

00224422

Name of Company

(a) Insert full name of
company

(a) T J Hughes Limited (in Creditors' Voluntary Liquidation)

(b) Insert full name(s)
and address(es)

We, (b)

Simon Allport
Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EYThomas Andrew Jack
Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

the liquidators of the company attach a copy of our statement of receipts and
payments under section 192 of the Insolvency Act 1986

Signed

Date 21 February 2014

Presenter's name,
address and reference
(if any)Sidhrah Naeem
100 Barbirolli Square
Manchester
M2 3EYT J Hughes Limited (in Creditors'
Voluntary Liquidation)

For Official Use	
Liquidation Section	Post Room
A33LW74W	
A37	13/03/2014 #85
COMPANIES HOUSE	

THURSDAY

TO MEMBERS AND ALL KNOWN CREDITORS

20 February 2014

Ref TJ/PT/CM/NWM1142/D11.1

Direct line 0161 333 2772
Direct fax 0161 333 3008

Please ask for Craig Monks

cmonks@uk.ey.com

Dear Sirs

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

In accordance with the provisions of Paragraph 83 of Schedule B1 to the Insolvency Act 1986 ('the Act'), on 24 December 2012 the Companies moved from Administration to Creditors' Voluntary Liquidation ('CVL' or 'Liquidation') and Simon Allport and I were appointed as Joint Liquidators

I now write to provide you with our report on the progress of the Liquidations for the period from 24 December 2012 to 23 December 2013 ('the Period')

In accordance with the provisions of the Insolvency Rules 1986 ('the Rules') we are required to provide certain information about the Companies and the Joint Liquidators. The information can be found in Appendix A of this report. A copy of our receipts and payments accounts for the Period is attached at Appendix B.

Summary of progress for the Period

Administration surplus

At the conclusion of the Administration of TJH, funds totalling c. £4.2m, representing the Administration surplus, were transferred to the Liquidation.

No surplus funds were remaining at the conclusion of the Administration Properties to be transferred into the subsequent Liquidation.

Business rate refunds (TJH)

During the Period, with the assistance of our agents, Jones Lang LaSalle Limited, business rate refunds of c. £27k were recovered from rating authorities following rating valuation appeals.

Other income (TJH)

A further c. £68k of other income was received during the Period, comprising

- c. £41k relating to licence fees paid by the purchaser of six of TJH's leasehold interests. This sum was outstanding at the conclusion of the Administration and was collected in the Liquidation.

- c £25k of bank interest,
- c £1k relating to the balance of an insurance claim arising from damage at the Salford store resultant from the riots that occurred during the Administration trading period, and
- c £1k of sundry income

Other matters

Property

As reported during the Administrations, the Companies held leasehold interests in 59 properties. All of these leasehold interests resided in TJH, either as main tenant or as subtenant of Properties.

During the Administration, we obtained release from the leases to 33 properties through a combination of assignments to new tenants and lease surrenders.

During the Period, we have obtained release from the leases of a further six properties, again through a combination of assignments to new tenants and lease surrenders. Of the final 20 leases, 17 have been disclaimed during the period with the remaining three to be disclaimed or surrendered in the coming weeks.

To date, c £1.1m has been paid by TJH in respect of rent, service charges and property insurance in relation to the period of Administration trading. During the Period, we have obtained agreement from all landlords that no further amounts are payable as an expense of the Administration or Liquidation under the 59 leases.

Corporation Tax

During the Period, c £39k was paid to HM Revenue & Customs ('HMRC') in respect of a Corporation Tax liability arising from the sale of certain of TJH's property assets. We subsequently received advice from EY tax specialists that TJH was able to claim certain tax reliefs, enabling a claim for a refund to be made. The tax return was duly re-submitted, HMRC have acknowledged and accepted the repayment request and we await a return of the funds.

We do not anticipate any further material Corporation Tax liabilities arising in the Liquidation.

Administration liabilities

Trading expenses

During the Period, several payments totalling c £17k were made by TJH in full and final settlement of liabilities arising from the Administration trading period. We expect any further payments to be minimal.

Retention of title

Payments to three suppliers pursuing retention of title claims were made by TJH during the Period, totalling £20k.

We have now concluded all matters regarding retention of title with all claims either settled, formally withdrawn or matters closed in respect of claims for which we have received no further correspondence.

for a significant period of time. Accordingly, we do not anticipate further payments in this regard.

Remaining assets to be realised

Our agents, working on a contingent basis, continue to pursue appeals of business rates valuations in respect of TJH's property portfolio.

We are not aware of any other material assets which remain to be realised in either TJH or Properties.

Outcome for creditors

Secured creditors

Distributions to secured creditors made during the Administration totalled c. £25m, resulting in both secured creditors (Burdale Financial Limited and GA Europe Investments 300 Limited) being repaid in full, including contractual post-appointment interest and charges. TJH and Properties were jointly and severally liable for the secured debt.

Preferential creditors

As reported in the Administration, we have agreed and paid in full £102k of preferential claims.

As contractual employer of the group, these claims were against TJH.

No further preferential claims have been made in the Period and as such, no further payments are anticipated.

Non-preferential creditors

The Statement of Affairs prepared by the Companies' directors at the beginning of the Administration included an estimate of non-preferential claims across the Companies in the region of £360.6m. The majority of these claims were against TJH as the main trading entity, sole employer and main leaseholder.

However, this estimate included an estimate of landlord claims totalling c. £322m, 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 a re-letting of their properties to new tenants.

We have now received claims from 3,363 non-preferential creditors and have admitted 3,303 of these claims for dividend purposes during the Period. In a number of cases, we requested further information to adjudicate the claims and have subsequently agreed modifications with the claimants. None of the claims received have been made against Properties.

We are pleased to report that the net surplus generated in the Administration and subsequent Liquidation is significantly higher than our original expectations, albeit we estimate that the dividend outcome for non-preferential creditors will be no higher than five pence in the pound.

On 15 January 2014, we issued a notice of intended dividend in TJH, inviting creditors to prove their debts by 12 February 2014. We intend to be in a position to make an interim distribution to non-preferential creditors by 12 April 2014.

Properties has not realised any assets to date and we do not expect the position to change to enable there to be sufficient funds to enable a distribution to the creditors of Properties

Joint Liquidators' remuneration and disbursements

In accordance with Rule 4 127(5A) of the Rules, as the Joint Administrators became the Joint Liquidators, the basis of the Joint Liquidators' remuneration is treated as having being fixed on the same basis as that of the Joint Administrators (fixed by a postal resolution of the secured and preferential creditors, in accordance with rule 2 106 of the Rules)

Accordingly, the Joint Liquidators' remuneration is fixed on the basis of time properly spent by the Joint Liquidators and their staff in attending to matters in the Liquidations

At Appendix C to this report there is an analysis of the time spent in the Period and a statement of our policy in relation to charging time is attached at Appendix D

As at 23 December 2013, total time costs and disbursements incurred during the Period across the Companies totalled £534,228 and £4,467 respectively

During the Period, an amount of £650,000 was drawn from TJH in respect of the Joint Administrators' remuneration which related to time incurred before the Administration was concluded but which had not yet been drawn. No remuneration or disbursements have yet been drawn in respect of the Joint Liquidators' remuneration and disbursements incurred during the Period

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

In certain circumstances, creditors are entitled to request further information about Liquidator's remuneration or apply to Court if they consider the Liquidators' remuneration is excessive. Further information is provided in Appendix E

Payments to other professionals

During the period, an amount of £120,000 was paid to Stratton Partners Limited in respect of consultancy services provided to the Company in respect of Retention of Title claims and advice on the sale of certain freehold properties owned by the Companies during the course of the Administration and subsequent Liquidation

The Joint Liquidators engaged Addleshaw Goddard LLP for legal advice in respect of matters in the Liquidation. Addleshaw Goddard's fees are based on time costs and has been paid £33,650 to date

Jones Lang LaSalle Limited has assisted the Joint Liquidators to obtain business rates refunds and is paid on a commission basis. During the period, £35,090 has been paid to Jones Lang LaSalle Limited

Outstanding matters to complete prior to closure

The Liquidation will be closed once all outstanding expenses and costs of the Administration or subsequent Liquidation are paid, remaining funds are distributed to non-preferential creditors and tax clearance has been obtained from HM Revenue & Customs



Building a better
working world

Next report

I will report to you again on the progress of the Liquidations in 12 months' time, or on the closure of the case, whichever is earlier

I trust that this report is sufficient for your purposes, if you have any queries in this matter please contact my colleague Craig Monks on 0161 333 2772

Yours faithfully
for the Companies

T A Jack
Joint Liquidator

Enclosures

- Appendix A – Statutory information
- Appendix B – Joint Liquidators' abstract of receipts and payments from 24 December 2012 to 23 December 2013
- Appendix C – Summary of Joint Liquidators' time-costs and disbursements from 24 December 2012 to 23 December 2013
- Appendix D – Joint Liquidators' policy for fees and disbursements
- Appendix E – 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



Building a better
working world

Appendix A

T J Hughes Limited (in Creditors' Voluntary Liquidation)

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 Liquidators and of their appointment

Administrators	T A Jack and S Allport
Address	100 Barbirolli Square Manchester M2 3EY
Date of Appointment	24 December 2012
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 935 of 2011



Building a better
working world

Appendix A

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

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 Liquidators and of their appointment

Administrators	T A Jack and S Allport
Address	100 Barbirolli Square Manchester M2 3EY
Date of Appointment	24 December 2012
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 949 of 2011



Building a better
working world

Appendix B

T J Hughes Limited (in Creditors' Voluntary Liquidation)

Joint Liquidators' abstract of receipts and payments from 24 December 2012 to 23 December 2013

Note	Statement of Affairs estimated to realise £	Receipts and payments account	£
			24 December 2012 to 23 December 2013
1, 2		Receipts	
4	4 159 509	Administration Surplus	4 159 509 07
		License Fee Received	40 847 39
		Rates refunds	27 448 15
		Bank Interest	25 087 60
		Sundry Income	942 98
		Insurance Claim Receipts	500 00
		Total	4,254,433 19
1, 2		Payments	
		Administrators Fees	(650 000 00)
		Consultancy Fees	(120 000 00)
		Corporation Tax	(39 316 38)
		Agents Fees	(35 090 23)
		Legal Fees	(33 650 00)
		Retention of Title Settlement	(20 000 00)
		Insurance	(10 249 56)
		Gas	(6 710 83)
		Sundry Expenses	(4 166 00)
		Storage Charges	(3 777 08)
		Legal Disbursements	(577 52)
		Public Notices	(84 60)
		Bank Charges	(22 20)
		Total	(923,644 40)
		Balances in hand	3,330 788 79
3		Represented by	
		Cash at bank	3 159 344 21
		VAT receivable / (payable)	171 359 98
		TJ Hughes (Properties) Ltd Loan A/c	84 60
			3,330,788 79

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
- 3 All funds are held in interest bearing accounts
- 4 The Statement of Affairs estimated to realise column is a requirement of Statement of Insolvency Practice 7 No Statement of Affairs is required in the Liquidation. Estimated to realise values have been taken at the date of appointment of the Joint Liquidators



Building a better
working world

Appendix B

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

Joint Liquidators' abstract of receipts and payments from 24 December 2012 to 23 December 2013

Statement of Affairs estimated to realise			
Notes	£	Receipts and payments account	£
			24 December 2012
			to
			23 December 2013
		Receipts	
		Total	
		Payments	
		Public Notices	(84 60)
		Total	(84 60)
		Balances in hand	
1 2		T J Hughes Ltd Loan A/c	(84 60)
			(84 60)
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			
3 The Statement of Affairs estimated to realise column is a requirement of Statement of Insolvency Practice 7. No Statement of Affairs is required in the Liquidation. Estimated to realise values have been taken at the date of appointment of the Joint Liquidators			



Building a better
working world

Appendix C

T J Hughes Limited (in Creditors' Voluntary Liquidation)

Summary of Joint Liquidators' time-costs and disbursements from 24 December 2012 to 23 December 2013

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Job Acceptance & Strategy	8.0		5.0	2.0			15.0	7,670.00	511
Bank & Statutory Reporting	25.0		6.0				31.0	17,350.00	560
Property	53.0	1.5	108.5	38.8	195.0	42.5	439.3	141,917.00	323
Retention of Title			14.0		23.5	0.5	38.0	11,267.50	297
Creditors	10.0	9.0	75.5	74.5	238.0	265.5	672.5	152,672.00	227
Employee Matters	4.5		43.5		105.3		153.3	55,178.00	360
Accounting & Administration	10.0	1.0	5.2	36.2	282.8	26.0	361.2	89,793.00	249
Environmental Issues			1.5				1.5	645.00	430
Statutory Duties	18.0	2.0	1.0		4.5		25.5	12,947.50	508
VAT & Taxation	6.7	3.0	16.3	19.5	57.6	29.5	132.6	40,657.50	307
Pre Administration matters									
Other Matters					14.0		14.0	3,310.00	236
Total Hours	135.2	16.5	276.5	171.0	920.7	364.0	1,883.9		
Time Cost (£)	79,919.00	6,327.50	122,643.50	55,664.00	220,224.50	48,629.00		533,407.50	
Average Hourly Rate (£)	591	383	444	326	239	134		283	
Category 1 disbursements	£								
Category 2 disbursements	147.30								
	4,319.89								
	4,467.19								

Current charge out rates

	Grade	From 1 July 2012 to 30 June 2013	From 1 July 2013
Corporate Restructuring	Partner	570-810	600-850
	Director	470-735	490-815
	Assistant Director	410-610	430-695
	Senior Executive	320-420	335-440
	Executive	230-310	195-330
	Analyst	85-280	65-295
	Intern	95	100
Indirect Tax	Partner	925	970
	Assistant Director	545	570-630
	Manager	-	440
	Executive	345	360
Transaction Tax	Partner	1,115	735-1170
	Assistant Director	775	475-965
	Senior Executive	540	335-565
	Analyst	170-200	105-315
Fraud Investigation & Dispute	Assistant Director	570	600



Building a better
working world

Appendix C

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

Summary of Joint Liquidators' time-costs and disbursements from 24 December 2012 to 23 December 2013

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Job Acceptance & Strategy									
Bank & Statutory Reporting			1 0			2 0	3 0	820 00	273
Property									
Retention of Title									
Creditors									
Employee Matters									
Accounting & Administration									
Environmental Issues									
Statutory Duties									
VAT & Taxation									
Other Matters									
Total Hours			1 0			2 0	3 0		
Time Cost (£)			430 00			390 00		820 00	
Average Hourly Rate (£)			430			195		273	
Category 1 disbursements	£								
Category 2 disbursements									

Current charge out rates

	Grade	From 1 July 2012 to 30 June 2013	From 1 July 2013
Corporate Restructuring	Partner	570-810	600-850
	Director	470-735	490-815
	Assistant Director	410-610	430-695
	Senior Executive	320-420	335-440
	Executive	230-310	195-330
	Analyst	85-280	65-295
	Intern	95	100
Indirect Tax	Partner	925	970
	Assistant Director	545	570-630
	Manager	-	440
	Executive	345	360
Transaction Tax	Partner	1 115	735-1170
	Assistant Director	775	475-965
	Senior Executive	540	335-565
	Analyst	170-200	105-315
Fraud Investigation & Dispute	Assistant Director	570	600



Building a better
working world

Appendix D

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

Joint Liquidators' 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.



Building a better
working world

Appendix E

Creditors' rights to request further information about remuneration or expenses or to challenge a liquidator's remuneration – Rules 4.49E and 4.131 of the Insolvency Rules 1986 (as amended)

4.49E Creditors' request for further information

- 1) If
 - a) within the period mentioned in paragraph (2)
 - 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 the period mentioned in paragraph (2), any unsecured creditor,

makes a request in writing to the liquidator for further information about remuneration or expenses set out in a progress report in accordance with Rule 4 49B(1)(e) or (f) (including by virtue of Rule 4 49C(5)) or in a draft report under Rule 4 49D, the liquidator must, within 14 days of receipt of the request, comply with paragraph (3) except to the extent that the request is in respect of matter in a draft report under Rule 4 49D or a progress report required by Rule 4 108 which (in either case) was previously included in a progress report not required by Rule 4 108
- 2) The period referred to in paragraph (1)(a) and (b) is
 - a) 7 business days of receipt of the progress report where it is required by Rule 4 108, and
 - b) 21 days of receipt of the report or draft report in any other case
- 3) The liquidator complies with this paragraph by either
 - a) providing all of the information asked for, or
 - b) so far as the liquidator 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 liquidation or might reasonably be expected to lead to violence against any person, or
 - iii the liquidator is subject to an obligation of confidentiality in respect of the information,giving reasons for not providing all of the information
- 4) Any creditor, who need not be the same as the creditors who asked for the information, may apply to the court within 21 days of
 - a) the giving by the liquidator 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
- 5) Without prejudice to the generality of paragraph (4), the order of the court under that paragraph may extend the period of 8 weeks or, as the case may be, 4 weeks provided for in Rule 4 131(1B) or 4 148C(2) by such further period as the court thinks just
- 6) This Rule does not apply where the liquidator is the official receiver



Building a better
working world

Appendix E

4.131 Creditors' claim that remuneration is or other expenses are excessive

- 1) Any secured creditor, or any unsecured creditor with either the concurrence of at least 10% in value of the 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 liquidator,
- (b) the basis fixed for the liquidator's remuneration under Rule 4 127, or
- (c) expenses incurred by the liquidator,

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 4 49E(5), be made no later than 8 Weeks (or, in a case falling within Rule 4 108, 4 weeks) after receipt by the applicant of the progress report, or the draft report under Rule 4 49D, which first reports the charging of the Remuneration or the incurring of the expenses in question ("the relevant report")
- 2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss the application, but it shall not do so unless the applicant has had an opportunity to attend the court for a hearing, of which he has been given at least 5 business days' notice but which is without notice to any other party

If the application is not dismissed under this paragraph, the court shall fix a venue for it to be heard, and give notice to the applicant accordingly

- 3) The applicant shall, at least 14 days before the hearing, send to the liquidator a notice stating the venue and accompanied by a copy of the application, and of any evidence which the applicant intends to adduce in support of it
- 4) If the court considers the application to be well-founded, it must make one or more of the following orders
 - a) an order reducing the amount of remuneration which the liquidator was entitled to charge,
 - b) an order fixing the basis of remuneration at a reduced rate or amount,
 - c) an order changing the basis of remuneration,
 - d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the liquidation,
 - e) an order that the liquidator or the liquidator's personal representative pay to the company the amount of the excess of remuneration or expenses or such part of the excess as the court may specify,

and may make any other order that it thinks just, but an order under sub-paragraph (b) or (c) may be made only in respect of periods after the period covered by the relevant report

- 5) Unless the court orders otherwise, the costs of the application shall be paid by the applicant, and are not payable as an expense of the liquidation

Rules 4 49E and 4 131 are reproduced from the Insolvency (Amendment) Rules 2010 under the terms of Crown Copyright Guidance issued by HMSO