

2.24B**Administrator's progress report**

Name of Company

SSL Retail Limited

Company number

01296016

In the High Court of Justice
Chancery Division, Companies CourtCourt case number
7448 of 2012

We,

Brian Green
KPMG LLP
St James Square
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Joint Administrators of the Company, attach a progress report for the period

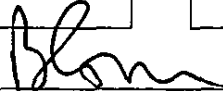
from

3 January 2014

to

2 July 2014

Signed


Joint Administrator

Dated

1 August 2014

Contact Details:

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

Thomas Johnson
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St James Square
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DX Number DX 724620 Manchester

Tel 0161 246 4102
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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

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COMPANIES HOUSE



**SSL Retail Limited - (in
administration)**

**Progress report for period
from 3 January to 2 July 2014**

KPMG LLP

1 August 2014

This report contains 18 pages

BG/PC/TJ

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KPMG LLP
2 August 2014

About this Report

This report has been prepared by Brian Green and David Costley-Wood, the Joint Administrators of SSL Retail Limited, solely to comply with their statutory duty under the Insolvency Act 1986 and the Insolvency Rules 1986 on the progress of the Administration, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This progress report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in the Company.

Any estimated outcomes for creditors included in this progress report are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.

Any person that chooses to rely on this progress report for any purpose or in any context other than under the Insolvency Act and Rules 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this progress report to any such person.

The Joint Administrators act as agents for the Company and contract without personal liability. The appointments of the Joint Administrators are personal to them and, to the fullest extent permitted by law, KPMG LLP does not assume any responsibility and will not accept any liability to any person in respect of this progress report or the conduct of the Administration.

1 Glossary

| | |
|--|--|
| the Act | The Insolvency Act 1986 |
| Adidas | Adidas (U K) Limited |
| Administration / Administration Order | The Administration Order granted by the High Court of Justice Chancery Division Companies Court, in respect of SSL Retail Limited on 1 October 2012 Court Administration Order number 7448 of 2012 |
| APA | Asset Purchase Agreement relating to the sale and purchase of certain of the business and assets of JJB, Blane and the Company dated 1 October 2012 |
| the Bank | Bank of Scotland, part of Lloyds Banking Group |
| Blane | Blane Leisure Limited |
| Brodies | Brodies LLP |
| the Company | SSL Retail Limited (in administration) (Company registration number 01296016) |
| DSGI | Dicks Sporting Goods Inc |
| the Directors | David Williams |
| Herbert Smith | Herbert Smith Freehills LLP |
| JJB | JJB Sports plc |
| Joint Administrators | Brian Green and David Costley-Wood of KPMG LLP |
| KPMG | KPMG LLP |
| the Prescribed Part | Fund available to unsecured creditors under Section 176A of the Act ranging between £10,000 and £600,000 depending on net floating charge asset realisations |
| the Proposals | Report to Creditors pursuant to Paragraph 49 of Schedule B1 to the Insolvency Act 1986 dated 21 November 2012 |
| the Purchaser | Various subsidiaries of Sports Direct International plc |
| the Rules | The Insolvency Rules 1986 |
| VAT | Value Added Tax |

2 Executive Summary

- ❑ The Company was a subsidiary of JJB. It held a small number of property leases operated by JJB and did not otherwise trade. Its only other asset is a debt due from a fellow JJB subsidiary, Blane, a company also in administration.
- ❑ The Joint Administrators were appointed by the Directors on 1 October 2012 pursuant to Paragraph 22 of Schedule B1 of the Insolvency Act 1986.
- ❑ In accordance with Paragraph 100(2) of Schedule B1 to the Insolvency Act 1986 the functions of the Joint Administrators may be exercised by either or all of them.
- ❑ This progress report covers the period from 3 January to 2 July 2014 ("the Period") and has been prepared in accordance with Rules 2.47 and 2.112 of the Insolvency Rules 1986. It should be read in conjunction with the Joint Administrators' previous reports.
- ❑ The Joint Administrators circulated the Proposals to all known creditors on 23 November 2012. The Proposals were deemed approved without modification on 5 December 2012.
- ❑ There was no prospect of rescuing the Company as a going concern. Therefore, the purpose of the Administration, in accordance with Paragraph 3(1) (b) of Schedule B1 to the Insolvency Act 1986 is achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up.
- ❑ The trading business and assets of JJB were sold via a pre-packaged sale which included two leases held by the Company.
- ❑ No distributions have been made to secured lenders from the Administration.
- ❑ The Company had no employees and therefore no preferential liabilities.
- ❑ In accordance with Rule 2.98 of the Insolvency Rules 1986 (as amended), on 20 June 2014 a first and final dividend of 0.34 pence in the pound was declared payable on the claims of unsecured creditors admitted in the Administration. This distribution related to the Prescribed Part which amounted to £40,373 before deduction of the Joint Administrators' directly incurred time costs.
- ❑ The Joint Administrators have complied with their statutory duty to report on Directors' conduct.
- ❑ The Joint Administrators obtained approval from the Court for the extension of the Administration to 30 September 2015.
- ❑ Full details of the Joint Administrators' progress report are attached together with all the relevant statutory information included by way of Appendices.



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2 August 2014

- ☐ Unless stated otherwise, all amounts in this progress report and appendices are stated net of VAT

A handwritten signature in black ink, appearing to read 'B Green'.

Joint Administrator – Brian Green

3 Progress to date

3.1 Strategy

Please see our previous reports which set out the strategy of the Administration

3.2 Communication

The Joint Administrators gave written notice of their appointment to all known creditors on 2 October 2012

The Joint Administrators subsequently circulated the Proposals on 23 November 2012. The Proposals were deemed approved without modification on 5 December 2012.

The Joint Administrators circulated their first progress report, for the period 1 October 2012 to 31 March 2013, to all known creditors on 24 April 2013.

On 5 July 2013 the Joint Administrators issued a further progress report for the period 1 April 2013 to 2 July 2013 in conjunction with their application to Court for an extension of the Administration. On 29 January 2014, the Joint Administrators issued a further progress report covering the period from 3 July 2013 to 2 January 2014.

3.3 Asset realisations

Realisations made during the Period are set out in the attached receipts and payments account (Appendix 2) and are also summarised below.

3.3.1 Bank interest

The Joint Administrators have received interest of £424 on funds held during the Period.

3.3.2 Book Debts

A payment of £186,826 was received in the Period from the administration of Blane Leisure Limited in respect of a first and final dividend on an intercompany debtor balance of £7 million.

3.4 Cost of realisations

Payments made in this period are set out in the attached receipts and payments account (Appendix 2) and are also summarised below.

3.4.1 Sundry costs

The Joint Administrators paid £85 in relation to the advertising of the Prescribed Part distribution as required by the Rules.

3 4 2 Insurance of assets

The Joint Administrators have paid £318 in the Period relating to public liability insurance covering the leasehold retail properties (which have all now been either surrendered or assigned)

3.5 Investigations

As previously reported, the Joint Administrators have a statutory duty to investigate the Directors' conduct. The Joint Administrators have complied with this duty but creditors should note that the report and its contents are confidential

3 6 Schedule of expenses

A detailed breakdown of the costs incurred during the Period, whether paid or unpaid, is set out at Appendix 4

3.7 Dividend prospects

3 7 1 Secured creditors

The Group received funding from the Bank comprising working capital facilities of £25 million together with associated ancillary facilities of £13 million

The Bank holds a guarantee from the Company in relation to these facilities which includes a first ranking debenture dated 24 May 2011 containing fixed and floating charges over the Company's assets

The JJB Group operated with additional facilities from DSGI and Adidas totalling approximately £18.5 million and £15 million respectively. These facilities were also secured by a debenture dated 27 April 2012 conferring second ranking status to DSGI

The Joint Administrators' solicitors, Herbert Smith Freehills, have reviewed the various charges held by Lloyds, DSGI and Adidas and have confirmed their validity

The Bank's lending has been settled in full from the administrations of JJB and Blane. The Joint Administrators anticipate that a small distribution will be made to DSGI but that there will be no funds available to Adidas whose facility was largely undrawn at the date of the Joint Administrators' appointment

No distributions have been made to date from the Administration

3 7 2 Preferential creditors

The Company had no employees and therefore has no preferential liabilities

3 7 3 Unsecured creditors

In accordance with Rule 2.98 of the Insolvency Rules 1986 (as amended), on 20 June 2014 a first and final dividend was declared payable on the unsecured claims admitted in the Administration. This distribution related to the Prescribed Part

The value of the Prescribed Part was calculated to be £40,373. Time costs of £15,725 were incurred by the Joint Administrators in relation to the Prescribed Part, including identifying and agreeing creditor claims. These costs were capped at £11,500. Such costs have been deducted from the Prescribed Part resulting in total funds available to distribute from the Prescribed Part of £28,873.

The total value of unsecured creditor claims admitted in the Administration was £8,424,118 which equated to a dividend of 0.34 pence in the pound.

4 Future strategy

4.1 Future conduct of the Administration

We propose to continue to manage the affairs, the business and the property of the Company in order to achieve the purpose of the Administration. This will include, but not be limited to:

- ❑ day to day management of the Administration,
- ❑ settlement of any ongoing liabilities such as professional and other outstanding costs, and
- ❑ making distributions to DSGI as second ranking secured creditor as appropriate.

5 Comments on the Appendices

5.1 Statutory information

Statutory information can be found in Appendix 1

5.2 Receipts & payments account for the Period

The receipts and payments for the Period are set out at Appendix 2

For comments on receipts and payments made in the Period, please refer to paragraphs 3.3 and 3.4 respectively

5.3 Expenses for the Period

Expenses for the Period, which are summarised in Appendix 4, total £46,589 including amounts not yet paid of £46,504. Creditors should note that the Joint Administrators do not anticipate that these time costs will be drawn in full.

5.4 Administrators' remuneration

A breakdown of the Joint Administrators' time costs for the Period is attached (see Appendix 3).

The statutory provisions relating to remuneration are set out in r2.106 of the Rules. A creditor's guide to fees can be found at

http://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_Fees_Nov20111.pdf

However, if you are unable to access this guide and would like a copy, please contact Thomas Johnson on 0161 246 4102.

During the Period, we have incurred time costs of £46,504 representing 147 hours at an average rate of £317 per hour. This includes input from sustainability, direct and indirect tax KPMG LLP specialists.

A detailed breakdown of the charge out rates for the duration of the Administration is included in Appendix 3 to this progress report.



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2 August 2014*

Please note that all staff who have worked on this assignment, including cashiers and secretarial staff have charged time directly to the assignment and are included in the analysis of time spent. The cost of staff employed in central administration functions is not charged directly to this assignment but is reflected in the general level of charge out rates.

In the period, no fees have been drawn by the Joint Administrators.

Additional information about the expenses charged for the period is available from the office holder upon request by any secured creditor, and any other creditor or creditors owed 5% or more in value of the unsecured liabilities listed. Full details of the process to obtain more information under r2 48A of the Rules and to challenge the Administrators' remuneration and expenses under r2 109 of the Rules are included in Appendix 5. In addition creditors are reminded that the quantum can be challenged by unsecured creditor(s) with at least 10% in value of total unsecured liabilities listed by making an application to court in accordance with r2 109 of the Rules.

Appendix 1

Statutory Information

| | |
|-----------------------------|--|
| Company name | SSL Retail Limited |
| Company registration number | 01296016 |
| Date of incorporation | 21 January 1971 |
| Previous registered office | Challenge Way Martland Park Wigan Lancashire WN5 0LD |
| Present registered office | KPMG LLP St James' Square Manchester Lancashire M2 6DS |
| Issued share capital | 40,025,000 ordinary shares of £1 each 110,000 ordinary non-voting shares of £1 each |
| Directors | Mr D Williams |
| Company secretary | Mr D Williams |
| Employees | None |
| Previous names | Olympus Sport International Limited until 20 May 1991 |

Appendix 2

Joint Administrators' receipts and payments account

| SSL Retail Limited (In Administration) Administrators' Abstract of Receipts & Payments | | | |
|--|-------------------------------------|----------------------------------|--------------|
| Statement of Affairs | From 03/01/2014 To 02/07/2014 | From 01/10/2012 To 02/07/2014 | |
| | FIXED CHARGE ASSETS | | |
| 200,000 00 | Leasehold property | NIL | 200,000 00 |
| | Assigned IP | NIL | 1 00 |
| | Bank interest, gross | 424 05 | 2,132 91 |
| | Licence Fee | NIL | 185,030 92 |
| | Interest on completion | NIL | 2 23 |
| | | 424 05 | 387 167 06 |
| | FIXED CHARGE COSTS | | |
| | Administrators' fees | NIL | 30 000 00 |
| | Administrators' expenses | NIL | 320 00 |
| | Legal fees | NIL | 8 782 46 |
| | Legal disbursements | NIL | 213 60 |
| | Agents'/Valuers' fees | NIL | 1,039 16 |
| | Sundry costs | 84 60 | 1 869 55 |
| | Insurance of assets | 318 00 | 954 00 |
| | Bank charges | NIL | 60 00 |
| | Transferred stores - Rent | NIL | 149 585 17 |
| | Transferred stores - Service Charge | NIL | 21,322 09 |
| | Transferred stores - Insurance | NIL | 2,940 39 |
| | | (402 60) | (217 086 42) |
| | FIXED CHARGE CREDITORS | | |
| (43,743,151 00) | Lloyds TSB Bank Plc | NIL | NIL |
| | | NIL | NIL |
| | ASSET REALISATIONS | | |
| 182 444 00 | Intercompany | 186 825 59 | 186,825 59 |
| | | 186 825 59 | 186 825 59 |
| | OTHER REALISATIONS | | |
| | Cash at stores | NIL | 37 72 |
| | | NIL | 37 72 |
| | UNSECURED CREDITORS | | |
| (8 383 618 00) | Trade & expense | 28 872 66 | 28 872 66 |
| (40 135 000 00) | Issued and Called Up Share Capital | NIL | NIL |
| | | (28 872 66) | (28 872 66) |
| (91,879,325 00) | | 157,974 38 | 328,071 29 |
| | REPRESENTED BY | | |
| | Fixed charge current | | 170 063 72 |
| | Floating charge current | | 157,990 65 |
| | Fixed charge VAT receivable | | 16 92 |
| | | | 328,071 29 |

Brian Green
Administrator

Appendix 3

Analysis of Joint Administrators' time costs for the period 3 January to 2 July 2014

| SSL Retail Limited - SP 9 - Time costs analysis (03/01/2014 to 02/07/2014) | | | | | | |
|--|--------------------|---------|---------------|---------------|---------------|-------------------------|
| | Hours | | | | Time Cost (£) | Average Hourly Rate (£) |
| | Partner / Director | Manager | Administrator | Support Total | | |
| Administration & planning | | | | | | |
| Cashiering | | | | | | |
| General (Cashiering) | 0 20 | | 4 50 | 4 70 | 1,443 00 | 307 02 |
| Reconciliations (& IPS accounting reviews) | | 1 30 | 3 20 | 4 50 | 1,637 00 | 363 78 |
| General | | | | | | |
| Books and records | | | 2 00 | 2 00 | 510 00 | 255 00 |
| Fees and WIP | | 0 70 | | 0 70 | 409 50 | 585 00 |
| Statutory and compliance | | | | | | |
| Checklist & reviews | 1 00 | 2 90 | 48 30 | 52 20 | 14,478 00 | 277 36 |
| Reports to debenture holders | | 1 00 | | 1 00 | 585 00 | 585 00 |
| Statutory receipts and payments accounts | | | 8 90 | 8 90 | 2,303 50 | 258 82 |
| Strategy documents | 0 10 | 0 70 | | 0 80 | 486 00 | 607 50 |
| Creditors | | | | | | |
| Creditors and claims | | | | | | |
| Agreement of unsecured claims | | 8 30 | 31 65 | 39 95 | 12,686 25 | 317 55 |
| General correspondence | | | 2 00 | 2 00 | 510 00 | 255 00 |
| Payment of dividends | 1 00 | 4 70 | 7 70 | 13 40 | 4,986 00 | 372 09 |
| Statutory reports | 1 00 | 3 70 | 8 60 | 13 30 | 5,122 50 | 385 15 |
| Realisation of assets | | | | | | |
| Asset Realisation | | | | | | |
| Debtors | | | 0 50 | 0 50 | 170 00 | 340 00 |
| Leasehold property | | 0 40 | 0 20 | 0 60 | 285 00 | 475 00 |
| Open cover insurance | | | 1 50 | 1 50 | 510 00 | 340 00 |



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| SSL Retail Limited - SIP 9 - Time costs analysis (03/01/2014 to 02/07/2014) | | | | | | |
|---|--------------------|--------------|---------------|-------------|---------------|-------------------------|
| | Hours | | | | Time Cost (£) | Average Hourly Rate (£) |
| | Partner / Director | Manager | Administrator | Support | Total | |
| Sale of business | 0 50 | | | | 0 50 | 765 00 |
| Total in period | 3 80 | 23 70 | 119 05 | 0 00 | 146 55 | 317.33 |

| | | |
|--|--------|------------|
| Brought forward time (appointment date to SIP 9 period start date) | 274 90 | 104,378 50 |
| SIP 9 period time (SIP 9 period start date to SIP 9 period end date) | 146 55 | 46,504 25 |
| Carry forward time (appointment date to SIP 9 period end date) | 421 45 | 150,882 75 |



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Appendix 3 (continued)

Joint Administrators' charge out rates for the period 3 January to 2 July 2014

Chargeable hourly rates

| Grade | £ |
|-------------------|----------|
| Partner | 765 |
| Director | 670 |
| Senior Manager | 585 |
| Manager | 465 |
| Assistant Manager | 340 |
| Assistant | 255 |
| Support | 130 |



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Appendix 3 (continued)

Joint Administrators' disbursements in the period

No disbursements have been incurred in the Period



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Appendix 4

Schedule of Administration expenses for the Period

| | Paid per R&P | Less Prior accruals | Accrued unpaid in period | Total expenses incurred in period |
|--------------------------|--------------|------------------------|--------------------------------|---|
| Fixed charge costs | | | | |
| Administrators' fees | - | 44,379 00 | 46,504 25 | 46,504 25 |
| Administrators' expenses | - | - | - | - |
| Legal fees | - | 2,382 03 | - | - |
| Legal disbursements | - | - | - | - |
| Agent's commission | - | - | - | - |
| Managing agent's fees | 84 60 | - | - | 84 60 |
| Bank charges | - | 60 00 | - | - |
| Licence fees | - | 152,913 00 | - | - |
| Insurance | 318 00 | 536 67 | - | - |
| Total | 402 60 | 200,270 70 | 46,504 25 | 46,588 85 |

Appendix 5

Extract from the Insolvency Rules 1986

2 48A Creditors' request for further information

(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

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)

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

2 109 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 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) An 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,

(c) expenses incurred by the administrator,

is or are in all the circumstances, excessive, or in the case of an application under subparagraph (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")

(2) The court may, if it thinks that no sufficient cause is shown for a reduction, dismiss it without a hearing but it shall not do so without giving the applicant at least 5 business days' notice, upon receipt of which the applicant may require the court to list the application for a without notice hearing. If the application is not dismissed, 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 administrator 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 administrator 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,



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(d) an order that some or all of the remuneration or expenses in question be treated as not being expenses of the administration,

(e) an order that the administrator or the administrator'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 administration