

The Insolvency Act 1986

Administrator's progress report

Name of Company

Do It All Limited

Company number

01977522

In the

High Court of Justice, Chancery Division, Leeds District Registry

[full name of court]

Court case number

641 of 2011

(a) Insert full name(s)
and address(es) of
administrator(s)I / We (a) Simon Allport, Thomas Andrew Jack and Alan Michael HudsonErnst & 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)

5 May 2011

(b)

4 November 2011

Signed

Joint / Administrator(s)

Dated

25/11/11**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.

Abi Smith

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

DX Number

DX Number



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Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

TO ALL KNOWN CREDITORS & MEMBERS

25 November 2011

Ref: P/SA/BW/CB/ACS/NWM107/IPC1
Direct line: 0161 333 3279
Direct Fax: 0161 333 3003
Tom Payner
email: tdpayner@uk.ey.com

Dear Sirs

Focus (DIY) Limited
Focus DIY (Investments) Limited
Do It All Limited
Do It All (Holdings) Limited
Payless DIY Limited
Payless Properties Limited
(All in Administration) (together 'the Companies' or 'the Group')

I write, in accordance with Rule 2.47 of the Insolvency Rules 1986, to provide creditors with a report on the progress of the Administrations of the Companies. This report covers the period from 5 May 2011 to 4 November 2011 and should be read in conjunction with the Joint Administrators' statement of proposals dated 24 June 2011.

The Companies entered administration on 5 May 2011 with S Allport and T A Jack of Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY and A M Hudson of Ernst & Young LLP, 1 More London Place, London, SE1 2AF appointed to act as Joint Administrators. The appointments were made by the Companies' secured creditors under the provisions of paragraph 14 of Schedule B1 to the Insolvency Act 1986. Under the terms of appointment, any act required or authorised to be done by the Joint Administrators can be done by any of them, acting jointly or severally.

A list of abbreviations is included at Appendix 1 to this report, and certain statutory information relating to the Companies and the appointments of the Joint Administrators is provided at Appendix 2.

Creditors meeting

As previously advised in the Proposals, the Joint Administrators are of the opinion that the Companies have insufficient property, other than by virtue of the Prescribed Part, to enable a distribution to be made to non-preferential creditors. Accordingly, under the provisions of paragraph 52(1) of Schedule B1 to the Act, the Joint Administrators did not propose an initial meeting of creditors for any of the Companies.

The Joint Administrators would have been obliged to call an initial meeting of creditors if it had been requested by any creditor or body of creditors of an individual company, whose debt amounted to at least 10% of the total debts of that company. No such requests were received by the Joint Administrators and accordingly, the Proposals were ratified on 8 July 2011.



Background and group structure

Background

At the time of the appointments, the Group was the number four DIY and gardening retailer in the UK, trading from 177 stores nationally, and employing c 4,000 employees in total, 3,646 of whom were employed in the stores

The Group's head office and management functions were operated from leasehold premises at Gawsworth House, Westmere Drive, Crewe, Cheshire CW1 6XB, where 264 head office staff were located

The Group also had operations at a national distribution centre in Tamworth, a c 585k sqft warehouse, managed by a third party stock management operator, Wincanton, and transport operator, Lloyd Fraser. There was also a dedicated IT centre in Paulton which housed the Group's retail IT systems

Wider Focus group

Presented at Appendix 6 is a simplified group structure, highlighting the six Companies in Administration. Following the appointment of the Joint Administrators, a number of the wider Focus group companies have entered insolvency proceedings as detailed at Appendix 6. In addition, a number of the non-trading entities are also under consideration for potential strike-off and subsequent dissolution.

Due to the inter-company position across the wider group at the date of appointment of the Joint Administrators, the Companies may have claims in the wider group entities which will be submitted in due course.

The group, as detailed at Appendix 6, is ultimately owned and controlled by affiliates of Cerberus, via the investment holding vehicles FLP2, and FLP3. At the point of acquisition by Cerberus in July 2007, FLP3 injected £160m into the Group in the form of secured senior lending facilities. FLP3's security is subordinate to a syndicated £50m revolving credit facility provided to the wider group by GMAC and BoS. All of the secured facilities for the benefit of the wider group sit within Investments as the principal borrower, supported by guarantees, security and legal charges from Focus DIY, Do It All, Holdings, Payless DIY and Payless Properties together with certain other group companies.

Circumstances giving rise to the appointments

In late 2009 the Group undertook a restructuring exercise via a CVA as a consequence of declining sales and profitability, further impacted by difficult trading periods in 2008 and 2009. The CVA allowed the Group to restructure, reduce its high fixed cost base and release the Group from unoccupied or sub-let stores which were impacting the profitability of the Group.

Whilst Do It All returned a net profit after tax of £0.7m in the 12 months ended 21 February 2010, Focus DIY generated an annual loss of £11.7m after depreciation and amortisation costs, despite benefiting from the rent saving relating to 38 non-operational stores achieved as a result of the CVA.

The performance of the Group continued to deteriorate throughout 2010 and into 2011. With an awareness of the deteriorating cash and financial performance of the business, the Group's management and lenders pursued alternative strategies in order to stabilise the Group and maximise value for stakeholders, these included:

- ▶ A second CVA Management worked on a plan to implement a second CVA to eliminate further underperforming stores and improve the underlying cost structure of the business. The second CVA proposed by management required an extension to existing lending facilities. Given the prevailing challenging retail environment there were significant risks to any further CVA proposal being approved, and if approved, succeeding.
- ▶ A sale of the Group. Advisors were instructed to conduct a sale process, which started in autumn 2010, but resulted in limited interest from competitors or trade buyers for the business as a going concern. At the time of the Joint Administrators' appointment an offer was progressing for the Group, however, insufficient time was available to progress this to a funded offer and the transaction would have resulted in the break-up of the business. It was evident from this process however, that significant value lay in the business' property leases.

During this time the secured lenders continued to consider their options. Ernst & Young LLP assisted the lenders in assessing the trading and cash flow performance of the Group. As the sale process continued it became evident that a sale of the business would be unlikely. Consequently, the lenders asked Ernst & Young LLP to assist with scenario planning should it not be possible for the proposed rescue strategies to be completed before a breach of facilities.

The scenario planning continued up until the date of appointment, alongside the discussions between the secured lenders, shareholders and management regarding the options for the business. With no additional funding available from its lenders, management subsequently concluded that to protect the interest of all creditors, it was necessary to place the business into administration. Consequently, on 4 May 2011 the Directors filed at the Court a Notice of Intention to Appoint Administrators in respect of the Companies and on 5 May 2011, Simon Allport, Thomas Andrew Jack and Alan Michael Hudson were appointed Joint Administrators of the Companies under the provisions of paragraph 14 of schedule B1 to the Act.

As stated in the Proposals, the Joint Administrators have pursued a strategy to achieve a better outcome for the Companies' creditors as a whole, than would be likely if the Companies were first wound up.

Summary of progress

Trading

Trading sales

On appointment the Joint Administrators undertook a trading process to realise value in the Companies' stock on hand. It was considered that a period of trading would maximise realisations, and deliver a premium over the cost value of the stock and a significantly enhanced outcome compared to disposing of the stock in an ex-situ wholesale disposal.

Total stock sales of £100.6m have been realised during the period of Administration trading (stated net of VAT and before costs of realisation), against stock at cost of c £89.0m on hand at the date of appointment. There are no further stock assets remaining to be realised.

In addition to the stock on hand at the date of appointment, additional stock of £2.5m (plus VAT) was purchased during the trading period representing the Companies' core stock lines (including paint, seasonal planting and garden furniture).

Whilst continuing to trade the stores the Joint Administrators pursued a going concern sale of the Group. The Joint Administrators quickly secured sales of option agreements on a number of stores to Kingfisher,

Wickes and B&M (see sale of business section later in the report), following which it became apparent that the prospects of securing further going concern property disposals were limited

Accordingly, on 23 May 2011, the Joint Administrators engaged retail agents Gordon Brothers to assist with maximising value for the remaining stock held in the business through an orderly liquidation process. The Joint Administrators continued to pursue further discrete lease disposals, which included transferring stores to Asda and TJ Morris and returning leases to various landlords.

In order to maximise realisations for creditors, the Joint Administrators, together with Gordon Brothers, initiated a phased closure program of the Companies' store portfolio, with the Companies' final stores ceasing to trade on 22 July 2011.

Trading costs

Undertakings

Following the appointment of Joint Administrators, undertakings were provided to certain essential service providers (including utility companies, cash collection agents, leased equipment and IT services providers). Following the cessation of trading, the majority of the undertakings provided were withdrawn with full and final payment made to the service providers. Given the volume of suppliers and extent of the property portfolio, significant work is still ongoing in reconciling and finalising the position in respect of the remaining trade creditors.

Inducement to trade

As advised in the Proposals a number of critical suppliers to the Companies refused to continue to provide their support to the business unless the Companies agreed to enter into additional inducement to trade arrangements.

In order to facilitate the ongoing trading of the business, total inducement to trade payments of £1.3m have been paid to date.

Retail agents

As noted above, retail agents Gordon Brothers were engaged to assist with realising value from Focus DIY's stock assets, and the orderly closure of the store estate. In performing this role, Gordon Brothers conducted an intensive marketing campaign to drive footfall and retail sales.

Gordon Brothers were engaged on a fixed fee and ratchet fee agreement directly linked to the realisations delivered for the creditors.

Employees

At the date of appointment, c 4,000 employees were employed by Focus DIY.

As previously advised in the Proposals, following the sale of store option agreements to Wickes and B&M (see sale of business section later in this report), a total of 543 jobs were preserved, with employees transferred to the purchasers under the TUPE regulations.

Since the Proposals, a further 571 employee transfers in respect of the sale of option agreement to Kingfisher were effected on 18 July 2011, bringing the total number of preserved jobs to 1,114.

On cessation of trading, certain head office employees were retained to assist with the exit of the Companies' head office and IT centre, archiving the Companies' records and stock and cash reconciliations

Total wages and salary payments of £10.9m have been made. The Joint Administrators consider that no further amounts are due to employees in respect of the trading period.

In addition to the above wages and salaries payment, £1.4m has been paid to former employees of the Companies in respect of their preferential claim for certain arrears of wages, holiday pay and pension deductions (discussed further at the creditors section of this report).

Retention of title

We have received information and claims from 162 suppliers who believe they may hold a valid retention of title claim against the Companies. The total value of the claims received to date is estimated at £56.0m.

To 4 November 2011, 41 claims have been finalised, with payments made to the claimants in return for relinquishing a variety of rights, at a cost of £15.8m. A further 36 suppliers have confirmed they do not wish to pursue their retention of title claim. The Joint Administrators and their staff continue to engage with the remaining 85 claimants regarding the validity of their claims.

Sale of business

Immediately on appointment the Joint Administrators began an intensive marketing process to maximise value through a sale of the Group's business and assets on a going concern basis. Working alongside our appointed specialist property agents, it quickly became apparent that there was significant interest in the property portfolio of the Group, which offered the potential to realise large premiums from certain leases.

Total realisations from property leases across the Companies are £45.8m, made up of £32.9m from option agreements and £12.9m of other property lease realisations.

Option agreements

The Joint Administrators have successfully completed four option agreements to assign the right, title and interest in specific property leases held by Focus DIY, Do It All and Payless DIY to four separate purchasers ('the Purchasers').

Focus Group company	Number of properties included in option agreement	Purchaser	Consideration (£m)
Focus DIY and Do It All	31	Kingfisher	23.0
Focus DIY and Do It All	13	Wickes	8.4
Focus DIY and Payless DIY	12	B&M	1.3*
Focus DIY	2	TJ Morris	0.2
Total	58		32.9

* £1.1m of the B&M consideration is included in Proceeds from sale of other fixed charge assets in the Receipts and Payments accounts attached at Appendix 3.

Under the terms of the option agreements, the Joint Administrators granted the Purchasers the right to acquire the Companies' interest in the leases. At this time 44 leases have been transferred to the Purchasers, with four properties withdrawn from the option agreements. The Joint Administrators

continue to work with the respective landlords and Purchasers to assign the remainder of the Companies' leases covered under the option agreements

Other property lease realisations

In addition to the sale of property option agreements noted above, the Joint Administrators have successfully realised £12.9m from assigning the Companies' interest in four store leases to Asda, and surrenders of certain of the Companies' leases back to the respective landlords for a premium. The Companies are currently holding a further four properties in order to realise potential future value from these leases.

The disposal of certain of the Companies' property leases to date is summarised in the table below

Focus Group Company	Assignment / Surrender	Number of properties	Purchaser / Counterparty	Realisation (£m)
Focus DIY and Do It All	Assignment	4	Asda	11.5
Focus DIY	Surrender	3	Landlord surrender	1.4
Total		7		12.9

Through continued dialogue with landlords of the Group's property estate, further lease disposals have been completed, securing rent free periods for the Administrations, mitigating trading costs and / or limiting unsecured claims arising under the leases.

In realising the above property option agreements / assignments and surrenders, store clearance costs of £0.2m have been incurred, which have been paid as an expense of the Administrations.

Property

At the date of appointment the Companies held leases on a total of 208 properties

Nature of property at date of appointment	Number of properties	Status of lease			
		Assigned to new tenant / lease premium realised	Held under option agreement / for potential future realisation	Surrendered / otherwise disposed of	Offered for surrender but not yet accepted
Trading stores	177	51	14	24	88
Non-trading / unoccupied properties	27	-	-	8	19
Head office / support centres	4	-	-	-	4
Total	208	51	14	32	111

Following the sale of the Option Agreements to the Purchasers, the Joint Administrators vacated the trading stores in line with the phased store closure program. Following cessation of trade on 22 July 2011, the Joint Administrators had vacated all of the Companies' stores on or before 23 July 2011.

For the stores / properties not subject to a sale agreement or held for potential future realisation (including non-trading properties), the Companies hold no interest and a surrender of the lease to each of these properties has been offered to the respective landlords.

The Joint Administrators have also vacated the Companies' head office and support centres. The distribution centre in Tamworth was vacated on 23 June 2011 and the Companies' head office was vacated on 28 September 2011. In addition, the Companies' two support centres located in Paulton and Crewe were vacated on 23 August 2011 and 23 June 2011 respectively. The Joint Administrators hold no interest in these leases and surrenders have been offered to the respective landlords of these properties.

Other than for the four stores where the Companies are retaining beneficial interest in the lease in anticipation of realising potential future lease premium, the Joint Administrators consider that there is no further potential to realise value from the Companies' leases.

Total rent (including service charge and insurance) of £8.4m has been paid to date. Under the terms of the option agreements, the Companies granted the Purchasers a licence to occupy the properties subject to the respective option agreements. To 4 November 2011, the Companies have received £4.5m from the purchasers in respect of rent, service charge and insurance. This has been paid over to the respective landlords of the stores included in the option agreements (and included in the rent payment stated above). The receipts and payments account attached at Appendix 3 shows the rent paid by the Companies net of the Purchasers' contributions (£3.9m).

Total business rates of £3.0m have been paid to 4 November 2011, representing the majority of the Companies' liability for the period of occupation.

Intangible assets

The Joint Administrators have realised £0.3m in respect of the Companies' intellectual property assets, including the Focus brand, other own brands and certain internet domain names. No further realisations are anticipated in respect of intangible assets.

Other asset realisations

Credit card retentions

Following the appointment of the Joint Administrators, the Companies' credit card processing agents, BMS and Amex, retained £4.1m and £0.2m respectively of pre-appointment cash in transit to seek to mitigate their chargeback risk, principally arising from undelivered pre-appointment customer orders.

Following appointment, Amex increased their reserve to £1.5m through withholding funds in respect of post-appointment transactions.

The Joint Administrators have worked closely with both BMS and Amex to release funds.

- ▶ On 14 July 2011 a release of £1.0m was secured from BMS, leaving a retained balance of £3.1m, and
- ▶ On 29 June 2011 a release of £0.5m was secured from Amex, followed by a second release on 19 July 2011 of £0.5m, and a further release on 12 October 2011 of £0.1m, leaving a retained balance of £0.4m.

Based on the Companies' records at the date of appointment, and the level of chargeback documentation received to date, the Joint Administrators believe that the amounts retained by BMS and Amex remain in excess of their chargeback exposure and we therefore continue to seek a further release of funds from both parties.

Debtors and prepayments

According to the Companies' books and records, debtors and prepayments totalled £3.6m at the date of appointment. Of this balance £2.5m is not considered recoverable, due to supplier counterclaims, set-offs and unfulfilled orders. To 4 November 2011, the Joint Administrators have realised £0.5m of the recoverable balance.

The Joint Administrators continue to make enquiries of Creation, the Companies' pre-appointment provider of interest-free / buy now pay later finance to customers and the pre-appointment insurance broker, in order to secure and accelerate a release of the amounts due to the Companies, estimated at £0.5m and £0.1m respectively.

Other assets not subject to fixed charge

Other assets not subject to fixed charge largely comprise store racking, packaging held for recycling, IT equipment and office furniture.

The racking, furniture and computer equipment, that was located at the Companies' distribution centre in Tamworth, was sold following exit of this site for £0.1m. In addition, £0.1m was realised in respect of income from recycled packaging collected from the distribution centre.

The remaining realisations not subject to fixed charges comprise fixtures and fittings that were recovered from the Companies' stores, head office and two support centres which were subsequently marketed for sale and realised £0.1m.

Total realisations in respect of assets not subject to fixed charge amount to £0.3m with no further realisations anticipated.

Other matters

Tax

The Joint Administrators have engaged tax specialists from their firm to provide advice in respect of the VAT and corporation tax matters arising in the Administrations, specifically in respect of option agreements, trading matters and formalising the tax affairs and compliance matters for the Companies.

In this regard, the pre-appointment corporation tax affairs of the Companies are being brought up to date, including agreeing the brought forward tax losses available to the Administrations.

Customer orders / claims

At the date of appointment there were c. 10,000 customer orders outstanding with a retail value of c. £3.0m per the Directors' Statement of Affairs.

Shortly following appointment, and after receiving appropriate legal advice, the Joint Administrators were able to release orders in situations where the customer had paid in full for the goods, held a valid receipt and the customer had been advised by the store that the goods were in stock and reserved for the customer's collection.

The Joint Administrators were able to release goods to customers meeting the above criteria, however, due to the volume of outstanding unfulfilled customer orders at the date of appointment, the Joint Administrators continue to receive claims from customers in respect of orders placed pre-appointment that have not subsequently been fulfilled by the Companies.

In respect of goods purchased by customers post appointment, the Joint Administrators maintained the Companies' existing 28 day refund or exchange policy. That 28 day refund or exchange period has now expired, and therefore no refunds or exchanges will be offered. This does not, however, affect the statutory rights of a customer under the Sale of Goods Act 1979 (as amended).

Receipts and payments account

A summary of the Joint Administrators' receipts and payments accounts for the Companies, for the period from 5 May 2011 to 4 November 2011 are attached at Appendix 3. The receipts and payments accounts presented do not reflect estimated future realisations or costs.

Investigations into the Companies' affairs

The Joint Administrators have undertaken an investigation into the Companies' affairs pursuant to Statement of Insolvency Practice Number 2, Investigations by Office Holders.

This assessment has been conducted through making enquiries of the Companies' directors and officers, receiving written statements / questionnaires from the Companies' directors and certain key employees, a review of the Companies' books and records, and after receiving the benefit of matters brought to light by the creditors and trade suppliers to the Companies.

The Joint Administrators have concluded their assessment. At this point in time no further investigation / action is being undertaken.

Outcome to creditors

Secured creditors

GMAC and BoS provided a revolving credit facility to the Companies and the wider Focus group and are the Group's first-ranking secured lenders. The total amounts owing to them as at 5 May 2011 was £32.2m. GMAC and BoS have been repaid in full.

BoS provided and underwrote several bills of exchange, letters of credit and guarantees granted in favour of certain of the Companies' utility and overseas trading suppliers. Following cessation of trade the bills of exchange and letters of credit in favour of the Companies' trading suppliers have all either been paid or, where appropriate, cancelled. The Joint Administrators continue to work with BoS in respect of the remaining letters of credit and guarantees to reconcile and finalise any amounts due to the beneficiaries under these facilities.

FLP3, the Group's second-ranking secured lender, had total amounts owing to it across the Group as at 5 May 2011 of £214.7m (before the application of any relevant charges or fees). A distribution of £25.0m has been made to FLP3 to date. It is expected that further distributions will be made to FLP3 during the Administrations. However, as previously advised, the Joint Administrators believe that the total realisations available for distribution to FLP3 will be significantly less than the amount the Companies owed at the date of appointment.

In addition to the first and second ranking secured creditors, there is a further class of secured creditors of the Companies in the form of mezzanine noteholders. Following the acquisition of the Companies by FLP2 (the parent company to FLP3) in 2007, the security held by the mezzanine noteholders was subordinated to FLP3's second ranking secured debt. Consequently, as it is expected that FLP3 will face a significant shortfall in respect of its second ranking secured debt, no funds will be available for distribution to the mezzanine debt bondholders under their security.

Preferential creditors

Preferential creditor claims of £1.5m have been received in respect of former employees' salaries, holiday pay and pension contributions. As the sole employer in the Group, these claims are against Focus DIY. As of 4 November 2011, preferential payments of £1.4m had been made against such claims. A further, final payment of £0.1m has since been distributed, which will repay preferential creditors in full.

Preferential creditor claims have been mitigated through the transfer of 1,114 employees at 53 of the Companies' former trading sites as discussed in the sale of business section of this report.

Non-preferential creditors

Non-preferential creditor claims continue to be submitted. The Directors' Statements of Affairs estimate that total non-preferential claims for Focus DIY and Do It All will be in the region of £821.1m.

This estimate is made up of the following:

Non-preferential creditor claims	Focus DIY (£m)	Do It All (£m)
Non-preferential trade accounts	61.4	0
Non-preferential non-trade accounts	223.4	102.7
Non-preferential amounts due to customers	3.0	0
Non-preferential employee claims	15.6	0
Intra-group creditors	346.6	68.4
Total	650.0	171.1

The Directors' Statements of Affairs for the other four companies estimate that total non-preferential claims in these entities will be as follows:

Company	£m	Details
Focus DIY (Investments) Limited	£1,104.0	Intercompany balances and accruals
Do It All (Holdings) Limited	£7.0	Landlords
Payless DIY Limited	£15.4	Landlords
Payless Properties Limited	£3.3	Landlords

Distributions to non-preferential creditors

As noted above, the Companies' first ranking secured creditors (GMAC and BoS) have been repaid in full. A distribution of £25.0m has been made to FLP3, the Group's second ranking secured creditor. However, FLP3 is expected to face a significant shortfall in the amount owed to it at the date of appointment.

Accordingly, the Joint Administrators do not anticipate being in a position to make a distribution to non-preferential creditors other than by virtue of the Prescribed Part, which is discussed below.

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 Focus DIY will be the maximum of £600,000. This figure is stated before the costs of dealing with the Prescribed Part.

The Joint Administrators are considering the merits of making an application to the Court, under section 176A(5) of the Act for an order not to distribute the Prescribed Part in Focus DIY on the grounds that the cost of making a distribution to non-preferential creditors would be disproportionate to the benefits. This is due to the number and value of non-preferential claims against Focus DIY, estimated at approximately c 15,000 claims with a value of £650.0m, giving a potential distribution of significantly less than one pence in the pound.

The position of a Prescribed Part in Do It All is currently uncertain. Whilst the Joint Administrators' initial assessment, and after receiving legal advice, is that all of the Companies' stock and floating charged assets were held by Focus DIY, as noted in the Proposals, this view differs to the historical accounting treatment adopted by the Directors of Do It All. Accordingly, legal direction may be sought in due course, prior to making any distribution or case closure.

The value of the Prescribed Part for the remaining four companies (Payless DIY, Payless Properties, Holdings, and Investments) is estimated to be £nil. However, due to the scale of intercompany balances between the Companies, the position for realisations in these Companies will only be confirmed once the Prescribed Part in Focus DIY and Do It All is known.

Joint Administrators' remuneration and expenses

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

At 4 November 2011 total time costs and disbursements incurred were the following:

Company	Time cost (£ 000)	Expenses (£ 000)
Focus DIY	4,456.9	72.0
Investments	11.3	0.0
Do It All	37.3	0.3
Holdings	14.5	0.0
Payless DIY	19.3	0.0
Payless Properties	16.4	0.0
Total	4,555.7	72.3

During the period covered by this report, the Joint Administrators have incurred time costs of £4.6m across the Companies, and have drawn fees of £3.0m (plus VAT) against Focus DIY.

An analysis of the time spent by the Joint Administrators and their staff is attached as Appendix 4 to this report. At Appendix 5 there is a statement of the Joint Administrators' policy in relation to charging time and disbursements.

During the period covered by this report, the Joint Administrators have incurred expenses totalling £72.3k plus VAT. The Joint Administrators have not billed or drawn any of the expenses incurred to date.

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 4 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 web site 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

Payments to other professionals

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

Name of firm	Nature of service	How contracted to be paid
Ashurst LLP	Legal advice	Time cost basis
DLA Piper UK LLP	Legal advice	Time cost basis
Knight Frank LLP	Asset valuations	Time cost basis
Gordon Brothers	Retail agents	Fixed fee and contingent fee based on percentage of realisations
King Sturge LLP / Jones Lang LaSalle	Business rates	Percentage of realisations
Harvey Spack Field	Property	Fixed fee and percentage of realisations
Tangible UK Ltd	Marketing support	Fixed fee
Corporate Auctions Ltd	Asset auctions	Percentage of realisations
STC Energy Solutions Ltd	Utility agents	Fixed fee and percentage of realisations

Future conduct of the Administrations

The Joint Administrators will continue to deal with the Administrations in line with the objectives as set out in the Proposals. Further tasks will include, but are not limited to

- ▶ Dealing with the property portfolio including outstanding lease assignments and landlord surrenders,
- ▶ Realising value from the property leases held,
- ▶ Recovering prepaid and debtor balances,
- ▶ Settlement of outstanding trading liabilities including finalising retention of title claims received property matters and trading suppliers,
- ▶ Preparing corporation tax returns and VAT returns,
- ▶ Dealing with any outstanding employee matters,
- ▶ Dealing with customer claims,
- ▶ Making further distributions to the creditors of the Companies,
- ▶ Completion of statutory requirements of the Administrations including reporting to creditors,

- ▶ Dealing with the Prescribed Part, and
- ▶ Any other items which may be encountered

Exit strategies

The Joint Administrators Proposals detailed the exit strategy for the Companies. Given the number of ongoing matters outlined above, the strategy for each of the individual companies is still to be determined. However, it was approved that this will be either through CVL or dissolution, whichever is more appropriate.

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

Yours faithfully
for the Companies



S Allport
Joint Administrator

- Enc
- Appendix 1 - Abbreviations
 - Appendix 2 - Statutory information
 - Appendix 3 - Joint Administrators' abstract of receipts and payments from 5 May 2011 to 4 November 2011
 - Appendix 4 - Summary of Joint Administrators' time-costs and disbursements from 5 May 2011 to 4 November 2011
 - Appendix 5 - Joint Administrators' policy for fees and disbursements
 - Appendix 6 - Group structure

S Allport and T A Jack are licensed in the United Kingdom to act as insolvency practitioners by The Institute of Chartered Accountants in England and Wales. A M Hudson is licensed in the United Kingdom to act as an insolvency practitioner by The Association of Certified Chartered Accountants.

The affairs, business and property of the Companies are being managed by the Joint Administrators, S Allport, T A Jack and A M Hudson, who act as agents of the Companies only and without personal liability.

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

Appendix 1

Abbreviations

The following abbreviations are used in this report

the Act	The Insolvency Act 1986
Amex	American Express
Asda	Asda Stores Limited
B&M	B&M Retail Limited
BMS	Barclays Merchant Services
BoS	Bank of Scotland plc
Cerberus	Cerberus European Capital Advisors LLP
the Companies or the Group	Focus (DIY) Limited, Focus DIY (Investments) Limited, Do It All Limited, Do It All (Holdings) Limited, Payless DIY Limited and Payless Properties Limited (All in Administration)
Creation	Creation Finance Limited
CVA	Creditors' Voluntary Arrangement
CVL	Creditors' Voluntary Liquidation
Directors	The directors of the companies in the Group in the last three years
DIY	Do it yourself
Do It All	Do It All Limited (In Administration)
FLP2	FLP2 Limited
FLP3	FLP3 Limited
Focus DIY	Focus (DIY) Limited (In Administration)
GMAC	GMAC Commercial Finance Limited
Gordon Brothers	Gordon Brothers International LLC
Holdings	Do It All (Holdings) Limited (In Administration)
Investments	Focus DIY (Investments) Limited (In Administration)
Kingfisher	Kingfisher Group Limited
Lloyd Fraser	Lloyd Fraser (supply chain) Limited
Payless DIY	Payless DIY Limited (In Administration)
Payless Properties	Payless Properties Limited (In Administration)
the Proposals	the Joint Administrators' statement of proposals dated 24 June 2011
the Rules	The Insolvency Rules 1986
sqft	Square foot
TJ Morris	TJ Morris Limited (t/a Home Bargains)
TUPE	Transfer of Undertakings (Protection of Employment)
VAT	Value added tax
Wickes	Wickes Building Supplies Limited

Appendix 2

Statutory information

Company name	Focus (DIY) Limited (In Administration)
Registered office address	100 Barbirolli Square Manchester M2 3EY
Registered number	01779190
Previous name(s)	Focus Do It All Limited Focus DIY Limited Choice DIY Limited Finesmooth Limited
Trading address(es)	Gasworth House Westmere Drive Crewe Cheshire CW1 6XB

Details of the Joint Administrators and of their appointment

Joint Administrators	S Allport, T A Jack and A M Hudson
Date of appointment	5 May 2011
By whom appointed	The appointment was made by GMAC Commercial Finance Limited, a qualifying floating charge holder
Court reference	High Court of Justice 642 of 2011

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all 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	Number	Authorised	Number	Issued and fully paid
		£		£
Ordinary	287,425,000	28,742,500	287,425,000	28,742,500

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Dawn Michelle Wilkinson	Secretary	17 September 2008	n/a	n/a
Robert Patrick Gladwin	Director	7 April 2008	n/a	n/a
Thomas Christopher Morgan	Director	21 June 2010	n/a	n/a
William Grimsey	Director	26 July 2007	n/a	n/a

Appendix 2

Statutory information

Company name	Focus DIY (Investments) Limited
Registered office address	100 Barbirolli Square Manchester M2 3EY
Registered number	04560463
Previous name(s)	Focus Wickes (Investments) Limited De Facto 1014 Limited
Trading address(es)	N/a

Details of the Joint Administrators and of their appointment.

Administrators	S Allport, T A Jack and A M Hudson
Date of appointment	5 May 2011
By whom appointed	The appointment was made by GMAC Commercial Finance Limited, a qualifying floating charge holder
Court reference	High Court of Justice 638 of 2011

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all 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	Number	Authorised	Issued and fully paid	
		£	Number	£
Ordinary	2	2	2	2

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Dawn Michelle Wilkinson	Secretary	19 September 2008	n/a	n/a
Robert Patrick Gladwin	Director	7 April 2008	n/a	n/a
Thomas Christopher Morgan	Director	21 June 2010	n/a	n/a
William Grimsey	Director	26 July 2007	n/a	n/a

Appendix 2

Statutory information

Company name Do It All Limited

Registered office address 100 Barbirolli Square
Manchester
M2 3EY

Registered number 01977522

Previous name(s) N/a

Trading address(es) Gasworth House
Westmere Drive
Crewe
Cheshire
CW1 6XB

Details of the Joint Administrators and of their appointment

Administrators S Allport, T A Jack and A M Hudson

Date of appointment 5 May 2011

By whom appointed The appointment was made by GMAC Commercial Finance Limited, a qualifying floating charge holder

Court Reference High Court of Justice 641 of 2011

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all 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	Number	Authorised	Number	Issued and fully paid
		£		£
Ordinary	44,288,742	44,288,742	44,288,742	44,288,742

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Dawn Michelle Wilkinson	Secretary	17 September 2008	n/a	n/a
Robert Patrick Gladwin	Director	7 April 2008	n/a	n/a
Thomas Christopher Morgan	Director	21 June 2010	n/a	n/a
William Grimsey	Director	26 July 2007	n/a	n/a

Appendix 2

Statutory information

Company name	Do It All (Holdings) Limited
Registered office address	100 Barbirolli Square Manchester M2 3EY
Registered number	02488208
Previous name(s)	Do It All Limited Sparrow-Owl Limited Trushelfco (No 1611) Limited
Trading address(es)	N/a

Details of the Joint Administrators and of their appointment:

Administrators	S Allport, T A Jack and A M Hudson
Date of appointment	5 May 2011
By whom appointed	The appointment was made by GMAC Commercial Finance Limited, a qualifying floating charge holder
Court Reference	High Court of Justice 639 of 2011

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all 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	Number	Authorised	Issued and fully paid	
		£	Number	£
Ordinary	302,059,724	302,059,724.000	302,059,724	302,059,724.000

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Dawn Michelle Wilkinson	Secretary	17 September 2008	n/a	n/a
Robert Patrick Gladwin	Director	7 April 2008	n/a	n/a
Thomas Christopher Morgan	Director	21 June 2010	n/a	n/a
William Grimsey	Director	26 July 2007	n/a	n/a

Appendix 2

Statutory information

Company name	Payless DIY Limited
Registered office address	100 Barbirolli Square Manchester M2 3EY
Registered number	00783953
Previous name(s)	W H Smith Do It All Limited L C P Home Improvements Limited
Trading address(es)	N/a

Details of the Joint Administrators and of their appointment

Administrators	S Allport, T A Jack and A M Hudson
Date of appointment	5 May 2011
By whom appointed	The appointment was made by GMAC Commercial Finance Limited, a qualifying floating charge holder
Court reference	High Court 640 of 2011

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all 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	Number	Authorised		Issued and fully paid	
		£		Number	£
Ordinary	25,000 000	25 000,000		25,000,000	25,000,000
Ordinary \$	38 837 756	\$38,837,756		38,837 756	\$38,837 756

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Dawn Michelle Wilkinson	Secretary	17 September 2008	n/a	n/a
Robert Patrick Gladwin	Director	7 April 2008	n/a	n/a
Thomas Christopher Morgan	Director	21 June 2010	n/a	n/a
William Grimsey	Director	26 July 2007	n/a	n/a

Statutory information

Company name	Payless Properties Limited
Registered office address	100 Barbirolli Square Manchester M2 3EY
Registered number	00543407
Previous name(s)	Payless DIY Limited Tubbs Building Supplies Limited Payless DIY Limited Marley Homecare Limited Marley Retail Limited
Trading address(es)	N/a

Details of the Administrators and of their appointment

Administrators	S Allport, T A Jack and A M Hudson
Date of appointment	5 May 2011
By whom appointed	The appointment was made by GMAC Commercial Finance Limited, a qualifying floating charge holder
Court reference	High Court 643 of 2011

Any of the functions to be performed or powers exercisable by the Joint Administrators may be carried out/exercised by any one of them acting alone or by any or all 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	Number	Authorised	Issued and fully paid	
		£	Number	£
Ordinary	1,000	1,000	1,000	1 000

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Dawn Michelle Wilkinson	Secretary	17 September 2008	n/a	n/a
Robert Patrick Gladwin	Director	7 April 2008	n/a	n/a
Thomas Christopher Morgan	Director	21 June 2010	n/a	n/a
William Grimsey	Director	26 July 2007	n/a	n/a

Appendix 3

Focus (DIY) Limited (In Administration)

Joint Administrators' abstract of receipts and payments from 5 May 2011 to 4 November 2011

Note	Statement of Affairs estimated to realise	Receipts & Payments Account	£	£	£
			5 May 2011 to 10 June 2011	11 June 2011 to 4 November 2011	Total
1 2		Receipts			
		<i>Trading receipts</i>			
3 4 5	41 475 000 00	Administration sales	75 489 627 85	25 065 214 62	100 554 842 47
		Total	75 489 627 85	25 065 214 62	100 554 842 47
		<i>Non trading receipts</i>			
	50 108 000 00	Proceeds from sale of property leases	28 723 821 34	13 359 999 99	42 083 821 33
	871 000 00	Proceeds from sale of other fixed charge assets	1 065 000 00	60 000 00	1 125 000 00
		Proceeds from sale of intangible assets		317 500 00	317 500 00
		Proceeds from sale of assets not subject to fixed charge		284 132 92	284 132 92
6	859 000 00	Cash at date of appointment	5 779 351 78	1 000 930 11	6 780 281 89
		Cash held by third parties at date of appointment	50 918 36	79 354 74	130 273 10
	1 557 000 00	Debtors not subject to fixed charge	73 892 65	366 203 89	440 096 54
		Prepayments and other debts		34 827 19	34 827 19
		Sundry income	10 782 96	12 765 95	23 548 91
		Bank interest	21 645 26	234 856 31	256 501 57
		Rates refund		20 354 61	20 354 61
		Total	35 725 412 35	15 770 925 71	51 496 338 06
		Total receipts	111 215 040 20	40 836 140 33	152 051 180 53
1 2		Payments			
		<i>Trading payments</i>			
		Stock settlement payments	3 130 879 55	12 695 948 32	15 826 827 87
		Employee costs	4 902 728 57	5 973 275 49	10 876 004 06
		Temporary labour		455 059 50	455 059 50
		Retail agents' fees		6 072 665 74	6 072 665 74
		Retail agents' marketing and staff retention costs		1 650 000 00	1 650 000 00
		Stock purchases		2 453 656 44	2 453 656 44
		Warehousing and distribution	1 021 757 48	857 690 36	1 879 447 84
		Inducement to trade payments	1 066 706 88	220 306 37	1 287 013 25
		Business rates		3 049 383 74	3 049 383 74
		Rent	47 455 09	3 807 583 83	3 855 038 92
		Irrecoverable VAT		275 613 38	275 613 38
		Irrecoverable voucher sales		258 748 22	258 748 22
		Cleaning and security	116 831 47	217 997 67	334 829 14
		Telecommunications	30 700 15	238 560 14	269 260 29
		Hire of equipment		404 359 25	404 359 25
		Repairs and renewals		180 044 38	180 044 38
		Cash processing costs		110 100 34	110 100 34
		Utilities		226 467 17	226 467 17
		Marketing	12 344 68	6 553 29	18 897 97
		Stationery and printing	1 008 00	11 503 82	12 511 82
		Consumables	4 239 15	11 681 76	15 920 91
		Insurance	8 338 23		8 338 23
		Total	10 342 989 25	39 267 199 21	49 610 188 46
		<i>Non trading payments</i>			
7		Joint Administrators' fees		3 000 000 00	3 000 000 00
		Legal fees and disbursements		1 363 814 08	1 363 814 08
		Property agents' fees	45 000 00	264 815 30	309 815 30
		Other agents' fees		14 709 02	14 709 02
		Other professional fees		19 627 20	19 627 20
		Landlord premiums		1 800 000 00	1 800 000 00
		Store clearance costs		154 325 00	154 325 00
		Health and safety costs		72 946 15	72 946 15
		Bank charges and interest	4 716 91	27 205 58	31 922 49
		Tax on interest	4 058 84	(4 058 84)	
		Intercompany loans		2 230 50	2 230 50
		Sundry expenses		6 011 27	6 011 27
		Public notices		446 10	446 10
		Total	53 775 75	6 722 071 36	6 775 847 11
		<i>Distributions</i>			
		Secured RCF creditors	28 000 000 00	4 200 000 00	32 200 000 00
		Second ranking secured creditor		25 000 000 00	25 000 000 00
		Preferential creditors		1 412 361 21	1 412 361 21
		Total	28 000 000 00	30 612 361 21	58 612 361 21
		Total payments	38 396 765 00	76 601 631 78	114 998 396 78
8		Balances in hand			37 052 783 75

Focus (DIY) Limited (In Administration)

**Joint Administrators' abstract of receipts and payments from 5 May 2011 to
4 November 2011**

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 yet collected nor liabilities not yet paid
- 3 The stock at the date of appointment has been realised through trading or returned to suppliers under claims for retention of title. If trading had not continued it is likely that significant lower value would have been realised from the stock held at the date of appointment
- 4 As previously advised whilst statutory accounts show sales were historically made by Focus DIY and Do It All for the Administration trading period, all sales were made by Focus DIY. This is due to the fact that, per the Companies' records, all stock was purchased in the name of Focus DIY and sales were made under the Focus trading name and all VAT sales receipts were in the name of 'Focus DIY'
- 5 The Statement of Affairs figure is the Directors' estimated realisable value of the Company's stock balance (at cost) at the date of appointment
- 6 Cash at date of appointment stated net of chargeback reserves retained by BMS and Amex
- 7 B&Q plc made payment of £22.9k in respect of the Joint Administrators' costs in dealing with matters connected to the option agreement. These costs will be drawn and paid to the Joint Administrators' firm in due course
- 8 All funds are held in interest bearing accounts

Appendix 3

Focus DIY (Investments) Limited (In Administration)

Joint Administrators' abstract of receipts and payments from 5 May 2011 to 4 November 2011

Note	Statement of Affairs estimated to realise	Receipts & Payments Account	£	£	£
			5 May 2011 to 10 June 2011	11 June 2011 to 4 November 2011	Total
1 2		Receipts			
		<i>Trading receipts</i>	-	-	-
		<i>Non trading receipts</i>			
		Intercompany funding	-	446 10	446 10
		Total receipts	-	446 10	446 10
1 2		Payments			
		<i>Trading payments</i>	-	-	-
		<i>Non trading payments</i>			
		Public notices	-	446 10	446 10
			-	446 10	446 10
		<i>Distributions</i>			-
		Total payments		446 10	446 10
		Balances in hand			

Notes

- 1 Receipts and payments are stated net of VAT
- 2 This receipts and payments account has been prepared on a cash basis and does not reflect debts not yet collected nor liabilities not yet paid

Appendix 3

Do It All Limited (In Administration)

Joint Administrators' abstract of receipts and payments from 5 May 2011 to 4 November 2011

Note	Statement of Affairs estimated to realise	Receipts & Payments Account	£	£	£
			5 May 2011 to 10 June 2011	11 June 2011 to 4 November 2011	Total
1 2		Receipts			
		<i>Trading receipts</i>			
3 4	12 856 000 00	Administration sales			
		<i>Non trading receipts</i>			
		Intercompany funding	-	446 10	446 10
		Bank interest	89 11	2 222 67	2 311 78
	496 000 00	Debtors not subject to fixed charge			
	262 000 00	Cash at date of appointment			
	5 281 000 00	Proceeds from sale of property leases	2 130 024 82	1 605 769 23	3 735 794 05
	225 000 00	Proceeds from sale of other fixed charge assets			
		Total	2 130 113 93	1 608 438 00	3 738 551 93
		Total receipts	2 130 113 93	1 608 438 00	3 738 551 93
1 2		Payments			
		<i>Trading payments</i>			
		<i>Non trading payments</i>			
		Tax on interest		441 69	441 69
		Public notices		446 10	446 10
				887 79	887 79
		<i>Distributions</i>			
		Total payments			-
5		Balances in hand			3 737 664 14

Notes

- Receipts and payments are stated net of VAT
- This receipts and payments account has been prepared on a cash basis and does not reflect debts not yet collected nor liabilities not yet paid
- As previously advised, whilst statutory accounts show sales were historically made by both Focus DIY and Do It All for the Administration trading period all sales were made by Focus DIY. This is due to the fact that, per the Companies' records, all stock was purchased in the name of Focus DIY and sales were made under the Focus trading name and all VAT sales receipts were in the name of 'Focus DIY'
- The Statement of Affairs figure is the Directors' estimated realisable value of the company's stock balance (at cost) at the date of appointment
- All funds are held in interest bearing accounts

Appendix 3

Do It All (Holdings) Limited (In Administration)

Joint Administrators' abstract of receipts and payments from 5 May 2011 to 4 November 2011

Note	Statement of Affairs estimated to realise	Receipts & Payments Account	£	£	£
			5 May 2011 to 10 June 2011	11 June 2011 to 4 November 2011	Total
1 2		Receipts			
		<i>Trading receipts</i>			
		<i>Non trading receipts</i>			
		Intercompany funding		446 10	446 10
		Total receipts		446 10	446 10
1 2		Payments			
		<i>Trading payments</i>			
		<i>Non trading payments</i>			
		Public notices		446 10	446 10
				446 10	446 10
		<i>Distributions</i>			
		Total payments		446 10	446 10
		Balances in hand			

Notes

- 1 Receipts and payments are stated net of VAT
- 2 This receipts and payments account has been prepared on a cash basis and does not reflect debts not yet collected nor liabilities not yet paid

Appendix 3

Payless DIY Limited (In Administration)

Joint Administrators' abstract of receipts and payments from 5 May 2011 to 4 November 2011

Note	Statement of Affairs estimated to realise	Receipts & Payments Account	£	£	£
			5 May 2011 to 10 June 2011	11 June 2011 to 4 November 2011	Total
1 2		Receipts			
		<i>Trading receipts</i>			
		<i>Non trading receipts</i>			
		Intercompany funding	-	446 10	446 10
		Interest	16 81	534 00	550 81
		Cash held by third party at date of appointment	-	174 06	174 06
	36 000 00	Proceeds from sale of lease premiums	656 153 85		656 153 85
		Total receipts	656,170 66	1,154 16	657,324 82
1, 2		Payments			
		<i>Trading payments</i>			
		<i>Non trading payments</i>			
		Tax on interest		106 79	106 79
		Public notices		446 10	446 10
				552 89	552 89
		<i>Distributions</i>			-
		Total payments		552 89	552 89
3		Balances in hand			656 771 93

Notes

- 1 Receipts and payments are stated net of VAT
- 2 This receipts and payments account has been prepared on a cash basis and does not reflect debts not yet collected nor liabilities not yet paid
- 3 All funds are held in interest bearing accounts

Appendix 3

Payless Properties Limited (In Administration)

Joint Administrators' abstract of receipts and payments from 5 May 2011 to
4 November 2011

Note	Statement of Affairs estimated to realise	Receipts & Payments Account	£	£	£
			5 May 2011 to 10 June 2011	11 June 2011 to 4 November 2011	Total
1, 2		Receipts			
		<i>Trading receipts</i>		-	
		<i>Non trading receipts</i>			
		Intercompany funding		446 10	446 10
		Total receipts	-	446 10	446 10
1 2		Payments			
		<i>Trading payments</i>			-
		<i>Non trading payments</i>			-
		Public notices		446 10	446 10
				446 10	446 10
		<i>Distributions</i>	-		-
		Total payments		446 10	446 10
		Balances in hand			-

Notes

- 1 Receipts and payments are stated net of VAT
- 2 This receipts and payments account has been prepared on a cash basis and does not reflect debts not yet collected nor liabilities not yet paid

Appendix 4

Focus (DIY) Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 5 May 2011 to 4 November 2011

	Partner / Director	Assistant Director	Senior Executive	Executive	Analyst	Total hours	Time cost £	Average hourly rate £
Job acceptance & strategy	51.8	19.0	15.0	9.0		94.8	37,850	399
Immediate tasks	6.0	2.0	23.0	25.0	9.5	65.5	17,790	272
Bank & statutory reporting	33.2	20.5	64.0	146.5	-	264.2	75,299	285
Property	676.4	38.0	554.6	1,227.2	205.0	2,701.2	801,858	297
Debtors	2.0	9.0	41.0	124.5		176.5	43,828	248
Other assets	44.7	12.5	49.5	157.0	102.0	365.7	86,373	236
Trading	609.5	308.5	649.5	1,492.0	1,273.4	4,332.9	1,046,458	242
Day 1 site visits	10.0	155.0	191.1	986.4	264.7	1,607.2	400,803	249
Retention of title	234.2	117.0	55.0	1,482.9	1,020.9	2,910.0	613,528	211
Creditors	85.0	41.5	203.0	483.0	978.5	1,791.0	309,249	173
Investigations	8.0	34.0	6.0	94.0	17.0	159.0	53,580	337
Legal issues	4.5	10.0	6.5	19.5		40.5	12,863	318
Employee matters	23.5	361.0	15.0	529.3	20.0	948.8	267,819	282
Accounting & administration	51.9	50.0	230.1	508.6	99.1	939.7	230,787	246
Public relations	25.2	2.0	0.5		23.7	51.4	15,421	300
Statutory duties	85.0	19.0	41.5	73.1	0.6	219.2	72,195	329
VAT & taxation	174.6	137.6	146.4	144.7	132.8	736.1	361,822	492
Other matters	9.9	2.0	-	13.0	-	24.9	9,355	376
Total hours	2,135.4	1,338.6	2,291.7	7,515.7	4,147.2	17,428.6		
Time costs (£)	1,076,008	585,798	715,268	1,642,999	456,802		4,456,875	
Average hourly rate (£)	504	423	312	219	110		256	
		£						
Category 1 disbursements		31,442						
Category 2 disbursements		40,549						
Total disbursements		71,991						

Category 2 Disbursements

Of the disbursements of £71,991 detailed above, £40,549 relates to Category 2 disbursements (as defined at Appendix 4). The Category 2 disbursements are analysed as follows:

Type and purpose	£
Mileage	28,447
Postage	12,102
Total	40,549

Appendix 4

Focus DIY (Investments) Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 5 May 2011 to 4 November 2011

	Partner / Director	Assistant Director	Senior Executive	Executive	Analyst	Total hours	Time cost £	Average hourly rate £
Job acceptance & strategy	20	10	15	-	-	45	1,678	373
Immediate tasks	15	-	-	-	-	15	668	445
Bank & statutory reporting	-	-	45	45	-	90	2,363	263
Investigations	10	10	-	20	-	40	1,375	344
Accounting & administration	05	-	-	10	-	15	433	288
Statutory duties	35	-	25	50	-	110	3,518	320
VAT & taxation	15	-	-	-	-	15	1,245	830
Total hours	100	20	85	125	-	330		
Time costs (£)	5,250	760	2,578	2,690	-		11,278	
Average hourly rate (£)	525	380	303	215	-		342	
		£						
Category 1 disbursements		20						
Category 2 disbursements		-						
Total disbursements		20						

Appendix 4

Do It All Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 5 May 2011 to 4 November 2011

	Partner / Director	Assistant Director	Senior Executive	Executive	Analyst	Total hours	Time cost £	Average hourly rate £
Job acceptance & strategy	2.0	1.0	1.5	-	-	4.5	1,678	373
Bank & statutory reporting	-	-	7.0	6.0	-	13.0	3,455	266
Property	4.5	-	17.2	62.1	-	83.8	21,293	254
Investigations	1.0	-	1.0	2.0	-	4.0	1,290	323
Legal issues	5.5	1.0	6.1	-	-	12.6	4,698	373
Accounting & administration	0.5	-	2.7	1.0	-	4.2	1,256	299
Statutory duties	3.5	-	3.0	5.0	-	11.5	3,583	312
Total hours	17.0	2.0	38.5	76.1	-	133.6		
Time costs (£)	8,138	760	11,728	16,627	-		37,252	
Average hourly rate (£)	479	380	305	218	-		279	
		£						
Category 1 disbursements		280						
Category 2 disbursements		-						
Total disbursements		280						

Appendix 4

Do It All (Holdings) Limited (In Administration)

**Summary of Joint Administrators' time-costs and disbursements from
5 May 2011 to 4 November 2011**

	Partner / Director	Assistant Director	Senior Executive	Executive	Analyst	Total hours	Time cost £	Average hourly rate £
Job acceptance & strategy	20	10	15	-	-	45	1,678	373
Immediate tasks	15	-	-	-	-	15	668	445
Bank & statutory reporting	10	-	35	35	-	80	2,383	298
Property	15	-	-	55	-	70	1,990	284
Investigations	20	-	10	20	-	50	1,835	367
Accounting & administration	20	-	15	10	-	45	1,658	368
Statutory duties	45	-	25	60	-	130	4,285	330
Total hours	145	10	100	180	-	435		
Time costs (£)	7,225	370	3,035	3,865	-		14,495	
Average hourly rate (£)	498	370	304	215	-		333	
		£						
Category 1 disbursements		20						
Category 2 disbursements		-						
Total disbursements		20						

Appendix 4

Payless DIY Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 5 May 2011 to 4 November 2011

	Partner / Director	Assistant Director	Senior Executive	Executive	Analyst	Total hours	Time cost £	Average hourly rate £
Job acceptance & strategy	2.0	1.0	1.5		-	4.5	1,678	373
Immediate tasks	1.5	-	-		-	1.5	688	445
Bank & statutory reporting	-	-	4.5	4.5	-	9.0	2,363	263
Property	0.5	-	0.8	39.4	-	40.7	9,057	223
Investigations	1.0	1.0		2.0		4.0	1,375	344
Accounting & administration	0.5		2.5	1.0		4.0	1,195	299
Statutory duties	2.5		2.5	5.0	-	10.0	2,985	299
Total hours	8.0	2.0	11.8	51.9	-	73.7		
Time costs (£)	3,733	760	3,584	11,243	-		19,320	
Average hourly rate (£)	467	380	304	217			262	
		£						
Category 1 disbursements		20						
Category 2 disbursements								
Total disbursements		20						

Appendix 4

Payless Properties Limited (In Administration)

**Summary of Joint Administrators' time-costs and disbursements from
5 May 2011 to 4 November 2011**

	Partner / Director	Assistant Director	Senior Executive	Executive	Analyst	Total hours	Time cost £	Average hourly rate £
Job acceptance & strategy	20	10	15	-	-	45	1,678	373
Immediate tasks	15		-	-	-	15	668	445
Bank & statutory reporting	-		45	50	-	95	2,473	260
Property	05	-	35	201	-	241	5,665	235
Investigations	10	10	-	20	-	40	1,375	344
Accounting & administration	05	-	15	10	-	30	890	297
Statutory duties	35		30	50		115	3,683	320
Total hours	90	20	140	331	-	581		
Time costs (£)	4,278	760	4,255	7,137	-		16,430	
Average hourly rate (£)	475	380	304	216	-		283	
		£						
Category 1 disbursements		20						
Category 2 disbursements		-						
Total disbursements		20						

Appendix 4

Average hourly charge out rates

Where time has been charged to a Group company, 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 2011	1 July 2010 to 30 June 2011
Restructuring	Partner	545 - 770	520 - 735
	Director	445 - 770	425
	Assistant Director	390 - 630	370 - 515
	Senior Executive	305 - 400	290 - 380
	Executive	220 - 295	210 - 280
	Analyst	110 - 175	90-180
	Intern	20 - 90	-
Other Transaction Advisory Services	Partner	1040	-
	Director	-	720
	Assistant Director	620	515 - 620
	Senior Executive	-	340 - 445
	Executive	195	185 - 360
	Analyst	-	180 - 205
Financial Services	Executive	-	200
	Analyst	-	125
Global Shared Services	Executive	-	80
	Analyst	-	80
Advisory	Executive	-	295
Assurance	Assistant Director	465	315 - 465
	Senior Executive	300	210 - 270
	Executive	360	105 - 330
	Analyst	-	60 - 180
Central Business Services	Assistant Director	-	100
Tax	Partner	990	990
	Director	875 - 920	830 - 940
	Assistant Director	555 - 585	495 - 720
	Senior Executive	380 - 640	380 - 610
	Executive	315	315 - 360
	Analyst	60	60 - 275
	Intern	25	-

Joint Administrators' policy for fees and disbursements

Office Holders' charging policy for fees

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

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

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Each member of staff has a specific hourly rate, which is subject to change over time. The average hourly rate for each category of staff over the period is shown in Appendix 4, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report

Office Holders' charging policy for disbursements

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

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

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

Appendix 5

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

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

Creditors' claim that remuneration is excessive – extract from Rule 2 109 of the Insolvency Rules 1986

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

Group structure

