Rule 2 47

Form 2 24B(CH)

The Insolvency Act 1986

Administrator's progress report

Name of Company	Company Number
Game Retail (UK) Limited	02838959

In the	Court case number
High Court of Justice, Chancery Division, Companies Court (full name of court)	2559 of 2012

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

(a) We Michael John Andrew Jervis of PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT and Stuart David Maddison of PricewaterhouseCoopers LLP One Reading Central, 23 Forbury Road Reading, Berkshire, RG1 3JH

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

from (b) 8 March 2014 to (b) 7 September 2014

(b) Insert dates

Signed [signature]
Joint Administrator

Dated 03/10/14

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

James Bolt, PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT	
	Tel
DX Number	DX Exchange

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COMPANIES HOUSE

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›mpanies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff pwc

Game Retail (UK) Limited – in Administration (the "Company")
High Court of Justice, Chancery Division, Companies Court
Case No. 2559 of 2012

Joint Administrators' progress report for the period from 8 March to 7 September 2014

3 October 2014

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Contents

1. Joint Administrators' progress report for the period from 8 March to 7 September 2014

Introduction

In accordance with Rule 2 47 of the Insolvency Rules 1986 ("IR86") the Joint Administrators (the "Administrators") write to provide creditors with details of the progress of the Administration of the Company in the six months to 7 September 2014

The Administrators are required to provide certain statutory information pursuant to Rule 2 47(1)(a) to (d) IR86, which is included in Section 2.

Overview

When the Administrators were appointed on 26 March 2012, the Company was part of the wider GAME Group of companies (the "Group"), which operated as the leading video games and related product retailer in Europe Funding to the Group was provided by the parent company, The GAME Group plc ("Plc")

The Company itself was non-trading and held the leasehold interests in 17 of the Group's 612 stores in the UK and Ireland operated by the trading companies

On 30 March 2012, the UK business and assets of the Group companies in Administration were sold on a going concern basis to Game Retail Limited (the "Purchaser") The assets of the Company included in the sale comprised the benefit of claims for grants of £2,773 and cash at bank of £111,287

Progress of the Administration

In the period under review the Administrators' activities continued to focus on the following work-streams, which are discussed in turn

- Landlords' legal challenge,
- Other property matters,
- Trust accounts,
- Creditors, and
- Discharging statutory obligations

Landlords' legal challenge

Creditors may recall that in summer 2012 the Administrators received notice that a number of landlords intended to challenge the prevailing law that rent payable in advance and falling due before an administrator's appointment was an unsecured claim and not payable as an expense

Given the potential impact upon the outcome for the respective creditors of the Group Administrations affected by the challenge, the Administrators made an application to the Court for directions On 1 July 2013 the Court decided that it was bound by the prevailing law

The decision was appealed by the landlords and overruled by the Court of Appeal in February 2014 The Court of Appeal held that rent is payable as an expense of an administration for any period during which an administrator retains possession of leasehold property for the benefit of the administration Rent is to be treated as accruing from day to day, regardless of the usual payment days under the terms of the lease

The Purchaser has now applied for permission to appeal the decision of the Court of Appeal to the Supreme Court A decision from the Supreme Court on whether the appeal will be allowed is expected shortly

Other property matters

As previously reported, 300 of the 333 leasehold interests in open stores held by the Company and associated Group companies in administration have been assigned to the Purchaser. This included 9 of the 10 open store leases held by the Company.

Landlords of the 33 open stores that have not been assigned and the Group's 279 shops that were closed following the Administrators' appointment have been offered a surrender of leasehold interests

1. Joint Administrators' progress report for the period from 8 March to 7 September 2014

During the period covered by this report, 23 leases have been surrendered and 17 leases have expired

Overall, 231 leases have now formally ended The Administrators are continuing to pursue surrenders of the remaining 81 leases across the Group

In addition, the following work by the Administrators is ongoing

- Liaising with rating authorities and utility providers to ensure proper allocation of accounts between pre- and post- appointment periods and those for which the Purchaser is responsible
- Accounting to the Purchaser for pre-Administration rate and utility refunds received
- Addressing post-appointment insurance matters on closed stores and assessing ongoing insurance requirements
- Coordinating the release of keys to landlords where access is required to comply with various statutory matters

Trust accounts

It was previously reported that associated Group companies placed monies in trust to meet certain liabilities incurred between the 5 days from 21 March 2012, the date on which notice of intention to appoint administrators was made, until 25 March 2012 inclusive

Work undertaken to date has established that the Company is unlikely to receive any surplus funds from this source.

Creditors

The Company's creditors primarily comprise landlords and HM Revenue & Customs ("HMRC") for VAT under a group registration

Under the Group VAT registration, the Company is jointly and severally liable for pre-appointment VAT arrears of circa £23 million, which has been provisionally agreed with HMRC.

The various assignments and surrenders of leasehold interests have enabled the Administrators to continue to reduce potential unsecured claims for rent However, as previously reported, landlords' unsecured claims cannot be quantified with certainty until the final outcome of the landlords' legal challenge referred to above

Discharging statutory obligations

On 10 March 2014, the Administrators circulated formal notice of the extension of the Administration (further details below) and that their combined progress report covering the periods from 16 August 2013 to 15 February 2014 and from 16 February 2014 to 7 March 2014 was available to download from the internet

In accordance with the Administrators' obligations under Statement of Insolvency Practice No 2, no matters have come to light in the periods under review to suggest that the Administrators need to conduct any additional investigations into the Company's affairs prior to their appointment

The Administrators have submitted the corporation tax return for the period to 31 January 2013 No queries have been raised to date on returns

Since their previous report on progress in the Administration, Group VAT returns for the quarters ended 26 April 2014 and 26 July 2014 have been submitted to HMRC

Receipts and payments account

An account of the receipts and payments for the six months ended 7 September 2014 is set out in Section 3

As previously advised, £10 million was set aside under the terms of the sale of the Group's business and assets to cover the Administration expenses of the Company and its associated Group companies

1. Joint Administrators' progress report for the period from 8 March to 7 September 2014

Receipts since 7 March 2014 comprise a small amount of bank interest and a VAT refund Payments mainly consist of legal fees (including those related to the landlords' legal challenge), Administrators' disbursements and VAT thereon

The majority of legal fees incurred by the Administrators in respect of the landlords' challenge are recoverable from the Purchaser under the terms of an indemnity in the business sale agreement

Expenses statement

A statement of the expenses incurred by the Administrators is at Section 4 This excludes any potential tax liabilities that may be payable as an expense of the Administration because amounts due will depend on the position at the end of the respective tax accounting periods

Professional advisers

Linklaters LLP continues to act as the Administrators' legal advisor on the basis of its specialist knowledge and experience.

The Administrators review the information in support of invoices for legal fees before approving them for payment The Administrators consider that the legal costs incurred in the periods under review are reasonable

Administrators' remuneration

The Administrators' remuneration was approved by unsecured creditors on a fixed fee basis at £30,000 (plus VAT) and was paid in full in June 2012

No work that would normally be undertaken by the Administrators' own staff has been subcontracted in the period covered by this report

Creditors' rights

An explanatory note giving creditors a statement of their rights in relation to the Administrators' remuneration and expenses, and their rights to request further information, can be found online at

http //www icaew com/en/technical/insolvency/creditors-guides

A copy may also be obtained free of charge

Outcome for creditors

Secured creditors

The Company has no secured creditors It was not subject to the Group's security in respect of the lending to Plc

Preferential creditors

The Company has no preferential creditors

Unsecured creditors

Dividend prospects should continue to be regarded as uncertain pending the outcome of the landlords' litigation

As stated above, the Administrators are continuing to seek surrenders of closed stores to minimise unsecured claims so far as possible

Extension of the Administration

Following an application by the Administrators, which was heard on 14 March 2014, the Court ordered that the Administration be extended for a period of 12 months to 25 September 2015 to enable outstanding matters to be progressed

1. Joint Administrators' progress report for the period from 8 March to 7 September 2014

Next report

The Administrators anticipate that they will circulate their next report to creditors in approximately six months

M J A Jervis
Joint Administrator
Game Retail (UK) Limited

Michael J A Jervis and Stuart D Maddison have been *appointed as Joint Administrators of Game Retail (UK) Limited to manage its affairs, business and property as its agents and act without personal liability Both are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants in England and Wales*

The Joint Administrators are Data Controllers of personal data as defined by the Data Protection Act 1998 PricewaterhouseCoopers LLP will act as Data Processor on their instruction Personal data will be kept secure and processed only for matters relating to the Administration

2. Statutory and other information

Court details for the Administration:	High Court of Justice, Chancery Division, Companies Court Court number 2559 of 2012
Full name:	Game Retail (UK) Limited
Trading name:	None
Registered number:	02838959
Registered address:	7 More London Riverside, London, SE1 2RT
Company directors:	Paul John Blunden
Company secretary:	None
Shareholdings held by the directors and secretary:	None
Date of the Administration appointment:	26 March 2012
Administrators' names and addresses:	Michael J A Jervis of PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT and Stuart D Maddison of PricewaterhouseCoopers LLP, One Reading Central, 23 Forbury Road, Reading, Berkshire, RG1 3JH
Details of any extension(s) to the initial period of appointment	On 8 March 2013, the Court granted an extension of the Administrators' term of office to 25 September 2014 On 14 March 2014, the Court granted a further extension of the Administrators' term of office to 25 September 2015 Both extensions were pursuant to paragraph 76(2)(a) of Sch B1 IA86.
Changes in office holder:	None
Appointor's / applicant's name and address:	The directors c/o 7 More London Riverside, London, SE1 2RT
Objective being pursued by the Administrators:	Objective (b), achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in administration)
Division of the Administrators' responsibilities:	In relation to paragraph 100(2) Sch B1 IA86, during the period for which the Administration is in force, any function to be exercised by the persons appointed to act as Administrators may be done by any or all of the persons appointed or any of the persons for the time being holding that office
Proposed end of the Administration:	25 September 2015
Estimated dividend for unsecured creditors:	Uncertain
Estimated values of the prescribed part and the company's net property:	Not applicable as there is no qualifying floating charge
Whether and why the Administrators intend to apply to court under Section 176A(5) IA86:	Not applicable as there is no prescribed part
The European Regulation on Insolvency Proceedings (Council Regulation(EC) No. 1346/2000 of 29 May 2000):	The European Regulation on Insolvency Proceedings applies to this Administration and the proceedings are main proceedings

3. Receipts and payments account for the period from 8 March to 7 September 2014

	26 March 2012 to 7 March 2014 £	8 March to 7 September 2014 £	Total £
Receipts			
Benefit of claims	2,773 25	-	2,773 25
Cash	111,286 72	-	111,286 72
Interest	34 53	58 57	93 10
Total receipts	114,094 50	58 57	114,153 07
Payments			
Legal fees	36,055 25	1,090 32	37,145 57
Lease assignment fees[1]	7,853 26	(519 39)	7,333 87
Legal fees Landlords' legal challenge[2]	7,326 93	971 55	8,298 48
Agents' fees	9,316 80	-	9,316 80
Administrators' remuneration	30,000 00	-	30,000 00
Administrators' category 1 disbursements	-	415 46	415 46
Postage and stationery	33 76	298 83	332 59
Net VAT receivable/(payable)[3]	4,264 15	(3,754 17)	509 98
Total payments	94,850 15	(1,497 40)	93,352 75
Balance held[4]/(movement)	19,244 35	1,555 97	20,800 32

Notes

1) A contribution towards lease assignment costs associated with stores assigned under the business sale agreement was made by the Purchaser
2) The majority of legal fees in regard to the landlords' legal challenge are recoverable from the Purchaser
3) The Company has received a total of £18,000 of VAT that was recovered by The GAME Group plc under the group registration
4) All funds are held with Barclays Bank plc in interest bearing current accounts

4. Expenses incurred in the period from 8 March to 7 September 2014

	8 March to 7 September 2014 £
Paid	
Legal fees	1,090 32
Legal fees Landlords' legal challenge	971 55
Administrators' category 1 disbursements	415 46
Postage and stationery	298 83
Sub total	2,776 16
Unpaid	
Legal fees Landlords' legal challenge	1,487 18
Sub total	1,487 18
Overall total	4,263.34

Note: VAT is excluded As stated in the report, the majority of the legal costs attributable to the landlords' legal challenge are being met by the Purchaser