

The Insolvency Act 1986

Administrator's progress report

Name of Company

HMV Group Plc

Company number

03412290

In the
High Court of Justice

(full name of court)

Court case number
323 of 2013(a) Insert full
name(s) and
address(es) of
administrator(s)

We (a)

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administrators of the above company attach a progress report for the period

From

To

(b) Insert date

(b) 1 June 2014

(b) 16 July 2014

Signed


Joint Administrator

Dated

29/1/2015

SATURDAY

*A408IN6Y*
A18 31/01/2015 #454
COMPANIES HOUSE

**HMV Group plc
Record Shop 2 Limited, formerly HMV Music Limited**

(Both in Administration) (together "the Companies")

Court Case Numbers 322 and 323 of 2013

**FINAL PROGRESS REPORT TO CREDITORS
FOR THE PERIOD TO 16 JULY 2014
PURSUANT TO RULE 2.110 OF THE INSOLVENCY RULES 1986 AND THE INSOLVENCY
(AMENDMENT) RULES 2010**

16 July 2014

This report has been prepared for the sole purpose of updating creditors for information purposes. The report may not be relied upon, referred to, reproduced or quoted from, in whole or in part, by Creditors for any purpose other than updating them for information purposes, or by any other person for any purpose whatsoever.

Nicholas Guy Edwards, Robert James Harding and Neville Barry Kahn were appointed Joint Administrators of the Companies on 15 January 2013. The affairs, business and property of the Companies are managed by the Joint Administrators. The Joint Administrators act as agents of the Companies and contract without personal liability.

All licensed Insolvency Practitioners of Deloitte LLP are licensed in the UK to act as Insolvency Practitioners.

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ABBREVIATIONS

For the purpose of this report the following abbreviations shall be used

"the Act"	Insolvency Act 1986 (as amended)
"the Companies"	HMV Group and Record Shop 2 (both in Administration)
"the Court"	The High Court of Justice, Chancery Division
"Deloitte"	Deloitte LLP
"GCIL"	Goodmans Capital Investments Limited, the current first ranking secured creditor of the Group
"the Group"	HMV Group plc and its subsidiaries
"Hilco UK"	Hilco UK Limited, retail restructuring specialists
"HMV"	The main brand under which the Group and its predecessor entities has traded since 1900
"HMV Group"	HMV Group plc (In Administration)
"the Joint Administrators"	Nicholas Guy Edwards, Robert James Harding and Neville Barry Kahn of Deloitte LLP
"k"	Thousand
"m"	Million
"the Previous Lending Group"	The Royal Bank of Scotland plc, Lloyds TSB Bank plc, Santander UK plc, The Governor and Company of the Bank of Ireland, DBS Bank Limited (London Branch), Svenska Handelsbanken AB (publ), Abbey National Treasury Services plc, Credit Suisse International and Apollo Special Opportunities Managed Account, L B (being the secured creditors of the Companies at the date of appointment)
"pp"	The Prescribed Part of the company's net property subject to section 176A of the Insolvency Act 1986 (as amended)
"Record Shop 1"	Record Shop 1 Limited, formerly HMV UK Limited (In Administration)
"Record Shop 2"	Record Shop 2 Limited, formerly HMV Music Limited (In Administration)
"the Rules"	Insolvency Rules 1986 and the Insolvency (Amendment) Rules 2010
"ROT"	Retention of Title
"SIP7 (E&W)"	Statement of Insolvency Practice 7 (England & Wales)
"SIP9 (E&W)"	Statement of Insolvency Practice 9 (England & Wales)
"SIP13 (E&W)"	Statement of Insolvency Practice 13 (England & Wales)
"SoA"	Statement of Affairs
"SPV"	Special Purpose Vehicle
"Winterhill Largo"	Largo Collections Limited

1. INTRODUCTION

1.1 Introduction

This report has been prepared in accordance with Rule 2.110 of the Rules to provide creditors with a summary of the administrations of the Companies

Given the information previously provided to creditors in our earlier reports, we have not included detailed background information in respect of the Companies and have focused on the progress of the administrations subsequent to those reports

The Joint Administrators' proposals together with a summary of progress in respect of them, are detailed in Section 2.1 below

A schedule of statutory information in respect of the Companies is attached at Appendix 1

1.2 Details of the appointment of the Administrators

Nicholas Guy Edwards, Robert James Harding and Neville Barry Kahn of Deloitte were appointed Joint Administrators of the Companies by their directors on 15 January 2013

The Court having conduct of the proceedings is the High Court of Justice, Chancery Division (cases 322 and 323 of 2013)

For the purposes of Paragraph 100(2) of Schedule B1 of the Act, the Administrators confirm that they have been authorised to carry out all functions, duties and powers by either of them jointly and severally

1.3 Electronic communication with creditors

In the effort to reduce the costs of the administrations, all future communications with creditors including updates and progress reports have been posted onto a website, which has been set up specifically for this purpose. The web address is <http://www.deloitte.com/uk/hmv>

In respect of Record Shop 2, consent of the Court has been obtained to enable the website to be updated without the need for further postal communication to be given. All creditors' statutory notices will be retained on the website for at least 12 months from being uploaded to the site. Hard copies of any of the correspondence on the website are available on written request

2. ADMINISTRATORS' PROPOSALS

2.1 Introduction

At the date of the appointment, the Joint Administrators had concluded that the Companies had significant secured and unsecured creditor liabilities and the first purpose of an administration, as described under paragraph 3(1)(a) of Schedule B1 of the Act, of rescuing the company as a going concern (in other words, a restructuring which keeps the actual entity whole) was not achievable

Consequently, the Joint Administrators have performed their functions in accordance with the second objective as set out in paragraph 3(1)(b) of Schedule B1 of the Act, which is to achieve a better result for creditors than would be obtained through an immediate liquidation of the Companies

2.2 Progress on and achievement of the approved proposals

We have summarised below the outcome in respect of each of the approved proposals

Proposal	Current status
1 The Joint Administrators continue to manage the affairs and any remaining assets of the Companies and the settlement of all administrative expenses	The Joint Administrators have continued to manage the affairs and remaining assets of the Companies
2 The Joint Administrators continue with their enquiries into the conduct of the directors of the Companies and continue to assist any regulatory authorities with their investigation into the affairs of the Companies	As part of the Joint Administrators' statutory duties, an investigation into the conduct of the Companies' directors was completed and confidential reports were submitted to The Insolvency Service on 12 July 2013
3 The Joint Administrators be authorised to agree the claims of the secured, preferential and unsecured creditors against each of the Companies unless the Joint Administrators conclude, in their reasonable opinion, that a company will have no assets available for distribution	The Joint Administrators have now agreed the claim made by GCIL (see section 4) The preferential creditors in HMV Group and Record Shop 2 have not yet been agreed The unsecured creditor claims in respect of the Companies have not yet been agreed
4 The Joint Administrators be authorised to distribute funds to the secured and preferential creditors as and when claims are agreed and funds permit and, in relation to distributions to unsecured creditors, if the Court gives permission following an appropriate application	

<p>5 That, in the event the creditors of each company so determines, at meetings of creditors, a Creditors' Committee be appointed in respect of each or any company comprising of not more than five or not less than three creditors of that company or Companies</p>	<p>No Creditors' Committee was appointed in respect of either of the Companies</p>
<p>6 That, if a Creditors' Committee is not appointed, the secured and preferential creditors (where applicable) of each company shall be asked to fix the basis of the Joint Administrators' remuneration in accordance with Rule 2 106(5A)(b), to be fixed by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administrations, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work was performed, plus VAT In addition, those creditors shall also be asked to agree the Joint Administrators' expenses of which the Joint Administrators' expenses for mileage be calculated by reference to mileage properly incurred by the Joint Administrators and their staff in attending to matters arising in the administrations at the prevailing standard mileage rate used by Deloitte at the time when the mileage is incurred, plus VAT where applicable</p>	<p>The secured and preferential (where applicable) creditors have fixed the basis of the Joint Administrators' remuneration in accordance with Rule 2 106(5A)(b) of the Rules by reference to the time properly given by the Joint Administrators and their staff</p>
<p>7 That, if a Creditors' Committee is not appointed, the Joint Administrators' pre administration costs, as detailed in section 5 of the Joint Administrators' Proposals be approved</p>	<p>The secured and preferential (where applicable) creditors have approved the Joint Administrators' pre-administration costs</p>

<p>8 That, following the realisation of assets and resolution of all matters in the administrations, and as quickly and efficiently as is reasonably practicable, the Joint Administrators implement the most cost effective steps to formally conclude the administrations. This may include the distribution of funds to unsecured creditors (provided Court permission is obtained) and then the dissolution of the Companies or alternatively, seeking to put each or any of the Companies into Creditors' Voluntary Liquidation ("CVL") or Compulsory Liquidation, depending on which option will result in a better realisation for creditors</p>	<p>The Companies are moving to CVL following the filing of this final report</p> <p>Nicholas Guy Edwards, Robert James Harding and Neville Barry Kahn will become the Joint Liquidators of the Companies</p>
<p>9 That, if each or any of the Companies were to be placed into CVL, the Joint Administrators propose to be appointed Joint Liquidators and any Creditors' Committee appointed will become the Liquidation Committee pursuant to Rule 4.174A of the Rules and that the basis of the Joint Liquidators' remuneration be fixed by reference to the time given in attending to matters arising in the Liquidations. As per paragraph 83(7) of Schedule B1 of the Act and Rule 2.117(A)(2)(b) of the Rules, the creditors may nominate a different person to be Joint Liquidator(s) provided the nomination is made before the proposals are approved by creditors. For the purpose of Section 231 of the Act, the Joint Liquidators will be authorised to carry out all functions, duties and powers either jointly or severally</p>	
<p>10 In the absence of a Creditors' Committee, the secured and preferential creditors of each company agree that the Joint Administrators be discharged from liability per Paragraph 98 of Schedule B1 of the Act immediately upon the Joint Administrators filing their final report to creditors and vacating office</p>	<p>The secured and preferential creditors (where applicable) have approved that the Joint Administrators be discharged from liability in accordance with Paragraph 98 of Schedule B1 of the Act, immediately upon the Joint Administrators' filing their final report to creditors and vacating office</p>

Further information in respect of the realisation of assets, the status of liabilities and the estimated outcome for creditors is contained in the following sections of this report

3. STEPS TAKEN DURING THE ADMINISTRATIONS

3.1 Securing assets

As previously reported, following an initial assessment of the Companies' financial position and on-going business prospects, the Joint Administrators decided to continue to trade in the short term in order to facilitate a sale of the business to maximise realisations for the benefit of creditors

3.2 Sale of business and realisation of assets

Following their appointment, it became apparent to the Joint Administrators that although the HMV-branded stores and Fopp-branded stores were purportedly traded by different legal entities, in practice, all trade of the Companies was transacted through Record Shop 2. Accordingly, throughout the appointment, the Joint Administrators have treated all trade related assets and transactions as originating in Record Shop 2, as reflected in the receipts and payments account provided at Appendix 2

3.3 Meeting of creditors

No meetings of creditors were held. The Administrators' proposals were deemed approved following the issue of the notice under Paragraph 52(1) of Schedule 31 of the Act on 11 March 2013 and the expiry of 8 business days thereafter.

3.4 Distributions to creditors

Distributions totalling £45.9m have been made to the secured creditor, GCIL. It is anticipated that the preferential creditors in Record Shop 2 and HMV Group will be paid in full in the liquidation.

The Joint Administrators anticipate that there could potentially be the maximum PP (£600,000) available for distribution to unsecured creditors of Record Shop 2. A PP distribution may also be available in HMV Group, however, the quantum cannot yet be estimated because the total level of floating charge realisations remains uncertain.

3.5 Exit

HMV Group and Record Shop 2 will be moving into CVL, following the filing of this final report.

3.6 Investigations

As part of the Administrator's statutory duties, an investigation into the conduct of the Companies' directors was completed and confidential reports were submitted to The Insolvency Service on 12 July 2013.

3.7 EC regulations

As stated in the administration appointment documents in respect of the Companies, Council Regulation (EC) No 1346/2000 applies and these are the main proceedings as defined in Article 391) of that regulation.

4 ADMINISTRATORS' RECEIPTS AND PAYMENTS ACCOUNT

4.1 Introduction

Attached at Appendix 2 are receipts and payments accounts for each company covering the period 1 June 2014 to 16 July 2014, together with cumulative details of the transactions from the date of appointment in accordance with SIP7 (E&W)

In this section, we have summarised the main asset realisations during the period since our last progress report to creditors

4.2 Asset realisations

HMV Group

Bank interest received for the period totalled £642

Record Shop 2

Bank interest received for the period totalled £3k

4.3 Unrealised assets

The only remaining asset is the transfer of funds received from Record Shop 1 into Record Shop 2 as a result of the existence of the agency agreement between Record Shop 1 and Record Shop 2

Actions to realise possible future assets within HMV Group which relate to potential claims against third parties continue to be investigated

4.4 Outcome for creditors

The secured creditor has received £45.9m to date. It is anticipated that the preferential creditors in HMV Group and Record Shop 2 will be paid in full in the liquidation. It is also anticipated that a distribution will be made to the unsecured creditor of HMV Group and Record Shop 2 under the PP.

Consequently, the Administrators have performed their functions in relation to HMV Group and Record Shop 2 with the objective set out in paragraph 3(1)(b) of the Schedule B1 of the Act, which is to achieve a better result for creditors than would be achieved through and immediate liquidation of the Companies.

5. DISTRIBUTIONS TO CREDITORS

5.1 Secured creditors

As previously reported, the claim of the Previous Lending Group was £127.2m which was reduced to £110.3m after set off of the £16.9m cash balances on appointment. The Joint Administrators have agreed the Previous Lending Group's claim at £110.3m (shown as £109.6m in the directors' Statement of Affairs).

In February 2013, the Previous Lending Group's secured debt was purchased by GCIL.

To date, distributions of £45.9m have been made to GCIL.

In addition to GCIL there are two other secured creditors, the Group's defined benefit pension fund and EMI Group plc, both of whom benefit from subordinated security rights in respect of the Group. These secured creditors rank behind GCIL for the purposes of distributions and the Joint Administrators do not estimate that either creditor will receive a distribution.

It is currently considered unlikely that GCIL will be repaid in full from asset realisations.

5.2 Preferential creditors

Preferential claims are currently estimated to be as follows:

Company	Directors' SoA (£)	Estimated (£)
HMV Group	40,000	54,584
Record Shop 2	1,400,000	405,901

The preferential creditors of HMV Group and Record Shop 2 will be paid in full.

5.3 Prescribed Part

The Prescribed Part (section 176A of the Insolvency Act 1986 (Prescribed Part) Order 2003) applies where there are floating charge realisations, net of costs to be set aside for unsecured creditors. For any company, the prescribed part equates to:

- 50% of net property up to £10,000,
- plus, 20% of net property in excess of £10,000, and
- subject to a maximum of £600,000.

The Joint Administrators anticipate that there could potentially be the maximum PP (£600,000) available for distribution to unsecured creditors in Record Shop 2. A PP distribution may also be available in HMV Group, however, the quantum cannot yet be estimated as the total level of floating charge realisations is uncertain.

As detailed in the Joint Administrators' proposals dated 11 March 2013, there is an agency agreement between Record Shop 1 and Record Shop 2. The effect of the agency agreement is that liabilities that purport to be owed by Record Shop 1 under contracts with third parties are likely to be liabilities of Record Shop 2. If a person/company with a claim against Record Shop 1 was unaware of the agency agreement that person/company may elect to claim against Record Shop 2 (as principle under the agency agreement). Further information on how to submit a claim can be found at Section 5.5 of this report.

5.4 Unsecured creditors

The Companies' unsecured creditors as at 15 January 2013, per the directors' Statement of Affairs (excluding any shortfall to floating charge holders), together with details of the claims received to date are summarised in the table below.

Company	Directors' SoA (£)	Claims received to date (£)
HMV Group	88,843,000*	2,387,677
Record Shop 2	146,573,000	157,173,628
Total	235,416,000	159,561,305

**Amount includes liabilities to the Group's estimated pension deficit and intercompany balances*

No distributions have been made to the unsecured creditors of either of the Companies.

5.5 Claims process

Due to possible distributions to unsecured creditors under the PP from HMV Group and Record Shop 2, in the event that you have a claim, you are requested to submit the relevant Proof of Debt form(s) to the address on the front of this report.

Proof of Debt forms are available to download from <http://www.deloitte.com/uk/hmv>

As detailed in section 5.3, if you believe you have a claim against Record Shop 1, you may elect to claim against Record Shop 2 and, as such, you should complete the Record Shop 2 Proof of Debt form.

6. OTHER MATTERS AND INFORMATION TO ASSIST CREDITORS

6.1 Extensions to initial appointment period

The secured and preferential creditors approved an extension of the administrations for a period of six months from 14 January 2014 to allow negotiations to continue regarding the realisation of shareholdings and other assets, and facilitate the completion of various lease assignments

6.2 Administrators' Discharge

In the absence of a Creditors' Committee, the secured and preferential creditors of each company agree that the Joint Administrators be discharged from liability per Paragraph 98 of Schedule B1 of the Act immediately upon the Joint Administrators filing their final report to creditors and vacating office

6.3 SIP 2 – Initial Assessment of Potential Recoveries

As previously advised, we are obliged to review all of the information available to us and conduct an initial assessment of whether there are any matters that might lead to a recovery for the benefit of creditors of the Companies. This initial assessment includes making enquiries into any potential claims that may be brought against parties either connected to or who have had past dealings with the Companies

Having completed this review, we identified no further avenues of recovery. If you have any information that you feel we should be made aware of in relation to the above, please contact us as a matter of urgency.

6.4 SIP13 (E&W) – Transactions with connected parties

As previously reported, save for the intercompany relationship potentially arising from the interaction caused by the agency agreement of Record Shop 2 and Record Shop 1, the Joint Administrators are not aware of any additional transactions that have taken place that should be disclosed to creditors in accordance with SIP13 (E&W)

Should creditors have information regarding transactions with connected parties, they should forward details in writing to the Joint Administrators to the address on the front of this report

7. PRE-ADMINISTRATION COSTS

Included within the Joint Administrators' proposals dated 11 March 2013 was a Statement of Pre-Administration Costs, in accordance with rule 2.33(2)(ka) of the Rules

The Joint Administrators sought approval of these costs from the secured and preferential creditors, which was granted 9 April 2013. This remuneration has not been drawn.

Company	Time Costs (£)	Expenses (£)
HMV Group	16,120	-
Record Shop 2	58,633	1,925
Total	74,753	1,925

8. ADMINISTRATORS' REMUNERATION AND EXPENSES

8.1 Administrators' Remuneration and Expenses

8.1.1 Basis of Remuneration

The basis of the Joint Administrators' remuneration, per company, was fixed on 9 April 2013 by the secured and preferential creditors (where applicable) by reference to the time properly given by the Joint Administrators and their staff in attending to matters arising in the administrations, calculated at the prevailing standard hourly charge out rates used by Deloitte at the time when the work is performed plus VAT

8.1.2 Remuneration

	1 June 2014 to 16 July 2014				15 January 2013 to 16 July 2014	
Company	Time costs incurred (£)	Hours	Average charge out rate (£)	Fees drawn (£)	Total time costs (£)	Total fees drawn (£)
HMV Group plc	25,399	41	619	Nil	1,059,131	Nil
Record Shop 2	67,695	155	435	600,000	10,535,707	6,247,849

Please refer to Appendix 3 where the work, for both Companies, has been categorised into the following task headings

- **Administration and planning** includes case planning, case set-up, notification of appointment, maintenance of our case files and insolvency case records, statutory reporting, compliance, cashing and accounting
- **Investigations** includes investigating the Company's affairs and in particular any antecedent transactions and also reporting on the conduct of its directors
- **Realisation of Assets** includes identifying, securing and insuring assets, sale of business, transition of contracts, property issues, collection of debts, and realisation of other assets

- **Trading** includes planning, identifying strategy, preparation of trading forecasts, monitoring of performance against the forecasts, managing operations, dealing with retention of title claims, dealing with supplier and landlord issues to ensure continuity of operations, accounting and employees (including pensions and other staff benefits)
- **Creditors** includes set-up of creditor records, creditor communications, preferential claims, unsecured claims, secured and employee claims
- **Case specific matters** includes pensions, VAT and taxation matters

"A Creditors' Guide to Remuneration" is available for download at www.deloitte.com/uk/sip-9-england-and-wales

Should you require a paper copy, please send your request in writing to the Joint Administrators at the address on the front of this report and this will be provided to you at no cost

8.1.3 Expenses

All expenses have been incurred in Record Shop 2

The Joint Administrators' expenses and category 1 disbursements incurred during the period of this report are as follows

Nature of Expense	Total Incurred (£)
Third Party Recharges	2,250
Total	2,250

8.2 Charge out rates

The range of charge out rates for the separate categories of staff in force during the appointment period are summarised below. Manager rates include all grades of assistant manager

Grade	£/Hour
Partners/Directors	605 to 950
Managers	305 to 720
Assistants and Support Staff	155 to 305

The above bands are specific to the Restructuring Services department partners and staff. In certain circumstances the use of specialists from other Deloitte departments such as Tax/VAT, Corporate Finance or Deloitte Real Estate may be required on the case. These departments may charge rates that fall outside the Restructuring Services department bands quoted above so, where such specialists have performed work on the case, average rates may also fall outside the Restructuring Services department bands.

8.3 Other professional costs

As previously advised, Linklaters LLP and Simmons and Simmons LLP were instructed by the Joint Administrators to advise on appropriate legal matters. To date, Linklaters LLP has been paid £2,341,322 (including disbursements) and Simmons & Simmons LLP has been paid £1,082,625 (including disbursements). Linklaters LLP advised the Joint Administrators throughout the administration trading period dealing with Retention of Titles issues, employee matters and general trading queries. Simmons & Simmons LLP has assisted the Joint Administrators since April 2013 in relation to on-going employee matters, on-going litigation and other general matters.

Retail Agents 260 Limited, a consultancy company specialising in retail businesses, were instructed by the Joint Administrators to advise on the trading of the business prior to its sale. To date Retail Agents 260 Limited has been paid £2,717,929 (including disbursements).

Wyles Hardy & Co Limited, a firm of chattel agents, were instructed by the Joint Administrators to undertake inventories and valuations of plant and equipment, fixtures and fittings and other chattel assets where appropriate. To date, Wyles Hardy & Co Limited has been paid £22,857. CBRE Limited and Savills (UK) Limited are providers of commercial real estate services and have been assisting on the assignment of various leasehold properties including the Oxford Street lease. They have, to date, been paid £217,025 and £37,500 respectively. Other agents fees paid to Smithfield Consultants totalling £4,375, relate to assistance provided with media enquiries.

Winterhill Largo has been engaged to assist with the recovery of book debt realisations primarily in relation to Record Shop 2. To date, Winterhill Largo has been paid £39,511 (the debt collection fees quoted in our previous report were incorrect and have now been amended accordingly).

Twice2Much Limited, a property audit firm, has been engaged to identify potential realisations resulting from potential overcharging on property costs by the Companies' historic suppliers. To date, Twice2Much Limited has been paid £722,422, primarily relating to the recovery of rates refunds (rate refunds agent's fees).

8.4 Creditors' right to request information

Any secured creditor or, unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Joint Administrators to provide additional information regarding remuneration or expenses to that already supplied within this report. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 2.47(1)(fa) and 2.48A of the Rules.

8.5 Creditors' right to challenge Remuneration and/or Expenses

Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or, with leave of the Court, may apply to the Court for one or more orders (in accordance with Rule 2 109(4) of the Rules), reducing the amount or the basis of remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred

Such applications must be made within 8 weeks of receipt by the applicant(s) of the progress report detailing the remuneration and/or expenses being complained of, in accordance with Rule 2 109 of the Rules

Please note that such challenges may not disturb remuneration or expenses approved or deemed to be approved under prior progress reports

Company Name	HMV Group Plc	Record Shop 2 Limited
Previous Name	N/A	HMV Music Limited (In Administration)
Proceedings	Administration	
Court Reference	323	322
Date of Appointment	15 January 2013	
Joint Administrators	Nicholas Guy Edwards, Robert James Harding and Neville Barry Kahn of Deloitte LLP Athena Place 66 Shoe Lane London EC4A 3BQ	
Registered Office Address	c/o Deloitte LLP Hill House 1 Little New Street London EC4A 3TR	
Company Number	3412290	229249
Incorporation Date	31-Jul-97	29-Mar-13
Company Secretary	Ms Elaine Marriner (Resigned save for HMV Group Plc)	
Bankers	Lloyds TSB Bank Plc	National Westminster Bank Plc
Auditors	Ernst & Young LLP	
Appointment by	The directors	
Directors (Note- no directors hold shares in any of the Companies)	David Adams John Duncan Ian Kenyon Trevor Moore Oma Ni-Chionna Philip Rowley	Ian Kenyon Trevor Moore

HMV Group Plc
(In Administration)

Summary of Receipts & Payments
For the period 15 January 2013 to 16 July 2014

SoA Balance		15 January 2013 to 31 May 2014	1 June 2014 to 16 July 2014	Total
£	RECEIPTS	£	£	£
4,232,827 00	Shares - Heaven Limited	2,950,000	-	2,950,000
	Shares - Hong Kong & Singapore	3,059,975	-	3,059,975
	7Digital Sale	5,000,000	-	5,000,000
	Business Claim	1	-	1
	Fixtures and Fittings	1	-	1
	Commercial Records	1	-	1
	Contracts	1	-	1
	Goodwill	1	-	1
nil	Unclaimed shareholder dividends	12,174	-	12,174
nil	Rates refunds	100,012	-	100,012
nil	Bank Interest Gross	8,135	642	8,777
nil	Tax Refund	285	-	285
3,500,000 00	Insurance Refund	8,258	-	8,258
3,500,000 00	Investments in joint venture	-	-	-
	Third Party Tax Claim	1,685,000	-	1,685,000
	MAMA deferred consideration	3,380,587	-	3,380,587
	Total Receipts	16,204,430	642	16,205,072
	PAYMENTS			
	Singapore Staff	52,430	-	52,430
	Hong Kong Staff	456,276	-	456,276
	Secured Creditor - Distribution	14,365,592	-	14,365,592
	Security for litigation costs	-	-	-
	Postage & Redirection	1,257	-	1,257
	Legal Fees - Heaven Limited	17,173	-	17,173
	Legal Fees - Property	32,532	-	32,532
	Legal Fees - General	198,899	500	199,399
	Legal Fees - Litigation	43,466	-	43,466
	Legal Disbursements	22,490	-	22,490
	Bank Charges	212	-	212
	Net VAT Receivable	3,989	160	4,149
	Total Payments	15,194,317	660	15,194,977
	Balance In Hand	1,010,113	(18)	1,010,095
		16,204,430	642	16,205,072

**Record Shop 2 Limited, formerly HMV Music Limited
(In Administration)**

**Trading Account from
15 January 2013 to 16 July 2014**

RECEIPTS	15 January 2013 to 31 May 2014	1 June 2014 to 16 July 2014	TOTAL
	£	£	£
Sales	85,351,733	-	85,351,733
Concession Income	68,155	-	68,155
Total trading income	85,419,887.98	-	85,419,887.98
PAYMENTS			
Purchases	21,048,532	-	21,048,532
ROT Settlements	11,880,427	-	11,880,427
Stock Settlement Purchases	13,796,854	-	13,796,854
Augment	26,448	-	26,448
Worldpay chargebacks	6,472	-	6,472
Sub Contractors	153,249	-	153,249
Wages & Salaries	16,460,212	-	16,460,212
Employee Costs & Expenses	325,779	-	325,779
Other Payroll Costs	13,178	-	13,178
Ransom Payments	566,354	-	566,354
Telephony & Networking	155,880	-	155,880
Heat, Light and Water	1,256,539	55	1,256,594
Cleaning	657,321	-	657,321
Security	242,741	-	242,741
Store Consumables	285,176	-	285,176
Cash Collection	116,760	-	116,760
Trading Licences	22,684	-	22,684
Distribution Costs	291,839	-	291,839
Merchant Services	1,158,321	-	1,158,321
Non-Store Consumables	74,693	-	74,693
IT Suppliers	956,682	-	956,682
Change Orders	807,642	-	807,642
Repairs & Maintenance	418,884	-	418,884
Leased Vehicles	75,144	-	75,144
Postage, Printing and Stationery	23,204	-	23,204
Consultant Fees	57,061	-	57,061
Website Costs	20,166	-	20,166
Call Centre	23,780	-	23,780
Storage Costs	81,357	2,631	83,988
Charity Settlements	110,593	-	110,593
Marketing Costs	171,891	-	171,891
Store Rent	5,500,693	-	5,500,693
Rates	3,822,829	16,054	3,838,882
Guernsey store costs	4,475	-	4,475
Other Occupancy Costs	59,944	-	59,944
Closure costs	188,330	401	188,731
Concession Costs	104,098	-	104,098
Retail Agent's fees	2,084,078	-	2,084,078
Retail Agent's expenses	633,851	-	633,851
Total trading payments	83,684,158	19,141	83,703,299
Trading surplus to 16 July 2014	1,735,730	(19,141)	1,716,589

**Record Shop 2 Limited, formerly HMV Music Limited
(In Administration)**

**Receipts & Payments account from
15 January 2013 to 16 July 2014**

SoA Balance		15 January 2013 to 31 May 2014	1 June 2014 to 16 July 2014	TOTAL
£	RECEIPTS	£	£	£
7 500 000	Trading surplus to 30 November 2013	1,735 730	(19 141)	1 716 589 *
nil	Leasehold Premium	4 521 162	-	4 521 162
nil	Sale of Business	-	-	0
nil	Cash in Transit	4,500,401	-	4 500 401
nil	Secured creditor funding	16 954 876	-	16 954 876
nil	Worldpay Pre Appt Deposit Refund	2,500,000	-	2 500 000
nil	Unidentified Receipts (pre-appt)	629 865	-	629 865
5 000 000	Book Debts	1 924 243	-	1,924 243
nil	Business Stock	12 043 260	-	12 043 260
nil	Sale of Painting	30 000	-	30 000
nil	Chattels and Equipment	13 757 839	-	13 757 839
nil	Business Claims	1	-	1
nil	Database IPR	1 500 005	-	1 500 005
nil	Commercial Records	1	-	1
nil	Contracts	1	-	1
nil	Business Properties	3 368 000	-	3 368 000
nil	Rates Refunds	579 411	-	579 411
nil	Sundry Refunds	309 154	-	309 154
nil	Insurance Refunds	9 990	-	9 990
nil	Fixtures & Fittings	7 001	-	7 001
nil	Compensation Payments Received	1,778	-	1,778
nil	Employee related refunds	12 252	-	12 252
nil	Bank Interest Gross	218,496	3 037	221 533
nil	Licence Fee - Rents	25 513 428	-	25 513 428
nil	Goodwill	3 000 000	-	3 000 000
nil	Sale of faulty stock	40 000	-	40 000
	Total Receipts	93,156,895	-16,104	93,140,791
	PAYMENTS			
	Rents recoverable under licence fee	28 523 468	50 830	28 574 297
	US Subsidiary costs	5 289	-	5 289
	Legal fees/Property	277 447	-	277 447
	Rate refunds agents fees	702 422	20 000	722 422
	Administrators' Fees	5 647 849	600 000	6 247 849
	Administrators' Expenses	230 013	-	230 013
	Debt Collection Fees	39 511	-	39 511
	Ratings Agent Fees	3 499	-	3 499
	Agents/Valuers Fees	281 757	-	281 757
	Legal Fees - General	3 123 383	2 415	3 125 799
	Legal fees - disbursements	127 240	45	127 285
	Postage & Redirection	21 848	-	21 848
	Statutory Advertising	308	-	308
	Insurance of Assets	214 054	-	214 054
	Corporation Tax	2 549	-	2 549
	Bank Charges	10 936	19	10 955
	Repayment of Secured Creditor Funding	16 954 876	-	16 954 876
	Secured Creditor Distribution	31 260 693	-	31 260 693
	Total Payments	87,427,143	673,309	88,100,452
	Balance In Hand	5,729,752	(689,413)	5,040,339
		93,156,895	-16,104	93,140,791

HMV Group Plc
(In Administration)
Time costs for the period 01 June 2014 to 16 July 2014

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning									
Cashiering and Statutory Filing	-	-	1 20	576 00	0 60	177 00	1 80	753 00	418 33
Case Supervision, Management and Closure	-	-	-	-	0 50	49 50	0 50	49 50	99 00
Initial Actions (e.g. Notification of Appointment, Securing Assets)	-	-	-	-	-	-	-	-	-
General Reporting	-	-	2 00	990 00	10 25	3 023 75	12 25	4 013 75	327 65
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-
Investigations									
Investigations	-	-	3 20	1 566 00	11 35	3 250 25	14 55	4 816 25	331 01
Reports on Directors' Conduct	-	-	-	-	-	-	-	-	-
Trading									
Day 1 Control of Trading	-	-	-	-	-	-	-	-	-
Ongoing Trading	-	-	-	-	-	-	-	-	-
Monitoring Trading	-	-	-	-	-	-	-	-	-
Closure of Trade	-	-	-	-	-	-	-	-	-
Realisation of Assets									
Book Debts	-	-	-	-	-	-	-	-	-
Other Assets (e.g. Stock)	23 00	19 550 00	-	-	-	-	23 00	19 550 00	850 00
Plant and Equipment, Fixtures and Fittings and Vehicles	-	-	-	-	-	-	-	-	-
Property - Freehold and Leasehold	-	-	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-	-	-
Sale of Business / Assets	-	-	-	-	-	-	-	-	-
Third Party Assets	23 00	19 550 00	-	-	-	-	23 00	19 550 00	850 00
Creditors									
Employees	-	-	-	-	-	-	-	-	-
Preferential	-	-	-	-	-	-	-	-	-
Secured	-	-	-	-	-	-	-	-	-
Shareholders	-	-	-	-	-	-	-	-	-
Unsecured	-	-	-	-	-	-	-	-	-
Other Matters Include									
Litigation	-	-	-	-	-	-	-	-	-
Pensions	-	-	-	-	3 50	1 032 50	3 50	1 032 50	295 00
Tax and VAT	-	-	-	-	3 50	1 032 50	3 50	1 032 50	295 00
TOTAL HOURS & COST	23 00	19 550 00	3 20	1 566 00	14 85	4 282 75	41 05	25 398 75	618 73

TOTAL FEES DRAWN TO DATE

0 00

HMV Group Plc
(In Administration)
Time costs for the period 15 January 2013 to 16 July 2014

	Partners & Directors		Managers		Assistants & Support		TOTAL	Average Hourly Rate
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)		
Administration and Planning								
Cashiering and Statutory Filing	3 90	3,175 00	39 80	18,681 00	20 48	5 747 60	84.18	27,603 60
Case Supervision, Management and Closure	11 00	9 350 00	8 97	4 106 15	15 98	3 541 10	35 95	16,997 25
Initial Actions (e.g. Notification of Appointment, Securing Assets)	60 25	57,012 50	33 80	16,707 00	16 70	3,889 00	110 75	77,608 50
General Reporting	-	-	17 80	8,904 00	34 08	8 860 60	51 88	17,764 60
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-
	75 15	69,537 50	100 37	48,398 15	87 24	22,038 30	262 76	139,973 95
Investigations								
Investigations	-	-	6 00	2,970 00	-	-	6 00	2,970 00
Reports on Directors Conduct	10 00	9 200 00	2 70	1 336 50	-	-	12 70	10,536 50
	10 00	9,200 00	8 70	4,306 50	-	-	18 70	13,506 50
Trading								
Day 1 Control of Trading	1 00	850 00	-	-	-	-	1 00	850 00
Ongoing Trading	-	-	-	-	-	-	-	-
Monitoring Trading	-	-	-	-	-	-	-	-
Closure of Trade	5 00	4 125 00	-	-	-	-	5 00	4,125 00
	6 00	4,975 00	-	-	-	-	6 00	4,975 00
Realisation of Assets								
Book Debts	-	-	-	-	-	-	-	-
Other Assets (e.g. Stock)	152 00	107,140 00	41 10	16,639 50	-	-	193 10	123,779 50
Plant and Equipment, Fixtures and Fittings and Vehicles	-	-	-	-	-	-	-	-
Property - Freehold and Leasehold	-	-	-	-	-	-	-	-
Retention of Title	-	-	-	-	-	-	-	-
Sale of Business / Assets	95 00	91,942 50	315 40	249,434 50	8 05	1 308 50	418 45	342,685 50
Third Party Assets	-	-	-	-	-	-	-	-
	247 00	199,082 50	356 50	266,074 00	8 05	1,308 50	611 55	466,465 00
Creditors								
Employees	152 00	125,600 00	62 40	29 328 00	281 70	77 050 25	476 10	231,978 25
Preferential	-	-	-	-	-	-	-	-
Secured	7 00	5 950 00	5 00	3 600 00	0 50	120 00	12 50	9,870 00
Shareholders	-	-	13 00	8 255 00	0 40	96 00	13 40	8,351 00
Unsecured	-	-	25 50	12,622 50	69 00	16 593 50	94 50	29,216 00
	159 00	131,550 00	105 90	53,805 50	331 60	93,859 75	596 50	279,215 25
Other Matters Include								
Litigation	-	-	-	-	2 00	480 00	2 00	480 00
Pensions	14 50	12,356 62	9 10	5 264 73	-	-	23 60	17,621 35
Tax and VAT	68 20	77 453 50	57 55	55 500 25	15 25	3 940 25	141 00	136,894 00
	82 70	89,810 12	66 65	60,764 98	17 25	4,420 25	166 60	154,995 35
TOTAL HOURS & COST	579 85	504,155 12	638 12	433,349 13	444 14	121,626 80	1,662 11	1,059,131 05

TOTAL FEES DRAWN TO DATE

0 00

Record Shop 2 Limited (previously HMV Music Limited) Time costs for the period 1 June 2014 to 16 July 2014

(In Administration)

	Partners & Directors		Managers		Assistants & Support		TOTAL		Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)	
Administration and Planning									
Cashiering and Statutory Filing	0 10	85 00	12 00	5 020 00	3 90	1,150 50	16 00	6,255 50	390 97
Case Supervision, Management and Closure	-	-	-	-	25 05	7 267 25	25 05	7,267 25	290 11
Initial Actions (e.g. Notification of Appointment, Securing Assets)	-	-	-	-	-	-	-	-	-
General Reporting	2 00	1,650 00	2 00	990 00	37 00	10 915 00	41 00	13,555 00	330 61
Liaison with Other Insolvency Practitioners	-	-	-	-	-	-	-	-	-
	2 10	1,735 00	14 00	6,010 00	65 95	19,332 75	82 05	27,077 75	330 02
Investigations									
Investigations	-	-	-	-	-	-	-	-	-
Reports on Directors' Conduct	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Trading									
Day 1 Control of Trading	-	-	-	-	-	-	-	-	-
Ongoing Trading	-	-	-	-	7 75	2 286 25	7 75	2,286 25	295 00
Monitoring Trading	-	-	-	-	-	-	-	-	-
Closure of Trade	-	-	7 00	3,465 00	-	-	7 00	3,465 00	495 00
	-	-	7 00	3,465 00	7 75	2,286 25	14 75	5,751 25	389 92
Realisation of Assets									
Book Debts	-	-	-	-	-	-	-	-	-
Other Assets (e.g. Stock)	-	-	3 00	1,485 00	-	-	3 00	1,485 00	495 00
Plant and Equipment, Fixtures and Fittings and Vehicles	-	-	-	-	-	-	-	-	-
Property - Freehold and Leasehold	-	-	10 00	4,950 00	-	-	10 00	4,950 00	495 00
Retention of Title	-	-	-	-	-	-	-	-	-
Sale of Business / Assets	-	-	-	-	-	-	-	-	-
Third Party Assets	-	-	-	-	-	-	-	-	-
	-	-	13 00	6,435 00	-	-	13 00	6,435 00	495 00
Creditors									
Employees	-	-	-	-	-	-	-	-	-
Preferential	-	-	-	-	-	-	-	-	-
Secured	-	-	-	-	-	-	-	-	-
Shareholders	-	-	-	-	-	-	-	-	-
Unsecured	-	-	-	-	3 00	885 00	3 00	885 00	295 00
	-	-	-	-	3 00	885 00	3 00	885 00	295 00
Other Matters Include									
Litigation	3 00	2,625 00	-	-	-	-	3 00	2,625 00	875 00
Pensions	-	-	-	-	-	-	-	-	-
Tax and VAT	14 90	15,719 50	9 50	4 702 50	15 25	4 496 75	39 65	24,920 75	628 52
	17 90	18,344 50	9 50	4,702 50	15 25	4,496 75	42 65	27,545 75	645 86
	-	-	-	-	-	-	-	-	-
TOTAL HOURS & COST	20 00	20,079 50	43 50	20,612 50	91 95	27,002 75	155 45	67,694 75	435 48
TOTAL FEES DRAWN TO DATE									6,247,849 00

Record Shop 2 Limited (previously HMV Music Limited)
(In Administration) Time costs for the period 15 January 2013 to 16 July 2014

	Partners & Directors		Managers		Assistants & Support		TOTAL	Average Hourly Rate Cost (£)
	Hours	Cost (£)	Hours	Cost (£)	Hours	Cost (£)		
Administration and Planning								
Cashiering and Statutory Filing	35 95	30 557 50	689 85	321 538 25	372 36	108 952 95	1,088 16	481,048 70
Case Supervision, Management and Closure	187 30	160 255 00	326 78	110,438 10	397 73	103 306 85	911 81	373,989 95
Initial Actions (e.g. Notification of Appointment, Securing Assets)	58 00	46 850 00	51 80	26 721 00	54 90	11,308 50	164 70	84,879 50
General Reporting	50 00	41 400 00	81 00	40 761 00	107 14	29 846 80	238 14	112,007 80
Liaison with Other Insolvency Practitioners								
	331 25	279,062 50	1,149 43	499,458 35	932 13	253,415 10	2,412 81	1,031,935 95
Investigations								
Investigations	55 00	47 625 00	123 50	47 365 00	43 00	6 882 50	221 50	101,872 50
Reports on Directors' Conduct	0 20	170 00	2 70	1 336 50	-	-	2 90	1,506 50
	55 20	47,795 00	126 20	48,701 50	43 00	6,882 50	224 40	103,379 00
Trading								
Day 1 Control of Trading	7 00	5 950 00	192 30	103 395 00	10 50	2,122 50	209 80	111,467 50
Ongoing Trading	990 70	745,781 00	3,574 94	1,777 470 30	953 57	184 563 65	5,519 21	2,707,794 95
Monitoring Trading	18 00	15 050 00	1 652 00	858 482 50	-	-	1,670 00	873,532 50
Closure of Trade	187 00	153,175 00	435 90	272,480 50	5 60	615 00	628 50	426,270 50
	1,202 70	919,936 00	5,855 14	3,011,828 30	969 67	187,301 15	8,027 51	4,119,065 45
Realisation of Assets								
Book Debts	-	-	14 00	6,540 00	14 80	3,034 00	28 80	9,574 00
Other Assets (e.g. Stock)	25 50	21 297 50	79 10	39,154 50	4 00	200 00	108 60	60,652 00
Plant and Equipment, Fixtures and Fittings and Vehicles								
Property - Freehold and Leasehold	936 70	796 342 00	1 401 85	798 717 50	1 307 50	307 672 50	3,646 05	1,902,732 00
Retention of Title	483 50	292 517 50	1 761 80	586 874 00	2 50	512 50	2,247 80	879,904 00
Sale of Business / Assets	216 00	224 580 00	776 50	527 405 00	119 50	33 807 50	1,112 00	785,792 50
Third Party Assets	-	-	-	-	4 00	780 00	4 00	780 00
	1,661 70	1,334,737 00	4,033 25	1,958,691 00	1,452 30	346,006 50	7,147 25	3,639,434 50
Creditors								
Employees	77 00	64 250 00	546 70	253 065 50	732 42	215 321 40	1,356 12	532,636 90
Preferential	-	-	-	-	1 20	234 00	1 20	234 00
Secured	24 50	20 637 50	2 50	1 800 00	-	-	27 00	22,437 50
Shareholders								
Unsecured	3 00	2 475 00	877 40	383 674 00	622 25	130,917 75	1,502 65	517,066 75
	104 50	87,382 50	1,426 60	638,539 50	1,355 87	346,473 15	2,888 97	1,072,375 15
Other Matters Include								
Litigation	3 00	2 625 00	-	-	41 00	7 995 00	44 00	10,620 00
Pensions	2 00	1 468 90	22 10	14,188 99	-	-	24 10	15,657 89
Tax and VAT	266 70	281 334 50	330 55	251 747 25	38 67	10 157 65	635 92	543,239 40
	271 70	285,438 40	352 65	265,936 24	79 67	18,152 65	704 02	569,517 29
TOTAL HOURS & COST	3,627 05	2,954,321 40	12,943 27	6,423,154 89	4,832 64	1,158,231 05	21,402 96	10,535,707 34
TOTAL FEES DRAWN TO DATE								6,247,849 00

HMV Group plc and Record Shop 2 Limited (formerly HMV Music Limited) (both in Administration) Final Progress Report to Creditors for the period to 16 July 2014