

The Insolvency Act 1986

Notice of move from administration to dissolution

Name of Company

T J Hughes (Investments) Limited

Company number

04958759

In the High Court of Justice
Chancery Division
Leeds District Registry

[full name of court]

Court case number

950 of 2011

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

I / We (a) Thomas Andrew Jack and Simon Allport
of Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY

having been appointed administrator(s) of

(b) Insert name and
address of registered
office of company

(b) T J Hughes (Investments) Limited
of 100 Barbirolli Square, Manchester, M2 3EY

(c) Insert date of
appointment
(d) Insert name of
applicant / appointor

on (c) 30 June 2011 by (d) The Secured Creditor

hereby give notice that the provisions of paragraph 84(1) of Schedule B1 to the Insolvency Act 1986 apply

I / we attach a copy of the final progress report

Signed


Joint / Administrator(s)

Dated 19 December 2012

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

Alex Bostock

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

Tel 0161 333 2826

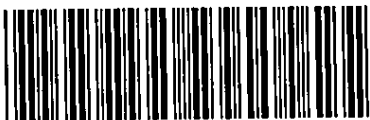
DX Number

DX Exchange

When you have completed and signed this form please send it to the Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff



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COMPANIES HOUSE

WEDNESDAY

TO MEMBERS AND ALL KNOWN CREDITORS

19 December 2012

Ref CRT/JIPT/AB/NWM1082/PCF/D21 1

Direct line 0161 333 2826
Direct fax 0161 333 3008

Please ask for Alex Bostock

Dear Sirs

T J Hughes (Holdings) Company Limited ('Holdings')
T J Hughes (Investments) Limited ('Investments')
(Both in Administration) (together 'the Companies')

I write in accordance with Rule 2.118 of The Insolvency Rules 1986 ('the Rules') to provide creditors with a final report on the progress of the above Administrations

This report covers the period from 12 May 2012 to 19 December 2012 and should be read in conjunction with the Joint Administrators' previous reports dated 20 January 2012 and 1 June 2012 and the Joint Administrators' statement of proposals dated 16 August 2011 ('the Proposals')

The Companies entered Administration on 30 June 2011 and Simon Allport and I of Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY were appointed to act as Joint Administrators. The appointments were made by the Companies' secured creditor under the provisions of Paragraph 14 of Schedule B1 to the Insolvency Act 1986 ('the Act'). Under the terms of the appointments, any act required or authorised to be done by the Joint Administrators can be done by either of them, acting jointly or alone.

This report covers the Companies only. Previously, the Joint Administrators' progress reports have included T J Hughes Limited ('TJH'), T J Hughes (Properties) Company Limited ('Properties') and the Companies (together 'the Group'). As there remain a number of outstanding matters to resolve in TJH and Properties it is proposed that these are moved into Creditors' Voluntary Liquidation under the provisions of paragraph 83(1) of Schedule B1 to the Act, and will be reported on separately. As there remains no further matters to resolve in the Companies, on 19 December 2012, an application was submitted to the Registrar of Companies to dissolve the Companies in accordance with paragraph 84 of schedule B1 to the Act.

A summary of statutory information relating to the Companies and the appointments of the Joint Administrators is provided at Appendix 1.

Summary of the Joint Administrators' Proposals

Background

The Companies were part of the T J Hughes Group of Companies which traded as one of the largest department store chains in the UK, trading from 56 stores nationally with c 3,500 employees in total. However, neither Holdings nor Investments traded, being dormant holding companies.



The original business was founded in 1912 in Liverpool. The Group floated on the London Stock Exchange in 1992, was taken private in 2000 by JJB Limited and acquired by PPM Capital in 2003. The Group refinanced with Burdale Financial Limited ('Burdale') via a £20m stock and loan facility in early March 2011. Following this refinance, the Group was subsequently acquired by Endless LLP ('Endless'), a turnaround investor. The Group had several senior management changes in the months preceding the appointment of the Joint Administrators in an attempt to turnaround the business.

Prior to Endless's investment, trade credit insurance cover for suppliers was significantly reduced which, together with continued poor trading performance and increased cash requirements, resulted in the Group seeking additional funding. In April 2011, additional funding of £10m was provided to the Group by Endless to support the business whilst a turnaround plan was developed. Trading continued to be challenging and like for like retail sales were significantly below prior year levels. This resulted in an extensive cost reduction programme as part of a long term turnaround plan.

Circumstances giving rise to the appointments

Trading conditions in the 12 months prior to the appointment of the Joint Administrators were extremely difficult for the Group. Christmas 2010 trading results were extremely poor and the Group suffered large losses for the year ended January 2011 (£6.3m). This was compounded by the adverse cash flow impact of large stock holdings, the profit impact of subsequent stock reduction initiatives and ultimately the withdrawal of supplier credit.

Despite the implementation of a turnaround plan and the receipt of additional funding from Endless to address the above issues, the Group continued to experience poor trading results and significant cash flow and creditor pressure. On 24 June 2011, a winding up petition was lodged against TJH by a trade creditor and the Group's bank accounts were frozen. At this stage the Group needed substantial additional working capital funding to carry on trading and was adversely impacted by the withdrawal of credit insurance cover to a number of the Group's suppliers. As a result, an estimated additional funding requirement of up to £20m was identified to be able to trade to 31 December 2011.

As a result, the Group concluded that a turnaround of the business was not viable as the level of funding needed was not supportable. As a consequence, the Director of the Group decided that to protect the interests of all creditors it was necessary to place the Group into Administration.

Due to the winding up petition, the Director was unable to formally file a Notice of Intention to appoint Administrators at Court and accordingly invited the qualifying floating charge holder to do so.

At the date of appointment, Burdale, the first ranking secured creditor, had total secured debt of £13.6m, and Endless had second ranking secured debt of £10.2m. Following the appointments of the Joint Administrators, on 6 July 2011 Endless assigned its rights and security to the second ranking secured debt for an undisclosed sum to GA Europe Investments 300 Limited ('GAE'), a company associated with Great American Group ('GAG'), a retail turnaround investor and stock realisation specialist.

Purpose of the Administrations

Following our appointments on 30 June 2011, the Joint Administrators took control of the business and assets of the Companies with a view to establishing a strategy to meet the prioritised objectives of the Administration process

- a rescue the company as a going concern, or
- b achieve a better result for creditors as a whole than would be likely if the company was wound up (without first being in Administration), or
- c realise property in order to make a distribution to one of more secured or preferential creditors

Insolvency legislation provides that objective (a) should be pursued unless it is not reasonably practicable to do so or if objective (b) would achieve a better result for the Companies' creditors as a whole. Objective (c) may only be pursued if it is not reasonably practicable to achieve either objective (a) or (b) and can be pursued without unnecessarily harming the interests of the creditors of the Companies as a whole.

Objective (a) could not be achieved for the following reasons

- ▶ The Group was heavily loss making and it was unlikely that it could return to profitability in the short to medium term, particularly given the high fixed cost base of the business associated with its current store portfolio and the challenging state of the retail market, and
- ▶ A significant proportion of the stock was subject to Retention of Title ('ROT') claims, and the support of the suppliers (including credit terms) was likely to be severely restricted post insolvency, giving a substantial funding requirement for the Group to continue to trade as a going concern

The Joint Administrators therefore pursued objective (b), the reasons for this are outlined below

- ▶ If the Group was to be wound up, realisations from stock would have been significantly reduced due to the restricted trading conditions with stock subject to valid ROT claims being returned to suppliers and any recoveries from the remaining unencumbered stock being disposed of in bulk at very low realisable values,
- ▶ Realisations from the Group's property portfolio could be enhanced if they were disposed of whilst the Group was still trading and the premises still occupied and in use as retail outlets, and
- ▶ The possibility to successfully transfer employment contracts and leasehold interests to potential purchasers in order to reduce both preferential and non-preferential claims

Extension to the Initial Period of Appointment

An extension of the Administrations of the Companies was sought, pursuant to Paragraph 76(2)(b) of Schedule B1 to the Insolvency Act 1986 ('the Act'). This was granted by the secured creditors on 1 June 2012 and filed at the Registrar of Companies on 18 June 2012, extending the Administrations to 29 December 2012.

The Administrations were extended to enable the Joint Administrators to finalise a number of matters to successfully achieve the purpose of the Administrations. These matters included but were not limited to,

dealing with outstanding retention of title claims, dealing with the portfolio of property leases, an extension of the licence to occupy certain of the Group's leasehold premises provided to Lewis's Home Retail Limited ('LHR') and the settlement of outstanding trading liabilities

All of these matters relate to either TJH or Properties but it was deemed appropriate to extend the Administrations of all Companies in the Group as at that point GAE continued to be outstanding secured indebtedness across the Group

Summary of progress

Tax

The pre-appointment corporation tax affairs of the Companies have now been brought up to date. As the Companies generated no realisations, no Corporation Tax is payable in respect of the Administrations

Outcome to creditors

Secured creditors

Further to my previous progress report, £11.2m in total has now been distributed to the Group's second ranked secured creditor, GAE, in respect of its secured indebtedness. Both secured lenders have now been repaid in full including their valid post appointment interest and charges.

As there have been no realisations in the Administrations of the Companies, no distributions have been made to the secured creditors from the Companies and distributions have been funded by TJH.

Preferential creditors

The Companies had no employees at the date of the Joint Administrators' appointment and as such, there were no preferential claims against the Companies.

Non-preferential creditors

The Director's Statement of Affairs included an estimate of non-preferential claims across the Companies in the region of £48.4m, which were solely amounts due to other Group companies.

The Director's estimate may be summarised as follows:

£m	Total	Holdings	Investments
Intercompany creditors	48.4	1.2	47.2
Total	48.4	1.2	47.2

As there have been no realisations, we do not expect a distribution to be made to non-preferential creditors.

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.

As there were no realisations in the Administrations of the Companies, the Joint Administrators, to the best of their knowledge and belief, estimate that the value of the Prescribed Part to be nil

Receipts and payments account

I enclose at Appendix 2 to this report a receipts and payments extract for the period from 30 June 2011 to 19 December 2012

Joint Administrators' remuneration and disbursements

In accordance with Rule 2 106 of the Rules, the Joint Administrators' remuneration was fixed by the Group's secured creditors and TJH's preferential creditors, on the basis of time properly incurred by the Joint Administrators and their staff in attending to matters arising in the Administrations

As at 19 December 2012 total time costs incurred across the Companies totalled £12,572 00 As there were no realisations in the Companies, these time costs have not been drawn

The Joint Administrators have not incurred any disbursements in respect of the Administrations of the Companies

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 website 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

In certain circumstances, creditors are entitled to request further information regarding the Joint Administrators' remuneration or disbursements, or to apply to court on the grounds that the costs are considered to be excessive (Rules 2 48A and 2 109 of the Rules) Further information is provided at Appendix 5

Joint Administrators' discharge from liability

The Joint Administrators have requested their discharge from liability from the secured creditors of the Companies in accordance with Section 98 of Schedule B1 to the Act

Exit from Administration

All matters in the Administrations in respect of the Companies have now been finalised and the Joint Administrators shall soon cease to act As stated in the Proposals, the Administrations of the Companies will come to an end in accordance with Paragraph 84 of Schedule B1 to the Act and the Companies will be deemed to be dissolved three months after the registration of the appropriate notice

We enclose for your information forms 2 35B, Notice of move from Administration to Dissolution which were forwarded to Companies House on 19 December 2012

I hope that this report is sufficient for your purposes. If you have any queries in this matter please contact my colleague Alex Bostock on 0161 333 2826

Yours faithfully
for the Companies



T A Jack
Joint Administrator

Enc Appendix 1 – Statutory information
 Appendix 2 – Joint Administrators' abstract of receipts and payments from
 30 June 2011 to 19 December 2012
 Appendix 3 – Summary of Joint Administrators' time-costs and disbursements from
 30 June 2011 to 19 December 2012
 Appendix 4 – Joint Administrators' policy for fees and disbursements
 Appendix 5 – Further information for creditors regarding remuneration and disbursements

T A Jack and S Allport are licensed in the United Kingdom to act as Insolvency Practitioners by The Institute of Chartered Accountants in England and Wales

The affairs, business and property of the Companies is being managed by the Joint Administrators, T A Jack and S Allport, 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

T J Hughes (Holdings) Company Limited (in Administration)

Summary of statutory information

Company Information

Company Name	TJ Hughes (Holdings) Company Limited
Registered Office Address	100 Barbirolli Square Manchester M2 3EY
Registered Number	04984399
Trading Name(s)	None
Trading Address(es)	Hughes House London Road Liverpool Merseyside L3 8JA

Details of the Administrators and of their appointment

Administrators	T A Jack and S Allport
Date of Appointment	30 June 2011
By Whom Appointed	Endless LLP, 3 Whitehall Quay, Leeds, LS1 4BF as qualifying floating charge holder
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 951 of 2011

Any of the functions to be performed or powers exercisable by the Administrators may be carried out/exercised by either of them acting alone or by both 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	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary A	150,000	15,000	150,000	15,000
Ordinary B	860,101	8,601	850,000	8,500

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Robert Lister	Director	24 June 2011	n/a	Nil
T J Hughes (Company Secretary) Limited	Secretary	31 January 2007	n/a	Nil
Neil William McCausland	Director	21 April 2004	22 March 2011	9% of Ordinary A shares
Susan Tennant	Director	16 July 2007	10 January 2011	33% of Ordinary A shares
David Williams	Director	14 July 2008	12 January 2011	12% of Ordinary A shares

T J Hughes (Investments) Limited (In Administration)

Summary of statutory information

Company Information

Company Name	TJ Hughes (Investments) Limited
Registered Office Address	100 Barbirolli Square Manchester M2 3EY
Registered Number	04958759
Trading Name(s)	None
Trading Address(es)	Hughes House London Road Liverpool Merseyside L3 8JA

Details of the Administrators and of their appointment

Administrators	T A Jack and S Allport
Date of Appointment	30 June 2011
By Whom Appointed	Endless LLP, 3 Whitehall Quay, Leeds, LS1 4BF as qualifying floating charge holder
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 950 of 2011

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Share capital

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary A	150,000	15,000	106,000	10,600
Ordinary B	860,101	8,601	850,000	8,500

Directors and secretary and their shareholdings

Name	Director or Secretary	Date appointed	Date resigned	Current shareholding
Robert Lister	Director	24 June 2011	n/a	Nil
T J Hughes (Company Secretary) Limited	Secretary	31 January 2007	n/a	Nil

**Joint Administrators' abstract of receipts and payments
from 30 June 2011 to 19 December 2012**

Appendix 3

T J Hughes (Holdings) Company Limited (in Administration)

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 19 December 2012

	Staff Grade						Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst		
Job Acceptance & Strategy	5.0	0.7			1.5		3,352.50	466
Bank & Statutory Reporting			1.0				390.00	390
Investigations					1.0		220.00	220
Accounting & Administration			1.0		3.5	0.1	1,192.50	259
Statutory Duties				0.1	4.8	1.0	1,244.50	211
Total Hours	5.0	0.7	2.0	0.1	10.8	1.1	19.7	
Time Cost (£)	2,725.00	297.50	800.00	30.50	2,349.00	197.50	6,399.50	
Average Hourly Rate (£)	545	425	400	305	218	180	325	

T J Hughes (Investments) Limited (in Administration)

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 19 December 2012

	Staff Grade						Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst		
Job Acceptance & Strategy	5.0	0.7			1.5		3,352.50	466
Bank & Statutory Reporting			1.0				390.00	390
Investigations					1.0		220.00	220
Accounting & Administration					3.5	0.1	782.50	217
Statutory Duties				0.1	4.8	1.0	1,229.50	208
VAT & Taxation			0.4				198.00	495
Total Hours	5.0	0.7	1.4	0.1	10.8	1.1	19.1	
Time Cost (£)	2,725.00	297.50	588.00	30.50	2,334.00	197.50	6,172.50	
Average Hourly Rate (£)	545	425	420	305	216	180	323	

Appendix 3

Summary of hourly charge out rates

Where time has been charged to the Companies, 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 2012	1 July 2011 to 30 June 2012	1 July 2010 to 30 June 2011
Restructuring	Partner	570 - 810	545 - 770	520 - 735
	Director	465 - 775	445 - 770	425
	Assistant Director	410 - 610	390 - 630	370 - 515
	Senior Executive	320 - 420	305 - 400	290 - 380
	Executive	230 - 310	220 - 295	210 - 280
	Analyst	130 - 280	110 - 175	90-180
	Intern	20 - 95	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	255 - 380	360	105 - 330
	Analyst	-	-	60 - 180
Central business services	Assistant Director	-	-	100
Tax	Partner	925 - 1115	990	990
	Director	650 - 1115	875 - 920	830 - 940
	Assistant Director	545 - 900	555 - 585	495 - 720
	Senior Executive	420 - 670	380 - 640	380 - 610
	Executive	345 - 495	315	315 - 360
	Analyst	65 - 395	60	60 - 275
	Intern	25	25	-

Appendix 4

T J Hughes (Holdings) Company Limited T J Hughes (Investments) Limited (Both in Administration) (together 'the Companies')

Joint Administrators' policy for fees and disbursements

Office Holders' Charging Policy for Fees

The Group's secured and preferential creditors have determined that the Joint Administrators' remuneration should be fixed on the basis of time properly incurred 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 Group's 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 3, as are the current hourly rates used. The current hourly rates may be higher than the average rates, if hourly rates have increased over the period covered by this report.

The above time costs are shown in units of pounds and time is recovered to the nearest six minutes.

Office Holders' Charging Policy for Disbursements

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

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

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

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") "