

The Insolvency Act 1986

Administrator's progress report

Name of Company

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

Company number

04984399

In the

High Court of Justice, Chancery Division
Leeds Direct Registry

Court case number

951 of 2011

(a) Insert full name(s)
and address(es) of
administrator(s)I / We (a) Thomas Andrew Jack and Simon AllportErnst & 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) 30 June 2011

(b) 29 December 2011

Signed

Joint / Administrator(s)

Dated

20/1/12

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 register.

Zoe Wanley

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

Tel 0161 333 2697

DX Number

DX Exchange



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

Companies House, Crown Way, Cardiff, CF14 3UZ

DX 33050 Cardiff

TO ALL KNOWN CREDITORS

20 January 2012

Ref R/TJ/PT/ZWINWM1082/D16 1

Please ask for Zoe Wanley

Direct line 0161 333 2697
Direct fax 0161 333 3008

Dear Sirs

**T J Hughes Limited ('TJH')
T J Hughes (Holdings) Company Limited ('Holdings')
T J Hughes (Investments) Limited ('Investments')
T J Hughes (Properties) Company Limited ('Properties')
(All in Administration) (together 'the Group')**

I write, in accordance with Rule 2.47 of the Insolvency Rules 1986 ('the Rules'), to provide creditors with a report on the progress of the Administrations of the Group. This report covers the period from 30 June 2011 to 29 December 2011 and should be read in conjunction with the Joint Administrators' statement of proposals dated 16 August 2011 ('Proposals').

The Group entered Administration on 30 June 2011 and Thomas Andrew Jack and Simon Allport of Ernst & Young LLP, 100 Barbirolli Square, Manchester, M2 3EY were appointed to act as Joint Administrators. The appointments were made by the Group's 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 or both of them acting jointly or alone.

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

Creditors meeting

As previously advised in the Proposals, the Joint Administrators are of the opinion that the Group has 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 in the Group.

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 30 August 2011.



INVESTOR IN PEOPLE

Background and circumstances giving rise to the appointment of Joint Administrators

At the time of the appointments, the Group was one of the largest department stores in the UK, trading from 56 stores nationally with c. 3,500 employees in total

The Group's head office and management functions were operated from leasehold premises at Hughes House, Liverpool, where 129 head office staff were located. The Group also had operations at two warehouses in the Liverpool area that held minimal stock.

The Group refinanced with Burdale Financial Limited ('Burdale') via a £20m stock and loan facility in early March 2011 and was subsequently acquired by Endless LLP, a turnaround investor.

Trading conditions had been extremely difficult for the Group. The Christmas 2010 trading results were extremely poor and the Group suffered large losses (£6.3m) for the year ended January 2011 which was compounded by the adverse cash flow impact of large stock holdings and the profit impact of subsequent stock reduction initiatives.

Furthermore, the Group had several senior management changes in the nine months prior to the appointment of the Joint Administrators to support an attempted turnaround.

In light of the above, in March 2011, a number of credit insurers significantly reduced, and eventually withdrew credit insurance cover, to the Group's suppliers, which had a material impact on the Group's trading relationships with those suppliers.

Despite the introduction of significant turnaround funding, 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 bank accounts were frozen. At this stage the Group needed substantial additional working capital funding to carry on trading, with an estimated additional funding requirement of up to £20m to trade to 31 December 2011.

As a result, the Group concluded a turnaround of the business was not viable as the level of funding needed was not supportable as a result of historic and ongoing losses. 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.

On 28 June 2011, the qualifying floating chargeholder lodged a Notice of Intention to Appoint Administrators over TJH. Following this, Thomas Andrew Jack and Simon Allport were appointed as Joint Administrators of the Group on 30 June 2011 under the provisions of Paragraph 14 of Schedule B1 of the Act.

Summary of progress

Trading

Trading sales

TJH was the Group's only trading entity, as contractual employer, owner of the stock and operator of the stores.

Following their appointment, the Joint Administrators sought to maximise the realisable value of stock in hand (estimated net book value of £38m) by enabling the business to continue to trade in Administration whilst pursuing a going concern sale of all or part of the Group's business and assets. It was considered that this was more likely to achieve a premium over the book value of stock compared to an ex situ wholesale disposal.

It quickly became apparent that a going concern sale was likely to take a number of weeks to complete and accordingly, on 6 July 2011, the Joint Administrators engaged specialist retail agents GA Europe ('GA') to assist and advise on the realisation of TJH's stock. Stock sales (including augmented stock) of £39.5m (net of VAT) were realised during the period of Administration trading. A small volume of remaining stock is in the process of being auctioned but is not expected to generate material additional realisations.

At the date of appointment there were 22 businesses operating from within the Group's stores under concession agreements. The Joint Administrators agreed ongoing trading terms with 18 of the concessionaires, who continued to trade from the stores during the period of Administration trading, with the remaining four choosing to exit. Net concession income of £0.7m was generated during this period.

On 7 August 2011, the Joint Administrators secured the sale of four stores on a going concern basis to Lewis's Home Retail Limited ('LHR') which included the rights to the intellectual property of TJH. A further two stores were sold to LHR on a going concern basis on 9 August 2011. Despite extensive marketing, the Joint Administrators were unable to secure any further store sales and together with GA initiated a phased store closure programme during the remainder of August 2011, with the final stores closed and staff made redundant by 31 August 2011.

All other Group companies in Administration are non-trading and have no material realisations.

Trading costs

Retail agents

On 6 July 2011 the Joint Administrators engaged specialist retail agents GA to underwrite a guaranteed return for the stock, and advise and assist on its realisation. GA were engaged on a fixed fee basis which became payable once the first ranking secured debt was paid in full and guaranteed minimum stock sales sufficiently exceeded. GA's fee and the associated cost of consultants and advertising has now been paid in full.

Employees

At the date of appointment, 3,497 employees were employed by TJH, comprising

Head office	129
Distribution and warehouse centre	133
Stores	3,235
Total employees	3,497

As explained in the Proposals, six stores were sold to LHR under two sale and purchase agreements dated 7 August and 9 August 2011 respectively. Accordingly, 576 of the 3,235 store employees were transferred to LHR as part of these sales.

No further store sales have been achieved since the Proposals and all stores were closed by 31 August 2011 and the business ceased to trade. Certain employees were retained to assist in the exit of the head office including archiving of historical records, securing IT data and assisting in final trading and cash reconciliations. All remaining employees were made redundant by 30 September 2011.

Total wages and salary payments of £4.5m have been made and the Joint Administrators do not consider that any further amounts are due in respect of wages and salaries relating to the trading period.

General trading costs

Due to the volume of suppliers who provided ongoing services during the period of Administration trading, we continue to work on reconciling, finalising and settling the accounts of the trading suppliers

Retention of title

We have received information and claims from 206 suppliers who believe they may hold a valid retention of title claim against the Group. The total value of the claims received to date is estimated at £15.7m.

To 29 December 2011, 81 claims have been finalised at a cost of £2.4m. The Joint Administrators and their staff continue to engage with the remaining 125 claimants regarding the validity of their claims.

Sale of business

Immediately upon appointment, the Joint Administrators began a marketing process for the disposal of the Group's business and assets on a going concern basis. As part of a dual track process the Joint Administrators also engaged Jones Lang LaSalle, property consultants, to market the Group's leasehold property portfolio. This is discussed further below.

Following the receipt of signed non-disclosure agreements, dialogue with a broad range of interested parties was entered into and comprehensive financial, operational, property and legal due diligence information was made available. In total, the Joint Administrators made contact with 156 interested parties.

As previously reported, the Joint Administrators entered into an agreement to sell the business, assets and property rights of the Sheffield, Glasgow, Eastbourne, Liverpool, Newcastle and Widnes stores to LHR. This was completed via two sale and purchase agreements, and included the transfer of all employees attributable to these stores.

Total consideration for these transactions was £1.9m of which £1.2m was received on completion and the balance of £0.7m deferred, for which security has been taken over unencumbered assets valued in excess of this. To date, £0.4m of this deferred consideration has been received.

Despite extensive marketing the Joint Administrators were unable to secure any further store sales.

Property

At the date of appointment, the Group held leasehold interests in 59 properties, a long leasehold interest in a small car park in Liverpool and a freehold annex to the Bradford store. The majority of the leases to the retail properties are held by TJH with two being held by Properties.

Trading stores

TJH traded from 56 leasehold stores across the UK. A further store (Perry Barr) was already in the process of being closed by management and was vacated at the date of appointment. All other stores continued to trade in Administration.

In addition to the sale of the leasehold interests to LHR, agreements for the surrender or assignment of the leases for stores at Litchfield, Hanley, Newport and Blackpool were agreed, generating further premiums totalling £0.4m.

Following the cessation of trade, all remaining stores were vacated and discussions are ongoing with the remaining landlords with a view to surrendering or otherwise disposing of these leases. To date, of the portfolio of 56 leases, we have agreed the release of 12 stores through a combination of assignments to new tenants and surrender.

At the time of this report £0.8m has been paid in respect of rent, service charge and insurance and £1.0m has been paid in respect of business rates.

Operational properties

In addition to the retail stores, the Group operated a head office from London Road, Liverpool, and two distribution centres also based in Liverpool.

The head office was included in the sale to LHR and the Group has now vacated the distribution centres.

Other property assets

Other property interests comprise a long leasehold for a small car park located close to the Liverpool head office and a freehold vacant annex attached to the Bradford property. These sites are being marketed for sale by our agents, with the Bradford property being offered for sale by auction in February 2012.

Other asset realisations

Credit card retentions

Following the appointment of the Joint Administrators, the Group's credit card processing agents (Barclays Merchant Services, American Express and Duet) retained approximately £1.0m of pre-appointment cash in transit to seek to mitigate chargeback risk, principally arising from undelivered pre-appointment customer orders and potentially faulty goods.

The Joint Administrators have, and continue to, work closely with the processing agents to seek a release of these funds. To date Barclays Merchant Services has released £0.7m, leaving a retained balance of £0.3m, American Express has released £9k, leaving a retained balance of £16k and Duet has released £14k, leaving a retained balance of £15k.

Based on the Group's historical trading records and the level of chargeback documentation received to date, the Joint Administrators estimate that the amounts being retained by each of the credit card processing agents remains in excess of their likely eventual chargeback exposure and we therefore continue to seek further releases from these funds.

Debtors and prepayments

According to the Group's books and records, debtors totalled £1.1m at the date of appointment.

Debit supplier balances

A significant proportion of this balance (£0.9m) is attributable to debit balances on TJH's purchase ledger, relating to faulty goods claims, shortfalls in goods supplied and other supplier disputes. To date, realisations of £30k have been achieved in this regard. As reported in the Proposals, we consider that a significant proportion of these balances are unrealisable and as such further realisations are expected to be minimal.

Voucher and other debtors

The remainder of the debtor balances comprised unredeemed third party vouchers (£100k) and other debtors (£19k). Realisations to date total £89k and further realisations are expected to be minimal.

Prepayments

TJH's records indicate that there were prepaid balances of £6.0m on the company's balance sheet at the date of appointment. However, as reported in the Proposals, we understand that the majority of these balances relate to rent and rates liabilities which had not been paid at the date of appointment and so are not recoverable.

As at 29 December 2011 realisations of £407k had been achieved in respect of business rates recoveries relating to 46 sites. We continue to pursue business rate prepayments and any appropriate rating appeals.

Intangible assets

As reported earlier, the Joint Administrators have realised £40k in respect of the Group's intellectual property assets, including the T J Hughes brand and certain internet domain names in the sales to LHR. No further realisations are anticipated in this regard.

Fixtures and fittings

As at 29 December 2011 realisations of £468k had been achieved through the sale of certain fixtures and fittings including store and distribution centre racking, IT equipment, office furniture, materials handling equipment and other various items of plant.

We do not anticipate any material further realisations from fixtures and fittings.

Other matters

Tax

The Joint Administrators have engaged tax specialists from Ernst & Young to provide advice in respect of the VAT and corporation tax matters arising in the Administrations.

In this regard, the pre-appointment corporation tax affairs of the Group are being brought up to date, including agreeing any brought forward tax losses which may be available to the Administrations. Furthermore, work continues to mitigate and finalise the corporation tax liability due for the trading period of the Administration.

Customers orders and claims

At the date of the Joint Administrators' appointment, the Group's records indicated that a small number of internet and other customers had paid for goods which had not yet been delivered. We have sought to secure the release of these goods where they were held by third party carriers. The Joint Administrators were also able to release customer orders for collection subject to the goods being fully paid for, a valid receipt being held by the customer and confirmation that the goods in question had been set aside in store specifically for the customer's collection. Regrettably TJH has been unable to fulfil any outstanding customer orders which had not been dispatched from the Group's distribution centre at the date of

appointment. Customers who fall within this category will be entitled to claim as a non-preferential creditor in the TJH Administration.

Customers with outstanding orders identified by the Group's records or those that have contacted the Joint Administrators directly since appointment have been advised in writing of the position relating to their goods.

Receipts and payments account

A summary of the Joint Administrators' receipts and payments accounts for the Group, for the period from 30 June 2011 to 29 December 2011, is attached at Appendix 2. Please note that the receipts and payments accounts presented do not reflect estimated future realisations or costs.

Investigations into the Group's affairs

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

This assessment has been conducted through making enquiries of the Group's directors and officers, receiving questionnaires from the Group's directors and certain key employees, a review of the Group's books and records (including electronic), and after receiving the benefit of matters brought to light by the creditors and trade suppliers to the creditors of the Group.

The Joint Administrators have concluded their assessment and at this time no further work is being undertaken.

Outcome to creditors

Secured creditors

At the date of the Joint Administrators' appointment, the Group operated a stock facility with Burdale, drawn to £7.3m. In addition, Burdale provided a seasonal loan facility to the Group, drawn to £5.7m. Burdale was also entitled under its security to charge fees and charges totalling £0.8m, comprising £0.4m outstanding arrangement fees and £0.4m subsequent termination fees and post appointment interest and charges. Accordingly, the total amount owing to Burdale was £13.8m. This has now been repaid in full.

At the date of our appointment, Endless LLP had a £10.2m secured loan, ranking behind Burdale. On 6 July 2011, Endless LLP assigned its rights and security in this indebtedness to GA Europe 300 Limited ('GAE').

To date £2.0m has been distributed to GAE in respect of its secured indebtedness, and it is expected that further significant distributions will be made to GAE. At this time it remains uncertain whether GAE's secured indebtedness will be repaid in full.

Preferential creditors

Preferential creditor claims of £94k have been received to date in respect of former employees' salaries and holiday pay. As the sole employer in the Group, these claims are against TJH. The value of potential preferential claims was mitigated through the successful sale of a number of stores to LHR and transfer of associated employees.

We expect that preferential creditors will be repaid in full

Non-preferential creditors

Non-preferential creditor claims continue to be received. The directors' statement of affairs estimates that total non-preferential claims across the Group will be in the region of £409m. However, this includes an estimate of landlord creditors based on the unexpired term of all leases at full rent. In practice, we would expect landlord creditors to mitigate such claims through re-letting properties and other steps.

The directors' estimate may be summarised as follows

£m	Total	TJH	Holdings	Investments	Properties
Landlord creditors	321.7	293.0	-	-	28.7
Trade and other creditors	33.4	33.4	-	-	-
Crown creditors	5.0	5.0	-	-	-
Intercompany creditors	48.9	0.5	1.2	47.2	-
Total	409.0	331.9	1.2	47.2	28.7

As previously reported, we currently do not anticipate that there will be sufficient funds to enable any distribution to be made to non-preferential creditors other than by virtue of the Prescribed Part.

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 TJH will be the maximum of £600k. This figure is stated before the costs of dealing with the Prescribed Part.

The value of the Prescribed Part for the remaining three companies is currently estimated to be £nil.

Joint Administrators' remuneration and expenses

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 29 December 2011, total time costs and disbursements incurred totalled £3,166,182 and £67,762 respectively, across the Group.

The Joint Administrators have not drawn any fees or disbursements to date.

An analysis of the time spent by the Joint Administrators and their staff is attached at Appendix 3 to this report. At Appendix 4 there is a statement of the Joint Administrators' policy in relation to charging fees and disbursements.

An analysis of Category 2 disbursements (i.e. those disbursements paid to the Joint Administrators' firm) is included within Appendix 3 to this report.

The statutory provisions relating to remuneration are set out in Rule 2.106 of the Insolvency Rules 1986. 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.

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 Insolvency Rules 1986). Further information is provided at Appendix 5.

Payments to other professionals

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

Name of firm	Nature of service	How contracted to be paid
Jones Lang LaSalle	Property agents	Percentage of realisations
GA	Retail agents	Fixed fee
CBRE Limited	Building surveyor	Fixed fee
Addleshaw Goddard LLP	Administration legal services	Time cost basis
Eversheds LLP	Pre-Administration legal services	Time cost basis
Hill Dickinson	Administration legal services	Time cost basis
Corporate Auctions Limited	Asset agents	Percentage of realisations
WIS International	Stock take	Fixed fee

Details of the fees paid to date are included in the receipts and payments accounts attached at Appendix 2.

Future conduct of the Administrations

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

- Dealing with the property portfolio including outstanding lease disposals,
- Recovering outstanding debtor and prepaid balances,
- Realisation of all other assets where possible,

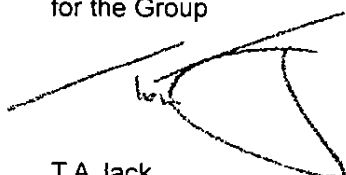
- Settlement of outstanding trading liabilities including trading suppliers and finalising retention of title claims received,
- Preparing corporation tax returns and VAT returns,
- Dealing with employee related matters,
- Completion of statutory requirements of the Administrations including reporting to creditors,
- Making further distributions to the Group's secured creditor,
- Making distributions to TJH's preferential creditors,
- Matters relating to the Prescribed Part, and
- Any other matters which the Joint Administrators consider should be dealt with

Exit strategies

The Proposals detailed the possible exit strategies for the Group. Given the number of ongoing matters outlined above, the exit strategy for each of the individual companies is still to be determined. However, it was approved that this will either be through Creditors' Voluntary Liquidation or dissolution, whichever is more appropriate.

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

Yours faithfully
for the Group



T A Jack
Joint Administrator

Enc	Appendix 1	Statutory information
	Appendix 2	Joint Administrators' abstracts of receipts and payments for the period 30 June 2011 to 29 December 2011
	Appendix 3	Joint Administrators' summary of time costs and disbursements for the period 30 June 2011 to 29 December 2011
	Appendix 4	Joint Administrators' policy for fees 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 Group is being managed by the Joint Administrators, T A Jack and S Allport, who act as agents of the Group 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 Limited (In Administration)

Summary of statutory information

Company Information

Company Name	TJ Hughes Limited
Registered Office Address	100 Barbirolli Square Manchester M2 3EY
Registered Number	00224422
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, as qualifying floating chargeholder
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 935 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	47,900,000	4,790,000	30,351,901	3,035,190

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

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, as qualifying floating chargeholder
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

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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, as qualifying floating chargeholder
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 950 of 2011

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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	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

T J Hughes (Properties) Company Limited (In Administration)

Summary of statutory information

Company Information

Company Name	TJ Hughes (Properties) Company Limited
Registered Office Address	100 Barbirolli Square Manchester M2 3EY
Registered Number	04984416
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, as qualifying floating chargeholder
Court Reference	High Court of Justice, Chancery Division, Leeds District Registry, 949 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

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Share capital

Class	Authorised		Issued and fully paid	
	Number	£	Number	£
Ordinary	1	1	1	1

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

T J Hughes Limited (In Administration)

Joint Administrators' abstract of receipts and payments
from 30 June 2011 to 29 December 2011

Note	Statement of Affairs estimated to realise	Receipts and payments account	£	£	£
			30 June 2011 to 22 July 2011	23 July 2011 to 29 December 2011	Total
1 2		Receipts			
6	15 500 000	Trading receipts			
		Sales receipts	19 205 326 84	18 358 129 84	37 563 456 68
		License fee received		2 090 491 79	2 090 491 79
		Augmented stock income		1 070 834 42	1 070 834 42
		Concession commission income	182 807 43	562 463 71	745 071 14
		Rental income	440 00	658 00	1 138 00
		Other commission income	71 18	285 93	367 12
		Receipts due to third parties	823 026 00	(623 026 00)	
		Total	20 611 411 25	21 468 557 68	41 478 468 96
4	5 900 000	Non trading receipts			
		Cash at the date of appointment	4 287 782 32	1 021 710 01	5 309 472 33
		Property		1 022 002 00	1 022 002 00
		Stock		792 442 72	792 442 72
	35 000	Furniture and fittings		487 845 32	487 845 32
		Business rate prepayments	2 981 51	403 748 36	406 729 87
	107 000	Debtors not subject to fixed charge	6 317 55	112 685 25	119 002 80
	10 000	Intellectual property rights and goodwill		40 007 00	40 007 00
		Computer equipment		30 000 00	30 000 00
		Plant and machinery		29 000 00	29 000 00
		Bank interest		18 680 71	18 680 71
	53 000	Prepayments and other debts	853 60	17 732 22	18 585 82
		Sundry income	1 325 78	5 962 08	8 887 87
		Pre appointment duty recoveries		6 008 58	6 008 58
		Insurance claim receipts		200 00	200 00
	5 000	Other equipment			200 00
		Total	4 298 020 78	3 867 434 27	8 365 455 05
		Total receipts	24 910 482 03	25 434 411 96	48 744 903 98
1 2		Payments			
		Trading payments			
		Employee costs	(5 658 90)	(4 504 081 53)	(4 509 738 43)
		Retail agents fees		(3 590 000 00)	(3 590 000 00)
		Retention of title settlements		(2 440 841 85)	(2 440 841 85)
		License fee paid		(1 200 291 85)	(1 200 291 85)
		Rates		(1 020 775 14)	(1 020 775 14)
		Augmented stock supplier payments		(803 053 12)	(803 053 12)
		Rent		(800 155 48)	(800 155 48)
		Electricity		(234 708 72)	(234 708 72)
		Stock purchases		(182 348 67)	(182 348 67)
		Retail agents commission		(181 883 92)	(181 883 92)
		Insurance		(185 108 08)	(185 108 08)
		Clearing		(151 208 48)	(151 208 48)
		Distributions	(6 500 00)	(105 513 02)	(112 013 02)
		IT expenses	(23 423 11)	(49 972 14)	(73 395 25)
		Hire of equipment		(72 717 74)	(72 717 74)
		Consumables		(68 205 28)	(68 205 28)
		Voucherless to trade payments	(88 198 33)	26 885 67	(61 312 66)
		Duty deferment		(54 048 41)	(54 048 41)
		Repairs and renewals		(48 735 40)	(48 735 40)
		Professional fees	(17 350 00)	(28 535 18)	(45 885 18)
		Sundry expenses		(37 171 80)	(37 171 80)
		Motor expenses		(35 272 02)	(35 272 02)
		Service charge		(33 845 58)	(33 845 58)
		Temporary labour		(25 725 00)	(25 725 00)
		Stationery and printing		(23 686 80)	(23 686 80)
		Cash processing costs		(21 680 88)	(21 680 88)
		Storage charges		(10 789 08)	(10 789 08)
		Collection agents commission		(10 101 58)	(10 101 58)
		Merchant services commission	(107 75)	(7 270 33)	(7 378 08)
		Property insurance		(5 911 52)	(5 911 52)
		Security		(4 282 58)	(4 282 58)
		Customer refunds		(3 864 58)	(3 864 58)
		Telephone		(870 31)	(870 31)
		Total	(141 237 08)	(16 838 180 90)	(16 979 417 98)
		Non trading payments			
		Legal fees		(508 150 00)	(508 150 00)
		Agents fees		(180 320 04)	(180 320 04)
		Bank charges and interest	(13 118 70)	(12 611 17)	(25 729 87)
		Legal disbursements		(18 523 48)	(18 523 48)
		HP creditor payment		(5 336 44)	(5 336 44)
		Public notices		(888 50)	(888 50)
		Postage		(338 88)	(338 88)
		T.J. Hughes (Holdings) Company Limited		(78 50)	(78 50)
		T.J. Hughes (Investments) Limited		(78 50)	(78 50)
		T.J. Hughes (Properties) Company Limited		(78 50)	(78 50)
		Total	(13,118 70)	(784 186 89)	(797 305 59)
		Distributions			
		Secured creditors	(1 848 578 83)	(13 884 884 00)	(15 841 282 83)
		Total	(1,848 578 83)	(13 884 884 00)	(15,841 282 83)
		Total payments	(2,060 834 72)	(20 687 060 89)	(22,687 894 61)
3		Balances in hand	23,309 567 30	(5,252 648 83)	17 056 908 37
		Represented by			
		Cash at bank			17 051 078 86
		VAT receivable / payable			(24 168 49)
					17 056 908 37

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 collected or liabilities not paid.
3. All funds are held in interest bearing accounts.
4. Cash at date of appointment is stated net of chargeback reserves retained by Barclays Merchant Services and American Express.
5. The Statement of Affairs estimated to realise figure in respect of sales receipts is the Directors' estimated realisable value of the Company's stock balance at the date of appointment.

Appendix 2

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

Joint Administrators' abstract of receipts and payments from 30 June 2011 to 29 December 2011

Note	Statement of Affairs estimated to realise	Receipts and payments account	£	£	£
			30 June 2011 to 22 July 2011	23 July 2011 to 29 December 2011	Total
1 2		Receipts			
		Trading receipts			
		Non trading receipts			
		Loan from T J Hughes Limited (In Administration)		76 50	76 50
		Total receipts		76 50	76 50
1 2		Payments			
		Trading payments			
		Non trading payments			
		Public notices		76 50	76 50
		Total payments		76 50	76 50
3		Balances In hand			
		Represented by			
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 collected or liabilities not paid					

Appendix 2

T J Hughes (Investments) Limited (In Administration)

Joint Administrators' abstract of receipts and payments
from 30 June 2011 to 29 December 2011

Note	Statement of Affairs estimated to realise	Receipts and payments account	£	£	£
			30 June 2011 to 22 July 2011	23 July 2011 to 29 December 2011	Total
1 2		Receipts			
		Trading receipts			
		Non trading receipts			
		Loan from T J Hughes Limited (in Administration)		76 50	76 50
		Total receipts		76 50	76 50
1 2		Payments			
		Trading payments			
		Non trading payments			
		Public notices		76 50	76 50
		Total payments		76 50	76 50
3		Balances in hand			
		Represented by			
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 collected or liabilities not paid					

Appendix 2

T J Hughes (Properties) Company Limited (In Administration)

Joint Administrators' abstract of receipts and payments from 30 June 2011 to 29 December 2011

Note	Statement of Affairs estimated to realise	Receipts and payments account	£ 30 June 2011 to 22 July 2011	£ 23 July 2011 to 29 December 2011	£ Total
1 2		Receipts			
		Trading receipts			
		Non trading receipts			
		Loan from T J Hughes Limited (In Administration)		76 50	76 50
		Total receipts		76 50	76 50
1 2		Payments			
		Trading payments			
		Non trading payments			
		Public notices		76 50	76 50
		Total payments		76 50	76 50
3		Balances in hand			
		Represented by			
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 collected or liabilities not paid					

Appendix 3

T J Hughes Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 29 December 2011

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Job Acceptance & Strategy	7.0	0.9					7.9	4,097.50	519
Day 1 Visits		4.5	67.7	118.0	330.6	44.9	565.7	170,600.00	302
Immediate Tasks	1.5		14.5	19.0		37.5	72.5	20,157.50	278
Bank & Statutory Reporting	35.0	14.0	41.5	6.8	140.5		237.8	74,374.00	313
Property	144.0	46.9	10.5	350.1	296.8	148.5	996.8	299,741.75	301
Debtors				13.5	193.7	15.0	222.2	52,994.00	238
Other Assets	84.5	8.5	22.5	101.3	67.7		284.5	105,467.75	371
Trading	95.5	281.3	724.8	712.1	742.8	476.5	3,033.0	911,108.00	300
Retention of Title	30.0	23.5	455.0	100.6	434.2	416.0	1,459.3	497,301.50	341
Creditors	14.5	6.5	2.4	119.5	500.5	460.0	1,103.4	254,633.50	231
Investigations	3.0		8.5	49.5	82.5	22.0	165.5	43,082.50	260
Legal Issues			3.5		3.8		7.3	2,673.50	366
Employee Matters	2.0	0.5	314.3	1.4	528.6	41.0	887.8	282,434.00	318
Accounting & Administration	9.5	26.2	56.8	133.7	517.0	150.2	893.4	208,540.97	233
Statutory Duties	17.0	6.0	5.0	42.7	76.0	4.0	150.7	43,596.00	289
VAT & Taxation	16.1	7.3	90.3	47.4	132.1	135.2	428.4	148,417.13	346
Other Matters	8.0		5.0		57.0	40.0	110.0	29,965.00	272
Total Hours	467.6	426.1	1,822.3	1,815.5	4,103.8	1,990.8	10,626.1		
Time Cost (£)	259,533.50	190,735.00	800,439.50	566,515.50	1,031,527.03	300,434.07		3,149,184.60	
Average Hourly Rate (£)	555	448	439	312	251	151		296	
£									
Category 1 disbursements	41,471.76								
Category 2 disbursements	26,290.68								
	<u>67,762.44</u>								

Category 2 Disbursements

Of the disbursements of £67,762.44 detailed above, £26,290.68 relates to Category 2 disbursements (as defined at Appendix 4). The Category 2 disbursements are analysed as follows:

Type and purpose	£
Mileage	14,327.18
Postage and printing	11,963.50
Total	26,290.68

Appendix 3

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

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 29 December 2011

	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					2.5		550.00	220
Statutory Duties					4.5		960.00	213
Total Hours	5.0	0.7	1.0		9.5		16.2	
Time Cost (£)	2,725.00	297.50	390.00		2,060.00		5,472.50	
Average Hourly Rate (£)	545	425	390		217		338	

Appendix 3

T J Hughes (Investments) Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 29 December 2011

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Job Acceptance & Strategy	5.0	0.7			1.5		7.2	3,352.50	466
Bank & Statutory Reporting			1.0				1.0	390.00	390
Investigations					1.0		1.0	220.00	220
Accounting & Administration					2.5		2.5	550.00	220
Statutory Duties					4.5		4.5	945.00	210
Total Hours	5.0	0.7	1.0		9.5		16.2		
Time Cost (£)	2,725.00	297.50	390.00		2,045.00			5,457.50	
Average Hourly Rate (£)	545	425	390		215			337	

Appendix 3

T J Hughes (Properties) Company Limited (In Administration)

Summary of Joint Administrators' time-costs and disbursements from 30 June 2011 to 29 December 2011

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Assistant Director	Senior Executive	Executive	Analyst			
Job Acceptance & Strategy	5.0	0.7			1.5		7.2	3,352.50	466
Bank & Statutory Reporting			1.0				1.0	390.00	390
Property				2.0			2.0	610.00	305
Investigations					1.0		1.0	220.00	220
Accounting & Administration					2.5		2.5	550.00	220
Statutory Duties					4.5		4.5	945.00	210
Total Hours	5.0	0.7	1.0	2.0	9.5		18.2		
Time Cost (£)	2,725.00	297.50	390.00	610.00	2,045.00			6,067.50	
Average Hourly Rate (£)	545	425	390	305	215			333	

Appendix 3

Average hourly charge out rates

	Grade	Current charge out rates effective from 1 July 2011	Previous charge out rates effective to 30 June 2011
Restructuring	Partner	545	520
	Director	445	425
	Assistant Director	390	370
	Senior Executive	305 - 400	290 - 380
	Executive	220 - 295	210 - 280
	Analyst	125 - 265	90 - 215
Other transaction advisory services	Assistant Director	540 - 700	515 - 620
	Senior Executive	305 - 465	290 - 445
	Executive	195 - 335	185 - 320
Tax	Partner	1060	990
	Director	610 - 920	580 - 875
	Assistant Director	585	495
	Senior Executive	400	380
	Executive	315	315
	Analyst	60-275	60-275
	Intern	25	25
Advisory	Assistant Director	465	445
	Senior Executive	300	285
	Executive	360	345
	Analyst	190	180
Assurance	Assistant Director	330	315
	Senior Executive	220	210
	Executive	115 - 205	115 - 205
	Analyst	105-110	105

**T J Hughes Limited
T J Hughes (Holdings) Company Limited
T J Hughes (Investments) Limited
T J Hughes (Properties) Company Limited
(All in Administration) (together 'the Group')**

Joint Administrators' policy for fees and disbursements

Office Holders' Charging Policy for Fees

The Group's secured creditors and TJH's 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

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") "