

Administrator's progress report

Pursuant to Rule 2.38 of the Insolvency (Scotland) Rules 1986

Name of Company

HF Stores Realisations Limited (formerly House of Fraser (Stores) Limited)

Company number

SC010677

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

I / We (a) A M Hudson and C A Lewis of Ernst & Young LLP, 1 More London Place, London, SE1 2AF and R H Kelly of Ernst & Young LLP, 1 Bridgewater Place, Water Lane, Leeds, LS11 5QR and C P Dempster of Ernst & Young LLP, 144 Morrison Street, Edinburgh, EH3 8EX

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

from

to

(b) Insert date

(b) 10 August 2018

(b) 9 February 2019

Signed

CA Lewis

Joint / Administrator(s)

Dated

20 February 2019

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

A Walji

Ernst & Young LLP, 1 More London Place, London, SE1 2AF

Tel: 0207 951 1372

DX Number:

DX Exchange:



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Companies House, 139 Fountainbridge, Edinburgh, EH3 9FF

DX 235 Edinburgh / LP 4 Edinburgh-2

TO ALL KNOWN CREDITORS

20 February 2019

Ref: R/CAL/SH/RK/HOF/PF16.4

Direct line: +44 (0)207 951 1372

Email: hofadministrations@uk.ey.com

Dear Sirs

**HF Stores Realisations Limited (formerly House of Fraser (Stores) Limited)
(In Administration) ('the Company')**

Court of Session number P794/18

**Registered office address: c/o Ernst & Young LLP, Atria One, 144 Morrison
Street, Edinburgh, Scotland, EH3 8EX**

I write, in accordance with Rule 2.38 of the Insolvency (Scotland) Rules 1986, to provide creditors with a report on the progress of the administration. This report covers the period from 10 August 2018 to 9 February 2019 ('the Period') and should be read in conjunction with the Joint Administrators' Statement of Proposals dated 17 August 2018 ('Original Proposals') and the Joint Administrators' Statement of Revised Proposals dated 24 December 2018 ('Revised Proposals').

The Company, registered number SC010677, entered administration on 10 August 2018 ('the Date of Appointment') and A M Hudson, R H Kelly, C P Dempster and I were appointed to act as Joint Administrators ('Joint Administrators'). The appointment was made by The Court of Session under the provisions of paragraph 12 of Schedule B1 to the Insolvency Act 1986. Under the terms of the appointment, any act required or authorised to be done by the Joint Administrators can be done by any one of them.

Summary of progress

Sale of business

As creditors will recall from the Original Proposals, on 10 August 2018 the Joint Administrators completed a sale of substantially all of the business and assets of the Company to entities forming part of the Sports Direct Group ('Purchaser') - such sale being part of a transaction with total consideration of £90 million, of which c£89.3m was paid to the Company and the balance to Jam B Realisations Limited (formerly James Beattie Limited) and HFL Realisations Limited (formerly House of Fraser Limited). All of the consideration was paid on completion and the Companies share is reflected in our receipts and payments account attached at Appendix 1. A detailed explanation of this transaction was provided to creditors in the Original Proposals, which can be accessed at:
www.ey.com/uk/houseoffraseradministration

As a result of the sale, all of the Company's employees that were employed at the Date of Appointment, other than those at the store in Dundrum, Republic of Ireland were automatically transferred to the Purchaser under TUPE, thereby mitigating the level of preferential claims against the Company.

Following the grant of regulatory clearance to acquire the Dundrum store by the Competition and Consumer Protection Commission in the Republic of Ireland, completion of the sale of the Dundrum store to Sports Direct Group took place on 23 October 2018, with the remaining employees transferring to the Purchaser under TUPE.

Approval of the proposals

As reported in the Original Proposals, the Joint Administrators are of the opinion that the Company has insufficient property to enable a distribution to be made to unsecured creditors other than by virtue of the Prescribed Part (if any). Consequently, in accordance with the provisions of paragraph 52(1) of Schedule B1 to the Act, the Administrators did not call an initial meeting of creditors.

No formal request to call an initial meeting of creditors was received from the unsecured creditors of the Company and accordingly, the Original Proposals were deemed to be approved on 30 August 2018.

Since the Original Proposals were issued and approved, the Joint Administrators concluded that approval for the payment of further unpaid Pre-Administration Costs for third party expenses should also be sought (details of which are given in the Revised Proposals). These were subsequently approved on 18 January 2018 by a creditors meeting through correspondence.

Leasehold properties

At the Date of Appointment, the Company operated from 64 locations, all of which were occupied subject to leases, some of which were under leases granted by other group companies. These 64 locations included 59 trading stores, three office buildings and two warehousing facilities. As part of the sale, a licence to occupy all of the Company's premises (other than the HOF store in Dundrum) was granted to SDI (Propco 35) Limited upon the sale of business.

Of these locations, 17 remain occupied by the Purchaser under the licence to occupy, 39 have been surrendered to allow for the Purchaser to enter into new agreements with the landlord, two have been assigned to the Purchaser and six have been vacated with the keys returned to the landlord.

In addition to the operating sites noted above, the Company was also party to a small number of other ancillary property leases which the Company now has no further interest in.

Rent and rates refunds

Montagu Evans LLP has been instructed on a success fee basis to appeal the rateable values across a number of properties in portfolio. These appeals are ongoing and are likely to continue until the end of the Administration.

The Joint Administrators have also written to all of the Local Councils where the Company traded to seek repayment of business rates prepaid at the date of our appointment.

To date, the sum of £841,896.39 has been recovered for the benefit of creditors.

Cash at bank on appointment

Cash at the Date of the Appointment of the Joint Administrators was £nil following the automatic set off by the RCF Lenders of credit balances in a number of foreign currency bank accounts totalling c£21.47m based on the exchange rates as at the date of our appointment.

Further funds totalling £58,765.13 have been recovered from Barclays Bank Plc from a pre appointment bank account identified by the Joint Administrators since their appointment and is held in the Company's bank account pending distribution to the floating charge holders.

Intercompany claims

We have submitted a claim in the liquidation of House of Fraser (Funding) Plc in the sum of £205,279,147.36 and a claim in the liquidation of House of Fraser (Storecard) Limited in the sum of £35,710.00, in respect of the balances due to the Company at the Date of Appointment. Both of these companies in liquidation have no realisable assets and accordingly we are of the view that there will be no recoveries for the Company from these intercompany debts.

Further claims in respect of Jam B Realisations Limited (formerly James Beattie Limited) and House of Fraser (Finance) Ireland Limited will be submitted in due course and are expected to rank for dividend purposes once these companies enter creditors voluntary liquidation. The timing and quantum of any dividend is currently uncertain.

Debtors

The Company's debtor ledger totalled £16,664,411.97 on the Date of Appointment.

The Company's debtor ledger is made up of 533 debtor accounts, comprising a number of larger accounts and numerous smaller debts. It should be noted that a number of debtors had a corresponding creditor balance, which offset the debtor balance due. The net debtor balance after corresponding creditor balances are taken into consideration is £16,406,236.31.

At the outset of the administration, all debtors were sent a letter requesting payment of their outstanding balance or to provide documentary evidence as to why their debt was no longer due.

Several of the larger debtors, e.g. credit card merchant service providers, are retaining the balance due to the Company until all claims being made by customers under the chargeback legislation have been finalised. The total debtor balance of the credit card merchants is £7,940,681.66. The Joint Administrators continue to liaise with these debtors to receive regular debtor balance updates.

The Joint Administrators and their staff have continued to chase the outstanding debtors and it is apparent that a large number are either disputed or doubtful debts. As at 9 February 2019, total collections from book debts and other debtors total £1,343,759.77.

Contractual apportionments due from the purchaser

As part of the Sale of Business, the Purchaser agreed to reimburse the Company for amounts incurred by the Company pre-appointment but where the benefit of the service straddled the date of appointment.

These apportionments included Rent, Service Charges and Insurance in respect of the Leasehold properties, where the sum of £2,433,354.42 has been paid to date.

Further sums are due from the Purchaser in respect of IT prepayments, Medical Insurance prepayments and prepaid racking, and the Administrators continue to negotiate settlement of these amount.

Dundrum store

As discussed earlier under "sale of business", the Joint Administrators continued to operate the Dundrum store pending competition clearance. A Transitional Services Agreement ("TSA") was entered into with the Purchaser to cover the support needed during this trading period.

During the period, trading sales totalled cEUR 7.2m and the Joint Administrators are currently in the process of reconciling the trading account in order to account for the sums due to the Purchaser under the TSA.

Details of the time costs in dealing with Dundrum are included within the Joint Administrators' total time costs, set out in detail at Appendix 2.

Duty deferral bond

The Joint Administrators have identified that the Company had lodged cash collateral of £2.4m with HSBC Bank Plc in respect of a duty deferral bond that had been provided to HMRC in connection with managing its duty liabilities. A claim from HMRC of £715,556 for the month of July 2018 was paid on 4 September 2018 and a final claim for the period from 1 August 2018 to the date of our appointment has been submitted and paid in the sum of £323,591.

Following the deduction of charges of £13,454 for the provision of the duty deferral bond, the net sum of £1,347,399.54 was repaid by HSBC Bank Plc on 17 January 2019 for the benefit of creditors. No further sums are due from the cash collateral or the duty deferral bond.

Bank interest received

The cash balances are held on deposit, and fixed bank interest of £3,191.20 and floating bank interest of £124,675.18 has been received by the Company in the Period.

Retention of title claims

The Administrators have continued to support the Purchaser in dealing with a large number of retention of title claims. We understand that almost all of these have now been dealt with at the end of the first six monthly accounting period.

Investigations

The Joint Administrators have undertaken an investigation into the Company's affairs following their appointment pursuant to Statement of Insolvency Practice Number 2 (Investigations by Office Holders) and the Company Directors Disqualification Act 1986.

We have submitted our confidential return on the conduct of all persons who have been directors, shadow or de-facto directors of the Company during the three years prior to our appointments, to the Insolvency Service.

VAT registrations

We have requested HMRC to:

- remove the Company from the HFL Realisations Limited (formerly known as House of Fraser Limited) VAT Group effective from the date of our appointment; and
- re-register the Company as a new standalone VAT registered company effective from 10 August 2018.

We are currently awaiting HMRC's confirmation that the above has been actioned. Once it has, a first VAT return will be submitted and any amounts settled or reclaimed from HMRC.

Corporation tax

We have instructed EY tax specialists to prepare the corporation tax returns for the Company, as required.

The first post administration corporation tax return for the Company will be for a one-day accounting period starting and ending on 10 August 2018, being the date the Company entered Administration and ceased to trade. This becomes due for submission on or before 10 August 2019. This is on the basis that trade has ceased for the Company, notwithstanding the fact that the Joint Administrators have retained the ability to operate (but only the ability) the Irish branch as the sale and purchase was subject to competition clearance. The Joint Administrators are not entitled to the benefit of any trading receipts during this period, as the stock was sold to the Purchaser immediately on appointment.

The position with regards to pre-appointment corporation tax returns is still to be agreed. Tax returns for subsequent periods in Administration will also be required and will be prepared by EY tax specialists.

Tax work is ongoing and all Corporation tax and other tax related time costs are included within the Joint Administrators' total time costs, set out in detail at Appendix 2.

Remaining assets

The Joint Administrators will continue with pursuing a number of recoveries for the benefit of creditors, including:

- Debts due from Merchant Service Acquirers once the Chargeback period has expired;
- Debts due from other members of the House of Fraser Group of Companies as the liquidation process progresses;
- Funds recently identified as being held in a pre appointment bank account with Bank of Ireland;
- Further rates refunds;
- Contractual apportionments due from the Purchaser;

- Any funds that are due to the Company once the TSA reconciliation has been completed; and
- Additional bank interest from funds held on deposit pending distribution to the preferential creditors, the secured creditors and the unsecured creditors by virtue of the prescribed part.

Receipts and payments account

I enclose at Appendix 1, a receipts and payments account for the period from 10 August 2018 to 9 February 2019, together with a trading account for the Dundrum store. This does not reflect estimated future realisations or costs.

Joint Administrators' remuneration and disbursements

The statutory provisions relating to remuneration are set out in Rule 2.39 of the Insolvency (Scotland) 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, then 'Guides for Scotland', then 'Administration'), or is available in hard copy upon written request to the Joint Administrators.

The Joint Administrators will be shortly seeking approval from the secured creditors and the preferential creditors to the basis of our remuneration and the payment of Category 2 disbursements in accordance with Rule 2.39 (9) (b) of the Insolvency (Scotland) Rules 1986.

For the Period, the Joint Administrators have incurred time costs of £4,488,144.06, against which £nil has been drawn. Appendix 2 of this report provides an analysis of the time spent. Appendix 3 provides a statement of the Administrators' policy in relation to charging time and disbursements.

To date the Joint Administrators have incurred disbursements of £34,602.63, against which £nil has been drawn. An analysis of Category 2 disbursements (i.e. charges made by the office holders' firm that include elements of shared or overhead costs) are set out in Appendix 2 of this report.

Pre-administration costs

The Original Proposals stated that the Joint Administrators would seek approval to the payment of unpaid Pre-administration costs totalling £850,644 (plus VAT), being the Joint Administrators' unpaid costs and unpaid third party costs, as an expense of the Administration of the Company.

Since the Original Proposals were issued and approved, the Joint Administrators concluded that approval for the payment of further unpaid Pre-administration costs for third party expenses should also be sought, which resulted in the issuing of the Revised Proposals. These total £1,258,859 and €30,640 plus VAT, being the Joint Administrators' costs and third party costs as set out in Appendix B of the Revised Proposals.

Rule 2.39C of the Insolvency (Scotland) Rules 1986 sets out the statutory provisions for approval of Pre-administration costs. In summary, as the administrators have made the requisite statement under Paragraph 52 (1) (b) of Schedule B1 to the Insolvency Act 1986 (in essence that the only funds available for unsecured creditors will be by virtue of a prescribed part distribution), then these Pre-administration

costs can be approved by the secured creditors and a simple majority of the preferential creditors that vote.

The Joint Administrators will be shortly seeking approval from the secured creditors and the preferential creditors to allow the payment of these Pre-administration costs.

Secured creditors

On entering Administration, the House of Fraser Group's secured funding broadly fell into two categories:

- super senior secured working capital facility, senior secured revolving credit facility, senior overdraft and senior secured term loan lenders ('Banks'); and
- holders of senior secured floating rate notes, due 2020 ('Bondholders')

The senior secured revolving credit facility, senior secured term loan and senior secured floating rate notes are all subordinate to the super senior working capital facility.

The table below summarises the facilities provided:

	£m
Super senior facilities	10.0
Senior facilities	225.0
Bondholders	<u>165.0</u>
	400.0

Other than the super senior facility, which has priority ranking, the senior facilities and bondholders indebtedness ranks pari passu with each other.

Please note that the confirmed indebtedness arising from these facilities at the date of the Joint Administrators' appointment, in particular the usage of the senior revolving credit facility and any post appointment interest and charges is still subject to final confirmation.

Preferential creditors

All of the employees of the Company were transferred to the Sports Direct Group as a result of the sale of business. However, certain former employees have preferential claims totalling c£77,000 in respect of arrears of wages, holiday pay and employee pension deductions.

To date we have received and paid in full preferential claims totalling c£70,000. We will shortly send reminders to those employees who have not yet lodged their preferential claim to enable them to make a claim.

Non-preferential creditors

The Joint Administrators continue to receive claims from unsecured non-preferential creditors of the Company.

It is currently estimated that non-preferential claims against the Company will be £181,743,182, based on the Company's Statement of Affairs filed with the Registrar of Companies. The amount is likely to change as non-preferential claims are received.

The Prescribed Part

The Prescribed Part is a proportion of floating charge assets set aside for unsecured 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 currently estimate, to the best of their knowledge and belief, that:

- the value of the net property is c.£80 million; and
- the value of the Prescribed Part is £0.6m, being the maximum amount available to be set aside, before the costs of dealing with the Prescribed Part.

Note: the above estimate of net property is subject to, amongst other things, confirmation of the final preferential creditor claims in this matter, which are not yet known.

If there are unsecured creditors who wish to submit a claim form but have yet to do so, I would request that they return Form 4.7 (Scot) (enclosed at Appendix 4), together with all back up documentation in support of their claim. Thereafter the Joint Administrators will proceed to adjudicate on creditor claims for a distribution from the Prescribed Part.

Distributions to creditors

The Joint Administrators made a first floating charge distribution to secured creditors of £60m on 12 October 2018 followed by a second floating charge distribution to secured creditors of £18.5m on 17 December 2018. A first distribution to secured creditors under the fixed charge of £1.5m also took place on 17 December 2018.

As per the Original Proposals, distributions will continue in the Administration to the floating charge holders, preferential creditors (where applicable) and unsecured non-preferential creditors (by virtue of the Prescribed Part, where applicable), in accordance with paragraph 54 of Schedule B1. The Original Proposals were deemed to be accepted on 30 August 2018 and the Revised Proposals did not amend this.

Future conduct of the administration

The Original Proposals stated that the Joint Administrators would continue to deal with the Administration in line with the stated objective, namely to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).

Further details of the future conduct of the Administration can be found in the Original Proposals.

Extension to the initial period of appointment

Insolvency legislation currently provides for an Administration to automatically come to an end after a period of 12 months. As there will be a number of key outstanding issues to resolve in the Company, including dealing with the remaining leasehold properties, where the licence to occupy runs to 9 August 2019 (although can be terminated earlier at the option of the Purchaser), the recovery of outstanding debtors, realisation of other assets and payments of dividends to creditors, we are likely to require to seek an extension, as appropriate, to the initial period of the Administration, with the consent of the creditors or by the Court.

We will seek consent from the secured creditors and preferential creditors to extend the period of the Administrations by 12 months to 9 August 2020 at the appropriate time prior to the automatic expiry of the administration.

Next report

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

Yours faithfully
For the company



C A Lewis
Joint Administrator

Enc: Appendix 1 - Joint Administrators Receipts and Payments Account
 Appendix 2 - Summary of the Joint Administrators' time costs and category 2 disbursements
 Appendix 3 - Joint Administrators' policy on remuneration and disbursements
 Appendix 4 - Form 4.7 (Scot) – Statement of Claim

The affairs, business and property of the Company are being managed by the Joint Administrators, A M Hudson, R H Kelly, C P Dempster and C A Lewis, who act as agents of the Company only and without personal liability.

A M Hudson is licensed in the United Kingdom to act as an insolvency practitioner by the Association of Chartered Certified Accountants. R H Kelly and C P Dempster are licensed in the United Kingdom to act as insolvency practitioners by the Institute of Chartered Accountants of Scotland. C A Lewis is licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales.

The Joint Administrators may act as data controllers of personal data as defined by the General Data Protection Regulation 2016/679, depending upon the specific processing activities undertaken. Ernst & Young LLP and/or the Company may act as a data processor on the instructions of the Joint Administrators. Personal data will be kept secure and processed only for matters relating to the Joint Administrators' appointments. The Office Holder Data Privacy Notice can be found at www.ey.com/uk/officeholderprivacy.

Appendix 1

HF Stores Realisations Ltd (Formerly House of Fraser (Stores) Ltd) (In Administration)
Joint Administrators' Abstract of Receipts and Payments
From 10/08/2018 To 09/02/2019

	Statement of affairs GBP	Realised To Date GBP	Realised To Date EUR	Realised To Date USD
RECEIPTS				
Fixed Charge Realisations				
Business Intellectual Property	-	1,500,000.00		
Claims	-	1.00		
Concession Agreements/Other Contracts	-	2.00		
Customer Information	-	1.00		
Property	-	0.75		
Shares	-	1.00		
Goodwill	-	1.00		
Bank Interest	-	3,191.20		
	-	1,503,197.95		
Floating Charge Realisations				
Dundrum Trading Account	-	-	2,018,488.36	
Stock	68,463,097.30	84,478,062.31		
Equipment - Floating	-	2,889,137.74		
Information Technology - Floating	-	481,522.98		
Vehicles - Floating	-	1.00		
Duty Referral Deposit	-	1,347,399.84		
Cash at Bank	-	58,785.13		
Cash in Transit	-	2,224,419.52		
Rent and Rates Refund	-	841,896.39		
Book Debts and Other Debtors	16,375,730.70	1,343,759.77		75,474.46
Prepayments	5,171,172.00	2,433,354.42		
Property Licence Fees	-	10,315,062.09		
Third party receipts due to Sports Direct	-	8,648,332.14		
Unallocated Receipts	-	15,028.28		
Bank Interest - Floating	-	124,875.18		7.17
	90,000,000.00	115,202,408.47	2,018,488.36	75,481.63
PAYMENTS				
Third party receipts paid to Sports Direct		8,196,805.33		
Landlord Payments		7,852,098.23		
Agents - Business Rates		20,638.72		
Legal Fees		449,078.05		
Sundry Expenses		300.00		
Bank Charges		1,350.62		
Preferential Creditors		70,770.44		
HSBC Secured Agents - Fixed Charge		1,500,000.00		
HSBC Secured Agents - Floating Charge		78,500,000.00		
		98,593,039.39		
Net Receipts/(Payments)		20,112,565.03		
MADE UP AS FOLLOWS				
Trade debtors control account			856,921.54	
Trade creditors control account			(1,078,410.44)	
Cash at Bank		21,046,800.70	1,505,992.24	75,481.63
VAT Control Account		(934,235.67)	731,985.02	-
		20,112,565.03	2,018,488.36	75,481.63
GBP Equivalent on 9 February 2019			1,768,782.86	58,313.33
Note:				
Interest Bearing		21,046,800.70	-	75,481.63
Non Interest Bearing		-	1,505,992.24	-
		21,046,800.70	1,505,992.24	75,481.63

Appendix 1 (continued)

HF Stores Realisations Ltd (Formerly House of Fraser (Stores) Ltd) (In Administration)
Joint Administrators' Abstract of Receipts and Payments
From 10/08/2018 To 09/02/2019

	Trading Account EUR
RECEIPTS	
Dundrum - Cash Sales	1,594,251.36
Dundrum - Credit Card Sales	5,379,052.61
Dundrum - Cafe Zest Sales	184,757.96
Dundrum - Pre Appointment Income	120,114.18
	7,278,176.11
PAYMENTS	
Dundrum - Concession Payments	3,196,474.90
Dundrum - Misc Direct Purchases	9,618.28
Dundrum - Rent	206,215.58
Dundrum - Service Charges	98,707.62
Dundrum - Employee Expenses	670,549.98
Dundrum - Third Party Payroll Costs	1,470.00
Dundrum - Electricity	51,216.37
Dundrum - Telephone	3,124.02
Dundrum - Rates	140,231.12
Dundrum - Hire of Equipment	393.34
Dundrum - Merchant Fees & Charges	47,452.04
Dundrum - Bank Charges	6,399.88
Dundrum - Float/Coin Drops	40,900.00
Dundrum - Consumables	8,737.50
Dundrum - Miscellaneous Trading Expenses	9,074.73
Dundrum - Maintenance	83,101.79
Dundrum - Misc Professional Fees Tradin	197,636.09
VAT Payment	488,342.58
Bank Charges	41.93
	5,259,687.75
Net Receipts/(Payments)	2,018,488.36
MADE UP AS FOLLOWS:	
Cash at Bank	1,505,992.24
Dundrum - Debtor Account	856,921.54
Dundrum - Creditor Account	(1,076,410.44)
VAT Control Account	731,985.02
	2,018,488.36

Appendix 1 (continued)

Notes

1. Receipts and payments are stated net of VAT.
2. The balance on the Trading Account, once any costs associated with the TSA are settled, will be returned to the Purchaser in accordance the terms of the sale of business.
3. Within the receipts and payments account is one receipt totalling £15,028.28 noted as "Unallocated Receipts". The Joint Administrators are currently investigating the nature of this receipt with the Purchaser, and once completed, it will either be recategorised or repaid.
4. No allowance has been made for future receipts or payments.

Appendix 2

HF Stores Realisations Limited (formerly House of Fraser (Stores) Limited) Summary of Joint Administrators' time-costs and category 2 disbursements from 10 August 2018 to 9 February 2019

	Staff Grade						Total Hours	Time Cost (£)	Average Hourly Rate (£)
	Partner	Director	Senior Manager	Manager	Executive	Analyst			
Accounting and Administration	1.0	67.5	135.6	69.5	323.0	271.9	668.5	406,005.23	488.96
Bank & Statutory Reporting	97.5	112.2	66.5	-	262.7	42.4	601.3	363,472.00	604.48
Creditors (Mandatory)	38.0	121.9	36.6	326.0	1,073.7	1,381.2	2,874.2	551,385.97	319.58
Debtors	-	33.5	9.1	52.7	220.6	71.6	387.7	164,841.00	426.16
Employee Matters	-	91.5	9.6	163.4	151.4	64.3	480.2	201,408.50	419.43
Environmental Issues	-	-	-	-	-	-	-	-	-
General	0.0	0.0	-	-	12.0	(0.0)	12.0	2,885.48	224.04
Immediate Tasks	2.0	16.9	13.6	2.0	4.0	4.0	42.4	24,596.20	580.10
IP and Trademark Assignments	-	5.5	-	-	-	6.1	11.6	7,323.00	631.29
Investigation/CDDA (Mandatory)	17.5	67.2	196.4	64.5	331.4	326.0	926.0	479,915.00	518.53
Job Acceptance & Strategy (M)	-	5.0	5.0	0.5	-	-	10.5	8,785.00	834.76
Legal Issues	5.0	26.5	-	2.0	-	1.0	34.5	32,127.00	931.22
Members	-	-	-	2.2	-	-	2.2	1,298.00	590.00
Other Assets (Mandatory)	1.0	29.8	3.4	3.5	3.0	-	40.7	36,840.00	905.16
Other Matters	34.5	31.0	20.1	2.8	99.5	7.7	165.6	101,534.50	549.22
Out of scope	-	-	35.5	-	113.0	21.0	169.5	82,485.00	486.52
Property	9.0	60.2	1.5	368.3	157.3	78.0	604.3	335,600.00	497.69
Public Relations Issues	-	5.8	2.8	-	3.0	-	11.4	7,999.00	699.89
Retention of Title	2.5	70.0	14.5	6.7	-	131.0	224.7	114,908.00	511.38
Statutory Duties	14.0	12.0	136.2	13.5	113.6	66.9	346.2	166,823.00	480.53
Trading (Mandatory)	-	-	-	-	-	99.7	99.7	17,701.00	177.54
VAT & Taxation	3.2	16.5	16.9	20.7	36.0	48.1	140.4	93,431.50	638.19
Sale of Business	-	-	-	-	-	-	-	-	-
Prescribed Part Distribution	-	-	-	-	-	-	-	-	-
Day One	8.0	61.1	63.4	66.0	199.8	71.6	499.8	226,787.40	480.23
1a: Negotiating the TSA	20.0	136.1	17.0	-	-	-	172.1	103,462.96	601.18
1a: Suppliers (including ROT)	-	9.9	17.5	-	26.5	33.1	86.0	23,883.52	268.13
1a: Cash flow and trading admin	-	36.4	158.3	25.9	118.3	24.6	363.5	132,771.92	368.30
Concession Operators	9.0	7.0	5.9	37.1	58.0	-	117.0	52,340.50	451.63
1a: Employees (including comm)	-	64.4	23.2	27.5	31.5	6.6	155.4	64,752.38	416.68
1a: Landlord (property)	6.0	42.0	9.8	-	1.8	-	59.3	37,366.75	629.96
1a: Concessions	-	33.6	44.6	-	123.5	9.5	211.2	63,139.14	298.95
1a: VAT & tax matters	3.0	26.7	13.4	2.0	43.5	3.5	91.1	34,240.53	375.86
1a: Public relations (inc CCP)	-	3.3	2.0	-	-	-	5.3	2,819.78	530.90
1a: Completion & TSA Rec	-	66.2	51.0	-	-	-	137.6	78,795.18	571.61
Decision Analytics	3.0	-	-	-	-	-	3.0	2,340.00	760.00
1a: Elavon	-	41.6	12.0	-	-	-	53.6	28,758.81	555.20
1a: Statutory and other filing	-	3.3	0.8	3.3	17.0	11.0	35.2	6,682.79	248.67
Total Hours	261.2	1,364.4	1,171.4	1,381.0	3,416.6	2,775.1	10,368.7		
Time Costs (£)	228,632.27	1,111,731.76	706,690.16	562,292.66	1,267,133.11	672,764.12		4,468,144.66	
Average Hourly Rate (£)	874.93	814.81	602.43	436.96	376.73	206.39		436.06	
Category 1 Disbursements (£)	32,696.34								
Category 2 Disbursements (£)	1,766.29								
	34,462.63								

Note: Time is charged in 5 minute intervals

Appendix 2 (continued)

Category 2 Disbursements

The Category 2 disbursements are analysed as follows:

Nature of disbursement	Amount Incurred £	Basis of charge
Mileage	1,706.29	Mileage is charged at 45p per mile
Total	1,706.29	

Appendix 3

HF Stores Realisations Limited (formerly House of Fraser (Stores) Limited)

Office Holders' Charging Policy for Fees

The Administrators have engaged managers 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 executive dealing with the company's bank accounts and statutory compliance issues. Work carried out by all staff is subject to the overall supervision of the Administrators.

All time spent by staff working directly on case-related matters is charged to a separate time code established for each case. Time is charged in units of six minutes. Each member of staff has a specific hourly rate, which is subject to change over time. The hourly rate for each category of staff over the period is shown below:

Grade description	Restructuring hourly rates (£/hour)		Tax / VAT hourly rates (£/hour)	
	10/08/18 to 02/11/18	03/11/18 to 09/02/19	10/08/18 to 02/11/18	03/11/18 to 09/02/19
Partner	1,085	1,140	1,495	1,570
Executive Director	1,040	1,090	1,210	1,570
Director	885	930	1,090	1,295
Assistant Director	740	775	1,090	1,145
Senior Executive	560	590	900	945
Executive	415	435	660	695
Assistant Executive	375	395	N/A	N/A
Analyst	265-375	280-395	210-410	220-430
Business Trainee	230	240	N/A	N/A

Appendix 3 (continued)

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 approval from the Committee. 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 the Committee require 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 creditors 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 4

HF Stores Realisations Limited (formerly House of Fraser (Stores) Limited)

Statement of Claim Form

The Insolvency Act 1986

Notice of Claim for Voting Purposes

Convocatoria para la presentación de créditos. Plazos aplicables.
Opfordring til anmeldelse af fordringer. Vær opmærksom på fristerne
Aufforderung zur Anmeldung einer Forderung. Etwaige Fristen beachten!
Πρόσκληση για αναγγελία απαιτήσεως. Προσοχή στις προθεσμίες
Invitation to lodge a claim. Time limits to be observed
Invitation à produire une créance. Délais à respecter
Invito all'insinuazione di un credito. Termine da osservare
Oproep tot indiening van schuldvorderingen. In acht te nemen termijnen
Aviso de reclamação de créditos. Prazos legais a observar
Kehotus saatavan ilmoittamiseen. Noudatettavat määräajat
Anmodan att anmäla fordran. Tidsfrister att iaktta

Statement of Claim by Creditor

Pursuant to Rule 4.15(2)(a) of the Insolvency (Scotland) Rules 1986

WARNING

It is a criminal offence

- for a creditor to produce a statement of claim, account, voucher or other evidence which is false, unless he shows that he neither knew nor had reason to believe that it was false; or
- for a director or other officer of the company who knows or becomes aware that it is false to fail to report it to the liquidator within one month of acquiring such knowledge.

On conviction either the creditor or such director or other officer of the company may be liable to a fine and/or imprisonment.

Notes

(a) *Insert name of company* (a)

(b) *Insert name and address of creditor* (b)

(c) *Insert name and address, if applicable, of authorised person acting on behalf of the creditor* (c)

(d) *Insert total amount as at the due date (see note (e) below) claimed in respect of all the debts, the particulars of which are set out overleaf* I submit a claim of (d) in the liquidation of the above company and certify that the particulars of the debt or debts making up that claim, which are set out overleaf, are true, complete and accurate, to the best of my knowledge and belief.

- (e) *The due date in the case of a company*
- (i) *which is subject to a voluntary arrangement is the date of a creditors' meeting in the voluntary arrangement;*
 - (ii) *which is in administration is the date on which the company entered administration*
 - (iii) *which is in receivership is the date of appointment of the receiver; and*
 - (iv) *which is in liquidation is the commencement of the winding up.*

Signed

Creditor/person acting on behalf of creditor

The date of the commencement of the winding up is: Date

- (i) *in a voluntary winding up the date of the resolution by the company for winding up (section 86 or 98); and*
- (ii) *in a winding up by the court, the date of the presentation of the petition for winding up unless it is preceded by a resolution for voluntary winding up (section 129)*

PARTICULARS OF EACH DEBT

Notes

A separate set of particulars should be made out in respect of each debt.

1. *Describe briefly the debt, giving details of its nature, the date when it was incurred and when payment became due.*

Attach any documentary evidence of the debt, if available.

2. *Insert total amount of the debt, showing separately the amount of principal and any interest which is due on the debt as at the due date (see note (e)). Interest may only be claimed if the creditor is entitled to it. Show separately the VAT on the debt and indicate whether the VAT is being claimed back from HM Customs and Excise.*

3. *Insert the nature and amount of any preference under Schedule 6 of the Act claimed in respect of the debt.*

4. *Specify and give details of the nature of any security held in respect of the debt including*

- a) *the subjects covered and the date when it was given;*
- b) *the value of the security.*

Security is defined in section 248(b) of the Insolvency Act 1986 as meaning "any security (whether heritable or moveable), any floating charge and any right of lien or preference and any right of retention (other than a right of compensation or set off)". For claims in administration procedure security also includes a hire purchase agreement, agreement for the hire of goods for more than three months and a conditional sale agreement (see Rule 2.33).

In liquidation only the creditor should state whether he is surrendering or undertakes to surrender his security; the liquidator may at any time after 12 weeks from the date of commencement of the winding up (note (e)) require a creditor to discharge a security or to convey or assign it to him on payment of the value specified by the creditor

5. *In calculating the total amount of his claim in a liquidation, a creditor shall deduct the value of any security as estimated by him unless he surrenders it (see note 4).*

6. *In the case of a member state liquidator creditor, specify and give details of underlying claims in respect of which he is claiming as a creditor.*

1. Particulars of debt:

2. Amount of debt:

3. Preference claimed for debt:

4. Security for debt:

5. Total amount of the debt:

6. Underlying claims

Notes to Administration Statement of Claim Form:

1. Please attach a detailed statement of your account as at the date on which the Company entered Administration
2. If your claim is preferential (e.g., for wages, holiday pay or certain pension arrears) or secured please give details and attach supporting documentation.
3. VAT bad debt relief may usually be claimed six months after the date of supply.

Extracts from the Insolvency (Scotland) Rules 1986

2.33 hire-purchase, conditional sale and hiring leasing agreements

1. Subject as follows, an owner of goods, under a hire-purchase agreement or under an agreement for the hire of goods for more than 3 months, or a seller of goods under a conditional sale agreement, is entitled to vote in respect of the amount of the debt due and payable to him by the company on the date that the company entered administration.
2. In calculating the amount of any debt for this purpose, no account shall be taken of any amount attributable to the exercise of any right under the relevant agreement, so far as the right has become exercisable solely by virtue of the making of an administration application, a notice of intention to appoint an administrator or any matter arising as a consequence, or of the company entering administration.